

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Evergy Missouri West, Inc.)	
d/b/a Evergy Missouri West’s Demand)	
Side Investment Mechanism Rider Rate)	<u>Case No. ER-2023-0184</u>
Adjustment and True-Up Required by)	Tariff No. JE-2023-0100
20 CSR 4240-20.093(4))	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and in response to the Commission’s December 5, 2022, *Order Directing Notice, Setting Intervention Deadline, and Directing Staff Recommendation* (“Order”) submits its *Staff Recommendation* to the Commission as set forth in detail in the attached appendices, and in support thereof states as follows:

1. On December 2, 2022, Evergy Metro West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”), filed a tariff sheet, with supporting testimony, to adjust charges related to its approved Demand Side Investment Mechanism (“DSIM”) Rider. The Tariff sheet bears an effective date of February 1, 2023.
2. On December 5, 2022, the Commission ordered that any person wishing to intervene in this matter may do so by December 22, 2022. As of December 22, 2022, no parties have objected or moved to intervene in this matter.
3. On December 5, 2022, the Commission ordered that Staff shall file its recommendation or status report no later than December 30, 2022.
4. Staff’s recommendation is attached hereto as Appendix A. As discussed in Staff’s Memorandum, Staff examined the tariff sheet, supporting direct testimony, and Evergy Missouri West’s letter.

5. In summary, Staff recommends that the Commission issue an order approving the tariff sheet or allow the tariff sheet to take affect by operation of law on February 1, 2023. Staff's recommendation to approve the tariff sheet does not constitute a prudence review of Evergy Missouri West's actions in relation to its DSIM.

6. Staff's recommendation, as set forth in Appendix A, fully explains the circumstances and facts that led Staff to make these conclusions.

7. Staff also notes that Evergy Missouri West has filed its annual report and is not delinquent on any assessments. Evergy Missouri West is also current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10).

WHEREFORE, for the reasons stated above and in Staff's attached Memorandum, incorporated herein as Appendix A, Staff recommends the Commission issue an order approving the tariff sheet or allow the tariff sheet to take affect by operation of law on February 1, 2023.

Respectfully submitted,

/s/ J. Scott Stacey

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 30th day of December, 2022.

/s/ J. Scott Stacey

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2023-0184 and Tariff Tracking No. JE-2023-0100

FROM: Justin Tevie, Economics Analyst
Brad J. Fortson, Regulatory Compliance Manager

/s/ Justin Tevie / 12-30-22

Economics Analyst / Date

/s/ Scott Stacey / 12-30-22

Staff Counsel's Office / Date

SUBJECT: Staff Recommendation to Approve Evergy Missouri West, Inc., d/b/a Evergy Missouri West's ("Evergy Missouri West") Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM") Rider Rate effective February 1, 2023.

DATE: December 30, 2022

Evergy Missouri West Filing

On December 2, 2022, Evergy Missouri West filed with the Commission one (1) tariff sheet bearing an issue date of December 2, 2022, with an effective date of February 1, 2023, proposing to adjust charges related to Evergy Missouri West's DSIM Rider. Evergy Missouri West's filing also included the Direct Testimony of Lisa A. Starkebaum and work papers consisting of electronic worksheets showing its calculation of the proposed rates. As filed, Evergy Missouri West's DSIM revenue requirement for program year 2023 is approximately \$20.1 million. This revenue requirement was reduced by an Ordered Adjustment with interest of (\$494,720) ordered by the Commission on July 21, 2022 in Case No. EO-2021-0416.¹

On December 2, 2022, the Commission issued its *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* directing Staff to file its recommendation no later than December 30, 2022.

¹ The Commission approved Order Adjustment Case Nos. EO-2020-0228 and EO-2021-0416, where the Company agreed to include in this filing a credit to resolve the alleged HER TD double-recovery issue and to return disallowed program costs from the review period of January 2020 through March 2021 plus interest.

Change in Evergy Missouri West’s DSIM Rates

Per 20 CSR 4240-20.093(4), Evergy Missouri West is required to adjust its DSIM rates no less often than annually² to reflect the amount of revenue that has been over/under collected.

The current Missouri Energy Efficiency Investment Act (“MEEIA”) mechanism rate per class of customer is collected through a line item on current bills based on an annual level of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. In addition to reconciliations for prior periods, this adjustment includes Evergy Missouri West’s MEEIA Cycle 2 extension request through December 31, 2019, Evergy Missouri West’s Cycle 2 earnings opportunity (“EO”), actual and projected costs for Evergy Missouri West’s MEEIA Cycle 3 approved in Case No. EO-2019-0133, and Evergy Missouri West’s MEEIA Cycle 3 extension request through December 31, 2023 approved in Case No. EO-2019-0132.

The table below provides a summary of the cumulative throughput disincentive (“TD”), program costs (“PC”), and earnings opportunity (“EO”) for Cycle 2 and Cycle 3 and average cost per estimated kilowatt hour (kWh) saved. PC, EO and TD value for the months of November, December, and January are forecasted data which is adjusted for actual data in the next filing.

	MEEIA Cycle 3 through Jan 2023	MEEIA Cycle 2
TD	\$ 13,110,839	\$ 32,030,413
Program Cost	\$ 50,102,573	\$ 72,299,915
EO	\$ 2,673,854	\$ 10,425,211
Total	\$ 65,887,266	\$ 114,755,538
Estimated kWh	217,891,186	266,135,153
avg cost per estimated kWh saved	\$ 0.30	\$ 0.43

Additionally, Evergy Missouri West is projecting to recover approximately \$17 million through December 2023 for projected PC Cycle 3 and approximately \$3.2 million for projected TD for

² Evergy Missouri West makes semi-annual adjustments to its DSIM rates.

Cycle 3. Staff agrees these are reasonable projections based on past projection to actual comparison.

Projected Jan 2023 thru Dec 2023		
Cy 3 PC & TD	\$ 17,085,044	\$ 3,225,151

In total, Evergy Missouri West is projected to recover from ratepayers approximately \$200.7 million for energy efficiency programs for MEEIA Cycles 2 and 3 by the end of 2023. Including Cycle 1, the MEEIA program total cost is \$212.5 million.

	Cycles 2 & 3				
TD	\$ 45,141,252				
Program Cost	\$ 122,402,488				
EO	\$ 13,099,064				
Total	\$ 180,642,805				
	\$ 20,109,859	DSIM Revenue Requirement Dec 2023			
	\$ 200,752,664	TOTAL CYCLES 2 & 3			
	\$ 212,465,254	TOTAL PROGRAM - ALL CYCLES			

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kilowatt hours (kWh) of energy supplied to customers under Evergy Missouri West’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential Service	\$0.00399	\$0.00293
Non-Residential – SGS	\$0.00517	\$0.00252
Non-Residential – LGS	\$0.00603	\$0.00441
Non-Residential – LPS	\$0.00367	\$0.00204

The proposed change will decrease residential customers' DSIM Rider rate from \$0.00399 to \$0.00293 per kWh.³ For a residential customer using 1,000 kWh, this would mean a decrease of \$1.06 per month. For a non-residential customer using 1,000 kWh, this would mean a \$2.65 decrease for Small General Service, a \$1.62 decrease for Large General Service, and a \$1.63 decrease for Large Power Service per month.

Staff Recommendation

The Commission Staff's Tariff/Rate Design Department and Energy Resources Department have reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, filed on December 2, 2022 for service on and after February 1, 2023, the requested effective date:

P.S.C. MO. No. 1
Seventh Revised Sheet No. 138.17, Cancelling Sixth Revised Sheet No. 138.17

Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its Annual Report. Evergy Missouri West is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10). Staff's recommendation to approve this Seventh Revised Sheet No. 138.17 does not constitute a review of the prudence of Evergy Missouri West's actions in relation to its DSIM.

³ Inclusion of MEEIA Cycle 3 projected Program Costs ("PC") and Throughput Disincentive ("TD") in addition to projected MEEIA Cycle 2 PC, TD and EO for the 12-months ending December 31, 2022.

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20 CSR 4240-20.093(4))	

AFFIDAVIT OF JUSTIN TEVIE

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW JUSTIN TEVIE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

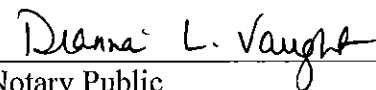


JUSTIN TEVIE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 30th day of December, 2022.

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires: July 18, 2023 Commission #: 15207377
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Notary Public

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AFFIDAVIT OF BRAD J. FORTSON

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW BRAD J. FORTSON, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



BRAD J. FORTSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29th day of December, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commission #: 15207377



Notary Public