BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

REBUTTAL TESTIMONY OF

BRADLEY D. LUTZ

ON BEHALF OF EVERGY KANSAS
CENTRAL, INC. AND EVERGY SOUTH, INC.

IN THE MATTER OF THE APPLICATION OF
EVERGY KANSAS CENTRAL, INC. AND
EVERGY KANSAS SOUTH, INC. FOR APPROVAL TO MAKE
CERTAIN CHANGES IN THEIR CHARGES FOR ELECTRIC SERVICE
PURSUANT TO K.S.A. 66-117.

DOCKET NO. 25-EKCE-294-RTS

JULY 3, 2025

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Q. Please state your name and business address.

A. My name is Bradley D. Lutz. My business address is 1200 Main, Kansas City, Missouri 64105.

Q. By whom and in what capacity are you employed?

A. I am employed by Evergy Metro, Inc. I serve as Director, Regulatory Affairs for Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("EKM"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central, Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") the operating utilities of Evergy, Inc.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of Evergy Kansas Central ("EKC" or "Company").

Q. What is the purpose of your Rebuttal Testimony?

A. The purpose of my Rebuttal Testimony is to respond to the testimony of certain witnesses on behalf of the Kansas Corporation Commission ("KCC" or "Commission") Staff ("Staff") and intervenors regarding: (1) Optional Time of Use rate for Commercial & Industrial Customers, (2) Non-Light Emitting Diode ("LED") Lighting Conversion Plan, (3) Miscellaneous Tariff and Rules & Regulations Changes, (4) Voltage Differentiation for RECA and ECA, (5) and Schools Load Analysis. Specifically, I address the Direct Testimonies of Staff witnesses Dr. Lana Ellis and Douglas Hall; Kavita Maini representing Walmart Inc. and CCPS Transportation, LLC (Walmart-CCPS); Justin Waters representing USD #259; Leonardo Giacchino representing Kansas Gas Service, ("KGS"); and Brian Andrews representing Associated Purchasing Services, Cargill, Incorporated, CVR Refining CVL, LLC, Goodyear Tire & Rubber Company, Kansas Agribusiness Retailers

Association, Kansas Biofuels Association, Kansas Grain and Feed Association, Lawrence Paper Company, Occidental Chemical Corporation, and Spirit AeroSystems, Inc., collectively referred to as the "Commercial Intervenors."

I. OPTIONAL TIME OF USE RATE

Q. Have you reviewed the testimonies filed by Staff and the other parties concerning the Company's TOU rate proposals?

A. Yes, I have. Four parties provided testimony concerning our proposed design: Dr. Lana Ellis for Staff, Ms. Kavita Maini representing Walmart-CCPS, Mr. Brian Andrews for the Commercial Intervenors and Mr. Leonardo Giacchino for the KGS. I will respond to each, starting with the testimony of Dr. Ellis.

Q. What is Dr. Ellis' position concerning the optional TOU rate proposal?

A. Dr. Ellis offers her support for the optional TOU rate, finding the proposed rate design and prices to be reasonable. Staff did express general concerns about adding complexity to Evergy's schedules but recommends approval because the voluntary rates were developed in conjunction with stakeholders, were contemplated in the 23-EKCM-775-RTS settlement agreement, and are revenue neutral at the class level.

Q. What is your response to Dr. Ellis' comments?

A. I appreciate the support for the proposed optional rate and the recognition that this was a collectively developed solution.

Q. Dr. Ellis mentions concerns about the complexity of Evergy's Kansas Central rate schedules. Do you agree with this assessment?

A. Yes. I agree that the rates providing service to commercial and industrial customers are complex relative to the rates of the other Evergy jurisdictions. Currently, beyond the

general rate schedules,[1] EKC maintains eleven rate schedules directed at particular customer end-uses.[2] This complexity is magnified as these eleven schedules are represented by five distinct rate classes within the Company CCOS studies. Not only does this increase the complexity of the cost analysis and rate design process, but it also adds complexity to the execution of riders that rely on class level data such as the Transmission Delivery Charge.

