

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

**In the Matter of the Application of Everyg )  
Metro, Inc., Everyg Kansas South, Inc., )  
and Everyg Kansas Central, Inc. for Approval )  
of its Demand-Side management Portfolio ) 22-EKME-254-TAR  
Pursuant to the Kansas Energy Efficiency )  
Investment Act (“KEEIA”), K.S.A. 66-1283. )**

**TESTIMONY IN SUPPORT OF  
ALTERNATIVE SETTLEMENT AGREEMENT**

**PREPARED BY**

**JUSTIN T GRADY**

**UTILITIES DIVISION**

**KANSAS CORPORATION COMMISSION**

**November 22, 2022**

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## **I. Introduction, Qualifications, Purpose and Overview of Testimony**

**Q. Please state your name and business address.**

4 A. My name is Justin T. Grady and my business address is 1500 Southwest Arrowhead  
5 Road, Topeka, Kansas, 66604.

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

7 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as  
8 the Chief of Revenue Requirements, Cost of Service and Finance.

9 Q. Please summarize your educational and employment background.

10 A. I earned a Master of Business Administration degree, with a concentration in  
11 General Finance which includes emphases in Corporate Finance and Investment  
12 Management, from the University of Kansas in December of 2009. I also hold a  
13 Bachelor of Business Administration degree with majors in Finance and Economics  
14 from Washburn University. I have been employed by the KCC in various positions  
15 of increasing responsibility within the Utilities Division since 2002. I have been a  
16 Section Head in the Utilities Division since May of 2012, and have been employed  
17 in my current capacity since August 2020.

18                   While employed with the Commission, I have participated in and directed  
19                   the review of various tariff/surcharge filings and rate case proceedings involving

1       electric, natural gas distribution, water distribution, and telecommunications  
2       utilities. In my current position, I have supervisory responsibility for the activities  
3       of the Commission's Audit section within the Utilities Division. In that capacity, I  
4       plan, manage, and perform audits relating to utility rate cases, tariff/surcharge  
5       filings, fuel cost recovery mechanisms, transmission delivery charges, alternative-  
6       ratemaking mechanisms, class cost of service studies, gas purchasing and hedging  
7       plans, and other utility filings that may have an impact on utility rates in Kansas  
8       including mergers, acquisitions, and restructuring filings. I also frequently provide  
9       testimony and make presentations to the Kansas Legislature on public utility  
10      regulatory matters.

11     **Q. Have you previously submitted testimony before this Commission?**

12     A. Yes. I have submitted written and oral testimony before this Commission on  
13      multiple occasions regarding various regulatory accounting and ratemaking issues.  
14      This work includes testimony filings in 74 dockets, including this one. A list of the  
15      other dockets that encompass this experience is readily available upon request.

16     **Q. What is the purpose of your testimony in the review of the Evergy Kansas  
17      Metro (EKM) and Evergy Kansas Central (EKC) Application for Approval of  
18      a Demand-Side Management Portfolio pursuant to the Kansas Energy  
19      Efficiency Investment Act (KEEIA)?**

20     A. In the testimony that follows, I will testify in support of the Alternative Settlement  
21      Agreement (Alternative Settlement) between EKC and EKM (collectively

1 Every), Kansas Gas Service, Atmos Energy Corporation, Black Hills Energy, and  
2 Staff, (collectively, the Signatories).<sup>1</sup>

3                   With this testimony, I will explain why Staff supports the Alternative  
4                   Settlement as an option for the Commission's consideration in this Docket. I will  
5                   also compare and contrast this Settlement with the Non-Unanimous Financial  
6                   Settlement that Staff remains opposed to in this Docket. In the testimony that  
7                   follows I will:

8                   ○ provide an executive summary explaining why Staff supports the

9                   Alternative Settlement;

10                  ○ provide an overview of the Alternative Settlement;

11                  ○ discuss the standard of review used to guide the Commission in its

12                  consideration of whether to accept or reject the Alternative Settlement;<sup>2</sup>

13                  and

14                  ○ discuss the evidence in the record that supports approval of the

15                  Alternative Settlement.

<sup>1</sup> Joint Motion for Consideration of Alternative Settlement Agreement, Docket No. 22-EKME-254-TAR (November 15, 2022). <https://estar.kcc.ks.gov/estar/ViewFile.aspx/S202211151433313544.pdf?Id=da8dbcec-50d4-43a7-b964-53b35eeef442>

<sup>2</sup> *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

1   **Q.   Why does Staff support the Alternative Settlement?**

2   A.   Staff supports the Alternative Settlement because it represents a viable path forward  
3   for Demand Side Program implementation in Kansas at a fraction of the original  
4   cost to ratepayers compared to Evergy's original Application or the Non-  
5   Unanimous Financial Settlement. The Alternative Settlement provides for \$45  
6   million of Demand Side Programs in Kansas, over four years. Importantly, it  
7   accomplishes this program spend for less than half the incentive level (Carrying  
8   Costs, Lost Revenue, and Earnings Opportunity) contained in the Non-Unanimous  
9   Financial Settlement opposed by Staff. Accordingly, the Alternative Settlement is  
10   a much more efficient use of scarce ratepayer funds.

11           These programs are centered on Demand Response, Education, and Low  
12   Income programs. Staff supports the emphasis of the Alternative Settlement  
13   towards Education and Low-Income programs because the Wichita State  
14   University (WSU) Focus Group work we have previously presented to the  
15   Commission supports enhancing efforts in those areas.<sup>3</sup> Staff supports the  
16   inclusion of Demand Response programs in the Alternative Settlement because  
17   these programs have long been known to create value for utilities and their  
18   customers, and increasingly this tool is being used to support grid reliability within  
19   the Southwest Power Pool (SPP) and across the United States.

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<sup>3</sup> See: [https://kcc.ks.gov/images/PDFs/kansas-energy-office/Wichita\\_State\\_Work\\_Study.pdf](https://kcc.ks.gov/images/PDFs/kansas-energy-office/Wichita_State_Work_Study.pdf)

1    Q.    Why did Staff agree to further settlement discussions after the Evidentiary  
2              Hearing was held in this Docket?

3 A. As the Commission is aware, and as was detailed extensively in my previous  
4 Testimony in Opposition to Financial Settlement and at the Evidentiary Hearing in  
5 this Docket, Staff remains opposed to the Non-Unanimous Financial Settlement  
6 that was supported by some parties in this Docket. While Staff offered  
7 modifications to that Settlement that we contend would promote the public interest  
8 and lead to just and reasonable rates, it became clear at the Evidentiary Hearing that  
9 Everygy was unlikely to proceed with the implementation of Demand Side Programs  
10 if the Commission accepted Staff's modifications to the Non-Unanimous Financial  
11 Settlement.<sup>4</sup>

19                   While we continue to support the original Non-Unanimous Settlement on  
20                   DSM Programs<sup>5</sup>, and we continue to support the modifications to the Non-  
21                   Unanimous Financial Settlement that I offered in my Testimony in Opposition to

<sup>4</sup> See: Tr. Vol. I., p. 180 (Ives).

<sup>5</sup> See: <https://estar.kcc.ks.gov/estar/ViewFile.aspx/S202208011639051095.pdf?Id=a9fdbbda-2c58-4680-9135-3ebb3a97eadc>

1                   Financial Settlement<sup>6</sup>, we agreed to support the Alternative Settlement to give the  
2                   Commission another option that would further the advancement of Demand Side  
3                   Management programs in Kansas.

4                   **II. Terms of the Alternative Settlement**

5                   **Q. Please provide an overview of the Alternative Settlement.**

6                   A. The Alternative Settlement provides the following:

7                   **I. Overall Budget and Savings Targets Changes**

8                   a. Per jurisdiction, the DSM portfolio includes a 4-year budget for five  
9                   programs: Business Demand Response, Home Demand Response,  
10                   Residential Energy Education, Business Energy Education and Hard-to-  
11                   Reach Homes.

12                   b. The 4-year programs' budgets are included in Attachment A and total  
13                   \$33.498 million in Kansas Central and \$11.564 million in Kansas Metro.

14                   c. Programs' savings targets (kW/kWh) align with budgets in I.b. above and  
15                   are included in Attachment A.

16                   d. If Everygen plans to exceed the portfolio budget by more than 10% on an  
17                   annual basis, it agrees to file with the Commission a report that will include  
18                   an explanation of the reasons for the change, serve Staff and other  
19                   signatories to this agreement, and obtain Commission approval.

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<sup>6</sup> See: <https://estar.kcc.ks.gov/estar/ViewFile.aspx/S202208031700493303.pdf?Id=8691193f-af4d-481d-94f1-e4cdb18b7e78>

## II. Program Offerings

### a. Hard-to-Reach Homes

- i. The initial budgets for the components of Hard-to-Reach Homes will be set as follows: 20% Weatherization (delivered through partner agencies); 30% Income-eligible Single Family (not delivered through agencies); 50% Income eligible multi-family (not delivered through agencies).

ii. Energy will work directly with partner agencies for weatherization funding and administration.

iii. Screw-in LEDs will be maintained as a measure offer for Hard-to-Reach Homes eligible customers.

iv. Residential and Business Energy Education - The total of the Residential Energy Education budget and Business Energy Education budget combined (excluding marketing components of the programs) shall not exceed 5% of total portfolio budget cost.

v. Home Demand Response - Maintain proposed budget, targets and tariff as filed in the Application.

vi. Business Demand Response – Maintain proposed budget, targets and tariff as filed in the Application.

1                   III. Evaluation and Approvals

2                   a. Staff will contract with a Staff-directed Auditor to assist Staff in the  
3                   review of, and provide feedback on, the Evaluation, Measurement and  
4                   Verification (EM&V) plan.

5                   b. EM&V methodology will be submitted to the Commission for expedited  
6                   approval.

7                   c. Staff Auditor scope will entail auditing program implementers and  
8                   customer installations for accuracy in data/measurements provided to  
9                   Evergy third party evaluator, and review and provide feedback on Evergy  
10                  EM&V results.

11                  d. Evergy will include the contract cost of Staff Auditor in its Total  
12                  Resource Cost (TRC) calculations.

13                  e. The Commission will resolve disputes between Evergy's third party  
14                  evaluator and Staff Auditor, if any arise.

15                  f. Initial technical resource manual (TRM) savings values will be adjusted  
16                  annually based on the most recent EM&V impact evaluation results.

17                  g. EM&V ex-post gross impact evaluation will include:

18                   i. Engineering approaches, including International Performance  
19                   Measurement and Verification Protocol (IPMVP) as appropriate,  
20                   additional site-specific data such as equipment baseline and  
21                   consumption data, metering studies, retrofit isolation engineering  
22                   models, billing regression analysis, or building energy simulation  
23                   model(s).

#### IV. Financial Recovery

12 a. Program Carrying Costs

13 i. Program costs will start to be recovered with the energy efficiency

14 rider (EER) 18 months after they are incurred.

15 ii. Program carrying costs will be based on the average of 12 months

16 of current monthly short-term debt and 6 months of long-term debt

17 from the most recent rate case.

18 b. Lost Revenue

19 i. Lost revenue rate (\$/kWh) represents all revenue lost on kWh

20 minus riders from the most recent effective rate case.

21 ii. Company's lost revenue will be estimated using TRM values and

22 will be trued up by applying the final ex-post gross (after realization

23 rate) kWh impact times any net to gross factors from the

Commission approved EM&V final report for each program year.

iii. Ultimate annual lost revenue is calculated by using the lost revenue rate times the ex-post (after realization rate and net to gross factors) net kWh reduction.

### c. Earnings Opportunity

- i. Earnings Opportunity will be based on efficient program spend of Home Demand Response, Business Demand Response and Hard-to-Reach Homes programs.

ii. There will be no earnings opportunity associated with the Home Energy Education and Business Energy Education programs.

iii. The target annual earnings opportunity dollar amount is set based on the 18- month value of latest Weighted Average Cost of Equity (WACE) per Company jurisdiction times the program costs for Home Demand Response, Business Demand Response and Hard-to-Reach Homes programs spent in that year.

iv. Earnings opportunity earned will be based on a sliding scale of performance starting at minimum of 75% of performance (kW for Business and Residential Demand Response and kWh for Hard-to-Reach Homes) with a 125% maximum.

v. If there is 100% kW or kWh achievement for Home Demand Response, Business Demand Response or Hard-to-Reach Homes programs, the Company also has opportunity for shared savings pending efficient program spend. In the shared savings approach,

1                   customers will benefit by 75% of the reduced spend to reach the  
2                   target or above and the Company will share 25% as incentive for  
3                   efficient program spend.

4   **Q.   How does the Alternative Settlement compare to the Non-Unanimous**  
5   **Financial Settlement before the Commission?**

6   A.   The table below provides a comparison between the key terms of the Alternative  
7   Settlement compared to the Non-Unanimous Financial Settlement opposed by  
8   Staff, as well as Evergy's original Application.

<b>Evergy KEEIA DSM Portfolio 2023-2026</b>					
<b>Financial Summary - Settlement Comparison</b>					
	<b>Evergy Application Filing</b>	<b>Original Settlement (including reserve)</b>	<b>Alternative Settlement</b>	<b>% Decrease from Original</b>	
<b>Full KEEIA Financial Proposal</b>	\$ 235,549,218	\$ 185,677,280	\$ 56,786,828	75.9%	
<b>Program Budgets</b>					
	Evergy Filing	Settlement including reserve	Alternative Settlement		
EKC	\$ 100,951,903	\$ 91,476,248	\$ 33,498,106		
EKM	\$ 33,936,387	\$ 30,425,175	\$ 11,564,776		
Total	\$ 134,888,291	\$ 121,901,423	\$ 45,062,883	66.6%	
<b>Carrying Cost on Program Cost Recovery</b>					
	Evergy Filing	Settlement including reserve	Alternative Settlement		
Rate	WACC	STD - 12 mos; LTD - 6 mos	STD - 12 mos; LTD - 6 mos		
Term	18 months	18 months	18 months		
EKC	\$ 13,369,470	\$ 4,052,489	\$ 1,484,000		
EKM	\$ 4,477,162	\$ 1,387,510	\$ 527,400		
Total	\$ 17,846,632	\$ 5,439,999	\$ 2,011,400	88.7%	
<b>Lost Revenue - Throughput Disincentive</b>					
	Evergy Filing	Settlement including reserve	Alternative Settlement		
Rate	Revenue Net of Fuel, Riders	Revenue Net of Fuel, Riders	Revenue Net of Fuel, Riders		
Term - Carrying Cost	18 months - WACC	STD - 12 mos; LTD - 6 mos	STD - 12 mos; LTD - 6 mos		
EKC	\$ 36,633,318	\$ 25,072,280	\$ 4,425,196		
EKM	\$ 21,061,501	\$ 15,160,551	\$ 1,801,495		
Total	\$ 57,694,820	\$ 40,232,831	\$ 6,226,691	89.2%	
<b>Earnings Opportunity</b>					
	Evergy Filing	Settlement including reserve	Alternative Settlement		
Approach	18 % of Net Benefits (EE/DR) / 5% of Spend (Education - HTR)	18 % of Net Benefits (EE/DR) / 5% of Spend (Education - HTR)	WACE 18 mo		
EKC	\$ 18,499,117	\$ 13,096,842	\$ 2,623,762		
EKM	\$ 6,620,359	\$ 5,006,185	\$ 862,093		
Total	\$ 25,119,476	\$ 18,103,026	\$ 3,485,855	86.1%	
Carrying Cost, TD, EO Subtotal	\$ 100,660,928	\$ 63,775,857	\$ 11,723,946	88.4%	
Incentives vs. Program Costs (%)	74.63%	52.32%	26.02%		

1

2 As the above table shows, the Alternative Settlement results in a 66% reduction in  
 3 program costs compared to Evergy's original filing (63% reduction from original  
 4 Settlement), an 89.2% reduction in Lost Revenue (TD) compared to Evergy's  
 5 original filing (84.5% reduction from original Settlement), and an 86.1% reduction

1           in Earnings Opportunity (EO) for Evergy compared to the original filing (80.7%  
2           reduction from original Settlement).

3           When the subtotal of Carrying Cost, EO, and TD is compared to the  
4           Program Cost subtotal, the Alternative Settlement results in 26.02% of “incentives”  
5           compared to Program Cost. This is half the proportion contained in the original  
6           Settlement and just 34.86% of the proportion of incentives contained in the original  
7           filing.

8           **III. Commission Standards for Approving Settlement Agreements**

9  
10          **Q. Has the Commission previously used factors or standards to review a**  
11          **settlement agreement?**

12          A. Yes. The Commission’s Order in Docket No. 08-ATMG-280-RTS (08-280  
13           Docket) discusses five factors, or standards, and multiple agreements have been  
14           reviewed by the Commission using the five factors since that Order.<sup>7</sup>

15          **Q. What standards does the Commission generally examine when considering a**  
16          **non-unanimous settlement agreement?**

17          A. The Commission may accept a non-unanimous settlement agreement so long as:  
18           1. There was an opportunity opposing parties to be heard on their reasons for  
19           opposition to the settlement agreement;  
20           2. The settlement agreement is supported by substantial competent evidence in the  
21           record as a whole;

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<sup>7</sup> *Order Approving Contested Settlement Agreement*, 08-280 Docket, p. 5 (May 5, 2008).

- 1       3. The settlement agreement conforms to applicable law;
- 2       4. The settlement agreement results in just and reasonable rates; and
- 3       5. The settlement agreement is in the public interest, including the interest of
- 4       customers represented by the parties not consenting to the agreement.
- 5       Each of these factors is discussed individually below.

#### 6       **IV. Support for the Alternative Settlement**

7       **Q. Please address whether there was an opportunity for opposing parties to be**  
8       **heard on their reasons for opposing the Alternative Settlement.**

9       A. Staff contends that there was an opportunity for opposing parties to be heard on  
10       their reasons for opposing the Settlement Agreement. The Alternative Settlement  
11       in this Docket was filed on November 15, 2022, and testimony in support or  
12       opposition of that Settlement is November 22, 2022. Testimony in opposition to  
13       the Alternative Settlement is due on December 2, 2022. The Commission is also  
14       scheduled to have briefs filed and there is the possibility of an Evidentiary Hearing  
15       if the Commission desires, although the parties do not believe that is necessary. All  
16       parties to the Docket have supported the procedures and the procedural schedule  
17       that will allow the Alternative Settlement to be considered by the Commission, so  
18       there can be no argument that any party to this Docket has not been allowed due  
19       process to express their reasons for opposing the Alternative Settlement.

20  
21  
22

1    Q.    **Please address whether the Agreement is supported by substantial competent**  
2           **evidence in the record as a whole.**

3    A.    There is ample substantial competent evidence in the record as a whole to support  
4           approval of the Alternative Agreement. The Alternative Settlement was crafted  
5           from positions that were outlined extensively in the record as filed in Direct and  
6           Rebuttal testimony as well as discussed at length in an Evidentiary Hearing. All of  
7           the analytical tools and calculation methodologies that were used to calculate the  
8           program parameters and incentive amounts contained in the Alternative Settlement,  
9           were used in the calculation of the program parameters and incentive amounts  
10           presented in the other settlements filed in this Docket.

11    Q.    **With respect to the third factor the Commission must consider when**  
12           **approving a non-unanimous settlement agreement, does the Alternative**  
13           **Settlement conform to applicable law?**

14    A.    I am not an attorney, so this issue will have to be addressed in briefs before the  
15           Commission.

16    Q.    **With respect to the fourth factor the Commission must consider when**  
17           **approving a non-unanimous settlement agreement, does the Alternative**  
18           **Settlement result in just and reasonable rates?**

19    A.    The Alternative Settlement does not change rates today, but it will result in a  
20           process whereby Evergy will file for increased rates in the future to recover the  
21           costs of its DSM programs, TD, and EO. When expressed as a percentage of  
22           Demand Side Program costs, the Alternative Settlement contains Carrying Costs,  
23           TD, and EO that cumulatively represent less than half the “incentive” level that was

1 contained in the Non-Unanimous Financial Settlement opposed by Staff. For the  
2 TD and EO components that were most objectionable to Staff in this Docket, the  
3 Alternative Settlement results in an 89.2% reduction from Evergy's filing for TD  
4 and an 86.1% reduction from Evergy's filing for EO. Overall, when considering  
5 Demand Side Program costs and incentives together, the total cost to ratepayers  
6 from the Alternative Settlement is \$45,062,883, or 33.4% of the amounts originally  
7 requested by Evergy in the Application, down from \$134,888,291. Staff contends  
8 that the Demand Side Program Costs, Carrying Costs, TD, and EO mechanisms  
9 that are part of the Alternative Settlement will contribute to the creation of just and  
10 reasonable rates. Accordingly, Staff recommends that the Alternative Settlement  
11 be approved.<sup>8</sup>

12 **Q. Why is Staff now supporting a Lost Revenue/TD mechanism when you  
13 previously testified in opposition to such a mechanism in this Docket?**

14 A. The Lost Revenue/TD mechanism contained within the Alternative Settlement is  
15 just 10.8% of the amount contained in Evergy's original Application. It is also just  
16 16.5% of the amount contained in the Non-Unanimous Financial Settlement  
17 opposed by Staff. In other words, the TD component of the Alternative Settlement  
18 is a small fraction of what was contained within the filings that Staff objected to in  
19 this Docket. Additionally, the Alternative Settlement contains a much more  
20 rigorous Evaluation Measurement and Verification (EM&V) approach that is  
21 designed to measure, as closely as possible, the actual lost revenue associated with

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<sup>8</sup> While support approval of the Alternative Settlement, Staff still supports the initial Program Settlement, with Staff's recommended modifications to the Non-Unanimous Financial Settlement, contained within my Testimony in Opposition to the Non-Unanimous Settlement Agreement.

1           the implementation of these Demand Side Programs. This was made possible  
2           because the suite of Demand Side Programs is less than what was contained in the  
3           original Application or the Non-Unanimous Program Settlement. The combination  
4           of enhanced confidence with the EM&V process to measure the TD, as well as the  
5           89% reduction in the magnitude of the TD from the original filing, contributed to  
6           Staff's ability to support the Alternative Settlement.

7   **Q. Staff opposed the EO levels/percentages in the original Everyg Application**  
8   **and in the Non-Unanimous Financial Settlement, why do you now support the**  
9   **EO levels/percentages in the Alternative Settlement?**

10   A. I opposed the EO levels in the original Application and the Non-Unanimous  
11   Financial Settlement because the evidence I presented to the Commission  
12   demonstrated that those EO levels represented an excessive percentage of Everyg's  
13   Demand Side Program costs (percentage of spend). I presented testimony that the  
14   EO levels in the Non-Unanimous Financial Settlement amounted to 14-16% of  
15   Everyg's spend at target, and 17-20% of spend at max performance.

16           The EO contained in the Alternative Settlement is based on the Weighted  
17   Average Cost of Equity (WACE) concept I presented in my Direct Testimony in  
18   this Docket, grossed up to capture the fact that there is an 18-month regulatory lag  
19   inherent in the EER calculation. The resulting percentage of spend EO is 9.05%  
20   for EKC, and 8.67% for EKM. However, because the EO only applies to spend  
21   from three of the five programs (education programs are eliminated from the EO  
22   calculation), the resulting EO as a percentage of total spend is 7.83% for EKC and  
23   7.45% for EKM. With maximum performance from the Demand Side Programs,

1       those EO amounts can grow to 9.79% of spend for EKC and 9.31% of spend for  
2       EKM (125% of the target calculations). The EO parameters also capture a  
3       performance based ratemaking concept that rewards Evergy for efficient spend. If  
4       a Demand Side Program can accomplish its goals (kWh or kW saved) with less  
5       than 100% of its original budget, Evergy can retain 25% of the benefits, with 75%  
6       going to customers.

7               Overall, Staff contends that the EO contained in the Alternative Settlement  
8       is much more balanced and reasonable than what was presented in either the Evergy  
9       original Application or the Non-Unanimous Financial Settlement opposed by Staff.

10      **Q. With respect to the fifth factor the Commission must consider when approving  
11       a non-unanimous settlement agreement, does Staff believe the results of the  
12       Alternative Settlement are in the public interest?**

13      A. Yes. There were multiple interests represented by the Signatories involved in the  
14       negotiations: Evergy representing the interests of its management and  
15       shareholders, KGS, Black Hills, and Atmos each representing the interests of its  
16       managers and shareholders; and Staff attempting to balance each of those interests  
17       while representing the interests of the public generally. The fact that these varied  
18       interests were able to collaborate and present a resolution of the issues in this case  
19       indicates the public interest standard has been met.

20               Generally speaking, the public interest is served when ratepayers are  
21       protected from unnecessarily high prices, discriminatory prices and/or unreliable  
22       service. More specifically, it is Staff's opinion that the Agreement meets the  
23       public interest because:

1           • The Alternative Settlement results in a viable option for the Commission to  
2           further the implementation of Demand Side Programs in Kansas;

3           • The Alternative Settlement focus on the areas of Education, Demand Response,  
4           and Low-Income programs, which is supported by the WSU focus group work  
5           that has been previously presented to the Commission;

6           • The Alternative Settlement contains financial “incentives” in the form of  
7           Carrying Costs, TD, and EO which are significantly less costly to ratepayers  
8           than what was contained in either the original Evergy filing or the Non-  
9           Unanimous Financial Settlement opposed by Staff.

10          • In settlement negotiations, each of the Signatories represented their respective  
11           interests by putting time, thought, and professional analysis into deriving a  
12           settlement position it found reasonable; and

13          • The Settlement was based on the record and is a reasonable compromise among  
14           the Signatories based on each party’s own analysis of a reasonable outcome.

15          **Q. Should the Commission accept the Alternative Settlement as a reasonable  
16           resolution of the issues in this Docket?**

17          A. Yes, the Alternative Settlement represents a reasonable resolution of the issues in  
18           this Docket, will allow for a viable path to advance Demand Side Programs in  
19           Kansas, will assist in the creation of just and reasonable rates, is in the public  
20           interest, and is supported by substantial competent evidence in the record.

21          **Q. Does this conclude your testimony?**

22          A. Yes, thank you.

23

STATE OF KANSAS )  
 ) ss.  
COUNTY OF SHAWNEE )

## VERIFICATION

Justin T. Grady, being duly sworn upon his oath deposes and states that he is Chief of Revenue Requirements, Cost of Service and Finance for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, 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.

Justin T. Grady  
Chief of Revenue Requirements,  
Cost of Service and Finance  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 22 day of November, 2022.

## Notary Public

### My Appointment Expires:



**NOTARY PUBLIC - State of Kansas**

ANN M. MURPHY

My Appt. Expires 4/28/25

## **CERTIFICATE OF SERVICE**

22-EKME-254-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Testimony was served via electronic service this 22nd day of November, 2022, to the following:

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