

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2022-0129 and ER-2022-0130 and
Tariff Tracking No. YE-2023-0206 and YE-2023-0208

FROM: Sarah L.K. Lange, Economist
Claire M. Eubanks, PE, Engineer Manager

/s/ Sarah L. K. Lange / 06-01-23
Tariff/Rate Design Dept. / Date

/s/ Nicole Mers / 06-01-23
Staff Counsel's Office / Date

/s/ Claire M. Eubanks, PE / 06-01-23
Industry Analysis Division / Date

SUBJECT: Staff Recommendation to Reject Evergy Metro and Evergy Missouri West's
Proposed Tariff Sheets to Update the Solar Subscription Rider

DATE: June 1, 2023

Evergy Filing

On May 19 2023, Evergy Metro, Inc., d/b/a Evergy Missouri Metro submitted revised tariff sheet 39A in Tariff Tracking No. YE-2023-0206 and Evergy Missouri West, Inc., d/b/a Evergy Missouri West submitted revised tariff sheet 109.1 in YE-2023-0208, each bearing an issue date of May 19, 2023, with an effective date of June 19, 2023. Evergy associated these tariff submissions with the recently concluded rate cases, Case Nos. ER-2022-0129 and ER-2022-0130. The tariff submittals adjust charges related to Evergy's Solar Subscription Rider (Schedule SSP). Evergy did not submit testimony related to the proposed changes. In the accompanying filing letter Evergy attributes the changes to the Solar Block Subscription Charge to updates based on actual costs "as discussed in rate case ER-2022-0129." Staff is not aware of the discussion referenced by Evergy.¹

The Evergy Metro (Sheets 39- 39F) and Evergy West (Sheets 109 – 109.5) Solar Subscription Pilot ("SSP") tariff sheets were initially promulgated in the compliance tariffs associated with Case Nos. ER-2018-0145 and ER-2018-0146. The SSP allows customers to

¹ The stipulation and agreements related to the solar subscription program in ER-2022-0129 and ER-2022-0130 were to update the "distribution service rates in its compliance tariffs" and make other modifications as agreed to by signatories. Those changes were fully implemented in the compliance tariff package approved by the Commission that took effect on January 9, 2023.

subscribe to a portion of a solar resource. Subscribers pay a solar block charge, which is a per-kWh charge intended to reflect the cost to of the solar resource(s) built to serve the program, and a services and access charge, which is a per kWh charge for use of the Evergy system to capture other costs of service typically recovered through the residential energy charge. For subscribing customers, billed usage is reduced by the amount of solar generation produced to which the customer has subscribed.

Evergy sought various changes to the SSP in Case Nos. ER-2022-0129 and ER-2022-0130. The compliance tariffs associated with those cases were promulgated January 9, 2023, and reflected the September 6, 2022 Stipulation and Agreement provisions regarding sharing of unsubscribed portions of the resources, future expansion of the program, and a pilot program evaluation.² Additionally, the Services and Access Charge was updated as agreed to in August 30, 2022 Stipulation and Agreement.³

The various stipulations entered in Case Nos. ER-2022-0129 and ER-2022-0130 did not address the actual construction costs related to the subscriber solar facility, located at the Hawthorn generating site, and no testimony in the case discussed whether the facility was operational and useful for service as the facility was under construction from July 2022 through January 2023. On March 3, 2023, in Case Nos. ER-2018-0145 and ER-2018-0146, Evergy filed a quarterly report and noted the facility was operational on January 11, 2023. That filing included some information and calculations related to the subject tariff submissions.

Discussion

Tariff submissions YE-2023-0206 (Evergy Metro) and YE-2023-0208 (Evergy West) associated with Case Nos. ER-2022-0129 and ER-2022-0130 raise multiple issues. Staff recommends that the Commission reject these submissions and direct Evergy to file an “EO” designated case to address the following issues, some of which are further explained below:

1. The proposed increase to the Solar Block cost is not consistent with the Stipulation and Agreement in EA-2022-0043 at Paragraph 11 that states the Solar Block

² Stipulation and Agreement Regarding Programs and Electric Vehicle Charging Tariffs, Paragraph 3.