Q. Does the Company have any plans to address this complexity?

A. As part of ongoing jurisdictional alignment and consolidation efforts the Company plans to identify opportunities to consolidate rates to the general rate schedules and will bring these proposals forward as part of future rate proceedings.

Q. Turning to Walmart-CCPS, what is Ms. Maini's position concerning the optional TOU rate proposal?

A. Ms. Maini is supportive of the four-part rate design that seeks to unbundle the cost categories into a customer charge, facilities demand charge, generation demand charge, and energy charge. Ms. Maini is also supportive of time differentiating the energy charges as proposed. Ms. Maini does have some concerns and suggests changes specific to the Medium General Service Optional TOU, which I address below.

Q. Ms. Maini states, "The Company's rate design is focused entirely on targeting customers that can respond to pricing signals."[3] Do you agree with this statement?

[1] Small General Service, Medium General Service, Large General Service, and Industrial and Large Power Service.

[2] Large Tire Manufacturers, Educational and Church Institutions, Restricted Institutions Time of Day Service, Restricted Educational Institution Service, Restricted Service to Schools, Restricted Total Electric – School and Church Option, Standard Educational Service, Small General Service Church Option, Electric Transit Service, Generation Substitution Service, and Interruptible Contract Service.

[3] Maini Direct Testimony, page 23, line 10.

A. Yes. By design, TOU rate structures are intended to offer price signals and reward customers who can avoid usage during more expensive peak periods or shift loads from those peak periods to lower priced off-peak periods. The design can be particularly appealing to C&I customers with flexible loads who are motivated to reduce their electricity bills. I believe this is the primary motivation for C&I customers and customer representatives who were intervenors in the 23-EKCE-775-RTS docket in having the Company commit to proposing this optional rate. That said, the design is expected to lead to benefits beyond reducing energy bills. This shift in energy consumption helps reduce system peak load, increase the efficient utilization of the transmission and distribution system, and ultimately should lead to lower overall system costs.

Q. Ms. Maini suggests that offering the optional TOU provides a more gradual approach of introducing customers to time variant rate options. Do you agree?

A. As Ms. Maini points out, the current C&I rates, including the MGS rate, have no time differentiated element. I agree that offering this optional rate provides a more gradual approach of introducing customers to time variant rate options, particularly as compared to the implementation of the hours-use replacement in the Evergy Kansas Metro jurisdiction where all customers were converted to time base energy charges.

Q. Ms. Maini offers a number of recommendations to modify the MGS Optional TOU rate. What is your response to Ms. Maini's proposed changes to the design of the optional TOU rate?

A. The primary recommendations offered concerning the MGS optional TOU rate are directed at the interplay between the energy and demand pricing. This interplay is a discretionary portion of the design, and the practitioner may choose the "strength" of the price signal

offered in the TOU energy pricing. A greater portion of costs recovered in the TOU portion of the rate can emphasize the savings and the energy reductions during the peak period. The Company affirms its design of the optional TOU rate design primarily because the design is the result of a collective effort with the customers. The design proposed by the Company is a cost-driven rate and the energy pricing offers a strong incentive to shift consumption. Ms. Maini also recommends a year-round demand charge and a larger window for setting demand. Again, this can be viewed as a discretionary design choice and the Company continues to support the design as proposed. Figure 1 and Figure 2 from my Direct Testimony supports the analysis that shows that the on-peak period exists in just the summer period and in a smaller window of hours. The proposals offered by Ms. Maini to add an on-peak pricing period in the winter period is not unreasonable as it would offer continuity of the demand charge across the year, however it results in minor differences in prices, and in my opinion, would not add an actionable price signal to customers.

Q. Ms. Maini also offers recommendations for the Optional TOU rate for LGS Transmission voltage customers. Do you have any concern about these recommendations?

A. Yes. First, Ms. Maini recommends there should be no facilities charge cost recovery associated with the LGS Transmission rate. On its face this seems reasonable since the facilities charge is intended to recover costs associated with distribution; however, within the EKC system there are instances where the 34.5kV voltage is used for both transmission and distribution purposes depending on its configuration. As a result, there are residual costs flowing through the cost allocations that are not recovered by the Transmission Delivery Charge. Therefore, it is reasonable to retain the facilities charge as an element to recover these costs and not consolidate them into the demand or energy charges.

Next, concerning the pricing between the voltages to reflect loss differentials, Ms. Maini notes the proposed energy charges at LGS Transmission are higher than the energy charges proposed for LGS secondary and primary rates, which fails to recognize the loss differentials. She does not offer a proposal but recommends that the Company rectify the flaw with regard to the energy charges applicable to LGS Transmission. I respond to this issue later in my testimony.

Q. Now to the KIC Commercial Intervenors, what is Mr. Andrews' position concerning the optional TOU rate proposal?

A. Mr. Andrews is supportive of the optional TOU rate proposal, but has concerns related to the energy charges as it relates to the voltage levels within each class, specifically Transmission voltage level for LGS and ILP/LPS class.

Q. Is this the same concern that was raised by Ms. Maini?

A. Yes, the responses are related.

Q. What is your response to these suggested changes?

A. The optional TOU rates were designed to be revenue neutral at the subclass level to be consistent with the rate design of the standard C&I rates for MGS, LGS, and ILP, they were not designed to be fully aligned with cost of service for those subclasses. Given the current revenue relationships, the LGS Transmission rates are higher relative to the LGS Secondary and the LGS Primary rates, leading to the pricing proposed by the Company. As for the proposal from Mr. Andrews, his adjustment of pricing is limited to the energy charges. For Ms. Maini, her proposal is more focused on the relationship of the demand and energy charges. Going forward, it would be reasonable to gradually adjust the pricing to improve both the energy and demand relationship as well as the relation to costs within the LGS

Transmission schedule. To avoid any inadvertent impacts to customers receiving service under the LGS Secondary and LGS Primary schedules, the Company is not prepared to accept these proposed adjustments at this point in the proceeding.

Q. Finally, with respect to KGS, what is Mr. Giacchino's position concerning the optional TOU rate proposal?

A. Mr. Giacchino identifies five "problems" with the Company's optional TOU proposal. Specifically, he claims:

- The analysis is neither transparent nor reproducible.
- The value for used generation capacity costs cannot be independently replicated.
- The locational marginal prices ("LMPs") used to design the rate do not reflect actual market conditions.
- The methodology used to allocate generation costs by hour is arbitrary and lacks any basis in the literature on cost allocation.
- The assumptions to obtain energy and fixed charges for TOU rates create subsidies across the same customer classes.

I address each of these claims in turn.

Q. Concerning the claim the Company's optional TOU analysis is neither transparent nor reproducible, how do you respond?

A. I flatly dismiss this claim. As is evident in the testimony offered in this case, three other intervenors were able to understand and use the workpapers to assess Evergy's proposed rate design.

Q. Mr. Giacchino goes into further detail with his concerns, citing issues with revenue value alignment. Are these concerns valid?

A. No. Each of the values are aligned with other sources within the Company's filed case and associated work papers. The data is properly aligned within the TOU rate design. In one particular claim, Mr. Giacchino raises concerns with respect to reliance on data from the 2023 Evergy Kansas Central rate case instead of reliance on the CCOS study included with this case. Although true, this is intentional and explainable.

Q. Why did the Company rely on the 2023 CCOS for this work?

A. The work performed for the optional TOU design predates the availability of the CCOS study submitted for this case. This timing was known and was expected. Once the 2025 CCOS study was available, values were checked and found to be largely aligned with the prior results. If there had been a material difference, the rate design would have been updated. Since the results remained close, no additional work was required.

Q. Is it appropriate to say that many of the concerns raised could have been explained?

A. Yes. However, there is no evidence that Mr. Giacchino attempted any level of clarification or outreach concerning his struggles with the supporting data and work papers. After receiving the data requested in Gas Utilities-10 on May 27, 2025, there were no additional data requests issued, phone calls made, or any outreach to the Company on this analysis. Any claim from Mr. Giacchino concerning a lack of transparency should be rejected.

Q. Next, Mr. Giacchino asserts the value for used generation capacity costs cannot be independently replicated. What is your response to this claim?

A. Those persons associated with the Integrated Resource Planning process, the Missouri Energy Efficiency Investment Act ("MEEIA"), or the Kansas Energy Efficiency Investment Act ("KEEIA") are familiar with the challenges associated with identifying generation capacity costs. Given that there is no clear marketplace to set this value, many

alternatives are discussed. For the purpose of this rate design, it was important that we be efficient, utilizing available data to inform the rate design process. The decision to use the MEEIA Cycle 4 data was made in part because it represented the latest estimates of generation capacity costs. Further, Brattle in their experience sought to have a rate design that included consideration of future costs as well as historical costs. This accounts for the expected near-term evolution of Evergy's cost profile, so that its structure remains relevant as customers enroll in the rate over the next few years. A rate design based purely on a backward-looking cost profile would reflect out-of-date system conditions.

Q. Did Mr. Giacchino make any further efforts to understand the generation capacity cost used?

A. No, not to my knowledge. As mentioned previously, it appears all of Mr. Giacchino's analysis was performed based on a single data request response.

Q. Did Mr. Giacchino offer any alternative generation capacity costs from any other source or provide detail as to why the value used to produce the rate design was invalid?

A. No.

Q. Mr. Giacchino then asserts the Location Marginal Prices ("LMPs") used to design the rate do not reflect actual market conditions. What is your response to this claim?

A. I disagree with this claim. It was intentional to rely on day-ahead pricing. It is our understanding that the vast majority of transactions, typically over 90% of the energy market, clears in the day-ahead market. There is considerable risk in exposing large percentages of energy purchases to the real-time market and the inherent uncertainty in actual supply and demand conditions, forced outages, and transmission system conditions. Oddly, these extreme conditions are used by Mr. Giacchino to advocate for the use of real-

time pricing over day-ahead pricing.[4] I would further contend that in this sense, the cost to generate energy is more closely aligned with the costs actually paid under the day-ahead LMPs rather than with real-time LMPs.

Q. Mr. Giacchino explores the differences between day-ahead and real-time LMPs. Do you find this comparison compelling?

A. No. This analysis only shows the volatility between the prices. It does not indicate that real-time prices are somehow more valid as a basis for ratemaking. The intention of the rate design is to align with cost, not market conditions. If the Company is predominantly operating within the day-ahead market and pays the Southwest Power Pool for energy under those prices, it makes sense to use those costs to inform rate pricing.

Q. Mr. Giacchino then takes issue with the methodology used to assign cost to the TOU periods. What is your response to this concern?

A. In examining the method, referred to as the "delta load cubed" method, Mr. Giacchino reiterates the formula underlying the method, so he clearly understands the mathematical calculation. Yet he claims he has never heard of using the cube of load differences to allocate costs and asserts the method does not have a basis in literature.[5]

Q. Is it required that an allocation methodology be "widely known" to be effective at allocating costs?

A. No. The only benefit of widespread knowledge of a given method is it can indicate that a method has been vetted within regulatory processes and is therefore reliable. But I do not believe the opposite is necessarily true – that being unfamiliar means a method is

[4] Leonardo Giacchino Direct Testimony, page 13, line 260 and 261.

[5] *Id.* at page 15, line 291.

unreliable. In the case of the "delta load cubed" method, it has been used and accepted as a basis in several proceedings/jurisdictions, specifically New Mexico (Docket No. 24-00113-UT) and Iowa (Docket No. RPU-2023-0002), and similar methods have been used in New Hampshire and New York. Specific to Evergy, the "delta load cubed" method was used within the hours-use replacement accepted by the Commission in 23-EKCE-775-RTS for Evergy Kansas Metro. Although not widely known, the method has been relied on for purposes similar to Evergy's design of the optional TOU rate.

Q. Mr. Giacchino also asserts the "delta load cubed" method is arbitrary. Do you agree with this representation?

A. No. In my assessment, the method is not random or lacking reason; instead, I would offer the method is discretionary. The purpose of the method is to assign greater weight to the highest load hours. System costs cannot be perfectly mapped to each hour of the year to reflect exact costs of individual plant operations, fuel costs, and other system costs. Many of these costs are fixed in nature and need to be spread across the year based on proxies for when these assets are operated to estimate hourly system costs. The delta-load cubed approach does this in a transparent way that aligns with the underlying driver of the costs. Could a practitioner choose an alternate delta load approach? Certainly, particularly if the practitioner believes this weighting should be stronger or weaker. It is within their discretion to best represent the allocation of costs.

Q. Lastly, Mr. Giacchino contends the assumptions to obtain energy and fixed charges for TOU rates create subsidies across the same customer classes. Do you believe this is true?

No. Again, Mr. Giacchino asserts arbitrary assumptions are made to allocate demand costs and distribution costs. For many of the reasons just mentioned concerning the "delta load cubed" method, these approaches are not without purpose. We note that some degree of subjectivity is necessary in rate design, and Giacchino has not offered an alternative that he would consider having stronger empirical support. Brattle uses the top 500 hours and the 25% allocation value in an auxiliary analysis to assign system costs across an 8760 hourly load profile to identify the appropriate timing of the peak TOU period. These values were not used when designing the pricing levels. Additionally, these values were used only for allocating distribution costs which, as explained in the Brattle report, are driven by local capacity investment needs which often are based on the load of clustered similar customer types (e.g., due to zoning).

Q. Are there any other elements of Mr. Giacchino's testimony you wish to address?

A. Yes. As part of his testimony on revenues, Mr. Giacchino include a brief discussion about the lack of "any analysis to determine the impacts of the TOU rates on changing customer behavior."[6] This is an important issue to highlight. In my experience with TOU rate designs for the Evergy companies, there has been discussion of these behavior effects, also known as the elasticity of customer demand, but no effort to incorporate the effect into the revenue produced by TOU rates. There is little reliable data on what an acceptable value for elasticity may be, and there is debate regarding how various classes might have different elasticities. There is also debate as to what effects are weather related versus price related. When asked in discovery to identify jurisdictions that incorporate elasticities into the rate design or to suggest elasticities that might be applicable, Mr. Giacchino was unable to offer

[6] *Id*, page 9, line 169.

anything in response. The fact the Company did not include behavioral effects in its analysis is not an oversight. As there is no reliable source for this variable, behavioral effects are not included in the Company rate designs. Instead, it is more practical for the utility to monitor rate performance and file for adjustment should some unintended effect on revenue come to pass. This is also reflected in Brattle's recommendation that Evergy monitor the impacts of the proposed TOU rates on customer behavior and revenue collection.

Q. In light of the testimony offered by Mr. Giacchino, do you have any changes to the proposed optional TOU rate for commercial & industrial customers?

A. No.

II. NON-LED LIGHTING CONVERSION PLAN

Q. Was any testimony offered concerning the Company's proposal to proactively convert non-LED Lighting to LED?

A. Yes. Only Dr. Lana Ellis for Staff offered testimony on this topic.

Q. What is Dr. Ellis' position concerning the Non-LED Lighting Conversion Plan proposal?

A. Dr. Ellis supports the Company's concerns about the cost and effort associated with converting the non-LED lights currently in use and supports the alternate proposal to allow the non-LED lights to be replaced as they fail over time.

Q. Do you have any rebuttal on this matter?

A. Yes, only to highlight that Dr. Ellis as part of her proposed allocation of the increase in revenue requirement did not specify how the increase should be apportioned between the non-LED and LED lighting alternatives. I recommend the Commission approve the pricing approach proposed by the Company.

Q. What pricing was proposed?

A. Company witness Marisol Miller proposes in her direct testimony that LED lighting components, Off-Peak Lighting, and Traffic Signals were given 25% of the Lighting class increase with non-LED receiving the remainder. This proposal continues the approach originated in the 23-EKCM-775-RTS rate case where non-LED lighting receives a higher increase than the LED lighting to highlight the continuing obsolescence of non-LED lighting and reinforce the price incentive to move to LED alternatives.[7]

Q. Why is this detail important?

A. As noted in my direct testimony in the 23-EKCM-775-RTS rate case, rates for the LED luminaires were set at the time of the 2017 LED conversion based on costs, but the rates for non-LED fixtures were pre-existing and often lower than the observed costs. To facilitate the conversion and avoid additional bill impacts, rates for non-LED fixtures were left as they were. Now, as affirmed by our customer outreach efforts completed as part of the 23-EKCM-775-RTS rate case commitment, customers are hesitant to leave these obsolete, non-LED technologies in part because of the unbalanced pricing. Over time, the Company is proposing to increase the rates of non-LED fixtures and related components at a higher amount than the LED luminaires to eliminate the unbalanced pricing and remove the irrational incentive to maintain the obsolete lighting options.

[7] Direct Testimony of Marisol Miller, page 20, line 14 through line 21.

III. MISCELLANEOUS TARIFF AND RULES & REGULATIONS MODIFICATIONS

Q. Was any testimony offered concerning the Company's proposed tariff and rule modifications?

A. Yes, Only Douglas Hall for Staff offered testimony specific to the Rules & Regulations modification proposal. No testimony was offered concerning the miscellaneous tariff changes.

Q. Please summarize the proposed changes.

A. The Company has identified the following revisions to its tariffs:

- Add provisions for three-phase service to Residential Standard Service, Schedule RS
- Correct a reference to Schedule RS-DG in Schedule RD
- Remove duplicate definitions for holidays in Schedule RTOU-2
- Add rate schedules for the new Commercial and Industrial TOU rates in the Table of Contents Schedule.

The Company has identified the following revisions to its Rules & Regulations:

- For Schedule Index, update the Index to add two sections: Section 13-KEEIA PROGRAMS, to identify the section of the Rules & Regulations containing the Kansas Energy Efficiency Investment Act programs and Section 14-PROGRAMS, to identify placement of the proposed Evergy Stay Connected Pilot program.
- update section 9.07 Master Metering in Section 9, Metering, to reflect additional details concerning the application of master metering.

Q. What is Mr. Hall's position concerning the Rules & Regulations?

A. Mr. Hall supports both Rules and Regulation revisions as proposed.

Q. Do you have any rebuttal on the tariff modifications that did not receive testimony?

A. Yes. While small in the context of the issues included in the overall case, these revisions are important to refine the quality of the tariffs and continue our efforts toward alignment of the two Evergy jurisdictions. The Company reiterates its proposal and seeks Commission approval on these items.

IV. VOLTAGE DIFFERENTIATION FOR RECA AND ECA

Q. Mr. Andrews on behalf of the KIC Commercial Intervenors proposes that the Company implement time-differentiated charges and should reflect adjustments for delivery losses based on the delivery voltage of the various rate classes for the Company energy cost adjustments now. What is your position concerning these proposals?

A. I disagree that this step should be taken now. First, in order to determine the ECA/RECA on a time-differentiated basis, the Company must have a time-differentiated view of the costs reflected in the ECA/RECA. We do not have information at this level. For example, in determining fuel inventories we examine the inventory level at the beginning of the month and at the end of the month. There is no ready means to determine inventory status by the hour based on the company's accounting books and records. Second, I would emphasize that the ECA and RECA are rate adjustment mechanisms, and any cost differential by time of use should be reflected in base rates (to the extent those variations are certain enough and big enough and line up with the rate classes) but not in the adjustment mechanisms.

Concerning voltage differentiation, this is more plausible, particularly since voltage differentiation is used in other Evergy jurisdictions. However, the issue remains that EKC's rates are not currently differentiated by voltage within the small and medium classes and a change of this magnitude would require establishing new rates, a step not well suited at a point this late in the procedural process.

V. USD 259 LOAD ANALYSIS

Q. The Unified School District #259 ("USD 259") submitted testimony examining their electric demand. Did you review this testimony?

A. Yes. I reviewed the testimony offered by Mr. Justin Waters.

Q. What position does Mr. Waters take concerning these demands?

A. Mr. Waters states the USD 259 demand does not align with Company system peaks and suggests the Educational Services class is overpaying relative to load. More specifically, Mr. Waters suggests that since the Educational Services class draws 3.27% of the kWh used by Evergy's system, and the Educational Services class paid 3.63% of the total system cost for the test year, they are covering their cost of service and recommends adjusting rate increase to limit impacts to all schools.

Q. Did Mr. Waters perform any analysis to support his position?

A. Yes. Mr. Waters' testimony compares data from a power monitoring system called Power Monitoring Expert installed within the USD 259 facilities to Company billing data. He further relies on data received from the Company through discovery.

Q. Do you have any concern with the form of analysis performed?

A. Yes. Determining cost of service and a customer's contribution toward that cost of service is complex. The CCOS completed by the Company seeks to allocate all costs to customer

classes and then determine the rate of return resulting from the revenues received. Far more than system peaks are considered. In an effort to better understand the analysis performed by Mr. Waters, I submitted a number of discovery requests in an attempt to clarify the Power Monitoring Expert software and the process used.

Q. Based on your review of the analysis, do you agree with Mr. Water's conclusion?

A. No. I do not support that the comparisons of demands nor the comparison of kWh consumption to total revenues are accurate to determine a customer's contribution to cost of service. There are several important details that are not considered within this form of analysis, and I examine each later in this testimony. These comparisons are not suitable for cost of service determination and are misleading.

Q. What is the appropriate way to examine cost of service?

A. A Class Cost of Service study is considered the traditional way to examine cost of service. The National Association of Regulatory Utility Commissioners Electric Utility Cost Allocation Manual identifies the cost of service study as a "basic tool of ratemaking" and "the primary criterion for the reasonableness of rates"[8]. Company witness Marisol Miller has offered and supported a full CCOS as part of her direct testimony.

Q. What costs are examined in the Company CCOS study?

A. All utility costs are examined. Major categories of costs are assets, liabilities, plant accounts, income, and revenue accounts, electric operations & maintenance expenses,

[8] NARUC Electric Utility Cost Allocation Manual, page 12.

customer accounts, customer service and informational sales. and general and administrative expenses.

Q. What did the Company CCOS determine concerning the cost to serve the schools in the Educational Services class?

A. Referring to Table 2 in the direct testimony of Marisol Miller, the Educational Services class is not covering its cost of service. Specifically, the class is producing a relative rate of return of 2.56% as compared to the jurisdictional rate of return of 5.43%, producing a rate of return ratio of 0.47. When expressed in dollars, the Educational Service class has a revenue deficiency from present rates of $11,299,090. Our CCOS results disagree with the conclusion offered by Mr. Waters. It is notable to add that Staff and CURB also completed CCOS studies for this case and in both cases their studies also showed the Educational Services class with relative rate of return ratio of less than 1.0 (Staff 0.45, and CURB 0.46), supporting that these customers are not covering their cost of service.

Q. Has the Company performed any other analysis into the rates within the Educational Services class?

A. Not specific to EKC and this case, but the Company would note that the treatment of schools was explored in 2021 as part of a general investigation for the Evergy Kansas Metro jurisdiction[9] and in that case the Commission found that Kansas Metro schools are homogeneous to other C&I customers and should not be allowed to establish a separate rate and rate class. It is plausible that the same finding applies to schools in the EKC jurisdiction. That said, the Company did not seek any change to the availability of the rates in the Educational Services rate class in this case and instead evaluated Schools thoroughly

[9] Docket No. 19-GIME-504-GIE Commission Order, 4/7/2021.

and consistently with other rate classes and that review supported a larger rate increase for the Educational Services class.

Q. Is it possible for a customer's cost of service to be different than a class cost of service?

A. It is possible, but unless the customer's character of service is distinct or the class is small with less homogeneous customers, it is not common that costs of service will vary dramatically. That said, it is not normal practice to attempt to determine cost of service at a customer level as cost allocations and ratemaking in general are not intended to be customer specific. Instead, similarly situated customers are combined into classes and analyzed collectively. Specific to the USD 259 approach, I do not think it is reasonable to expect that cost of service can be determined based on demand and billing comparisons alone as suggested by USD 259.

Q. Turning to the analysis performed by Mr. Waters, what are your concerns with the approach taken?

A. My primary concern is confirming that the demand measurements used by Mr. Waters are aligned with the demand measurements used for customer billing. Despite discovery issued in an attempt to clarify this point, I was unable to confirm this detail in the time allowed. Demand measurement requires precise coordination and clear understanding to ensure propre comparison. To begin, Company billing utilizes multiple demand measures

to produce a customer bill. For example, within the Medium General Service rate schedule billing demand is the greatest of,

- 200 kW (a minimum), or
- the average kW load supplied during the 15-minute period of maximum use during the month, adjusted for excessive lagging power factor, or
- 50% percent of the highest Billing Demand, as adjusted for power factor, established during the previous billing months of June, July, August or September, within the most recent eleven months, or
- the minimum demand specified in the Electric Service Agreement.

More specific to schools. within the Standard Educational Service rate schedule, the only educational rate to include a demand billing element, billing demand is defined as the greater of,

- the Customer's average kilowatt load during the 15-minute period of maximum use during the month, adjusted for excessive lagging power factor, or
- 50% of the highest Billing Demand, as adjusted for power factor, established during the previous billing months of June, July, August, or September, within the most recent eleven months.

I understand Mr. Waters relied on billing data to perform his comparisons. I have been unable to confirm that USD 259 monitored for any demand values used for billing purposes that were other than a meter-measured amounts. Further, methods to measure demands can vary and lead to differences. Again, referring to the Company processes, we rely average kilowatt load during the 15-minute period of maximum use during the month, adjusted for excessive lagging power factor. Under this measurement we are not capturing the absolute

highest measurement of demand. Depending on the approach used by USD 259, they could be capturing different values than what are used for billing.

Q. Are other aspects of the Company billing impactful to the USD 259 analysis?

A Yes, I would note that USD 259 receives service for 94 of its 124 accounts under rate schedules that do not include a demand charge. Instead, these rate schedules are completely energy-based consisting of customer charges and charges for kWh consumption. For these 94 accounts, the billing provided to USD 259 will not have determinants suitable to identify the demand associated with those meters.

Q. Is the comparison of the USD 259 demands to the Company system demands an appropriate representation of cost of service?

A. No. The way in which a customer contributes to the system peak demand is, at best, a way to allocate the costs of production plant, but in no way is this a complete measure of cost of service.

Q. Is the comparison of kWh consumption to revenues produced an appropriate representation of cost of service?

A No. In this case, the comparison is highlighting the kWh basis of the billing, not reflecting the cost to serve. As mentioned, the bulk of USD 259 accounts are receiving service from energy only rate schedules, so it stands to reason that the kWh consumption is roughly aligned with the revenues produced.

Q. Mr. Waters makes note of what he calls "significant negative impact on USD 259's ability to educate children and provide jobs in the Wichita area." How are these concerns addressed in the electric ratemaking process?

A. Please refer to the rebuttal testimony of Mr. Darrin Ives concerning this point.

Q. Does the form of analysis performed, as well as the potential flaws outlined above concern you with regard to the conclusions reached by Mr. Waters and his claims that Schools are more than "covering their fair share"?

A Yes, given the nature of the analysis performed and the lack of a full class cost of service study, Mr. Waters conclusions should be rejected. It is the position of the Company and based on the CCOS analysis performed and supported in this filing that the Educational Service class of which USD 259 is a part, is not covering its cost of service. As such, the Company stands by its proposal to apply a 14.96% increase (approximately 110% of the jurisdictional rate increase) to the Educational Services class.

Q. Does this conclude your testimony?

A. Yes, it does.

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

VERIFICATION

Brad Lutz, being duly sworn upon his oath deposes and states that he is the Director Regulatory Affairs, for Evergy, Inc., that he has read and is familiar with the foregoing Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Bradley A. Lutz

Brad Lutz

Subscribed and sworn to before me this 3rd day of July 2025.

Leslie R. Wines

Notary Public

My Appointment Expires: May 30, 2026

NOTARY PUBLIC - State of Kansas
LESLIE R. WINES
MY APPT. EXPIRES 5/30/2026

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed, this 3rd day of July 2025, to all parties of record as listed below:

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