³ Paragraph 6c.

- charge should not exceed the maximum rate of \$0.13880 per kWh. Per the Stipulation and Agreement in EA-2022-0043, in its March 10, 2023 compliance filing in EA-2022-0043, Evergy noted it did not include AFUDC in its initial project budget and exceeded the budget by ** [REDACTED] **. Subscribers relied on the tariffed Solar Block charges for decisions to enroll in the SSP.
2. Staff is unaware of any reason why the Services and Access charge should change related to completion of the construction of the Solar Resource.
 3. Staff has not had sufficient time to audit the costs and generation projections underlying Evergy's calculation of the "Solar Block Subscription Charge" and its listed components, the "Solar Block" cost and the "Services and Access" charge.
 4. Due to the deployment of a new default rate for residential customers in Case Nos. ER-2022-0129 and ER-2022-0130, it is necessary to create separate Services and Access charges applicable to each residential rate plan. Additional changes are necessary in the language contained on the sheet to reflect these rate plans. Specifically, the total "Solar Block Subscription Charge" which is currently set out in the tariff as single amount comprised of two components. Rather than setting out the permutations of the "Solar Block Subscription Charge," it should be defined as the sum of the "Solar Block" cost and the applicable "Services and Access" charge.
 5. As the rate will be charged to customers, Staff intends to file the results of its construction audit, as well as a recommendation regarding the in-service documentation provided in EA-2023-0043, within approximately 45 days, such that the Commission has the information necessary to make a determination on whether the facility is fully operational and useful for service, and the associated costs are prudent.

Discussion of Issues 2 and 3

On March 10, 2023, Evergy notified Staff that certain required items per the Hawthorn Stipulation and Agreement, filed in EA-2022-0043, would be forthcoming via Secure File

Transfer. Additionally, on March 10, 2023 Evergy filed notice in EA-2022-0043 indicating the same.⁴ Included within the EA-2022-0046 compliance filing, Evergy provided some of the supporting information necessary to audit the costs and generation projections underlying Evergy's proposed tariffs but certain charges and calculation will require further investigation as part of Staff's audit of the construction of the Hawthorn solar project. Per the Stipulation and Agreement in EA-2022-0043, if cost variances of greater than 5% occurred, Evergy was to file notice. In its March 10, 2023 compliance filing in EA-2022-0043 Evergy noted it did not include AFUDC in its initial project budget and exceeded the budget by ** [REDACTED] **. **

Evergy has provided certain information Staff would expect to receive to complete its in-service evaluation. However, as of the time of this filing, Staff has not had the opportunity to complete its in-service evaluation. Generally, Staff completes these reviews over the course of a general rate case. However, because Evergy is proposing to increase SSP charges, Staff intends to review the documentation provided, request additional information, and provide the Commission a recommendation indicating whether the Hawthorn solar facility is fully operational and useful for service. This determination should be done prior to subscribers been charged for service. Staff expects to complete this review in 45 days provided it receives documentation regarding interconnection of the facility and a capacity test demonstrating 95% of the guaranteed capacity. Staff has attached, as Confidential Schedule 1, the proposed Hawthorn Solar In-Service Test Criteria that Evergy provided in response to Staff Data Request No. 0015 in EA-2022-0043.

Discussion of Issue 4

Through discussions beginning with an email from Brad Lutz to Staff on January 31, 2023, Evergy has informed Staff that it is of the opinion that "the Solar Subscription rider billing is similar to Net Metering billing," and that it desired or intended to make changes to its tariff to restrict the availability of the Solar Subscription rider to customers taking service on the Residential Peak Adjustment rate plan.

⁴ EA-2022-0043 Notice of Settlement Compliance.

Staff has informed Evergy that it does not view any serious obstacles to offering the SSP to customers on any residential rate plan, but that the “Services and Access” charge of the SSP will need to be set out as applicable to each residential rate plan for these purposes. Staff understood that Evergy would be filing an ET case requesting promulgation of new tariff sheets reflecting Evergy’s preferred outcome, and that Staff and other parties would have the opportunity to present alternative solutions to the Commission.

With the submission of YE-2023-0206 (Evergy Metro) and YE-2023-0208 (Evergy West) it has become unclear whether or not Evergy intends to seek inclusion of specific language in its tariff to address this issue. Staff is concerned that Evergy may interpret Commission approval of the tariff sheets as proposed in YE-2023-0206 (Evergy Metro) and YE-2023-0208 (Evergy West) as sanctioning that participants in the SSP must take service on the Residential Peak Adjustment rate plan, as opposed to the newly-ordered default Residential Time of Use – Two Period rate plan. Further, customers may currently opt into time of use rate plans, and may wish to do so while simultaneously taking service on the SSP. At this time, the current structure of the SSP Services and Access charges and the current manner in which the “Solar Block Subscription Charge” is worded would result in suboptimal bill calculation for those customers.

Specific language associated with the “Services and Access” charges are properly issues in the recommended EO case to be filed to address these and other issues by Evergy, but Staff anticipates that it will recommend that charges be set out in the form of the example below.

	<u>Summer</u>	<u>Non-Summer</u>
Residential Time of Use – Two Period	\$0.xxxx/kWh	\$0.xxxx/kWh
Residential Peak Adjustment Service	\$0.xxxx/kWh	\$0.xxxx/kWh
Residential Time of Use – Three Period	\$0.xxxx/kWh	\$0.xxxx/kWh
Residential High Differential Time of Use	\$0.xxxx/kWh	\$0.xxxx/kWh

Services and Access charges applicable to usage prior to ToU default: \$0.xxxx/kWh

Note the exact value of the charges above is subject to the valuation of the overall cost of the facility and generation of the facility as described in Issue 1, above. Further, the exact values for the charges set out above will be subject to Commission determinations related to the amount of solar generation and value of the solar generation associated with each time period of each rate

plan, as well as the weighting assumed for the rate applicable to each time period under each rate plan. These are issues to be resolved in an ET case to be filed to address these issues.

Staff notes that other approaches of increasing complexity and specificity could also be used to facilitate service of customers on the Solar Subscription rider who take service on other residential rate plans.

Staff Recommendation

Staff recommends that the proposed tariff sheets 39A and 109.1 be rejected, and that the Commission order Evergy to file a new “EO” case for consideration of the appropriate restructuring of the “Services and Access” charge for each residential rate plan. Staff anticipates that creation of this separate docket will afford it sufficient opportunity to verify the in-service status of the Hawthorn facility, and to audit Evergy’s construction costs and generation projections underlying the Solar Block component. Such a docket will also facilitate resolution of the propriety of Evergy’s proposal to increase the Solar Block component above the amount that has been relied upon by customers in subscription decisions.

Staff has verified that Evergy Metro and Evergy Missouri West are not delinquent on any assessment and has filed its Annual Report.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a)	
Evergy Missouri Metro's Request for)	<u>Case No. ER-2022-0129</u>
Authority to Implement A General Rate)	Tariff No. YE-2023-0206
Increase for Electric Service)	
In the Matter of Evergy Missouri West, Inc.)	
d/b/a Evergy Missouri West's Request for)	<u>Case No. ER-2022-0130</u>
Authority to Implement A General Rate)	Tariff No. YE-2023-0208
Increase for Electric Service)	

AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
)
) ss.
COUNTY OF COLE)

COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief.

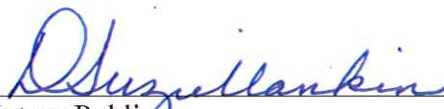
Further the Affiant sayeth not.


CLAIRE M. EUBANKS, PE

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 1st day of June 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070


Notary Public

SCHEDULE 1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY