

Exhibit No.:

*Issues: Report on Staff's First
Prudence Review of Cycle 3
Costs Related to the Missouri
Energy Efficiency Investment Act
and Cycle 2 Long-Lead Projects*

Witness: Brooke Mastrogiannis

Sponsoring Party: MoPSC Staff

Type of Exhibit: Direct Testimony

*Case No.: EO-2021-0416
and EO-2021-0417*

Date Testimony Prepared: January 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENERGY RESOURCES DEPARTMENT

DIRECT TESTIMONY

OF

BROOKE MASTROGIANNIS

**EVERGY MISSOURI WEST, INC.,
d/b/a EVERGY MISSOURI WEST
CASE NO. EO-2021-0416**

and

**EVERGY METRO, INC.,
d/b/a EVERGY MISSOURI METRO
CASE NO. EO-2021-0417**

*Jefferson City, Missouri
January 2022*

**** Denotes Confidential Information ****

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OF
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EVERGY MISSOURI WEST, INC.,
d/b/a EVERGY MISSOURI WEST
CASE NO. EO-2021-0416
and
EVERGY METRO, INC.,
d/b/a EVERGY MISSOURI METRO
CASE NO. EO-2021-0417**

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1 **DIRECT TESTIMONY**
2 **OF**
3 **BROOKE MASTROGIANNIS**

4 **EVERGY MISSOURI WEST, INC.,**
5 **d/b/a EVERGY MISSOURI WEST**
6 **CASE NO. EO-2021-0416**

7 **and**

8 **EVERGY METRO, INC.,**
9 **d/b/a EVERGY MISSOURI METRO**
10 **CASE NO. EO-2021-0417**

11 Q. Please state your name and business address.

12 A. Brooke Mastrogiannis, 200 Madison Street, Jefferson City, MO 65102.

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

14 A. I am employed by the Missouri Public Service Commission (“Commission” or
15 “PSC”) as a Utility Regulatory Supervisor.

16 Q. Please describe your educational background and work experience.

17 A. Please refer to Schedule BMM-d1 attached hereto.

18 Q. Have you previously filed testimony before this Commission?

19 A. Yes. Please refer to Schedule BMM-d2 for a list of cases in which I have
20 previously led or participated in.

21 Q. Have you participated in the Commission Staff’s audit of Evergy Metro, Inc.,
22 d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc.,
23 d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively “Evergy”), concerning
24 the Staff’s prudence review in this proceeding?

25 A. Yes, I have, with the assistance of other members of the Staff.

1 **EXECUTIVE SUMMARY**

2 Please summarize your direct testimony in this proceeding.

3 A. I am sponsoring the *Staff's Recommendation (Public and Confidential)* (“Staff
4 Reports”), which were originally filed on October 28, 2021, in Case Nos. EO-2021-0416 and
5 EO-2021-0417, copies of which (both Public and Confidential) are attached hereto as
6 Schedule BMM-d3 and Confidential Schedule BMM-d4 for Evergy Missouri Metro, and as
7 Schedule BMM-d5 and Confidential Schedule BMM-d6 for Evergy Missouri West. Staff has
8 conducted a review of all of the Demand-Side Investment Mechanism (“DSIM”) components
9 (program costs, gross annual energy and demand savings, interest, earnings opportunity,
10 throughput disincentive, and evaluation measurement and verification) during the review
11 period.¹ My testimony provides an overview of Staff’s work in each area.

12 **PRUDENCE REVIEW AND STAFF REPORT**

13 Q. Please describe Staff’s prudence review.

14 A. Staff conducted a review of all of the DSIM components (program costs, gross
15 annual energy and demand savings, interest, earnings opportunity, throughput disincentive,
16 and evaluation measurement and verification) during the review period of the energy
17 efficiency and demand response programs for Evergy. As noted in the Staff Reports, Staff
18 provides a description of the components it reviewed, a discussion of its review, a summary
19 of any cost implications and Staff’s conclusions based on its review of the components.
20 During its review, and as more fully explained below and in the Staff Reports, Staff identifies
21 certain expenses where it recommends disallowances.

¹ January 1, 2020 through March 31, 2021.

1 Q. Please explain the organizational format of the Staff Reports.

2 A. The Staff Reports have been organized by topic as follows:

3 I. Executive Summary

4 II. MEEIA Programs

5 III. Prudence Review Process

6 IV. Prudence Review Standard

7 V. Billed Revenue

8 VI. Nexant Tracking Software

9 VII. Actual Program Costs

10 VII. Throughput Disincentive

11 IX. Earnings Opportunity

12 X. Interest Costs

13 The Actual Program Costs section explains each specific recommended adjustment
14 made by Staff for the review period. Signed affidavits for all Staff members who are
15 responsible for a portion of the Staff Reports and for whom those portions constitute direct
16 testimony in this proceeding are attached to the Staff Reports. The individual Staff member(s)
17 responsible for each area of Staff's direct case and/or adjustment is identified in the Staff
18 Reports following the written discussion he or she authored, and is the expert witness with
19 respect to that section of the Staff Reports. The Staff may have a different or additional
20 expert/witness for rebuttal or surrebuttal testimony in a given area if this case proceeds to
21 evidentiary hearings.

OVERVIEW OF STAFF’S PROPOSED DISALLOWANCES

Q. In its review of the DSIMs for Evergy in Case Nos. EO-2021-0416 and EO-2021-0417, has Staff examined all of the components comprising the costs of the energy efficiency and demand response programs?

A. Yes.

Q. Is Staff proposing adjustments as a result of its review?

A. Yes, as proposed in the charts below.

EVERGY MISSOURI METRO (Case No. EO-2021-0417)

| Costs | Explanation of Costs | Disallowed Cost | Interest | Recommended Disallowance |
|--|----------------------|------------------------|------------------|--------------------------|
| Conferences and Meetings | Page 19 | \$ 647.50 | \$ 4.12 | \$ 651.62 |
| Memberships/Sponsorships/Dues | Page 20 | \$ 34,444.20 | \$ 331.96 | \$ 34,776.16 |
| Other Expenses | Page 22 | \$ 1,716.10 | \$ 12.88 | \$ 1,728.98 |
| Implementation Contractors Expenses | Page 24 | \$ 14,015.03 | \$ 190.05 | \$ 14,205.08 |
| Home Energy Report Savings/Eval and TD | | \$ 1,771,159.00 | \$ - | \$ 1,771,159.00 |
| Total | | \$ 1,821,981.83 | \$ 539.01 | \$ 1,822,520.84 |

EVERGY MISSOURI WEST (Case No. EO-2021-0416)

| Costs | Explanation of Costs | Disallowed Cost | Interest | Recommended Disallowance |
|--|----------------------|------------------------|------------------|--------------------------|
| Conferences and Meetings | Page 19 | \$ 647.50 | \$ 4.12 | \$ 651.62 |
| Memberships/Sponsorships/Dues | Page 21 | \$ 11,572.50 | \$ 75.29 | \$ 11,647.79 |
| Other Expenses | Page 23 | \$ 168.49 | \$ 2.34 | \$ 170.83 |
| Implementation Contractors Expenses | Page 24 | \$ 10,394.66 | \$ 148.89 | \$ 10,543.55 |
| Home Energy Report Savings/Eval and TD | Page 34 | \$ 1,577,602.00 | \$ - | \$ 1,577,602.00 |
| Total | | \$ 1,600,385.15 | \$ 230.64 | \$ 1,600,615.79 |

Q. Are there individual Staff witnesses sponsoring these adjustments?

A. Yes. Staff expert Cynthia M. Tandy provided a detailed explanation for the proposed disallowance as related to: conferences and meetings; memberships and sponsorships; Implementation Contractor expenses; and other expenses starting on page 18 through page 26 of the Evergy Missouri West Staff Report. Staff expert Amanda C. Conner

1 provided a detailed explanation for the proposed disallowance as related to: conferences and
2 meetings; memberships and sponsorships; Implementation Contractor expenses; and other
3 expenses starting on page 18 through page 26 of the Evergy Missouri Metro Staff Report.
4 Staff expert Robin Kliethermes provided a detailed explanation for the proposed disallowance
5 as related to Home Energy Report Savings, Evaluation and TD Impacts starting on page 33
6 through page 37 of both Staff Reports.

7 Q. Does this conclude your direct testimony in this proceeding?

8 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review)
of the Missouri Energy Efficiency)
Investment Act (MEEIA) Cycle 3 Energy) Case No. EO-2021-0416
Efficiency Programs and Cycle 2 Long-)
Lead Projects of Evergy Missouri West,)
Inc. d/b/a Evergy Missouri West)

In the Matter of the First Prudence Review)
of the Missouri Energy Efficiency)
Investment Act (MEEIA) Cycle 3 Energy) Case No. EO-2021-0417
Efficiency Programs and Cycle 2 Long-)
Lead Projects of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW BROOKE MASTROGIANNIS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Brooke Mastrogiannis*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Brooke Mastrogiannis
BROOKE MASTROGIANNIS

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 7th day of January, 2022.

Dianna L. Vaught
Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377

Brooke Mastrogiannis

Education and Employment Background

I am a Utility Regulatory Supervisor in the Energy Resources Department of the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission since May 2014. I previously was a Utility Regulatory Auditor in the Auditing Unit of the Utility Services Department, and a Utility Management Analyst in the Consumer and Management Analysis Unit.

I received a Bachelor of Science degree in Accounting from Lincoln University, in Jefferson City, MO in May of 2012. I then continued to further my education and received my Masters of Business Administration with an emphasis in Accounting in December 2013. In earning these degree's I completed numerous core Accounting and Business classes.

Prior to joining the Commission, I was employed by the State of Missouri - Department of Natural Resources from June 2013 to May 2014 as an Accounting Specialist. My duties entailed: reviewing and monitoring expense account forms to ensure employees followed correct procedures, prepared and set up project and job codes so they could be coded correctly on employee's time sheets, analyzed and prepared necessary cash draws, and also prepared financial information or reports to facilitate budget information and execution.

**Brooke Mastrogiannis
Case Participation
Utility Regulatory Supervisor**

| Company Name | Case Number | Testimony/Issues |
|---|--------------------|---|
| The Empire District Electric Company | ER-2014-0351 | January 2015 Cost of Service Report- Plant in Service, Depreciation Reserve, Prepayments, Materials and Supplies, Customer Deposits, Customer Deposit Interest, Customer Advances, Amortization of Electric Plant, Amortization of PeopleSoft Intangible Asset, Corporate Franchise Taxes, Depreciation Expense, Amortization Expense, Dues and Donations, EEI Dues, Advertising Expense, Outside Services, and Postage. |
| Seges Partners Mobile Home Park L.L.C. | SR-2015-0106 | January 2015 Staff Report- Rate Base, Revenues, Purchased Sewer Costs, Payroll and Payroll Taxes, Management Fee, Postage, Telephone Expense, Maintenance Expense, Insurance, Outside Services, PSC Assessment, and Rate Case Expense |
| The Empire District Electric Company | ER-2014-0351 | March 2015 Surrebuttal Testimony- Advertising Expense, Customer Advances, and EEI Dues. |
| Ozark International, Inc. | WR-2015-0192 | September 2015 Staff Report- Payroll, Telephone and Cell Phone Expense, Auto Expense, Insurance Expense, Bank Service Charges, Customer Deposits, Customer Deposit Interest, PSC Assessment, Revenues, Miscellaneous Income, Contract Labor, General Maintenance Expense, Electric Expense, Returned Check Fees, Outside Services, Dues and Subscriptions, and Credit Card Fees |
| Hillcrest Utility Operating Company, Inc. | WR-2016-0064 | March 2016 Staff Report- Customer Service and Business Operations Review |
| Cannon Home Association | SR-2016-0112 | April 2016 Staff Report- Customer Service and Business Operations Review |
| Roy-L Utilities, Inc. | WR-2016-0109 | May 2016 Staff Report- Customer Service and Business Operations Review |
| Raccoon Creek Utility Operating Company, Inc. | SR-2016-0202 | August 2016 Staff Report- Customer Service and Business Operations Review |
| Raccoon Creek Utility Operating Company, Inc. | SR-2016-0202 | October 2016 Rebuttal Testimony- Collection of Bad Debt |

continued, Brooke Mastrogiannis

| Company Name | Case Number | Testimony/Issues |
|--|--------------------|--|
| Kansas City Power and Light Company | EO-2016-0124 | January 2017 Management Audit Report- Employee Expense Account Process and Internal Audit Activities |
| Terre Du Lac Utilities Corporation | WR-2017-0110 | April 2017 Staff Report- Customer Service and Business Operations Review |
| Indian Hills Utility Operating Company, Inc. | WR-2017-0259 | July 2017 Staff Report- Customer Service and Business Operations Review |
| Spire Missouri, Inc. | GR-2017-0215 | December 2017 Rebuttal Testimony- Performance Metrics Incentive Proposal |
| Ameren Missouri | EO-2018-0155 | April 2018 Staff Report- First MEEIA Cycle 2 Prudence Review |
| Liberty Utilities LLC | WR-2018-0170 | April 2018 Staff Report- Normalized and Annualized Revenues, Miscellaneous Revenues, Bad Debt Expense, Outside Services/Contract Maintenance, DNR Fees, Meter Reading Expense, Transportation Expense, and Property Taxes |
| KCPL Greater Missouri Operations | ER-2018-0146 | June 2018 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause and Renewable Energy Rider Surrebuttal Testimony- Fuel Adjustment Clause |
| The Empire District Electric Company | EO-2018-0244 | September 2018 Staff Report- Fuel Adjustment Clause Prudence Review |
| KCPL | EO-2018-0363 | November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review |
| KCPL Greater Missouri Operations | EO-2018-0364 | November 2018 Staff Report- First MEEIA Cycle 2 Prudence Review |
| KCPL | EO-2019-0068 | February 2019 Staff Report- Fuel Adjustment Clause Prudence Review |
| KCPL Greater Missouri Operations | EO-2019-0067 | February 2019 Staff Report- Fuel Adjustment Clause Prudence Review |
| Ameren Missouri | EO-2019-0257 | August 2019 Staff Report- Fuel Adjustment Clause Prudence Review |

continued, Brooke Mastrogiannis

| Company Name | Case Number | Testimony/Issues |
|--------------------------------------|--------------------|---|
| Ameren Missouri | EO-2019-0376 | October 2019 Staff Report- Second MEEIA Cycle 2 Prudence Review |
| The Empire District Electric Company | EO-2020-0059 | February 2020 Staff Report- Fuel Adjustment Clause Prudence Review |
| The Empire District Electric Company | ER-2019-0374 | January 2020 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause |
| Evergy Missouri Metro | EO-2020-0227 | June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review |
| Evergy Missouri West | EO-2020-0228 | June 2020 Staff Report- Second MEEIA Cycle 2 Prudence Review |
| Evergy Missouri West | EO-2020-0262 | August 2020 Staff Report- Fuel Adjustment Clause Prudence Review |
| Evergy Missouri Metro | EO-2020-0263 | August 2020 Staff Report- Fuel Adjustment Clause Prudence Review |
| Ameren Missouri | EO-2021-0060 | February 2021 Staff Report- Fuel Adjustment Clause Prudence Review |
| Ameren Missouri | EO-2021-0157 | May 2021 Staff Report- First MEEIA Cycle 3 Prudence Review |
| The Empire District Electric Company | EO-2021-0281 | August 2021 Staff Report- Fuel Adjustment Clause Prudence Review |
| Ameren Missouri | ER-2021-0240 | September 2021 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause |
| The Empire District Electric Company | ER-2021-0312 | October 2021 Direct Testimony- Fuel Adjustment Clause Rebuttal Testimony- Fuel Adjustment Clause Surrebuttal Testimony- Fuel Adjustment Clause |
| Evergy Missouri West | EO-2021-0416 | October 2021 Staff Report- First MEEIA Cycle 3 Prudence Review |
| Evergy Missouri Metro | EO-2021-0417 | October 2021 Staff Report- First MEEIA Cycle 3 Prudence Review |

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**FIRST PRUDENCE REVIEW OF CYCLE 3 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
AND CYCLE 2 LONG-LEAD PROJECTS**

FOR THE ELECTRIC OPERATIONS

OF

**EVERGY METRO, INC., d/b/a Evergy Missouri Metro
("Evergy Missouri Metro"), f/k/a Kansas City Power & Light
Company ("KCP&L")**

January 1, 2020 through March 31, 2021

FILE NO. EO-2021-0417

*Jefferson City, Missouri
October 28, 2021*

**** Denotes Confidential Information ****

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RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
AND CYCLE 2 LONG-LEAD PROJECTS
FOR THE ELECTRIC OPERATIONS
OF
EVERGY METRO, INC.
January 1, 2020 through March 31, 2021
FILE NO. EO-2021-0417**

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1 **STAFF REPORT**

2 **FIRST PRUDENCE REVIEW OF CYCLE 3 COSTS**
3 **RELATED TO THE**
4 **MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**
5 **AND CYCLE 2 LONG-LEAD PROJECTS**
6 **FOR THE ELECTRIC OPERATIONS**
7 **OF**
8 **EVERGY METRO, INC.**

9 **January 1, 2020 through March 31, 2021**

10 **FILE NO. EO-2021-0417**

11 **I. Executive Summary**

12 The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed
13 and analyzed a variety of items in examining whether Evergy Metro, Inc. d/b/a Evergy Missouri
14 Metro (“Evergy Missouri Metro”), reasonably and prudently incurred costs associated
15 with its demand-side programs and demand-side programs investment mechanism
16 (“DSIM”) which were approved by the Commission’s *Amended Report and Order*¹ in Case No.
17 EO-2019-0132² (“Cycle 3 Plan”).

18 This prudence review report (“Report”) reflects Staff’s first prudence review for Evergy
19 Missouri Metro’s Missouri Energy Efficiency Investment Act³ (“MEEIA”) demand-side
20 programs and DSIM Cycle 3 costs arising from File No. EO-2019-0132, and covers the review
21 period of January 1, 2020 through March 31, 2021 (“Review Period”). This Report reflects
22 prudence review costs for Evergy Missouri Metro’s Cycle 3 program costs (“Program Costs”),
23 annual energy and demand savings, TD, interest, and Cycle 2 long-lead projects.

24 Based on its review, Staff has identified disallowances of expenses for conferences and
25 meetings; memberships and sponsorships; implementation contractors’ expenses; other
26 expenses; and, Home Energy Reports TD, during the Review Period, identified in Table 1 below.
27 Staff is recommending an ordered adjustment (“OA”) in the amount of \$1,822,520.84 including

¹ On December 11, 2019, the Commission issued its *Report and Order*, and on March 11, 2020, the Commission issued its *Amended Report and Order*.

² On December 27, 2018, the Commission’s *Order Granting Applications to Intervene and Order Granting Motion to Consolidate* granted consolidation of Evergy Missouri Metro’s MEEIA Cycle 3 case, EO-2019-0132, with Evergy Missouri West’s MEEIA Cycle 3 case, EO-2019-0133, with the lead case being EO-2019-0132.

³ Section 393.1075 RSMo. Supp 2017.

interest,⁴ in Evergy Missouri Metro’s next DSIM Rider rate adjustment filing to adjust for these disallowed expenses. The recommended OA amount is explained in detail later in this Report.

| Table 1 | | | | |
|--|----------------------|-----------------------|-----------------|--------------------------|
| Costs | Explanation of Costs | Disallowed Cost | Interest | Recommended Disallowance |
| Conferences and Meetings | Page 19 | \$ 647.50 | \$ 4.12 | \$ 651.62 |
| Memberships/Sponsorships/Dues | Page 21 | \$ 34,444.20 | \$ 331.96 | \$ 34,776.16 |
| Other Expenses | Page 22 | \$ 1,716.10 | \$ 12.88 | \$ 1,728.28 |
| Implementation Contractors Expenses | Page 26 | \$ 14,015.03 | \$ 190.05 | \$ 14,205.08 |
| Home Energy Report Savings/Eval and TD | Page 33 | \$1,771,159.00 | \$0 | \$1,771,159.00 |
| Total | | \$1,821,981.83 | \$539.01 | \$ 1,822,520.84 |

BACKGROUND

The Commission’s October 19, 2017, *Order Approving Stipulation and Agreement* in Case No. EO-2015-0240 approved a *Stipulation and Agreement Regarding Cycle 2 Transition Plan for Certain Long-Lead Projects and Special Provision for Income-Eligible Multi-Family Program Under the MEEIA Cycle 2 Program Plan* (“Transition Agreement”) that was filed October 2, 2017. The Transition Agreement was agreed to by the Company, Staff, the Office of the Public Counsel (“OPC”), the Missouri Department of Economic Development - Division of Energy, and Renew Missouri Advocates. The Transition Agreement allowed for the Company to establish a process for long-lead energy efficiency projects’ implementation and completion; Evaluation, Measurement and Verification (EM&V); an demand-side programs investment mechanism treatment. It also allowed for a special provision for the incentives paid to participants in Kansas City Power and Light Company and KCP&L Greater Missouri Operations Company’s⁵ Income Eligible Multi-Family program.

⁴ Interest calculated on disallowances for Actual Program Costs, Sections A, C, D, and F through March 31, 2021, however interest was not calculated on the Home Energy Report Savings/Eval and TD adjustment, in the Throughput Disincentive Section VIII.B.

⁵ Evergy Missouri West is f/k/a KCP&L Greater Missouri Operations Company and Evergy Missouri Metro is f/k/a Kansas City Power and Light Company.

1 On November 29, 2018, Evergy Missouri Metro filed, in Case No. EO-2019-0132,
2 its application under the MEEIA statute⁶ and the Commission's MEEIA rules⁷ for approval
3 of Evergy Missouri Metro's MEEIA application. On March 11, 2020, in Case No.
4 EO-2019-0132, the Commission authorized through its *Amended Report and Order* Evergy
5 Missouri Metro to implement its three-year "Plan" including: 1) thirteen (13) demand-side
6 programs ("MEEIA Programs") described in Evergy Missouri Metro's November 29, 2018
7 MEEIA *Cycle 3 2019-2022 Filing*, 2) a technical resource manual ("TRM"), 3) a demand-side
8 programs investment mechanism, 4) a Research and Pilot budget, and 5) a Pay as You Save ®
9 ("PAYS®") pilot program⁸. In its *Amended Report and Order*, the Commission also approved
10 rates for the DSIM Rider and approved a DSIM Charge⁹ in Case No. EO-2019-0132 to be
11 effective on January 1, 2020.

12 The Commission's February 27, 2019, *Order Approving Stipulation and Agreement* in
13 Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of*
14 *MEEIA 2 Programs During Pendency of MEEIA 3 Case* that was filed on February 15, 2019. In
15 this agreement, the Signatory Parties recommended that the Commission approve the
16 MEEIA Cycle 2 Extension Plan to allow MEEIA 2 to continue beyond the scheduled expiration
17 date of March 31, 2019, and the procedures for a path forward for further discussion and
18 resolution of the MEEIA Cycle 3 Program. It also allowed a new Long Lead Project period that
19 will end 12 months from the completion date of MEEIA Cycle 2's extension.¹⁰

20 The Commission's April 15, 2020, *Order Approving Evergy Missouri Metro and Evergy*
21 *Missouri West's Modified Technical Resource Manuals* approved *Evergy Application for*
22 *Approval of Modification to its Technical Resource Manual* that was filed on March 2, 2020.
23 This modified TRM had proposed revisions based on: 1) incorporating additional EM&V results

⁶ 393.1075 RSMo.

⁷ 20 CSR 4240-20.093 and 20 CSR 4240-20.094.

⁸ In its *Order Clarifying the Time in Which to File the Proposed PAYS Pilot Program*, the Commission clarified that the Company could offer the one year pilot program at a time of its choosing, sometime during the Cycle 3 Plan, and that the proposed PAYS® pilot program to be filed at least 60 days before the program would be put into effect.

⁹ From Evergy Missouri Metro's Original Sheet No. 49Q: Charges arising from the MEEIA Cycle 3 Plan that are the subject of this DSIM Rider shall be reflected in one "DSIM Charge" on customers' bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 3 Plan demand-side management programs approved under the MEEIA. This will include any unrecovered amounts for Program Costs, TD from MEEIA Cycle 2 and any Earnings Opportunity, etc. earned/remaining from MEEIA Cycle 2 that is expected to begin recovery in early 2020.

¹⁰ This means the Long Lead Project period will be extended through December 31, 2020.

1 of the Company's MEEIA Cycle 2 program year 3; 2) updating calculations with incremental
2 cost input updates to formulas for certain lines that were referencing incorrect cells; 3) updating
3 hard coded values to use the applicable formulas; 4) updating measure units; and 5) updating
4 page numbers and sources to resolve inconsistencies. The Commission approved these changes
5 to be effective May 1, 2020.

6 The Commission's December 16, 2020, *Order Approving Modifications to Evergy*
7 *Missouri Metro and Evergy Missouri West's Technical Resource Manuals* approved *Evergy*
8 *Application for Approval of Modification to its Technical Resource Manual* that was filed on
9 November 25, 2020. This modified TRM had proposed approval of modifications to its TRM to
10 incorporate final EM&V results from Evergy's Program Year 4 of the MEEIA Cycle 2. The
11 Commission approved these changes to be effective January 1, 2021.

12 The Commission's February 24, 2021, *Order Approving an Update to Evergy Missouri*
13 *Metro and Evergy Missouri West's Evaluation, Measurement, and Verification Plans* approved
14 *Application to updated MEEIA Cycle 3 Evaluation, Measurement, and Verification Plans* that
15 was filed on February 2, 2021. In this modified plan, Evergy seeks to modify the plans to reflect
16 updated EM&V methodologies and responsibilities, report formats, and reporting timeliness. The
17 Commission approved these changes to be effective March 26, 2021.

18 Commission Rule 20 CSR 4240-20.093(11) requires that the Commission's Staff conduct
19 prudence reviews of an electric utility's costs for its DSIM no less frequently than every
20 twenty-four (24) months. This Report documents Staff's first review of the prudence of Evergy
21 Missouri Metro's Cycle 3 Program Costs, Cycle 2 long-lead projects, annual energy and demand
22 savings, TD, interest for the Review Period, and the over/under collection from the Commission
23 approved Cycle 2 Earnings Opportunity ("EO").

24 Commission Rule 20 CSR 4240-20.093(10) requires that Evergy Missouri Metro file a
25 quarterly Surveillance Monitoring Report. Addendum A to this Report is Page 6 of Evergy
26 Missouri Metro's Cycle 2 Quarterly Surveillance Monitoring Reports ("QSMR") including
27 status of the MEEIA Programs and DSIM cost and savings for the quarter ended, and cumulative
28 total ended March 31, 2021. Addendum B to this Report is Page 7 of Evergy Missouri Metro's
29 Cycle 3 QSMR including status of the MEEIA Programs and DSIM cost and savings for the
30 quarter ended, and cumulative total ended March 31, 2021.

Table 2 (A) below identifies the line items and Review Period amounts from Addendum A which are the subject of Staff’s prudence review. Table 2 (B) below¹¹ identifies the line items and Review Period amounts from Addendum B which are the subject of Staff’s prudence review.

| Table 2 (A) | | |
|--|----------------------|-----------------------|
| Cycle 2 Totals for January 1, 2020 through March 31, 2021 | | |
| Category | Descriptor | Period Total |
| Total Program Costs (\$) | Billed | \$ 5,375,685 |
| Total Program Costs (\$) | Actual | \$ 2,832,311 |
| Total Program Costs (\$) | Variance | \$ (2,543,375) |
| Total Program Costs (\$) | Interest | \$ 18,079 |
| Gross Energy Savings (kWh) | Target | 0 |
| Gross Energy Savings (kWh) | Deemed Actual | 0 |
| Gross Energy Savings (kWh) | Variance | 0 |
| Gross Deemed Savings (kW) | Target | 0 |
| Gross Deemed Savings (kW) | Deemed Actual | 0 |
| Gross Deemed Savings (kW) | Variance | 0 |
| Throughput Disincentive Costs (\$) | Billed | \$ 7,334,202 |
| Throughput Disincentive Costs (\$) | Actual | \$ 6,982,606 |
| Throughput Disincentive Costs (\$) | Variance | \$ (351,596) |
| Throughput Disincentive Costs (\$) | Interest | \$ 26,086 |

| Table 2 (B) | | |
|--|----------------------|----------------------|
| Cycle 3 Totals for January 1, 2020 through March 31, 2021 | | |
| Category | Descriptor | Period Total |
| Total Program Costs (\$) | Billed | \$ 14,081,476 |
| Total Program Costs (\$) | Actual | \$ 15,098,348 |
| Total Program Costs (\$) | Variance | \$ 1,016,870 |
| Total Program Costs (\$) | Interest | \$ 30,719 |
| Gross Energy Savings (kWh) | Target | 66,765,482 |
| Gross Energy Savings (kWh) | Deemed Actual | 81,113,587 |

¹¹ The total throughput disincentive as reported in the Quarterly Surveillance Reports amounted to \$3,555,101, a difference of \$679. The second quarter 2020 amount was incorrectly reported and was corrected in the cumulative total in the third quarter 2020 throughput disincentive.

| | | |
|---|----------------------|---------------------|
| Gross Energy Savings (kWh) | Variance | 14,348,105 |
| Gross Deemed Savings (kW) | Target | 36,102 |
| Gross Deemed Savings (kW) | Deemed Actual | 42,412 |
| Gross Deemed Savings (kW) | Variance | 6,310 |
| Throughput Disincentive Costs (\$) | Billed | \$ 3,527,014 |
| Throughput Disincentive Costs (\$) | Actual | \$ 3,554,424 |
| Throughput Disincentive Costs (\$) | Variance | \$ 27,408 |
| Throughput Disincentive Costs (\$) | Interest | \$ 3,447 |

1
 2 In evaluating prudence, Staff reviews whether a reasonable person making the same decision
 3 would find both the information the decision-maker relied on and the process the decision-maker
 4 employed to be reasonable based on the circumstances and information known at the time the
 5 decision was made, *i.e.*, without the benefit of hindsight. If either the information relied upon or
 6 the decision-making process employed was imprudent, then Staff examines whether the
 7 imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in
 8 harm to ratepayers, will Staff propose a disallowance. However, if an imprudent decision did not
 9 result in harm to Evergy Missouri Metro’s customers, then Staff may further evaluate the
 10 decision-making process, and may recommend changes to the company’s business practice going
 11 forward. A more detailed discussion of the legal foundation for Staff’s definition of imprudence
 12 is presented in section IV.

13 *Staff Expert: Brooke Mastrogiannis*

14 **II. MEEIA Programs**

15 Evergy Missouri Metro used various request for proposal (“RFP”) processes to
 16 contract: 1) implementers for its individual MEEIA Programs, 2) EM&V contractors for its
 17 residential and business MEEIA Programs, and 3) its comprehensive demand-side programs’
 18 data management system Nexant, Inc. (“Nexant”).

19 Table 3 summarizes for each of the thirteen (13) MEEIA Programs, Research & Pilot,
 20 and PAYS®: Commission-approved cumulative annual energy and demand savings targets,
 21 program implementers and program EM&V contractor:

| Table 3 | | | | |
|--|------------------------------|-----------------------------|----------------------|--------------------------|
| Cycle 3 January 2020 - March 2021 Evergy Missouri Metro Energy Efficiency Plan | | | | |
| MEEIA Programs | Energy Savings Targets (kWh) | Demand Savings Targets (kW) | Program Implementers | Program EM&V Contractors |
| Income-Eligible Multi-Family | 1,658,258 | 305 | ICF | ADM |
| Residential Demand Response | 1,503,427 | 11,169 | CLEAResult | ADM |
| Business Demand Response | - | 15,000 | CLEAResult | ADM |
| Business Smart Thermostat | 43,734 | 320 | CLEAResult | ADM |
| Online Home Energy Audit | - | - | Oracle/Opower | ADM |
| Online Business Energy Audit | - | - | Oracle/Opower | Guidehouse |
| Business Custom | 7,995,530 | 1,278 | TRC | Guidehouse |
| Business Process Efficiency | 3,273,111 | 24 | TRC | Guidehouse |
| Business Standard | 18,796,225 | 2,935 | TRC | Guidehouse |
| Home Energy Report | 9,579,000 | 1,200 | Oracle/Opower | ADM |
| Income-Eligible Home Energy Report | 2,928,146 | 366 | Oracle/Opower | ADM |
| Energy Saving Products | 14,583,827 | 1,070 | ICF | ADM |
| Heating, Cooling & Home Comfort | 4,550,068 | 2,163 | ICF | ADM |
| Research & Pilot - Business | 927,078 | 136 | ICF | ADM |
| Research & Pilot - Residential | 927,078 | 136 | ICF | ADM |
| Pay As You Save (PAYS) | - | - | EETility | ADM |
| 1 Energy Metro Total | 66,765,482 | 36,102 | | |

2 *Staff Expert: Brooke Mastrogiannis*

3 **III. Prudence Review Process**

4 On June 4, 2021, Staff initiated its first prudence review of costs of Evergy Missouri
 5 Metro’s DSIM in compliance with 20 CSR 4240-20.093(11) as authorized under Sections
 6 393.1075.3 and 393.1075.11, RSMo. This prudence review was performed by members of the
 7 Industry Analysis Division. Staff obtained and analyzed a variety of documents, records, reports,
 8 data request responses, work papers, and emails, and had numerous phone discussions with
 9 Evergy Missouri Metro personnel to complete its prudence review of costs for the DSIM
 10 Rider for the Review Period of January 1, 2020 through March 31, 2021. In compliance with
 11 20 CSR 4240-20.093(11), this prudence review was completed within one-hundred-fifty (150)
 12 days of its initiation.

13 If the Commission were to order any disallowance of costs as a result of prudence reviews
 14 and/or corrections, such a disallowance amount shall be returned to customers through an OA in
 15 a Cycle 3 DSIM Rider rate adjustment filing.¹²

¹² Evergy Missouri Metro Original Sheet No. 49T: OA = Ordered Adjustment is the amount of any adjustment to the DSIM ordered by the Commission as a result of prudence reviews and/or corrections under this DSIM Rider. Such amounts shall include monthly interest at the Company’s monthly Short-Term Borrowing Rate.

1 *Staff Expert: Brooke Mastrogiannis*

2 **IV. Prudence Review Standard**

3 In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,
4 the Western District Court of Appeals stated the Commission defined its prudence standard
5 as follows:

6 [A] utility's costs are presumed to be prudently incurred.... However, the
7 presumption does not survive “a showing of inefficiency or
8 improvidence... [W]here some other participant in the proceeding creates
9 a serious doubt as to the prudence of expenditure, then the applicant has
10 the burden of dispelling these doubts and proving the questioned
11 expenditure to have been prudent.

12 In the same case, the PSC noted that this test of prudence should not be
13 based upon hindsight, but upon a reasonableness standard: [T]he
14 company's conduct should be judged by asking whether the conduct was
15 reasonable at the time, under all the circumstances, considering that the
16 company had to solve its problem prospectively rather than in reliance on
17 hindsight. In effect, our responsibility is to determine how reasonable
18 people would have performed the tasks that confronted the company.

19 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

20 In reversing the Commission in that case, the Court did not criticize the Commission’s definition
21 of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers
22 based on imprudence the Commission must determine the detrimental impact of that imprudence
23 on the utility’s ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this
24 review. Accordingly, Staff reviewed for prudence the areas identified and discussed below for
25 Everygy Missouri Metro’s DSIM Rider.

26 *Staff Expert: Brooke Mastrogiannis*

27 **V. Billed Revenue**

28 **1. Description**

29 For the Review Period, Everygy Missouri Metro billed customers through a separate line
30 item on customers’ bills titled “DSIM Charge” to recover estimated energy efficiency programs’
31 costs and estimated Company TD. The “DSIM Charge” is based on the customer’s monthly
32 consumption and the applicable energy efficiency investment rates approved by the

1 Commission initially in Case No. EO-2015-0240 and EO-2019-0132, and subsequently in Case
2 Nos. ER-2020-0388, ER-2021-0152, and ER-2021-0410.

3 Evergy Missouri Metro provided a random sample of actual customer bills¹³ that Staff
4 reviewed and determined the appropriate rates were being charged to its customer for the
5 recovery of program and TD costs.

6 During the Review Period of January 1, 2020 through March 31, 2021, Evergy Missouri
7 Metro billed customers \$5,375,685 to recover its estimated energy efficiency programs' costs for
8 MEEIA Cycle 2. For the same period, Evergy Missouri Metro actually spent \$2,832,311 on its
9 energy efficiency programs. Thus, Evergy Missouri Metro over-collected \$2,543,375 from its
10 customers during the Review Period for MEEIA Cycle 2 Program Costs. During this same
11 Review Period, Evergy Missouri Metro billed customers \$14,081,476 to recover its estimated
12 energy efficiency programs' costs for MEEIA Cycle 3. For the same period, Evergy Missouri
13 Metro actually spent \$15,098,348 on its energy efficiency programs. Thus, Evergy Missouri
14 Metro under-collected \$1,016,870 from its customers during the Review Period for MEEIA
15 Cycle 3 Program Costs.

16 During the Review Period of January 1, 2020 through March 31, 2021, for MEEIA Cycle
17 2, Evergy Missouri Metro billed customers \$7,334,202 for estimated Company TD. For the same
18 period, Evergy Missouri Metro actually spent \$6,982,606 on actual Company TD. Thus, Evergy
19 Missouri Metro over-collected \$351,596 from its customers during the Review Period for
20 MEEIA Cycle 2 TD. During this same Review Period, Evergy Missouri Metro billed customers
21 \$3,527,014 for estimated Company TD for MEEIA Cycle 3. For the same period, Evergy
22 Missouri Metro actually spent \$3,554,424 on actual Company TD. Thus, Evergy Missouri Metro
23 under-collected \$27,408 from its customers during the Review Period for MEEIA Cycle 3 TD.

24 The monthly amounts that are either over- or under-collected from customers are tracked
25 in a regulatory asset account, along with monthly interest, until Evergy Missouri Metro files for
26 rate adjustments under its DSIM Rider and new energy efficiency investment rates are approved
27 by the Commission. The interest associated with these over- or under-collected amounts is
28 provided in Section X of this Report.

¹³ Evergy Missouri Metro's response to Staff's Data Request No. 0010.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri Metro was imprudent in its decisions relating to the determination
3 of the “DSIM Charge” for customers’ bills, ratepayer harm could result in an increase in
4 billed revenue.

5 **3. Conclusion**

6 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
7 the determination of the “DSIM Charge” for customers’ bills except as discussed below in
8 Section VII Actual Program Costs.

9 **4. Documents Reviewed**

- 10 a. Evergy Missouri Metro’s MEEIA Cycle 3 and Cycle 2 Plan;
11 b. Approved MEEIA Energy Efficiency and Demand Side Management
12 Programs Tariff Sheets;
13 c. Evergy Missouri Metro’s Quarterly Surveillance Monitoring Reports,
14 Page 6 and 7; and
15 d. Staff Data Requests: 0003, 0005, 0010, 0020, and 0023.

16 *Staff Expert: Brooke Mastrogiannis*

17 **VI. Nexant Tracking Software**

18 **1. Description**

19 In January 2016, Evergy Missouri Metro contracted an integrated software tracking
20 system called Nexant to allow Evergy Missouri Metro to store, manage and process data for its
21 DSM portfolio over the life-cycle of each measure in Evergy Missouri Metro’s Cycle 2 and Cycle
22 3 Plan. Nexant specifically allowed Evergy Missouri Metro to develop operating rules for its
23 approved energy efficiency programs, process customers’ applications, support processing and
24 payment of incentives (rebates)¹⁴ and provide regulatory compliance and management reporting.
25 Before Evergy Missouri Metro contracted with Nexant in Cycle 2 it considered four vendors, and
26 Nexant was selected based on the best overall score for the criteria of meeting core requirements,
27 company experience and performance, growth opportunity, pricing, diversity participation, and
28 Evergy Missouri Metro Information Technology involvement needed. Evergy Missouri Metro

¹⁴ Evergy Missouri Metro Original Sheet No. 49R: “Incentive” means any consideration provided by the Company, including buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

1 extended their contract with Nexant for Cycle 3 MEEIA programs and the contract added support
2 and implementation work called the “Nexant Care Package”.

3 The primary implementers that are able to use this tracking system are CLEAResult,
4 TRC, and ICF. CLEAResult uses it for all of the Demand Response and thermostat programs,
5 ICF uses it for all Residential Programs, and TRC uses it for all Business Programs. For the low
6 volume programs the incentive amounts and energy and demand savings amounts are manually
7 put into the Nexant system.

8 Staff reviewed the controls Evergy Missouri Metro has developed to assure demand-side
9 program incentive payments are accounted for properly. Staff also reviewed the incentive
10 amounts paid to customers to verify they complied with incentive levels for individual measures
11 approved for each energy efficiency program. Data management and recordkeeping is critical for
12 the proper administration of the DSIM Rider.

13 Evergy Missouri Metro granted Staff remote on-line access to the Nexant system for
14 Staff’s use in conducting Staff’s MEEIA prudence review. Staff reviewed a sample of customer
15 data, incentive levels, and annual energy and demand savings for all of Evergy Missouri Metro’s
16 approved energy efficiency programs. During its review, Staff found that while some program
17 reporting in Nexant did match to the incentives reported in Table 4 below, which is created from
18 the general ledger, other programs did not match to total incentives reported in Table 4. Staff had
19 to rely on Evergy Missouri Metro’s general ledger to accurately review the total incentives
20 reported in program costs, instead of the data exported from the Nexant system. Subsequently,
21 Evergy Missouri Metro provided in Staff Data Request No. 0017 a reconciliation of incentives
22 paid to residential and commercial customers for the Review Period. This reconciliation
23 provided Staff with additional details for the differences between the general ledger and
24 Nexant. Some reconciliation differences include: 1) a 1% vendor carrying cost for specific
25 programs; 2) duplicate rebates paid; and 3) rebates coded to Evergy Missouri Metro instead of
26 Evergy Missouri West. Evergy Missouri Metro notes that the misclassifications will be reversed
27 and corrected.

28 Despite the discrepancies, Nexant did allow Staff to verify deemed annual energy and
29 demand savings detail at a total program level. Staff had to request annual energy and demand
30 savings detail for each program to verify savings reported in Nexant matched the savings in the
31 Company’s workpapers and Quarterly Surveillance Reports. Evergy Missouri Metro also

1 provided in Staff Data Request No. 0017, 0020.1, and 0023 separate detailed files for the
2 thermostat programs and Demand Response Incentive Program, which are not tracked in Nexant.

3 While the Company was able to verify and reconcile incentive levels and annual energy
4 and demand savings for the programs, Staff recommends Evergy Missouri Metro continue to
5 timely track and reconcile the differences in incentives between the Nexant tracking system and
6 the general ledger and to make timely corrections as needed, so that this reconciliation
7 information is readily available to Staff and completed before the next prudence review.

8 **2. Summary of Cost Implications**

9 If Evergy Missouri Metro was imprudent in its decisions relating to the administration
10 and implementation of the Nexant system, ratepayer harm could result in an increase in future
11 DSIM Charge amounts.

12 **3. Conclusion**

13 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
14 the implementation and administration of the Nexant system; however, in order for Staff to
15 complete this review, Staff had to review a complete reconciliation provided by the Company
16 instead of just reviewing the details provided by the Nexant system.

17 **4. Documents Reviewed**

- 18 a. Evergy Missouri Metro's Cycle 2 and Cycle 3 Plan;
- 19 b. Approved MEEIA Energy Efficiency and Demand Side Management
20 Programs Tariff Sheets;
- 21 c. Staff Data Requests: 0003, 0008, 0017, 0020.1, 0021, 0023, and 0024; and
- 22 d. Evergy Missouri Metro MEEIA Vendor and Implementer Contracts.

23 *Staff Experts: Brooke Mastrogiannis*

24 **VII. Actual Program Costs**

25 Evergy Missouri Metro's programs' costs include: 1) incentive payments; 2) program
26 administration costs for residential and business programs; and 3) strategic initiative program
27 costs for general, accounting, regulatory, administrative, implementation and marketing costs.

28 Staff reviewed all actual program costs Evergy Missouri Metro sought to recover
29 through its "DSIM Charge" to ensure only reasonable and prudently incurred costs are being
30 recovered through the DSIM Rider. Staff reviewed and analyzed, for prudence, Evergy Missouri

1 Metro's adherence to contractual obligations, adequacy of controls and compliance with
2 approved tariff sheets. Evergy Missouri Metro provided Staff accounting records for all
3 programs' costs it incurred during the Review Period. Staff categorized these costs by program
4 and segregated them between incentives payments and program administrative costs.

5 During this Review Period, there were Cycle 2 and Cycle 3 program costs. The results of
6 Staff's categorization of programs' costs are provided in Table 4 as a total for the Review Period
7 and then broken out by Cycle 2 (Table 4A) and Cycle 3 (Table 4B) shown below:

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30 *continued on next page*

| Table 4 Total Cycle 2 & Cycle 3 Actual Rebate and Program Cost Totals Program Costs January 1, 2020 through March 31, 2021 | | | |
|---|----------------------|---------------------|-------------------------------|
| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATION |
| RESIDENTIAL: | | | |
| Research & Pilot-Residential | \$ 77,385 | \$ 100 | \$ 77,285 |
| Income Eligible Multi Family | \$ 827,291 | \$ 13,170 | \$ 814,121 |
| Residential Programmable Thermostat | \$ 112,202 | \$ - | \$ 112,202 |
| Residential Demand Response | \$ 1,951,757 | \$ 313,482 | \$ 1,638,275 |
| Online Home Energy Audit | \$ 202,971 | \$ - | \$ 202,971 |
| Pay As You Save (PAYS) | \$ 14,473 | \$ - | \$ 14,473 |
| Home Energy Reports | \$ 559,815 | \$ - | \$ 559,815 |
| Income Eligible Home Energy Reports | \$ 167,352 | \$ - | \$ 167,352 |
| Home Lighting Rebate | \$ 425,276 | \$ 367,109 | \$ 58,167 |
| Energy Saving Products | \$ 2,018,550 | \$ 912,896 | \$ 1,105,654 |
| Whole House Efficiency | \$ 82,581 | \$ 44,629 | \$ 37,951 |
| Energy Saving Products | \$ 1,505,291 | \$ 817,844 | \$ 687,446 |
| Subtotal Residential Programs | \$ 7,944,944 | \$ 2,469,230 | \$ 5,475,714 |
| BUSINESS: | | | |
| Research & Pilot-Business | \$ 170,452 | \$ 46,411 | \$ 124,041 |
| Business Demand Response | \$ 1,641,749 | \$ 543,537 | \$ 1,098,212 |
| Business Smart Thermostat | \$ 56,780 | \$ 3,050 | \$ 53,730 |
| Business Energy Efficiency Rebate | \$ 2,052,983 | \$ 1,656,543 | \$ 396,440 |
| Block Bidding | \$ 43,230 | \$ 24,845 | \$ 18,385 |
| Online Business Energy Audit | \$ 4,709 | \$ - | \$ 4,709 |
| Business Custom | \$ 2,337,967 | \$ 1,403,874 | \$ 934,093 |
| Business Standard | \$ 3,500,820 | \$ 1,818,721 | \$ 1,682,099 |
| Business Process Efficiency | \$ 177,025 | \$ - | \$ 177,025 |
| Subtotal Business Programs | \$ 9,985,715 | \$ 5,496,981 | \$ 4,488,733 |
| Grand Total--All Programs | \$ 17,930,659 | \$ 7,966,212 | \$ 9,964,447 |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 7,966,212 | | |
| Implementation Contractors | \$ 6,933,055 | | |
| Evaluation | \$ 538,208 | | |
| Marketing | \$ 819,293 | | |
| Administrative | \$ 1,673,892 | | |
| Total Program Costs (Subaccounts) | \$ 17,930,659 | | |

1

Table 4A
Cycle 2
Actual Rebate and Program Cost Totals
Program Costs January 1, 2020 through March 31, 2021

| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATIO |
|--------------------------------------|---------------------|---------------------|-----------------------|
| RESIDENTIAL: | | | |
| Income Eligible Multi Family | \$ 34,490 | \$ (3,122) | \$ 37,612 |
| Res Programmable Thermo | \$ 112,202 | \$ - | \$ 112,202 |
| On-line Home Energy Audit | \$ 11,519 | \$ - | \$ 11,519 |
| Home Energy Reports | \$ 6,492 | \$ - | \$ 6,492 |
| Income Eligible Home Energy Reports | \$ 2,085 | \$ - | \$ 2,085 |
| Home Lighting Rebate | \$ 425,276 | \$ 367,109 | \$ 58,167 |
| Whole House Efficiency | \$ 82,581 | \$ 44,629 | \$ 37,951 |
| Subtotal Residential Programs | \$ 674,643 | \$ 408,616 | \$ 266,027 |
| | | | |
| Demand Response Incentive | \$ 7,064 | \$ - | \$ 7,064 |
| Bus Programmable Thermo | \$ 485 | \$ - | \$ 485 |
| On-line Business Energy Audit | \$ 291 | \$ - | \$ 291 |
| Bus Energy Effic Rebate-Custom | \$ 958,254 | \$ 740,211 | \$ 218,043 |
| Strategic Energy Mgmt | \$ - | \$ - | \$ - |
| Block Bidding | \$ 43,230 | \$ 24,845 | \$ 18,385 |
| Small Bus Direct Install | \$ - | \$ - | \$ - |
| Bus Energy Effic Rebate-Standard | \$ 1,094,729 | \$ 916,332 | \$ 178,397 |
| Subtotal Business Programs | \$ 2,104,054 | \$ 1,681,388 | \$ 422,666 |
| | | | |
| Research and Pilot | \$ 53,613 | \$ - | \$ 53,613 |
| | | | |
| Total Program Costs | \$ 2,832,311 | \$ 2,090,005 | \$ 742,306 |
| | | | |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 2,090,005 | | |
| Implementation Contractors | \$ 430,756 | | |
| Evaluation | \$ 243,684 | | |
| Marketing | \$ 60,976 | | |
| Administrative | \$ 6,891 | | |
| Total Program Costs | \$ 2,832,312 | | |

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Table 4B
Cycle 3
Actual Rebate and Program Cost Totals
Program Costs January 1, 2020 through March 31, 2021

| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATIO |
|--------------------------------------|----------------------|---------------------|-----------------------|
| RESIDENTIAL: | | | |
| Research & Pilot-Residential | \$ 77,385 | \$ 100 | \$ 77,285 |
| Income Eligible Multi Family | \$ 792,801 | \$ 16,292 | \$ 776,510 |
| Residential Demand Response | \$ 1,951,757 | \$ 313,482 | \$ 1,638,275 |
| Online Home Energy Audit | \$ 191,453 | \$ - | \$ 191,453 |
| Pay As You Save (PAYS) | \$ 14,473 | \$ - | \$ 14,473 |
| Home Energy Reports | \$ 553,324 | \$ - | \$ 553,324 |
| Income Eligible Home Energy Reports | \$ 165,267 | \$ - | \$ 165,267 |
| Energy Saving Products | \$ 2,018,550 | \$ 912,896 | \$ 1,105,654 |
| Heating, Cooling & Home Comfort | \$ 1,505,291 | \$ 817,844 | \$ 687,446 |
| Subtotal Residential Programs | \$ 7,270,301 | \$ 2,060,614 | \$ 5,209,687 |
| | | | |
| Research & Pilot-Business | \$ 97,976 | \$ 46,411 | \$ 51,566 |
| Research & Pilot | \$ 18,861 | \$ - | \$ 18,861 |
| Business Demand Response | \$ 1,634,685 | \$ 543,537 | \$ 1,091,147 |
| Business Smart Thermostat | \$ 56,295 | \$ 3,050 | \$ 53,245 |
| Online Business Energy Audit | \$ 4,418 | \$ - | \$ 4,418 |
| Business Custom | \$ 2,337,967 | \$ 1,403,874 | \$ 934,093 |
| Business Process Efficiency | \$ 177,025 | \$ - | \$ 177,025 |
| Business Standard | \$ 3,500,820 | \$ 1,818,721 | \$ 1,682,099 |
| Subtotal Business Programs | \$ 7,828,047 | \$ 3,815,593 | \$ 4,012,454 |
| | | | |
| Total Program Costs | \$ 15,098,348 | \$ 5,876,207 | \$ 9,222,141 |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 5,876,207 | | |
| Implementation Contractors | \$ 6,502,299 | | |
| Evaluation | \$ 294,524 | | |
| Marketing | \$ 758,317 | | |
| Administrative | \$ 1,667,000 | | |
| Total Program Costs | \$ 15,098,348 | | |

1

1 The total program costs for Cycle 2 long lead projects was \$0. While a small number of
2 projects were identified as potential long lead projects during the course of Cycle 2, these projects
3 were not deemed as “long lead” for one of the following reasons: 1) the project was eventually
4 completed during the “extension period” from April 2019 through December 2019 and thus still
5 within the MEEIA Cycle 2 timeframe, 2) the project was completed after 2020 but was deemed
6 as a Cycle 3 project and claimed under the currently Cycle 3, or 3) the project was discontinued.
7 A number of long lead projects eventually completed during the additional extension period in
8 2019. Once Cycle 3 was approved, with a similar customer and incentive program design, it was
9 determined that the remaining projects would be claimed under Cycle 3 but under the incentive
10 amounts preapproved during the previous cycle.¹⁵

11 Energys Missouri Metro incurs administrative costs that are directly related to the
12 implementation of its approved energy efficiency programs. Staff uses the term “administrative”
13 to mean all costs other than incentives.¹⁶ Staff reviewed each administrative category of cost to
14 determine the reasonableness of each individual item of cost and if the costs being sought for
15 recovery were directly related to energy efficiency programs and recoverable from customers
16 through the “DSIM Charge.”

17 Energys Missouri Metro provides incentive payments to its customers as part of its
18 approved energy efficiency programs. Incentive payments are an important instrument for
19 encouraging investment in energy efficient technologies and products by lowering higher upfront
20 costs for energy efficiency measures compared to the cost of standard measures. Incentive
21 payments can also complement other efficiency policies such as appliance standards and energy
22 codes to help overcome market barriers for cost-effective technologies.

23 Energys Missouri Metro has also developed internal controls that allow for review and
24 approval at various stages for the accounting of costs for its energy efficiency programs. Energys
25 Missouri Metro has developed internal procedures that provide program managers and other
26 reviewers a detailed and approved method for reviewing invoices. Energys Missouri Metro also
27 provided Staff with its policies related to reimbursement of employee-incurred business expenses
28 and approval authority for business transactions.

¹⁵ Data Request Response 0033.

¹⁶ Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures that are provided at no cost as part of a program.

1 In the *Rebuttal Testimony of Geoff Marke*, witness for OPC, filed on September 11, 2020,
2 in Case No. EO-2020-0227, Dr. Marke took issue with the incentive cost to program
3 administrative cost ratio for Evergy Missouri Metro. For the review period in that case,
4 April 1, 2018, through December 31, 2019, 45% of total costs were for incentives and 55%
5 of total costs were for program administrative costs. In the *Surrebuttal Testimony of*
6 *Cynthia M. Tandy*, witness for Staff, filed on October 14, 2020, Ms. Tandy stated that “Staff
7 acknowledges this is a valid concern and will continue to closely monitor this issue going
8 forward... Staff is of the opinion that this is a policy issue that deserves a more robust discussion,
9 prospectively, outside of a prudence review, to more appropriately determine how to address it.
10 Additionally, though, Staff would support any requirement the Commission may order that better
11 encourages Evergy to decrease its non-incentive costs.”

12 For this current review period, the incentive cost to program administrative cost ratio for
13 Evergy Missouri Metro grew further apart. For Cycle 3 costs alone in this review period, 39% of
14 total costs were for incentives and 61% of total costs were for program administrative costs. It
15 should be noted however, that by including Cycle 2 costs in this review period with Cycle 3 costs
16 in this review period, 44% of total costs were for incentives and 56% of total costs were for
17 program administrative costs. This is due to the fact that 74% of Cycle 2 costs in this review
18 period were for incentives and 26% were for program administrative costs.

19 Evergy Missouri Metro will likely be filing for an extension to Cycle 3 or for a Cycle 4
20 in the very near future. With that said, Staff reiterates its opinion from the previous Evergy
21 Missouri Metro MEEIA prudence review that this is a policy issue that deserves a more robust
22 discussion, prospectively, outside of a prudence review, to more appropriately determine how to
23 address it. Evergy Missouri Metro’s filing for an extension to Cycle 3 or for a Cycle 4 would be
24 an appropriate platform to have these discussions. However, Evergy Missouri Metro should
25 strive to improve its incentive to program administrative cost ratio for the remainder of Cycle 3.

26 **A. Administrative Costs - Conferences and Meetings**

27 **1. Description**

28 During this MEEIA prudence review, Staff evaluated all administrative expenses incurred
29 and identified Cycle 3 expenses that were not specifically MEEIA related. Staff requested the
30 Company provide invoices related to conferences and meetings along with the agendas or related
31 information. Staff reviewed each conference agenda and the paid invoices, and determined one

1 of the conferences was general and not primarily related to MEEIA. Staff recommends this
2 conference/meeting expense should be disallowed and determined not recoverable through the
3 Evergy Missouri Metro DSIM Rider. Additional details about the expense are identified in Table
4 5 below.

5

| Table 5 | | | |
|-----------------|------------|----------------------------|------------------|
| Costs | Month(s) | Reason for Disallowance | Disallowed Cost |
| EUCI Conference | October 20 | General-Not MEEIA Specific | \$ 647.50 |
| Total | | | \$ 647.50 |

6

7 **2. Summary of Cost Implications**

8 If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of
9 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
10 result in an increase in future DSIM Charge amounts.

11 **3. Conclusion**

12 Staff has identified expenses for conferences and meetings that were either not primarily
13 MEEIA related and therefore should not be recoverable through the DSIM Rider. Staff is
14 proposing a disallowance of \$647.50 plus interest of \$4.12, for a total disallowance of \$651.62.

15 **4. Documents Reviewed**

- 16 a. Staff Data Requests: 0003, 0012, 0012.1, 0014, 0032 and 0033.

17 *Staff Expert: Amanda C. Conner*

18 **B. Administrative Costs – Fleet Loads Expenses**

19 **1. Description**

20 During this MEEIA prudence review, Staff identified expenses labeled as Fleet Loads
21 that were included for recovery through the DSIM Rider for MEEIA Cycle 3. Subsequently, Staff
22 sent Data Request No. 0003.1 to the Company and their response stated, “Upon further review
23 of the support for this allocation the Company has concluded that these Fleet Allocation costs in
24 Resource Code 9200 associated with department 510 labor do not relate to or support MEEIA
25 programs and should be removed.” After discussions between the Company and Staff, the

1 Company agreed to reverse those entries for the review period. Those entries were made in
2 September 2021 and Staff received copies of the entries to verify those were completed.

3 **2. Summary of Cost Implications**

4 If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of
5 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
6 result in an increase in future DSIM Charge amounts.

7 **3. Conclusion**

8 Since Evergy Missouri Metro provided support for the reversal entries and Staff was able
9 to verify they were completed, Staff found no indications of imprudence.

10 **4. Documents Reviewed**

- 11 a. Staff Data Requests: 0003 and 0003.1.

12 *Staff Expert: Amanda C. Conner*

13 **C. Administrative Costs – Memberships, Sponsorships and Association Fees**

14 **1. Description**

15 During this MEEIA prudence review, Staff identified expenses for memberships and
16 sponsorships that were included for recovery through the DSIM Rider for MEEIA Cycle 3. Staff
17 requested¹⁷ copies of receipts for all membership dues and/or trade associations. In the general
18 ledger there were some program costs coded as “Conferences and Meetings” and “Office
19 Expenses Other”, that Staff found to be sponsorship and membership expenses instead.
20 Consequently, Staff put these sponsorship and membership expenses under the Memberships,
21 Sponsorships and Association Fees section in this report since that seems to be a more accurate
22 category for those disallowed costs. After reviewing all invoices and general ledger entries, Staff
23 reviewed the membership and sponsorships to determine whether those expenses were
24 justified by their relationship to the MEEIA programs. Further, the Commission’s *Order*
25 *Approving Unanimous Partial Stipulation and Agreement* issued on February 17, 2021, in Case
26 No. EO-2020-0227,¹⁸ established that “Evergy shall only seek recovery of costs associated with

¹⁷ Staff Data Request No. 0019.

¹⁸ Evergy Missouri West’s previous MEEIA prudence review, Case No. EO-2020-0228 was consolidated to Case No. EO-2020-0227, Evergy Missouri Metro’s previous MEEIA prudence review.

1 conferences and memberships through DSIM rates if those costs would not be incurred but for
 2 the Company’s offering of MEEIA programs.” The Company did not provide any justification
 3 that the costs for the memberships listed would not be incurred but for the Company’s offering
 4 of MEEIA programs. In addition, Staff was unclear why sponsorships were necessary in addition
 5 to the memberships. Therefore, Staff recommends these membership/sponsorship expenses
 6 should be disallowed and determined not recoverable through the Evergy Missouri Metro DSIM
 7 Rider. Additional details about the expenses are identified in Table 6 below:
 8

| Table 6 | | | |
|------------------------------|-----------------|--|---------------------|
| Payee | Month(s) | Reason for Disallowance | Disallowed Cost |
| AEE Membership | Nov-20 | Not Specific to MEEIA | \$ 97.50 |
| EEIA Membership | Jun-20 | No justification provided per Stipulation | \$ 18,871.70 |
| MEEA Sponsorships* | Mar 20 & Mar 21 | Unclear why sponsorship is necessary in addition to membership | \$ 5,500.00 |
| PLMA Membership Dues | Nov 2020 | General Expenses--Not specific to MEEIA | \$ 2,475.00 |
| US Green Council Sponsorship | Mar 2021 | Unclear why sponsorship is necessary in the MEEIA Program | \$ 7,500.00 |
| Total | | | \$ 34,444.20 |

9
 10 **2. Summary of Cost Implications**

11 If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of
 12 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
 13 result in an increase in future DSIM Charge amounts.

14 **3. Conclusion**

15 Staff is proposing a disallowance of \$34,444.20 plus interest of \$331.96 on the
 16 disallowance through March 31, 2021, for a total disallowance of \$34,776.16.

17 **4. Documents Reviewed**

- 18 a. Staff Data Requests: 0003, 0019, 0024, and 0031.

19 *Staff Experts: Amanda C. Conner*

D. Administrative Costs - Other Expenses

1. Description

During this MEEIA prudence review, Staff evaluated all administrative expenses and identified some Cycle 3 expenses that did not fall into the three categories discussed above; these expenses are classified as “Other Expenses”. Staff recommends these “Other expenses”, should be disallowed and determined not recoverable through the Evergy Missouri Metro DSIM Rider. Additional details about the expenses are identified in Table 7 below.

| Table 7 | | | |
|--------------------------------|----------------|---|--------------------|
| Costs | Month(s) | Reason for Disallowance | Disallowed Cost |
| Business Journal Subscription | Jun 20 | General Expense | \$ 65.00 |
| Business Meals | Mar & Apr 2020 | Cover Receipt but no detail | \$ 481.27 |
| Business Meals | Mar-20 | No Justification for Air Travel for STL Meeting | \$ 24.71 |
| Business Meals | Apr-20 | Removed half since it was for KEEIA & MEEIA | \$ 11.43 |
| Business Meals | Mar-20 | New Employee Lunch is not MEEIA Specific | \$ 63.69 |
| Airfare & Airline Baggage Fees | Feb & Mar 2020 | Early Bird | \$ 70.00 |
| Other Advertising | Dec-20 | Donation to Metropolitan Energy Center | \$ 1,000.00 |
| Total | | | \$ 1,716.10 |

2. Summary of Cost Implications

If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

3. Conclusion

Staff has identified some general administrative expenses that were either recorded as general expenses or unnecessary fees. Staff is proposing a disallowance of \$1,716.10 plus interest of \$12.18 on the disallowance through March 31, 2021, for a total disallowance of \$1,728.28.

4. Documents Reviewed

- a. Staff Data Requests: 0003, 0012, 14 and 0031.

Staff Experts: Amanda C. Conner

1 **E. Rebates**

2 **1. Description**

3 Evergy Missouri Metro provides rebates and incentive payments based upon the type and
4 nature of measures installed by customers to promote the adoption of energy efficiency measures.
5 Staff reviewed the rebate and incentive amounts to ensure Evergy Missouri Metro was providing
6 the proper incentive level agreed to in its MEEIA plan. See the Nexant Tracking Software section
7 for a more detailed explanation regarding the reconciliation for rebates and incentives in the
8 general ledger versus the Nexant Tracking Software.

9 **2. Summary of Cost Implications**

10 If Evergy Missouri Metro was imprudent in providing the wrong level of rebates or
11 incentives to its customers, ratepayer harm could result in customers not receiving the full
12 benefit of the energy efficiency plan or paying increased costs from failing to achieve the target
13 level of savings.

14 **3. Conclusion**

15 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
16 paying out plan rebates or incentives.

17 **4. Documents Reviewed**

- 18 a. Evergy Missouri Metro's Cycle 2 and Cycle 3 Plan;
19 b. Approved MEEIA Energy Efficiency and Demand Side Management
20 Programs Tariff Sheets; and
21 c. Staff Data Requests: 0003, 0008, 0017, 0020.1, 0021, 0023, and 0024.

22 *Staff Expert: Brooke Mastrogiannis*

23 **F. Implementation Contractors**

24 **1. Description**

25 Evergy Missouri Metro hired business partners for design, implementation and
26 delivery of its portfolio of residential and business energy efficiency programs to customers.
27 Contracting with competent, experienced and reliable program implementers is extremely
28 important to the success of Evergy Missouri Metro's energy efficiency programs and for
29 affording Evergy Missouri Metro's customers the greatest benefits.

1 Evergy Missouri Metro issued RFPs at the beginning of Cycle 2 and Cycle 3 for
2 program implementers to directly administer one or more of Evergy Missouri West’s energy
3 efficiency programs. Evergy Missouri Metro selected and contracted with the organizations
4 identified in Table 3 to implement individual MEEIA Programs. All of the implementers
5 identified on Table 3 are nationally recognized contractors that have solid histories of energy
6 efficiency programs’ design and implementation.

7 Staff reviewed Evergy Missouri Metro’s relationship with its implementers to gauge if
8 Evergy Missouri Metro acted prudently in the selection and oversight of its program
9 implementers. Staff examined the contracts between Evergy Missouri Metro and the
10 implementers in an effort to determine if the terms of the contract were followed during the
11 implementation of the residential and business programs. Staff also reviewed a large sample of
12 over 600 invoices paid to the implementers identified in Table 3, and traced these costs to the
13 general ledger, program costs in Data Request No. 0003.

14 Comparing actual cumulative deemed annual energy and demand savings relative to the
15 planned cumulative annual energy and demand savings for the same period is important to
16 understanding the overall performance of Evergy Missouri Metro’s energy efficiency programs
17 and its implementation contractors.

18 Table 8 below provides a comparison of achieved energy and demand savings and
19 planned deemed energy and demand savings for Evergy Missouri Metro’s residential and
20 business programs for the Review Period. If Evergy Missouri Metro was unable to achieve its
21 planned energy and demand savings levels, that could be an indication the programs were not
22 being prudently administered by the implementers and by Evergy Missouri Metro. Although
23 some of Evergy Missouri Metro’s individual programs did not meet energy and demand savings
24 targets, the programs in total achieved and exceeded the overall energy efficiency portfolio
25 annual energy savings targets; however they did not achieve and exceed the overall annual
26 demand savings targets. Staff will continue to monitor the achieved energy and demand savings
27 throughout the course of Cycle 3.

Table 8

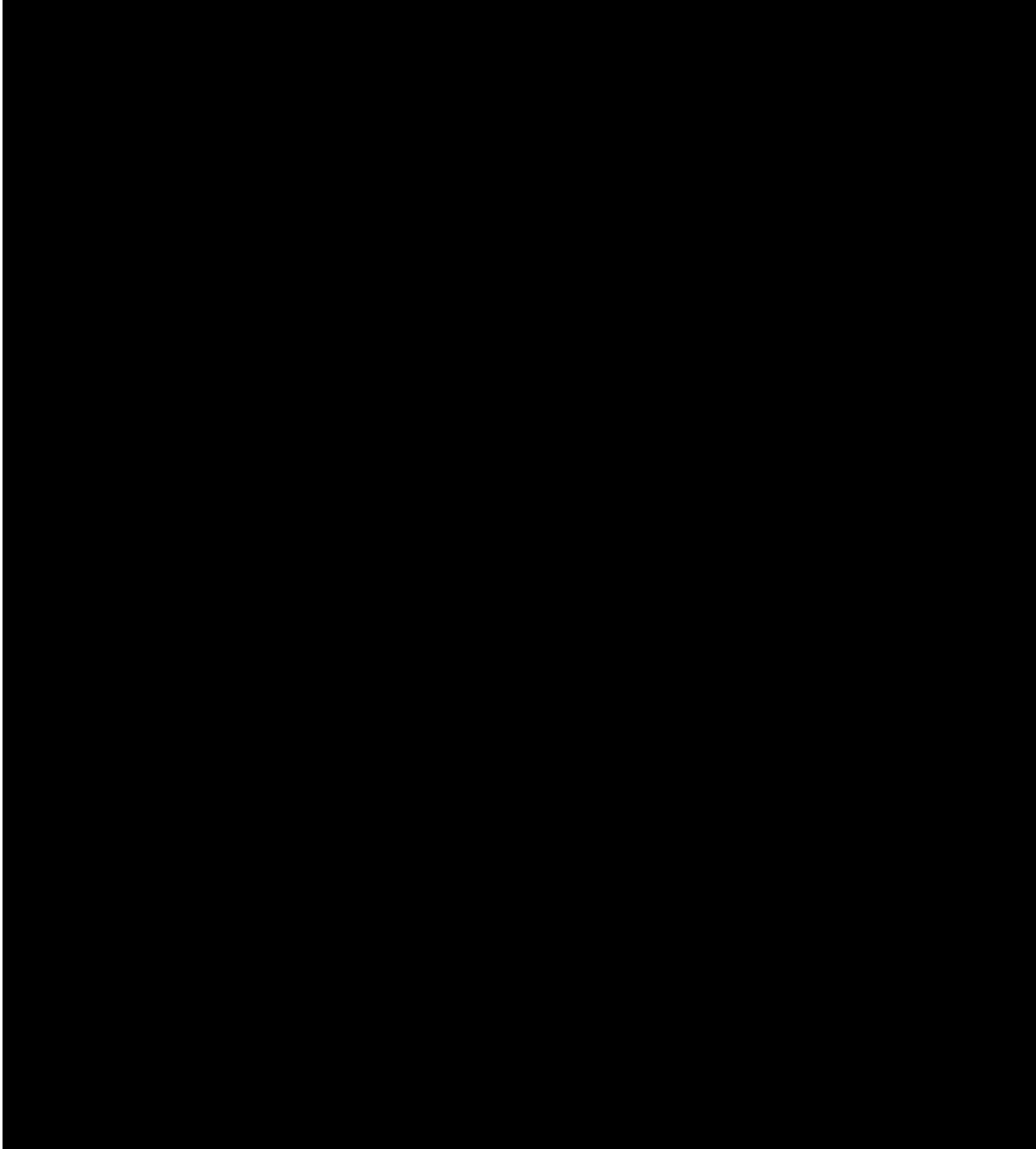
| Cycle 3 January 1, 2020 through March 31, 2021 | | | | | | |
|--|--|---------------------------------------|-------------------|---------------------------------------|--------------------------------------|--------------|
| | Achieved Energy Savings (kWh) | Planned Energy Savings (kWh) | Variance | Achieved Demand Savings (kW) | Planned Demand Savings (kW) | Variance |
| MEEIA Programs | | | | | | |
| Income-Eligible Multi-Family | 769,173 | 1,658,258 | (889,085) | 81 | 305 | (224) |
| Residential Demand Response | 682,211 | 1,503,427 | (821,216) | 5,753 | 11,169 | (5,416) |
| Business Demand Response | - | - | - | 20,494 | 15,000 | 5,494 |
| Business Smart Thermostat | 9,850 | 43,734 | (33,884) | 63 | 320 | (257) |
| Online Home Energy Audit | - | - | - | - | - | - |
| Online Business Energy Audit | - | - | - | - | - | - |
| Business Custom | 14,666,702 | 7,995,530 | 6,671,172 | 3,010 | 1,278 | 1,732 |
| Business Process Efficiency | - | 3,273,111 | (3,273,111) | - | 24 | (24) |
| Business Standard | 19,094,505 | 18,796,225 | 298,280 | 3,417 | 2,935 | 482 |
| Home Energy Report | 15,632,841 | 9,579,000 | 6,053,841 | 3,641 | 1,200 | 2,441 |
| Income-Eligible Home Energy Report | 396,826 | 2,928,146 | (2,531,320) | 40 | 366 | (326) |
| Energy Saving Products | 25,519,532 | 14,583,827 | 10,935,705 | 3,208 | 1,070 | 2,138 |
| Heating, Cooling & Home Comfort | 4,194,461 | 4,550,068 | (355,607) | 2,688 | 2,163 | 525 |
| Research & Pilot - Business | 147,059 | 927,078 | (780,019) | 17 | 136 | (119) |
| Research & Pilot - Residential | 427 | 927,078 | (926,651) | - | 136 | (136) |
| Pay As You Save (PAYS) | - | - | - | - | - | - |
| Evergy Metro Total | 81,113,587 | 66,765,482 | 14,348,105 | 42,412 | 36,102 | 6,310 |

During this MEEIA prudence review, Staff evaluated all expenses incurred under the Implementation Contractor’s invoices and whether they were specific to MEEIA. There were a several Implementation Contractors’ invoices where Evergy purchased shirts that had just the Evergy logo. Staff is of the opinion that these shirts are not specific to MEEIA. There were two instances where Evergy Missouri Metro and ICF held award ceremonies for their trade allies. Staff is of the opinion that the awards and venue held provide no benefit to Evergy Missouri Metro’s customers. Staff recommends these “Implementation Contractors Expenses,” should be disallowed and determined not recoverable through the Evergy Missouri Metro DSIM Rider. Additional details about the expenses are identified in Confidential Table 9 below:

continued on next page

1

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2

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3

2. Summary of Cost Implications

4

If Evergy Missouri Metro was imprudent in its decisions related to the selection and supervision of its program implementers and the expenses that are incurred by the program implementers, ratepayer harm could result in an increase in the future DSIM Charge amounts.

6

1 **3. Conclusion**

2 Staff has identified some implementer contractor’s expenses that were disallowed for the
3 reasons stated. Staff is proposing a disallowance of \$14,015.03 plus interest of \$190.05 on the
4 disallowance through March 31, 2021, for a total disallowance of \$14,205.08.

5 **4. Documents Reviewed**

- 6 a. Evergy Missouri Metro’s Cycle 2 and Cycle 3 Plans;
7 b. Approved MEEIA Energy Efficiency and Demand Side Management
8 Programs Tariff Sheets; and
9 c. Staff Data Requests: 0003, 0007, 0023, 0024, 0024.1, 0024.2

10 *Staff Experts: Amanda C. Conner and Lisa Wildhaber*

11 **G. EM&V Contractors**

12 **1. Description**

13 Evergy Missouri Metro is required to hire independent contractor(s) to perform and report
14 EM&V of each Commission-approved demand-side program. Commission rules allow Evergy
15 Missouri Metro to spend approximately 5% of its total program costs budget for EM&V.¹⁹ As
16 part of its *Report and Order*, filed on March 2, 2016, in Case No. EO-2015-0241, the
17 Commission approved the *Non-Unanimous Stipulation and Agreement Resolving MEEIA Filings*
18 which provided for a provision to allow Evergy Missouri West to increase its EM&V budget up
19 to 6% of the Commission-approved program costs budget. Navigant Consulting, Inc.
20 (“Navigant”) conducted and reported the EM&V results for Evergy Missouri Metro’s Cycle 2
21 programs. Guidehouse Inc. (“Guidehouse”)²⁰ and ADM Associates, Inc. (“ADM”) conducted
22 and reported the EM&V results for Evergy Missouri Metro’s Cycle 3 programs.²¹

23 During the Review Period, Evergy Missouri Metro expended \$455,788 for Cycle 2
24 EM&V. This amount, combined with the \$2,575,854 EM&V Cycle 2 cumulative costs
25 reported previously, amounts to \$3,031,642, or 4.79% of the \$63,346,055 total programs’ costs
26 budget for Cycle 2. Thus, the costs associated with the EM&V did not exceed the 6% maximum
27 cap for Cycle 2. During the Review Period, Evergy Missouri Metro expended \$198,803

¹⁹ 20 CSR 4240-20.093(8)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

²⁰ Guidehouse was known as Navigant in Cycle 2.

²¹ See table 3 for the breakout of programs between ADM and Guidehouse.

1 for Cycle 3 EM&V, which represents .5% of the \$43,861,972 total Cycle 3 budget for
2 programs' costs. Thus, the costs associated with Cycle 3 EM&V costs did not exceed the 5%
3 maximum cap. Staff will continue to monitor EM&V costs throughout the life of Cycle 3, to
4 ensure Evergy Missouri Metro does not exceed the 5% maximum cap of the total Cycle 3 budget.

5 **2. Summary of Cost Implications**

6 If Evergy Missouri Metro was imprudent in its decisions relating to the selection and
7 supervision of its EM&V contractors then ratepayer harm could result in an increase in future
8 DSIM Charge amounts.

9 **3. Conclusion**

10 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
11 the selection and supervision of its EM&V contractors.

12 **4. Documents Reviewed**

- 13 a. Evergy Missouri Metro's Cycle 2 and Cycle Plan;
14 b. Approved MEEIA Energy Efficiency and Demand Side Management
15 Programs Tariff Sheets; and
16 c. Staff Data Requests: 0002, 0003, 0005, 0006, 0009, and 0018.

17 *Staff Expert: Brooke Mastrogiannis*

18 **H. MEEIA Labor**

19 **1. Description**

20 For MEEIA Cycle 3, Evergy Missouri Metro included labor costs that are allocated
21 towards the MEEIA DSIM Rider and excluded from base rates in its cost of service. In the most
22 recent general rate case which had an effective date of December 2018, a total of 12.5 Full Time
23 Employees ("FTE's") were excluded from base rates. Evergy Missouri Metro provided Staff with
24 a file that included hours charged monthly to MEEIA by individual to total chargeable hours for
25 those individuals excluding paid time off, for the Review Period of January 1, 2020 through
26 March 31, 2021. Staff then created a reconciliation between the names of individuals charged to
27 MEEIA as provided by Evergy Missouri Metro in this MEEIA prudence review and the
28 individuals associated with the 12.5 FTEs that were excluded from the last rate case and the
29 previous prudence review. Upon further review Staff came to the understanding that during the
30 course of this MEEIA prudence Review Period, certain employees moved in and out of the group

1 by either leaving the company, joining the company, or internal transfer. Staff was informed
2 during the previous prudence review that since the last general rate case there were two positions
3 that were added to MEEIA labor charges that were not in place at the time of the 12.5 FTEs
4 reported at the 2018 general rate case since; at the time of the 2018 general rate case, those two
5 positions were vacant. Those positions were an EM&V Manager and a Residential DR Program
6 Manager. In addition, during the current review period, existing MEEIA employees shifted
7 positions to two newly created positions in the PAYS ® program and the Manager, EE programs.

8 **2. Summary of Cost Implications**

9 If Evergy Missouri Metro was imprudent in its reporting and/or calculating labor charged
10 towards MEEIA, ratepayer harm could result in an increase DSIM Charge amounts.

11 **3. Conclusion**

12 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
13 the calculation of MEEIA labor.

14 **4. Documents Reviewed**

- 15 a. Evergy Missouri Metro's Cycle 2 and Cycle 3 Plan;
- 16 b. 2016 Stipulation and Agreement, EO-2015-0240;
- 17 c. Tariff sheets 49Q-49Z; and
- 18 d. Staff Data Requests: 0022 and 0022.1.

19 *Staff Expert: Lisa Wildhaber*

20 **I. Demand Response**

21 **1. Description**

22 **a. Residential Demand Response Program**

23 In this review period, Evergy Missouri Metro offered eligible smart thermostats at
24 discounted prices along with discounted or no-cost installation options. Eligible devices included
25 Google Nest Thermostat, Google Nest Learning Thermostat, Ecobee3 Lite, and Ecobee Smart
26 Thermostats. In the Residential Demand Response Program, customers can participate in Energy
27 Savings Events. These Energy Savings Events allow for customers' thermostats to be remotely

1 turned up on extreme heat days. Enrolled customers get paid to participate in the Energy Savings
2 Events with an annual incentive of \$25 after the first year of participation.

3 **a. Business Demand Response Program**

4 Evergy Missouri Metro’s Business Demand Response Program (“BDR”) compensates
5 commercial customers who reduce, or curtail, their electrical load during high-demand days.
6 Participants work with Evergy Missouri Metro to identify electrical load that can be eliminated
7 or shifted during curtailment events, which are typically during the hottest days of the summer.
8 Evergy Missouri Metro and the participant work together to determine which strategies are best
9 for the unique business needs and create a curtailment plan. When curtailment events are
10 anticipated, Evergy Missouri Metro will notify the customer with instructions to execute their
11 plan. At the end of the curtailment season, Evergy Missouri Metro pays the customer for the
12 load reduced.

13 **b. Evergy Missouri Metro’s Previous MEEIA Prudence Review (Case No.
14 EO-2020-0227)**

15 In *Staff’s Report of Second MEEIA Prudence Review of Cycle 2 Costs Related to the*
16 *Missouri Energy Efficiency Investment Act* filed on June 30, 2020, in Case No, EO-2020-0227,
17 Staff raised a number of issues with Evergy Missouri Metro’s Cycle 2 Demand Response
18 Programs. Those issues were a part of an Evidentiary Hearing held on April 21 – 22, 2021. Reply
19 Briefs were filed on June 25, 2021, however a report and order resolving those issues has not
20 been issued at the time of this fling.

21 **c. Differences Between Cycle 2 and Cycle 3 Demand Response Programs**

22 Although a report and order has yet to be issued resolving the Demand Response
23 issues from Evergy Missouri Metro’s previous MEEIA prudence review, Staff is not
24 recommending any disallowances in this current Evergy Missouri Metro MEEIA prudence
25 review. Staff’s determination to not recommend any disallowances at this time is heavily reliant
26 upon certain changes Evergy Missouri Metro has made to its Demand Response Programs from
27 Cycle 2 to Cycle 3.

1 For the Residential Demand Response Program, those differences include the following:

- 2 • Thermostat is no longer free (Cycle 2 offered a free device. Now, 3 out of the
- 3 4 options require a co-payment from the customer).
- 4 • Professional installations are no longer free (Cycle 2 offered free professional
- 5 installation).
- 6 • More device choice for the customer (brought in Ecobee as another option).
- 7 • No Do-It-Yourself (“DIY”) activation incentive (Cycle 2 offered a \$50 check
- 8 when a DIY was activated).
- 9 • Bring-Your-Own (“BYO”) incentive reduced to \$50 (Cycle 2 offered a
- 10 \$100 check when a BYO was enrolled in the program).
- 11 • Distributed Energy Resources Management System (“DERMS”) is being used to
- 12 initiate all Demand Response events (Cycle 2 did not use DERMS until 2019).

13 For the Business Demand Response Program, those differences include the following:

- 14 • Aggregators can participate as participants (Cycle 2 did not allow aggregators).
- 15 • No minimum kW contract size (Cycle 2 required at least 25 kW to sign up).
- 16 • No upfront incentive for signing a contract (Cycle 2 offered an upfront incentive).
- 17 • Payment structure is now “pay for performance” (Cycle 2 offered payment based
- 18 on a customer hitting their Firm Power Level during an event).
- 19 • Event performance is averaged across each hour of all events for one final
- 20 payment at the end of the season (Cycle 2 would pay for each event separately).
- 21 • DERMS is being used to generate the baselines for all customers (Cycle 2 used
- 22 Estimated Peak Demands and Firm Power Levels).
- 23 • DERMS is being used as the notification system for all participants (Cycle 2 did
- 24 not use DERMS until 2019).

25 **2. Summary of Cost Implications**

26 If Evergy Missouri Metro was imprudent in its management of its Demand Response
27 Programs, ratepayer harm could result in an increase to the DSIM Charge amounts.

1
2 **3. Conclusion**

3 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
4 the management of its Demand Response Programs.

5 **4. Documents Reviewed**

6 a. Evergy Missouri Metro Responses to Staff Data Requests: 25, 26, and 27.

7 *Staff Expert: Jordan T. Hull*

8 **VIII. Throughput Disincentive (“TD”)**

9 **A. Actual TD**

10 **1. Description**

11 For a utility that operates under a traditional regulated utility model a “throughput
12 disincentive” is created when a utility’s increase in revenues is linked directly to its increase in
13 sales. This relationship between revenues and sales creates a financial disincentive for the utility
14 to engage in any activity that would decrease sales, such as utility sponsored energy efficiency
15 programs.

16 The TD allows the utility to recover its lost margin revenues associated with the
17 successful implementation of the MEEIA programs. The Cycle 3 TD calculation is described in
18 Evergy Missouri Metro’s tariff Sheet Nos. 49U through 49W and tariff Sheet No. 49Z (for the
19 net margin revenue rates). Generally, the TD for each program is determined by multiplying the
20 monthly energy savings²² by the net margin revenue rates and by the net to gross factor for
21 contemporaneous TD recovery.

22 Staff has verified each component of the TD calculation that was provided by Evergy
23 Missouri Metro in the response to Data Request 0020. Staff recalculated a sample of the monthly
24 TD calculations and found no errors. Staff has also verified the TD calculation workpapers, and
25 compared the kWh savings impact and TD with the MEEIA rate adjustment filings, along with
26 the QSMRs. In Data Request No. 0020.2, Evergy Missouri Metro provided a reconciliation
27 reflecting adjustments made to their TD calculation workpapers. Staff found no discrepancies

²² Monthly savings are obtained by taking the sum of all programs’ monthly savings and applying monthly loadshapes.

1 between Evergy Missouri Metro's TD calculation workpapers, QSMRs, and the MEEIA rate
2 adjustment filings. The MEEIA rate adjustment filings and the Quarterly Surveillance Reports
3 both demonstrate TD that customers are responsible for paying is \$3,554,424 for Cycle 3 and
4 \$6,982,606 for Cycle 2.

5 **2. Summary of Cost Implications**

6 If Evergy Missouri Metro was imprudent in its reporting and/or calculating the Company
7 TD, ratepayer harm could result in an increase in DSIM Charge amounts.

8 **3. Conclusion**

9 Other than the proposed adjustment related to throughput disincentive for the Home
10 Energy Reports program, referenced in Section VIII.B, Staff found no indication that Evergy
11 Missouri Metro has acted imprudently regarding the calculation of its TD.

12 **4. Documents Reviewed**

- 13 a. Evergy Missouri Metro's Cycle 2 and Cycle 3 Plan;
- 14 b. Tariff sheets 49Q-49Z;
- 15 c. Evergy Missouri Metro work papers included in Case No. ER-2020-0388,
16 ER-2021-0152, and ER-2021-0410; and
- 17 d. QSMR;
- 18 e. Staff Data Requests: 0005, 0020, 0020.1 and 0020.2.

19 *Staff Expert: Lisa Wildhaber*

20 **B. Home Energy Report Savings, Evaluations and TD Impacts**

21 **1. Description**

22 Staff reviewed the savings reported by Evergy Missouri Metro to be used in the
23 Company's Throughput Disincentive mechanism for its Home Energy Report ("HER") program.
24 Evergy Missouri Metro's HER program consists of a report mailed to the customer quarterly or
25 emailed to the customer monthly regarding the customer's monthly energy usage. For this case,
26 Staff reviewed Evergy Missouri Metro's monthly reported savings, number of customers in the
27 treatment and control groups and the Company's model used by its third party implementer to
28 calculate the monthly savings attributable to the HER program.

1 In its review, Staff identified several areas of concern;

- 2 • the Company’s model does not take into account rate case timing,
- 3 • the Company’s model also does not take into account participation in other
- 4 EE programs, and
- 5 • the HER program is assumed to have a net-to-gross of 1 in EM&V.

6 Staff found that Evergy Missouri Metro first added customers to it’s HER program in
7 2014 and subsequently added customers to its program in 2015, 2016, 2020 and 2021. Below in
8 table 10 is the number of customers added to the HER program.

9 **Table 10**

| Evergy Missouri Metro | | |
|-----------------------|-----------|---------|
| Year | RECIPIENT | CONTROL |
| 2014 | 85,541 | 22,889 |
| 2015 | 7,292 | 8,962 |
| 2016 | 16,104 | 11,517 |
| 2020 | 20,000 | 10,000 |
| 2021 | 15,000 | 7,500 |
| Total | 143,937 | 60,868 |

10
11 Evergy Missouri Metro’s model used to determine HER savings is dependent upon a
12 treatment group or customers who receive the HER report and a control group or customers who
13 do not receive a report. In its 2020 Annual Report, Evergy Missouri Metro reported an average
14 of 262,690 monthly residential customers. Therefore, in 2021 approximately 54% of Evergy
15 Missouri Metro’s residential customers receive a HER and 78% of its residential customers
16 participate in either the treatment or control group. Since 78% of the residential customers
17 participate in the program, it does not leave flexibility to maintain an adequate pool of customers
18 not exposed to the program. For example, continuously adding new recipients and new control
19 participants implies there are customers still not exposed to or aware of the program.

20 Staff further found that the Evergy Missouri Metro’s model uses the customer’s
21 pre-participation period usage in determining savings attributable to the HER. For a customer
22 who started receiving the HER in 2014, this means the model is using the customer’s usage from
23 2013 or from months prior to the customer participating in the program in 2014. Staff’s concern
24 with this approach is that it does not take into account rate case timing. For example, Evergy
25 Missouri Metro filed a rate case in 2018 that took effect on December 6, 2018. For the customers
26 receiving the HER during the test year in that case, their reduced monthly usage that occurred to

1 them receiving the HER is already reflected in the Company's currently effective rates. However,
2 the Company's current model does not take into account what level of usage the Company's
3 currently effective rates already reflect.

4 Essentially, the model keeps calculating savings for HER participants as if the
5 Company should be made whole for deemed savings occurring before the customer entered
6 the HER program, rather than the difference in usage that occurred from the Company's most
7 recently effective rates. For example, customers who were participating in the HER
8 program from 2014 through 2016 would have been receiving the HER during the test period
9 January 1, 2017 through December 31, 2017. During this same time the Company was also
10 reporting a deemed level of savings in its TD²³ for these customers for every month of the test
11 period. The Company has not made an adjustment to the TD to reflect that a certain level of
12 HER savings is already reflected in currently effective rates. There was also no adjustment in the
13 rate case to remove HER savings from the test period usage used to develop rates in that case.
14 Therefore, Evergy Missouri Metro's TD is double counting savings that the Company has already
15 been made whole for. In order to address this issue, Staff recommends the Company make an
16 adjustment in the TD mechanism to remove savings that are already reflected in the currently
17 effective rates. Going forward, the Company could also change its model to use post-rate case
18 usage instead of pre-participation period usage. An adjustment to the TD to remove savings
19 reflected in currently effective rates is consistent with Ameren Missouri's treatment of the
20 HER program savings in its TD mechanism.

21 For Evergy Metro, this would result in a decrease of approximately \$1.5 million in its
22 Cycle 2 TD and a reduction in its Cycle 3 TD of approximately \$1.8 million through the duration
23 of the Cycle TDs. Specifically only for the duration January 1, 2020 through March 31, 2021,
24 the decrease is \$1,771,159.²⁴

25 Further, the Company's model also does not take into account participation in other
26 energy efficiency programs. With over 50% of Evergy Missouri Metro's residential customers
27 receiving a HER, it is likely they have also participated in other energy efficiency programs,
28 especially since some residential customers have been receiving the HER since 2014. Staff's
29 independent auditor also raised this concern. The audit report for program year 2017 states:

²³ The TD makes the Company whole for any lost revenues related to the deemed savings.

²⁴ TD from HER programs accounts for over half of the Company's total residential TD.

1 The issue we raised in the PY2016 audit relates to how participation in
2 other efficiency programs is addressed in the impact analysis. The
3 comparison between the treatment and control groups in the pre-period
4 should include a comparison of participation rates in the other
5 KCP&L/GMO energy efficiency programs *during the pre-period*. It is not
6 enough to simply adjust the regression results for the post period to
7 account for ‘uplift’ that is attributable to the HER program.

8 Differences between the groups in program participation in the pre-period
9 can affect the savings estimates in two ways. First, if there are differences
10 in program participation rates, then some of the observed savings from the
11 HER in the post-period should be attributed to the other efficiency
12 programs. Second, the estimate of program uptake in the post-period will
13 also be affected if there are already unequal levels of program participation
14 in the pre-period. The magnitude of both these effects can be estimated by
15 including a variable for program participation in the billing regression, if
16 in fact there are differences in participation rates between treatment and
17 control groups.²⁵

18 The independent auditor further noted that it would be meeting with Navigant²⁶ in early 2019
19 with the expectation to resolve the issue. Evergy Missouri Metro’s latest evaluator is ADM
20 Associates (“ADM”) and its latest EM&V reports states that savings from joint programs is
21 removed. However, Oracle is Evergy Missouri Metro’s third-party contractor that calculates and
22 reports the monthly savings used in Evergy Missouri Metro’s TD calculation. Oracle’s model
23 provided in response to Staff Data Request No. 30, does not provide a step in its model process
24 where savings from other energy efficiency programs are either removed or compared to the
25 control group. Further, Evergy Missouri Metro’s latest EM&V published in July 2021 states that
26 because HER is defined as a randomized control trial it assumes a net-to-gross of 1. This means
27 that all savings reported by Oracle are deemed to be 100% correct, even if Oracle doesn’t remove
28 savings from other energy efficiency programs. Further, ADM reported that fewer than 10% of
29 the customers have accessed the tools of the Home Energy Analyzer program that is included as
30 part of HER. However, a HER participant’s percentage of accessing the program or opening the
31 HER email is not accounted for in EM&V.

32 Ameren Missouri’s evaluator Opinion Dynamics does not automatically assume a
33 net-to-gross of one and provides a more detailed evaluation of the Company’s HER program.

²⁵ Page 6 of Evergreen Economics EM&V report for PY2017.

²⁶ Navigant is no longer Evergy’s evaluator.

1 Further, Staff recommends that all deemed savings reported in the Company's TD be adjusted
2 based on the evaluated savings taking into consideration joint savings from other energy
3 efficiency programs. Staff's recommendation is consistent with Ameren Missouri's treatment of
4 its HER program in its TD mechanism.

5 **2. Summary of Cost Implications**

6 If Evergy Missouri Metro was imprudent in its reporting and/or calculating the Company
7 TD, ratepayer harm could result in an increase in DSIM Charge amounts.

8 **3. Conclusion**

9 Staff found that Evergy Missouri Metro has acted imprudently regarding the calculation
10 of its TD. Staff is recommending a disallowance of \$1,771,159, plus interest, and that the
11 Commission order the Company to adjust its TD mechanism in its next semi-annual rate filing..

12 **4. Documents Reviewed**

- 13 f. Evergy Missouri Metro's Cycle 2 and Cycle 3 Plan;
14 g. Tariff sheets 49Q-49Z;
15 h. Evergy Missouri Metro work papers included in Case No. ER-2020-0388,
16 ER-2021-0152, and ER-2021-0410; and
17 i. QSMR;
18 j. Staff Data Requests: 0029, 0030, 0030.1, 0030.2, 0030.3, 0030.4 and
19 0030.5.

20 *Staff Expert: Robin Kliethermes*

21 **C. Gross Deemed Annual Energy and Demand Savings**

22 **1. Description**

23 Staff reviewed the monthly calculation of kWh savings from Evergy Missouri Metro's
24 MEEIA Programs calculated with the Nexant software. Evergy Missouri Metro provided Staff
25 additional details supporting the Nexant system results to show how the kWh savings were
26 calculated during the Review Period.

27 To begin its review of Evergy Missouri Metro's calculations of its monthly kWh savings
28 for the Review Period, Staff verified that the total kWhs and kW for each program as reported
29 in Nexant were in agreement with the Quarterly Surveillance Reports, the kWh savings used in
30 the Throughput Disincentive calculations, and the Company workpapers provided.

1 The Company provided workpapers to support the kWh savings for the program
2 measures. These workpapers provided individual detailed project savings pulled from Nexant
3 with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample
4 of program measures and compared the kWh savings as reported in the Company details to the
5 measure savings as reported in the TRM and subsequent updates to the TRM²⁷.

6 For a selected sample, Staff verified the kWh savings calculations, using Nexant
7 supporting details the Company provided in the Nexant reports and Staff Data Request
8 No. 0020.2 supplemental response. In these files, Staff was provided the kWh per unit, kW per
9 unit, the measure name, and the unit tonnage/quantity installed. Staff was able to verify the kWh
10 calculated savings by using this information. Staff was then able to verify that this information
11 was in agreement with the original Staff Data Request No. 0020 TD calculation kWh savings at
12 the meter.

13 Staff also compared the Total Resource Cost (“TRC”) test for each program to the
14 TRC targets identified in the Cycle 3 Plan. Staff notes that in the Company response to
15 Staff Data Request No. 0023.1 supplemental response, which provides TRC results for
16 Cycle 3 Program Year 1, one program reflects a TRC of less than 1.0: ** [REDACTED]
17 [REDACTED] ** Commission Rule 20 CSR 4240-20.094(6)(B) states in part that,
18 “Nothing herein requires utilities to end any demand-side program which is subject to a
19 cost-effectiveness test deemed not cost-effective immediately.” Staff will continue to monitor
20 the cost-effectiveness of the Cycle 3 programs and may make recommendations in future Staff
21 Reports if a pattern of non-cost-effectiveness persists.

22 In reviewing all sources of kWh savings and kW savings, Staff was able to verify the
23 reported 81,113,587 kWh of energy savings and 42,412 kW of demand savings for the MEEIA
24 Programs during the Review Period by reconciling the Quarterly Surveillance Reports, the
25 Nexant database, and the Company’s workpapers provided.

²⁷ The TRM was updated in Case No. EO-2019-0132 by a Commission *Order Approving Evergy Missouri Metro and Evergy Missouri West’s Modified Technical Resource Manuals* on April 15, 2020 and again by a Commission *Order Approving Modifications to Evergy Missouri Metro and Evergy Missouri West’s Technical Resource Manuals* filed on December 16, 2020.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri Metro was imprudent in its decisions related to calculating the gross
3 energy and demand savings of each program, ratepayer harm could result in an increase in future
4 DSIM Charge amounts.

5 **3. Conclusion**

6 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding
7 the calculation of the gross energy and demand savings.

8 **4. Documents Reviewed**

- 9 a. Evergy Missouri Metro’s Cycle 3 Plan;
10 b. QSMR;
11 c. Technical Resource Manual, updated 4-1-20 and 1-1-21; and
12 d. Staff Data Requests: 0008, 0020, 0020.1, 0020.2, 0020.3, 0023, 0023.1 and
13 0023.2.

14 *Staff Expert: Lisa Wildhaber*

15 **IX. Earning Opportunity (“EO”)**

16 **1. Description**

17 Commission Rule 20 CSR 4240-20.092(1)(S) defines the earnings opportunity
18 component of a DSIM as the methodology approved by the Commission in a utility’s filing for
19 demand-side program approval to allow the utility to receive an earnings opportunity. The Rule
20 further states that any earnings opportunity component of a DSIM shall be implemented on a
21 retrospective basis, and all energy and demand savings used to determine a DSIM earnings
22 opportunity amount shall be verified and documented through EM&V Reports.

23 Evergy Missouri Metro’s tariff sheet defines the Cycle 2 EO as:

24 Cycle 2 Earnings Opportunity” (EO) means the incentive ordered by the
25 Commission based on actual performance verified through EM&V
26 against planned targets. The Company’s EO will be \$7.4M²⁸ if 100% of
27 the planned targets are achieved. EO is capped at \$15.5M, which
28 reflects adjustment for TD verified by EM&V. Potential Earnings

²⁸ In the Commission’s February 27, 2019 *Order Approving Stipulation and Agreement* in Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of MEEIA 2 Programs During Pendency of MEEIA 3 Case* that was filed on February 15, 2019, the Commission approved the total cycle budget, Plan Energy (kWh) and Demand (kW) savings targets, and Earnings Opportunity (EO) targets and caps to increase by 25%.

1 Opportunity adjustments are described on Sheet No. 49M. The Earnings
2 Opportunity Matrix outlining the payout rates, weightings, and caps can
3 be found in 49P.

4 Staff reviewed the Cycle 2 EO from the calculations provided in response to Data
5 Request 0028 and the calculations in the DSIM Riders in dockets ER-2020-0388, ER-2021-0152,
6 and ER-2021-0410 for the months in this Review Period. During the review, Staff was able to
7 verify that Evergy Missouri Metro did not recover more than its approved EO for Cycle 2.
8 EO awarded for Cycle 2 during this Review Period was \$4,790,361.

9 No EO for Cycle 3 is being recovered during this Review Period.

10 **2. Summary of Cost Implications**

11 If Evergy Missouri Metro was imprudent in its reporting and/or calculation of the EO,
12 ratepayer harm could result in an increase in future DSIM Charge amounts.

13 **3. Conclusion**

14 Staff has verified that Evergy Missouri Metro did not recover more than its approved
15 EO for Cycle 2.

16 **4. Documents Reviewed**

- 17 a. Evergy Missouri Metro's Cycle 2 Plan;
- 18 b. Evergy Missouri Metro's Quarterly Surveillance Monitoring Report,
19 Page 6;
- 20 c. Tariff sheets 49-49P;
- 21 d. Evergy Missouri Metro work papers included in Case No. ER-2020-0388,
22 ER-2021-0152, and ER-2021-0410; and
- 23 e. Staff Data Requests: 0002, 0003, 0009, and 0028.

24 *Staff Expert: Krishna Poudel and Brooke Mastrogiannis*

25 **X. Interest Costs**

26 **1. Description**

27 Staff reviewed the interest calculations for program costs and TD, broken out by
28 cycles, as provided in Evergy Missouri Metro's response to Data Request No. 0005 for the
29 Review Period of January 1, 2020 through March 31, 2021. Evergy Missouri Metro's tariff

1 sheets provide that for program costs and TD: “Such amounts shall include monthly interest on
 2 cumulative over- or under-balances at the Company’s monthly Short-Term Borrowing Rate.”
 3 Staff verified the Company’s average monthly short-term borrowing rates were applied correctly
 4 to the over- or under-recovered balances for program costs and TD.

5 During the Review Period Evergy Missouri Metro’s total for the interest amount accrued
 6 for the Company’s program costs as reported on Evergy Missouri Metro’s QSMRs were as
 7 follows:
 8

Table 11
INTEREST

| | For Review Period January 1, 2020, through March 31, 2021 | (Over)/ Under Billed | Cumulative Interest | (Over)/ Under Billed |
|---------------|--|-----------------------------|----------------------------|-----------------------------|
| MEEIA Cycle 2 | \$ 18,079 | Over | \$ 314,271 | Over |
| MEEIA Cycle 3 | \$ 26,452 | Over | \$ 26,452 | Over |
| TD Cycle 2 | \$ 26,086 | Over | \$ 120,911 | Over |
| TD Cycle 3 | \$ 2,995 | Over | \$ 2,995 | Over |

9
 10 **2. Summary of Cost Implications**

11 If Evergy Missouri Metro was imprudent in its reporting and/or calculating of the interest
 12 associated to over- or under-recovery of energy efficiency programs’ costs and/ or TD, ratepayer
 13 harm could result in an increase in future DSIM Charge amounts.

14 **3. Conclusion**

15 Staff has verified that Evergy Missouri Metro interest calculations and interest
 16 amounts for inclusion in its March 31, 2021, Data Request No. 0005 are correct and are
 17 calculated properly on a monthly basis as provided in the Staff Data Request Response No. 0005
 18 for the Review Period.

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4. Documents Reviewed

- a. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
- b. Evergy Missouri Metro Quarterly Surveillance Monitoring Reports; and
- c. Staff Data Requests: 0005 and 0009.

Staff Expert: Amanda C. Conner

Attached - Addendum A and Addendum B

Energy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Income-Eligible Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 3,723,815 | \$ 16,339,804 | \$ 66,729,971 |
| Total Program Costs (\$) | (1) Actual | \$ 2,754,437 | \$ 18,738,301 | \$ 67,682,726 |
| Total Program Costs (\$) | (6) Variance | \$ (969,378) | \$ 2,398,497 | \$ 952,755 |
| Total Program Costs (\$) | (7) Interest | \$ 16,173 | \$ 36,246 | \$ 315,525 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 61,764,532 | 243,736,165 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 77,776,252 | 352,717,283 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 16,011,719 | 108,981,118 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 16,147 | 78,325 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 19,312 | 101,013 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | 3,165 | 22,688 |
| Throughput Disincentive Costs (\$) | Billed | \$ 792,838 | \$ 5,004,450 | \$ 21,131,175 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,188,647 | \$ 5,345,602 | \$ 22,357,671 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 395,809 | \$ 341,152 | \$ 1,226,496 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 7,622 | \$ 11,527 | \$ 106,940 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Energy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Block Bidding | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 858,364 | \$ 12,262,792 | \$ 67,588,335 |
| Total Program Costs (\$) | (1) Actual | \$ 38,116 | \$ 11,444,097 | \$ 67,720,842 |
| Total Program Costs (\$) | (6) Variance | \$ (820,248) | \$ (818,695) | \$ 132,507 |
| Total Program Costs (\$) | (7) Interest | \$ 3,679 | \$ 46,915 | \$ 319,204 |
| | | | | |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 30,425,529 | 243,736,165 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 49,796,996 | 352,717,283 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 19,371,467 | 108,981,118 |
| | | | | |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 7,998 | 78,325 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 12,342 | 101,013 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | 4,344 | 22,688 |
| | | | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,256,672 | \$ 3,626,845 | \$ 22,387,847 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,487,034 | \$ 5,357,446 | \$ 23,844,705 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 230,362 | \$ 1,730,601 | \$ 1,456,858 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 5,632 | \$ 19,015 | \$ 112,572 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Block Bidding | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 757,916 | \$ 9,361,644 | \$ 68,346,251 |
| Total Program Costs (\$) | (1) Actual | \$ 117,579 | \$ 7,817,680 | \$ 67,838,422 |
| Total Program Costs (\$) | (6) Variance | \$ (640,337) | \$ (1,543,964) | \$ (507,830) |
| Total Program Costs (\$) | (7) Interest | \$ 4 | \$ 32,780 | \$ 319,208 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 15,212,765 | 243,736,165 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 40,039,819 | 352,717,283 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 24,827,055 | 108,981,118 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 3,999 | 78,325 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 8,420 | 101,013 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | 4,421 | 22,688 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,955,969 | \$ 4,650,588 | \$ 24,343,817 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,891,435 | \$ 5,718,137 | \$ 25,736,140 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (64,534) | \$ 1,067,549 | \$ 1,392,324 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 5,517 | \$ 23,703 | \$ 118,089 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Block Bidding | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 17,292 | \$ 5,357,388 | \$ 68,363,544 |
| Total Program Costs (\$) | (1) Actual | \$ (125,335) | \$ 2,784,797 | \$ 67,713,086 |
| Total Program Costs (\$) | (6) Variance | \$ (142,628) | \$ (2,572,591) | \$ (650,457) |
| Total Program Costs (\$) | (7) Interest | \$ (889) | \$ 18,967 | \$ 318,319 |
| | | | | |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | - | 243,736,165 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | - | 352,717,283 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | - | 108,981,118 |
| | | | | |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | - | 78,325 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | - | 101,013 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | - | 22,688 |
| | | | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,506,564 | \$ 5,512,043 | \$ 25,850,380 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,226,843 | \$ 5,793,959 | \$ 26,962,983 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (279,721) | \$ 281,916 | \$ 1,112,603 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 4,846 | \$ 23,617 | \$ 122,935 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2021
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Block Bidding | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Home Energy Report | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | 12/31/2019 |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | 12/31/2019 |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 18,298 | \$ 1,651,871 | \$ 68,381,842 |
| Total Program Costs (\$) | (1) Actual | \$ 47,514 | \$ 77,874 | \$ 67,760,601 |
| Total Program Costs (\$) | (6) Variance | \$ 29,216 | \$ (1,573,997) | \$ (621,242) |
| Total Program Costs (\$) | (7)(8) Interest | \$ (888) | \$ 1,483 | \$ 314,271 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | - | 243,736,165 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | - | 352,717,283 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | - | 108,981,118 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | - | 78,325 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | - | 101,013 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | - | 22,688 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,822,159 | \$ 6,541,364 | \$ 27,672,539 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,188,647 | \$ 5,793,959 | \$ 28,151,630 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (633,512) | \$ (747,405) | \$ 479,091 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 2,469 | \$ 15,714 | \$ 120,911 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the short-term interest rate used beginning in September 2018 through December 2020 was slightly over-stated. Prior carrying costs recorded were corrected as follows:

| | | | |
|---|------|------------|------------|
| Carrying costs on Program Cost (Over) Under Recovery | \$ - | \$ (423) | \$ (3,161) |
| Carrying costs on Throughput Disincentive (Over) Under Recovery | \$ - | \$ (2,750) | \$ (4,493) |

Eversource Energy, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended March 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|------------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Income-Eligible Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 372,079 | \$ 372,079 | \$ 372,079 |
| Total Program Costs (\$) | (1) Actual | \$ 1,906,325 | \$ 1,906,325 | \$ 1,906,325 |
| Total Program Costs (\$) | (6) Variance | \$ 1,534,245 | \$ 1,534,245 | \$ 1,534,245 |
| Total Program Costs (\$) | (7) Interest | \$ 5,485 | \$ 5,485 | \$ 5,485 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 11,502,337 | 11,502,337 | 11,502,337 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 6,189,699 | 6,189,699 | 6,189,699 |
| First Year Gross Annual Energy Savings (kWh) | Variance | (5,312,638) | (5,312,638) | (5,312,638) |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 3,506 | 3,506 | 3,506 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 503 | 503 | 503 |
| First Year Gross Annual Demand Savings (kW) | Variance | (3,003) | (3,003) | (3,003) |
| Throughput Disincentive Costs (\$) | Billed | \$ 75,997 | \$ 75,997 | \$ 75,997 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 259,239 | \$ 259,239 | \$ 259,239 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 183,242 | \$ 183,242 | \$ 183,242 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 699 | \$ 699 | \$ 699 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended June 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|------------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Income-Eligible Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 2,240,898 | \$ 2,612,977 | \$ 2,612,977 |
| Total Program Costs (\$) | (1) Actual | \$ 2,932,669 | \$ 4,838,994 | \$ 4,838,994 |
| Total Program Costs (\$) | (6) Variance | \$ 691,771 | \$ 2,226,016 | \$ 2,226,016 |
| Total Program Costs (\$) | (7) Interest | \$ 7,320 | \$ 12,805 | \$ 12,805 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 11,502,337 | 23,004,673 | 23,004,673 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 14,583,305 | 20,773,004 | 20,773,004 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 3,080,969 | (2,231,669) | (2,231,669) |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 18,506 | 22,011 | 22,011 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 24,088 | 24,591 | 24,591 |
| First Year Gross Annual Demand Savings (kW) | Variance | 5,582 | 2,579 | 2,579 |
| Throughput Disincentive Costs (\$) | Billed | \$ 475,467 | \$ 551,464 | \$ 551,464 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 442,654 | \$ 701,893 | \$ 701,893 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (32,814) | \$ 150,428 | \$ 150,428 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 621 | \$ 1,319 | \$ 1,319 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended September 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|------------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Income-Eligible Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 3,861,808 | \$ 6,474,786 | \$ 6,474,786 |
| Total Program Costs (\$) | (1) Actual | \$ 3,322,654 | \$ 8,161,648 | \$ 8,161,648 |
| Total Program Costs (\$) | (6) Variance | \$ (539,154) | \$ 1,686,862 | \$ 1,686,862 |
| Total Program Costs (\$) | (7) Interest | \$ 6,971 | \$ 19,776 | \$ 19,776 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 12,024,034 | 35,028,707 | 35,028,707 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 19,586,764 | 40,359,768 | 40,359,768 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 7,562,730 | 5,331,061 | 5,331,061 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 5,155 | 27,166 | 27,166 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 8,964 | 33,555 | 33,555 |
| First Year Gross Annual Demand Savings (kW) | Variance | 3,809 | 6,388 | 6,388 |
| Throughput Disincentive Costs (\$) | Billed | \$ 910,802 | \$ 1,462,267 | \$ 1,462,267 |
| Throughput Disincentive Costs (\$) | (5)(8) Actual | \$ 1,001,984 | \$ 1,703,198 | \$ 1,703,198 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 91,182 | \$ 240,931 | \$ 240,931 |
| Throughput Disincentive Costs (\$) | (7)(8) Interest | \$ 692 | \$ 2,010 | \$ 2,010 |

Footnotes:

- (1) Actual program costs incurred.
(2) Target energy savings (kWh) savings.
(3) Target demand savings (kW) savings.
(4) Actual demand and energy savings.
(5) Throughput disincentive on kWh savings at NTG Factors for each program
(6) Under- or (over) collection.
(7) Carrying costs on under- or over-collection at short-term borrowing rate.
(8) Note: A minor correction was made retroactively in the Throughput Disincentive calculation and related carrying costs due to an error in the NTG factor applied to the Business Standard and Business Custom kWh savings

| | | | |
|------------------------------------|----------|----------|----------|
| Throughput Disincentive Costs (\$) | Actual | \$ (679) | \$ (679) |
| Throughput Disincentive Costs (\$) | Interest | \$ (1) | \$ (1) |

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended December 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|------------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Income-Eligible Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 3,403,271 | \$ 9,878,057 | \$ 9,878,057 |
| Total Program Costs (\$) | (1) Actual | \$ 3,983,997 | \$ 12,145,645 | \$ 12,145,645 |
| Total Program Costs (\$) | (6) Variance | \$ 580,726 | \$ 2,267,588 | \$ 2,267,588 |
| Total Program Costs (\$) | (7) Interest | \$ 7,321 | \$ 27,097 | \$ 27,097 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 19,470,723 | 54,499,430 | 54,499,430 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 26,384,832 | 66,744,599 | 66,744,599 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 6,914,109 | 12,245,170 | 12,245,170 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 4,281 | 31,447 | 31,447 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 5,508 | 39,063 | 39,063 |
| First Year Gross Annual Demand Savings (kW) | Variance | 1,227 | 7,616 | 7,616 |
| Throughput Disincentive Costs (\$) | Billed | \$ 799,380 | \$ 2,261,646 | \$ 2,261,646 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 833,143 | \$ 2,536,341 | \$ 2,536,341 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 33,764 | \$ 274,695 | \$ 274,695 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 896 | \$ 2,905 | \$ 2,905 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Metro, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended March 31, 2021
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|------------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Income-Eligible Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|----------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 4,203,420 | \$ 13,709,398 | \$ 14,081,477 |
| Total Program Costs (\$) | (1) Actual | \$ 2,952,703 | \$ 13,192,023 | \$ 15,098,348 |
| Total Program Costs (\$) | (6) Variance | \$ (1,250,718) | \$ (517,375) | \$ 1,016,870 |
| Total Program Costs (\$) | (7) Interest | \$ 3,622 | \$ 21,514 | \$ 26,452 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 12,266,054 | 55,263,147 | 66,765,484 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 14,368,987 | 74,923,887 | 81,113,586 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 2,102,933 | 19,660,740 | 14,348,102 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 4,653 | 32,595 | 36,100 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 3,348 | 41,908 | 42,411 |
| First Year Gross Annual Demand Savings (kW) | Variance | (1,305) | 9,313 | 6,311 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,265,368 | \$ 3,451,017 | \$ 3,527,014 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,018,081 | \$ 3,295,209 | \$ 3,554,422 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (247,287) | \$ (155,809) | \$ 27,408 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 539 | \$ 2,365 | \$ 2,995 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the short-term interest rate used beginning in September 2018 through December 2020 was slightly over-stated. Prior carrying costs recorded were corrected as follows:

| | | | | | | |
|---|----|---|----|---------|----|---------|
| Carrying costs on Program Cost (Over) Under Recovery | \$ | - | \$ | (3,720) | \$ | (4,267) |
| Carrying costs on Throughput Disincentive (Over) Under Recovery | \$ | - | \$ | (380) | \$ | (449) |

SCHEDULE BMM-d4

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**FIRST PRUDENCE REVIEW OF CYCLE 3 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
AND CYCLE 2 LONG-LEAD PROJECTS**

FOR THE ELECTRIC OPERATIONS

OF

**EVERGY MISSOURI WEST, INC., d/b/a Evergy Missouri West
("Evergy Missouri West"), f/k/a KCP&L Greater Missouri
Operations Company ("GMO")**

January 1, 2020 through March 31, 2021

FILE NO. EO-2021-0416

*Jefferson City, Missouri
October 28, 2021*

**** Denotes Confidential Information ****

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FIRST PRUDENCE REVIEW OF CYCLE 3 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
AND CYCLE 2 LONG-LEAD PROJECTS
FOR THE ELECTRIC OPERATIONS
OF
EVERGY MISSOURI WEST, INC.
January 1, 2020 through March 31, 2021
FILE NO. EO-2021-0416

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STAFF REPORT
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FILE NO. EO-2021-0416

I. Executive Summary

The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and analyzed a variety of items in examining whether Evergy Missouri West, Inc., d/b/a Evergy Missouri West (“Evergy Missouri West” or “Company”), reasonably and prudently incurred costs associated with its demand-side programs and demand-side programs investment mechanism (“DSIM”) which were approved by the Commission’s *Amended Report and Order*¹ in Case No. EO-2019-0132² (“Cycle 3 Plan”).

This prudence review report (“Report”) reflects Staff’s first prudence review for Evergy Missouri West’s Missouri Energy Efficiency Investment Act³ (“MEEIA”) demand-side programs and DSIM Cycle 3 costs in File No. EO-2019-0132, which included the review period of January 1, 2020 through March 31, 2021 (“Review Period”). This Report addresses prudence review costs for Evergy Missouri West’s Cycle 3 program costs (“Program Costs”), annual energy and demand savings, Throughput Disincentive (“TD”), interest, and Cycle 2 long-lead projects.

Based on its review, Staff has identified disallowances of expenses for conferences and meetings; memberships and sponsorships; implementation contractors’ expenses; other expenses; and Home Energy Reports TD, during the Review Period, identified in Table 1 below.

¹ On December 11, 2019, the Commission issued its *Report and Order*, and on March 11, 2020, the Commission issued its *Amended Report and Order*.

² On December 27, 2018, the Commission’s *Order Granting Applications to Intervene and Order Granting Motion to Consolidate* granted consolidation of Evergy Missouri Metro’s MEEIA Cycle 3 case, EO-2019-0132, with Evergy Missouri West’s MEEIA Cycle 3 case, EO-2019-0133, with the lead case being EO-2019-0132.

³ Section 393.1075, RSMo. Supp 2017.

Staff is recommending an ordered adjustment (“OA”) in the amount of \$1,600,615.79 including interest,⁴ in Evergy Missouri West’s next DSIM Rider rate adjustment filing to adjust for these disallowed expenses. The recommended OA amount is explained in detail later in this Report.

| Costs | Explanation of Costs | Disallowed Cost | Interest | Recommended Disallowance |
|--|----------------------|------------------------|------------------|--------------------------|
| Conferences and Meetings | Page 19 | \$ 647.50 | \$ 4.12 | \$ 651.62 |
| Memberships/Sponsorships/Dues | Page 21 | \$ 11,572.50 | \$ 75.29 | \$ 11,647.79 |
| Other Expenses | Page 23 | \$ 168.49 | \$ 2.34 | \$ 170.83 |
| Implementation Contractors Expenses | Page 24 | \$ 10,394.66 | \$ 148.89 | \$ 10,543.55 |
| Home Energy Report Savings/Eval and TD | Page 34 | \$ 1,577,602.00 | \$ - | \$ 1,577,602.00 |
| Total | | \$ 1,600,385.15 | \$ 230.64 | \$ 1,600,615.79 |

BACKGROUND

The Commission’s October 19, 2017, *Order Approving Stipulation and Agreement* in Case No. EO-2015-0240 approved a *Stipulation and Agreement Regarding Cycle 2 Transition Plan for Certain Long-Lead Projects and Special Provision for Income-Eligible Multi-Family Program Under the MEEIA Cycle 2 Program Plan* (“Transition Agreement”) that was filed October 2, 2017. The Transition Agreement was agreed to by the Company, Staff, the Office of the Public Counsel (“OPC”), the Missouri Department of Economic Development - Division of Energy, and Renew Missouri Advocates. The Transition Agreement allowed for the Company to establish a process for long-lead energy efficiency projects’ implementation and completion; Evaluation, Measurement, and Verification (“EM&V”); and demand-side programs investment mechanism treatment. It also allowed for a special provision for the incentives paid to participants in Kansas City Power and Light Company and KCP&L Greater Missouri Operations Company’s⁵ Income Eligible Multi-Family program.

On November 29, 2018, Evergy Missouri West filed, in Case No. EO-2019-0132, its application under the MEEIA statute⁶ and the Commission’s MEEIA rules⁷ for approval of

⁴ Interest calculated on disallowances for Actual Program Costs, Sections A, C, D, and F through March 31, 2021, however interest was not calculated on the Home Energy Report Savings/Eval and TD adjustment, in the Throughput Disincentive Section VIII.B.

⁵ Evergy Missouri West is f/k/a KCP&L Greater Missouri Operations Company and Evergy Missouri Metro is f/k/a Kansas City Power and Light Company.

⁶ § 393.1075, RSMo.

⁷ 20 CSR 4240-20.092, 20 CSR 4240-20.093 and 20 CSR 4240-20.094.

1 Evergy Missouri West’s MEEIA application. On March 11, 2020, in Case No. EO-2019-0132,
2 the Commission authorized through its *Amended Report and Order*, Evergy Missouri West to
3 implement its three-year “Plan” including: 1) twelve (12) demand-side programs
4 (“MEEIA Programs”) described in Evergy Missouri West’s November 29, 2018, *MEEIA Cycle*
5 *3 2019-2022 Filing*, 2) a technical resource manual (“TRM”), 3) a demand-side programs
6 investment mechanism, 4) a Research & Pilot budget, and 5) a Pay As You Save® (“PAYS®”)
7 pilot program.⁸ In its *Amended Report and Order*, the Commission also approved rates for the
8 DSIM Rider and approved a DSIM Charge⁹ in Case No. EO-2019-0132 to be effective on
9 January 1, 2020.

10 The Commission’s February 27, 2019, *Order Approving Stipulation and Agreement* in
11 Case No. EO-2019-0132, approved a *Stipulation and Agreement Regarding Extension of*
12 *MEEIA 2 Programs During Pendency of MEEIA 3 Case* that was filed on February 15, 2019.
13 In this agreement, the Signatory Parties recommended that the Commission approve the MEEIA
14 Cycle 2 Extension Plan to allow MEEIA 2 to continue beyond the scheduled expiration date of
15 March 31, 2019, and the procedures for a path forward for further discussion and resolution of
16 the MEEIA Cycle 3 Program. It also allowed a new Long Lead Project period that will
17 end 12 months from the completion date of MEEIA Cycle 2’s extension.¹⁰

18 The Commission’s April 15, 2020, *Order Approving Evergy Missouri Metro and*
19 *Evergy Missouri West’s Modified Technical Resource Manuals* approved *Evergy Application for*
20 *Approval of Modification to its Technical Resource Manual* that was filed on March 2, 2020.
21 This modified TRM had proposed revisions based on: 1) incorporating additional EM&V results
22 of the Company’s MEEIA Cycle 2 program year 3; 2) updating calculations with incremental
23 cost input updates to formulas for certain lines that were referencing incorrect cells;
24 3) updating hard coded values to use the applicable formulas; 4) updating measure units;

⁸ In its *Order Clarifying the Time in Which to File the Proposed PAYS Pilot Program*, the Commission clarified that the Company could offer the one year pilot program at a time of its choosing, sometime during the Cycle 3 Plan, and that the proposed PAYS® pilot program be filed at least 60 days before the program would be put into effect.

⁹ From Evergy Missouri West’s Original Sheet No. 138.09: Charges arising from the MEEIA Cycle 3 Plan that are the subject of this DSIM Rider shall be reflected in one “DSIM Charge” on customers’ bills in combination with any charges arising from a rider that is applicable to post-MEEIA cycle 3 Plan demand-side management programs approved under the MEEIA. This will include any unrecovered amounts for Program Costs, TD from MEEIA Cycle 2 and any Earnings Opportunity, etc. earned/remaining from MEEIA Cycle 2 that is expected to begin recovery in early 2020.

¹⁰ This means the Long Lead Project period will be extended through December 31, 2020.

1 and 5) updating page numbers and sources to resolve inconsistencies. The Commission approved
2 these changes to be effective May 1, 2020.

3 The Commission's December 16, 2020, *Order Approving Modifications to*
4 *Evergy Missouri Metro and Evergy Missouri West's Technical Resource Manuals* approved
5 *Evergy Application for Approval of Modification to its Technical Resource Manual* that was filed
6 on November 25, 2020. This modified TRM had proposed approval of modifications to its
7 TRM to incorporate final EM&V results from Evergy's Program Year 4 of the MEEIA Cycle 2.
8 The Commission approved these changes to be effective January 1, 2021.

9 The Commission's February 24, 2021, *Order Approving an Update to Evergy Missouri*
10 *Metro and Evergy Missouri West's Evaluation, Measurement, and Verification Plans* approved
11 *Application to updated MEEIA Cycle 3 Evaluation, Measurement, and Verification Plans* that
12 was filed on February 2, 2021. In this filing, Evergy sought to modify the plans to reflect updated
13 EM&V methodologies and responsibilities, report formats, and reporting timeliness. The
14 Commission approved these changes to be effective March 26, 2021.

15 Commission Rule 20 CSR 4240-20.093(11) requires that the Staff conduct prudence
16 reviews of an electric utility's costs for its DSIM no less frequently than every
17 twenty-four (24) months. This report documents Staff's second review of the prudence of
18 Evergy Missouri West's Cycle 3 Program Costs, Cycle 2 long-lead projects, annual energy and
19 demand savings, TD, interest for the Review Period, and the over/under collection from the
20 Commission approved Cycle 2 Earnings Opportunity ("EO").

21 Commission Rule 20 CSR 4240-20.093(10) requires that Evergy Missouri West file
22 a quarterly Surveillance Monitoring Report ("QSMR"). Attached as Addendum A to this report
23 is Page 6 of Evergy Missouri West's QSMR including status of the MEEIA Programs and
24 DSIM costs for the quarter ended, and cumulative total ended, March 31, 2021. Addendum B to
25 this Report is Page 7 of Evergy Missouri West's Cycle 3 QSMR including status of the
26 MEEIA Programs and DSIM cost and savings for the quarter ended, and cumulative total ended
27 March 31, 2021.

1 Table 2 (A) below identifies the line items and amounts from Addendum A which are the
 2 subject of Staff’s prudence review. Table 2 (B) below,¹¹ identifies the line items and
 3 Review Period amounts from Addendum B which are the subject of Staff’s prudence review.

| Table 2 (A) | | |
|--|----------------------|-----------------------|
| Cycle 2 Totals for January 1, 2020 through March 31, 2021 | | |
| Category | Descriptor | Period Total |
| Total Program Costs (\$) | Billed | \$ 4,468,572 |
| Total Program Costs (\$) | Actual | \$ 3,286,556 |
| Total Program Costs (\$) | Variance | \$ (1,182,025) |
| Total Program Costs (\$) | Interest | \$ (6,152) |
| | | |
| Gross Energy Savings (kWh) | Target | 0 |
| Gross Energy Savings (kWh) | Deemed Actual | 0 |
| Gross Energy Savings (kWh) | Variance | 0 |
| | | |
| Gross Deemed Savings (kW) | Target | 0 |
| Gross Deemed Savings (kW) | Deemed Actual | 0 |
| Gross Deemed Savings (kW) | Variance | 0 |
| | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 6,191,621 |
| Throughput Disincentive Costs (\$) | Actual | \$ 5,650,222 |
| Throughput Disincentive Costs (\$) | Variance | \$ (541,397) |
| Throughput Disincentive Costs (\$) | Interest | \$ 19,655 |

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continued on next page

¹¹ The total throughput disincentive as reported in the Quarterly Surveillance Reports amounted to \$2,915,750, a difference of \$529. The second quarter 2020 amount was incorrectly reported and was corrected in the cumulative total in the third quarter 2020 throughput disincentive.

1

| Table 2 (B) | | |
|--|----------------------|----------------------|
| Cycle 3 Totals for January 1, 2020 through March 31, 2021 | | |
| Category | Descriptor | Period Total |
| Total Program Costs (\$) | Billed | \$ 16,412,823 |
| Total Program Costs (\$) | Actual | \$ 16,136,053 |
| Total Program Costs (\$) | Variance | \$ (276,771) |
| Total Program Costs (\$) | Interest | \$ 20,486 |
| | | |
| Gross Energy Savings (kWh) | Target | 75,631,374 |
| Gross Energy Savings (kWh) | Deemed Actual | 79,525,145 |
| Gross Energy Savings (kWh) | Variance | 3,893,771 |
| | | |
| Gross Deemed Savings (kW) | Target | 73,413 |
| Gross Deemed Savings (kW) | Deemed Actual | 70,859 |
| Gross Deemed Savings (kW) | Variance | (2,554) |
| | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 3,395,495 |
| Throughput Disincentive Costs (\$) | Actual | \$ 2,916,279 |
| Throughput Disincentive Costs (\$) | Variance | \$ (479,216) |
| Throughput Disincentive Costs (\$) | Interest | \$ (129) |

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In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances and information known at the time the decision was made, *i.e.*, without the benefit of hindsight. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff recommend a disallowance. However, if an imprudent decision did not result in harm to Evergy Missouri Metro’s customers, then Staff may further evaluate the decision-making process, and may recommend changes to the company’s business practice going forward. A more detailed discussion of the legal foundation for Staff’s definition of imprudence is presented in Section IV.

Staff Expert: Brooke Mastrogiannis

II. MEEIA Programs

Evergy Missouri West used various request-for-proposal (“RFP”) processes to contract: 1) implementers for its individual MEEIA Programs, 2) EM&V contractors for its residential and business MEEIA Programs, and 3) its comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3 summarizes for each of the twelve (12) MEEIA Programs, Research & Pilot, and PAYS®: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

| Table 3 | | | | |
|--|-------------------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Cycle 3 January 2020 - March 2021 Evergy Missouri West Energy Efficiency Plan | | | | |
| MEEIA Programs | Energy Savings Targets (kWh) | Demand Savings Targets (kW) | Program Implementers | Program EM&V Contractors |
| Income-Eligible Multi-Family | 1,684,429 | 299 | ICF | ADM |
| Residential Demand Response | 1,571,212 | 11,873 | CLEAResult | ADM |
| Business Demand Response | - | 49,488 | CLEAResult | ADM |
| Business Smart Thermostat | 42,552 | 311 | CLEAResult | ADM |
| Online Home Energy Audit | - | - | Oracle/Opower | ADM |
| Online Business Energy Audit | - | - | Oracle/Opower | Guidehouse |
| Business Custom | 3,582,681 | 568 | TRC | Guidehouse |
| Business Process Efficiency | 3,618,889 | 31 | TRC | Guidehouse |
| Business Standard | 17,759,656 | 2,824 | TRC | Guidehouse |
| Home Energy Report | 20,355,375 | 2,550 | Oracle/Opower | ADM |
| Energy Saving Products | 15,642,876 | 1,144 | ICF | ADM |
| Heating, Cooling & Home Comfort | 9,178,452 | 3,981 | ICF | ADM |
| Research & Pilot - Business | 1,097,626 | 172 | ICF | ADM |
| Research & Pilot - Residential | 1,097,626 | 172 | ICF | ADM |
| Pay As You Save (PAYS) | - | - | Eetility | ADM |
| Evergy West Total | 75,631,374 | 73,413 | | |

Staff Expert: Brooke Mastrogiannis

III. Prudence Review Process

On June 4, 2021, Staff initiated its first prudence review of Cycle 3 costs of Evergy Missouri West’s DSIM in compliance with 20 CSR 4240-20.093(11) as authorized under Sections 393.1075.3 and 393.1075.11, RSMo. This prudence review was performed by members of the Industry Analysis Division. Staff obtained and analyzed a variety of documents, records, reports, data request responses, work papers, and emails, and had numerous phone discussions with Evergy Missouri West personnel to complete its prudence review of costs for the DSIM Rider for the Review Period of January 1, 2020 through March 31, 2021. In compliance

1 with 20 CSR 4240-20.093(11), this prudence review was completed within one-hundred-fifty
2 (150) days of its initiation.

3 If the Commission were to order any disallowance of costs as a result of prudence reviews
4 and/or corrections, such a disallowance amount shall be an OA in a future Evergy Missouri West
5 DSIM Rider rate adjustment filing.¹²

6 *Staff Expert: Brooke Mastrogiannis*

7 **IV. Prudence Review Standard**

8 In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,
9 the Western District Court of Appeals stated the Commission defined its prudence standard
10 as follows:

11 [A] utility's costs are presumed to be prudently incurred....
12 However, the presumption does not survive "a showing of
13 inefficiency or improvidence... [W]here some other participant in
14 the proceeding creates a serious doubt as to the prudence of
15 expenditure, then the applicant has the burden of dispelling these
16 doubts and proving the questioned expenditure to have been
17 prudent.

18 In the same case, the PSC noted that this test of prudence should
19 not be based upon hindsight, but upon a reasonableness standard:
20 [T]he company's conduct should be judged by asking whether the
21 conduct was reasonable at the time, under all the circumstances,
22 considering that the company had to solve its problem
23 prospectively rather than in reliance on hindsight. In effect, our
24 responsibility is to determine how reasonable people would have
25 performed the tasks that confronted the company.

26 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

27 In reversing the Commission in that case, the Court did not criticize the Commission's definition
28 of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers
29 based on imprudence, the Commission must determine the detrimental impact of that imprudence
30 on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this

¹² Evergy Missouri West DSIM Rider Original Sheet No. 138.12: OA= Ordered Adjustment is the amount of any adjustment to the DSIM ordered by the Commission as a result of prudence reviews and/or corrections under this DSIM Rider. Such amounts shall include monthly interest at the Company's monthly Short-Term Borrowing Rate.

1 review. Staff reviewed for prudence the areas identified and discussed below for Evergy Missouri
2 West's DSIM Rider.

3 *Staff Expert: Brooke Mastrogiannis*

4 **V. Billed Revenue**

5 **1. Description**

6 For the Review Period, Evergy Missouri West billed customers through a separate line
7 item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs'
8 costs and estimated Company TD. The DSIM Charge is based on the customer's monthly
9 consumption and the applicable energy efficiency investment rates approved by the
10 Commission initially in Case No. EO-2015-0241 and EO-2019-0132 and subsequently in
11 Case Nos. ER-2020-0389, ER-2021-0153, and ER-2021-0411.

12 Evergy Missouri West provided a random sample of actual customer bills¹³ that Staff
13 reviewed and determined Evergy Missouri West was charging the appropriate rates to its
14 customers for the recovery of program and TD costs.

15 During the Review Period of January 1, 2020 through March 31, 2021, Evergy Missouri
16 West billed customers \$4,468,572 to recover its estimated energy efficiency programs' costs for
17 MEEIA Cycle 2. For the same period, Evergy Missouri West actually spent \$3,286,556 on its
18 energy efficiency programs. Thus, Evergy Missouri West over-collected \$1,182,025 from its
19 customers during the Review Period for MEEIA Cycle 2 program costs. During this same Review
20 Period, Evergy Missouri West billed customers \$16,412,823 to recover its estimated energy
21 efficiency programs' costs for MEEIA Cycle 3. For the same period, Evergy Missouri West
22 actually spent \$16,136,053 on its energy efficiency programs. Thus, Evergy Missouri West
23 over-collected \$276,771 from its customers during the Review Period for MEEIA Cycle 3
24 Program Costs.

25 During the Review Period of January 1, 2020 through March 31, 2021, for MEEIA
26 Cycle 2, Evergy Missouri West billed customers \$6,191,621 for estimated Company TD. For the
27 same period, Evergy Missouri West actually spent \$5,650,222 on actual Company TD. Thus,
28 Evergy Missouri West over-collected \$541,397 from its customers during the Review Period for

¹³ Evergy Missouri West's Response to Staff's Data Request No. 0010.

1 MEEIA Cycle 2 TD. During this same Review Period, Evergy Missouri West billed customers
2 \$3,395,495 for estimated Company TD for MEEIA Cycle 3. For the same period,
3 Evergy Missouri West actually spent \$2,916,279 on actual Company TD. Thus, Evergy Missouri
4 West over-collected \$479,216 from its customers during the Review Period for MEEIA
5 Cycle 3 TD.

6 The monthly amounts that are either over- or under-collected from customers are tracked
7 in a regulatory asset account, along with monthly interest, until Evergy Missouri West files for
8 rate adjustments under its DSIM Rider and new energy efficiency investment rates are approved
9 by the Commission. The interest associated with these over- or under-collected amounts is
10 provided in Section X of this Report.

11 **2. Summary of Cost Implications**

12 If Evergy Missouri West was imprudent in its decisions relating to the determination of
13 the DSIM Charge for customers' bills, ratepayer harm could result in an increase in
14 billed revenue.

15 **3. Conclusion**

16 Staff found no indication that Evergy Missouri West has acted imprudently regarding
17 the determination of the DSIM Charge for customers' bills except as discussed below in
18 Section VII Actual Program Costs.

19 **4. Documents Reviewed**

- 20 a. Evergy Missouri West's MEEIA Cycle 2 and Cycle 3 Plan;
- 21 b. Approved MEEIA Energy Efficiency and Demand Side Management
22 Programs Tariff Sheets;
- 23 c. Evergy Missouri West's work papers included in Case Nos.
24 ER-2020-0389, ER-2021-0153, and ER-2021-0411
- 25 d. Evergy Missouri West's Quarterly Surveillance Monitoring Reports,
26 Page 6 and 7; and
- 27 e. Staff Data Requests: 0003, 0005, 0010, 0020, and 0023.

28 *Staff Expert: Brooke Mastrogiannis*

1 **VI. Nexant Tracking Software**

2 **1. Description**

3 In January 2016, Evergy Missouri West contracted an integrated software tracking system
4 called Nexant to allow Evergy Missouri West to store, manage and process data for its
5 DSM portfolio over the life-cycle of each measure in Evergy Missouri West’s Cycle 2
6 and Cycle 3 Plan. Nexant specifically allowed Evergy Missouri West to develop operating rules
7 for its approved energy efficiency programs, process customers’ applications, support processing
8 and payment of incentives (rebates)¹⁴ and provide regulatory compliance and management
9 reporting. Before Evergy Missouri West contracted with Nexant in Cycle 2 it considered
10 four vendors, and Nexant was selected based on the best overall score for the criteria of meeting
11 core requirements, company experience and performance, growth opportunity, pricing, diversity
12 participation, and Evergy Missouri West Information Technology involvement needed.
13 Evergy Missouri West extended their contract with Nexant for Cycle 3 MEEIA programs and
14 the contract added support and implementation work called the “Nexant Care Package”.

15 The primary implementers that are able to use this tracking system are CLEAResult,
16 TRC and ICF. CLEAResult uses it for all of the Demand Response and the Thermostat Programs,
17 ICF uses it for all Residential Programs, and TRC uses it for all Business Programs. For the low
18 volume programs the incentive amounts and energy and demand savings amounts are manually
19 put into the Nexant system.

20 Staff reviewed the controls Evergy Missouri West has developed to assure demand-side
21 program incentive payments are accounted for properly. Staff also reviewed the incentive
22 amounts paid to customers to verify they complied with incentive levels for individual measures
23 approved for each energy efficiency program. Data management and recordkeeping is critical
24 for the proper administration of the DSIM Rider.

25 Evergy Missouri West granted Staff remote on-line access to the Nexant system for
26 Staff’s use in conducting Staff’s MEEIA prudence review. Staff reviewed a sample of customer
27 data, incentive levels, and annual energy and demand savings for all of Evergy Missouri West’s
28 approved energy efficiency programs. During its review, Staff found that while some program

¹⁴ Evergy Missouri West 3rd Revised Sheet No. 138.10: “Incentive” means any consideration provided by the Company, including buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

1 reporting in Nexant did match to the incentives reported in Table 4 below, which is created from
2 the general ledger, other programs did not match to total incentives reported in Table 4. Staff had
3 to rely on Evergy Missouri West's general ledger to accurately review the total incentives
4 reported in program costs, instead of the data exported from the Nexant system. Subsequently,
5 Evergy Missouri West provided in Data Request No. 0017 a reconciliation of incentives paid to
6 residential and commercial customers for the Review Period. This reconciliation provided Staff
7 with additional details for the differences between the general ledger and Nexant.
8 Some reconciliation differences include: 1) a 1% vendor carrying cost for specific programs;
9 2) duplicate rebates paid; and 3) rebates coded to Evergy Missouri Metro instead of
10 Evergy Missouri West. Evergy Missouri West notes that the misclassifications will be reversed
11 and corrected.

12 Despite the discrepancies, Nexant did allow Staff to verify deemed annual energy and
13 demand savings detail at a total program level. Staff had to request annual energy and demand
14 savings detail for each program to verify savings reported in Nexant matched the savings in the
15 Company's work papers and QSMRs. Evergy Missouri West also provided in Data Request
16 Nos. 0017, 0020.1, and 0023 separate detailed files for the thermostat programs and
17 Demand Response Incentive Program, which are not tracked in Nexant.

18 While the Company was able to verify and reconcile incentive levels and annual energy
19 and demand savings for the programs, Staff recommends Evergy Missouri West continue to
20 timely track and reconcile the differences in incentives between the Nexant tracking system and
21 the general ledger and to make timely corrections as needed, so that this reconciliation
22 information is readily available to Staff and completed before the next prudence review.

23 **2. Summary of Cost Implications**

24 If Evergy Missouri West was imprudent in its decisions relating to the administration and
25 implementation of the Nexant system, ratepayer harm could result in an increase in future
26 DSIM Charge amounts.

27 **3. Conclusion**

28 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
29 implementation and administration of the Nexant system; however, in order for Staff to complete
30 this review, Staff had to review a complete reconciliation provided by the Company instead of
31 just reviewing the details provided by the Nexant system.

1 **4. Documents Reviewed**

- 2 a. Evergy Missouri West’s Cycle 2 and Cycle 3 Plan;
3 b. Approved MEEIA Energy Efficiency and Demand Side Management
4 Programs Tariff Sheets;
5 c. Staff Data Requests: 0003, 0008, 0017, 0020.1, 0021, 0023, and 0024; and
6 d. Evergy Missouri West MEEIA Vendor and Implementer Contracts.

7 *Staff Experts: Brooke Mastrogiannis*

8 **VII. Actual Program Costs**

9 Evergy Missouri West’s programs’ costs include: 1) incentive payments; 2) program
10 administration costs for residential and business programs; and 3) strategic initiative program
11 costs for general, accounting, regulatory, administrative, implementation and marketing costs.

12 Staff reviewed all actual program costs Evergy Missouri West sought to recover through
13 its DSIM Charge to ensure only reasonable and prudently incurred costs are being recovered
14 through the DSIM Rider. Staff reviewed and analyzed, for prudence, Evergy Missouri West’s
15 adherence to contractual obligations, adequacy of controls and compliance with approved tariff
16 sheets. Evergy Missouri West provided Staff accounting records for all programs’ costs it
17 incurred during the Review Period. Staff categorized these costs by program and segregated them
18 between incentives payments and program administrative costs.

19 During this Review Period, there were Cycle 2 and Cycle 3 program costs. The results of
20 Staff’s categorization of programs’ costs are provided in Table 4 as a total for the Review Period
21 and then broken out by Cycle 2 (Table 4A) and Cycle 3 (Table 4B) shown below:

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30 *continued on next page*

| Table 4 Total Cycle 2 & Cycle 3 Actual Rebate and Program Cost Totals Program Costs January 1, 2020 through March 31, 2021 | | | |
|---|----------------------|---------------------|-------------------------------|
| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATION |
| RESIDENTIAL: | | | |
| Research & Pilot-Residential | \$ 83,206 | \$ 200 | \$ 83,006 |
| Income Eligible Mult-Family | \$ 1,048,319 | \$ 164,620 | \$ 883,699 |
| Residential Programmable Thermostat | \$ 149,283 | \$ - | \$ 149,283 |
| Residential Demand Response | \$ 2,094,832 | \$ 423,700 | \$ 1,671,132 |
| Online Home Energy Audit | \$ 207,588 | \$ - | \$ 207,588 |
| Pay As You Save (PAYS) | \$ 14,474 | \$ - | \$ 14,474 |
| Home Energy Report | \$ 873,513 | \$ - | \$ 873,513 |
| Home Lighting Rebate | \$ 547,735 | \$ 458,613 | \$ 89,122 |
| Energy Saving Products | \$ 2,299,675 | \$ 1,047,964 | \$ 1,251,711 |
| Whole House Efficiency | \$ 137,106 | \$ 118,425 | \$ 18,681 |
| Heating, Cooling & Home Comfort | \$ 2,050,458 | \$ 1,128,564 | \$ 921,894 |
| Subtotal Residential Programs | \$ 9,506,189 | \$ 3,342,085 | \$ 6,164,104 |
| BUSINESS: | | | |
| Research & Pilot | \$ 91,137 | \$ - | \$ 91,137 |
| Business Demand Response | \$ 3,335,745 | \$ 1,160,279 | \$ 2,175,466 |
| Business Smart Thermostat | \$ 59,003 | \$ 5,050 | \$ 53,953 |
| Online Business Energy Audit | \$ 5,712 | \$ - | \$ 5,712 |
| Business Energy Efficiency Rebate | \$ 2,142,939 | \$ 1,772,098 | \$ 370,841 |
| Block Bidding | \$ 72,726 | \$ 49,389 | \$ 23,336 |
| Business Custom | \$ 1,008,329 | \$ 448,980 | \$ 559,349 |
| Business Process Efficiency | \$ 149,742 | \$ - | \$ 149,742 |
| Business Standard | \$ 3,051,092 | \$ 1,778,042 | \$ 1,273,050 |
| Subtotal Business Programs | \$ 9,916,423 | \$ 5,213,839 | \$ 4,702,584 |
| Grand Total--All Programs | \$ 19,422,612 | \$ 8,555,924 | \$ 10,866,688 |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 8,555,924 | | |
| Implementation Contractors | \$ 7,602,784 | | |
| Evaluation | \$ 627,671 | | |
| Marketing | \$ 733,511 | | |
| Administrative | \$ 1,902,721 | | |
| Total Program Costs (Subaccounts) | \$ 19,422,612 | | |

| Table 4A Cycle 2 Actual Rebate and Program Cost Totals Program Costs January 1, 2020 through March 31, 2021 | | | |
|--|---------------------|---------------------|-------------------------------|
| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATION |
| RESIDENTIAL: | | | |
| Income-Eligible Weatherization | \$ - | \$ - | \$ - |
| Income-Eligible Multi-Family | \$ 140,005 | \$ 94,818 | \$ 45,187 |
| Residential Programmable Thermostat | \$ 149,283 | \$ - | \$ 149,283 |
| On-line Home Energy Audit | \$ 11,837 | \$ - | \$ 11,837 |
| Home Energy Reports | \$ 16,579 | \$ - | \$ 16,579 |
| Home Lighting Rebate | \$ 547,735 | \$ 458,613 | \$ 89,122 |
| Whole House Efficiency | \$ 137,106 | \$ 118,425 | \$ 18,681 |
| Subtotal Residential Programs | \$ 1,002,546 | \$ 671,856 | \$ 330,690 |
| Demand Response Incentive | \$ 29,423 | \$ - | \$ 29,423 |
| Commercial Programmable Thermostat | \$ 464 | \$ - | \$ 464 |
| On-line Business Energy Audit | \$ 406 | \$ - | \$ 406 |
| Strategic Energy Management | \$ - | \$ - | \$ - |
| Block Bidding | \$ 72,726 | \$ 49,389 | \$ 23,336 |
| Small Business Direct Install | \$ - | \$ - | \$ - |
| Business Energy Efficiency Rebate-C | \$ 733,628 | \$ 570,640 | \$ 162,988 |
| Business Energy Efficiency Rebate-S | \$ 1,409,312 | \$ 1,201,458 | \$ 207,854 |
| Subtotal Business Programs | \$ 2,245,957 | \$ 1,821,488 | \$ 424,469 |
| Research and Pilot | \$ 38,055 | \$ - | \$ 38,055 |
| Grand Total--All Programs | \$ 3,286,557 | \$ 2,493,343 | \$ 793,214 |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 2,493,343 | | |
| Implementation Contractors | \$ 411,272 | | |
| Evaluation | \$ 299,225 | | |
| Marketing | \$ 90,551 | | |
| Administrative | \$ (7,834) | | |
| Total Program Costs (Subaccounts) | \$ 3,286,557 | | |

| Table 4B Cycle 3 Actual Rebate and Program Cost Totals Program Costs January 1, 2020 through March 31, 2021 | | | |
|--|----------------------|---------------------|-------------------------------|
| | TOTAL COSTS | REBATES | PROGRAM ADMINISTRATION |
| RESIDENTIAL: | | | |
| Research & Pilot-Residential | \$ 83,206 | \$ 200 | \$ 83,006 |
| Income Eligible Mult-Family | \$ 908,314 | \$ 69,802 | \$ 838,512 |
| Residential Demand Response | \$ 2,094,832 | \$ 423,700 | \$ 1,671,132 |
| Online Home Energy Audit | \$ 195,751 | \$ - | \$ 195,751 |
| Pay As You Save (PAYS) | \$ 14,474 | \$ - | \$ 14,474 |
| Home Energy Report | \$ 856,934 | \$ - | \$ 856,934 |
| Energy Saving Products | \$ 2,299,675 | \$ 1,047,964 | \$ 1,251,711 |
| Heating, Cooling & Home Comfort | \$ 2,050,458 | \$ 1,128,564 | \$ 921,894 |
| Subtotal Residential Programs | \$ 8,503,643 | \$ 2,670,229 | \$ 5,833,414 |
| BUSINESS: | | | |
| Research & Pilot-Business | \$ 53,082 | \$ - | \$ 53,082 |
| Business Demand Response | \$ 3,306,322 | \$ 1,160,279 | \$ 2,146,043 |
| Business Smart Thermostat | \$ 58,539 | \$ 5,050 | \$ 53,489 |
| Online Business Energy Audit | \$ 5,306 | \$ - | \$ 5,306 |
| Business Custom | \$ 1,008,329 | \$ 448,980 | \$ 559,349 |
| Business Process Efficiency | \$ 149,742 | \$ - | \$ 149,742 |
| Business Standard | \$ 3,051,092 | \$ 1,778,042 | \$ 1,273,050 |
| Subtotal Business Programs | \$ 7,632,411 | \$ 3,392,351 | \$ 4,240,060 |
| Grand Total--All Programs | \$ 16,136,054 | \$ 6,062,580 | \$ 10,073,474 |
| COSTS BY SUBACCOUNTS: | | | |
| Customer Rebates | \$ 6,062,580 | | |
| Implementation Contractors | \$ 7,191,512 | | |
| Evaluation | \$ 328,446 | | |
| Marketing | \$ 642,961 | | |
| Administrative | \$ 1,910,555 | | |
| Total Program Costs (Subaccounts) | \$ 16,136,054 | | |

1 The total program costs for Cycle 2 long lead projects was \$0. While a small number of
2 projects were identified as potential long lead projects during the course of Cycle 2, these projects
3 were not deemed as “long lead” for one of the following reasons: 1) the project was eventually
4 completed during the “extension period” from April 2019 through December 2019 and thus still
5 within the MEEIA Cycle 2 timeframe, 2) the project was completed after 2020 but was deemed
6 as a Cycle 3 project and claimed under the currently Cycle 3, or 3) the project was discontinued.
7 A number of long lead projects eventually completed during the additional extension period in
8 2019. Once Cycle 3 was approved, with a similar customer and incentive program design, it was
9 determined that the remaining projects would be claimed under Cycle 3 but under the incentive
10 amounts preapproved during the previous cycle.¹⁵

11 Energery Missouri West incurs administrative costs that are directly related to the
12 implementation of its approved energy efficiency programs. Staff uses the term “administrative”
13 to mean all costs other than incentives.¹⁶ Staff reviewed each administrative category of cost to
14 determine the reasonableness of each individual item of cost and if the costs being sought for
15 recovery were directly related to energy efficiency programs and recoverable from customers
16 through the DSIM Charge.

17 Energery Missouri West provides incentive payments to its customers as part of its
18 approved energy efficiency programs. Incentive payments are an important instrument for
19 encouraging investment in energy efficient technologies and products by lowering higher upfront
20 costs for energy efficiency measures compared to the cost of standard measures. Incentive
21 payments can also complement other efficiency policies such as appliance standards and energy
22 codes to help overcome market barriers for cost-effective technologies.

23 Energery Missouri West has also developed internal controls that allow for review and
24 approval at various stages for the accounting of costs for its energy efficiency programs.
25 Energery Missouri West has developed internal procedures that provide program managers and
26 other reviewers a detailed and approved method for reviewing invoices. Energery Missouri West
27 also provided Staff with its policies related to reimbursement of employee-incurred business
28 expenses and approval authority for business transactions.

¹⁵ Data Request Response 0033.

¹⁶ Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as a part of a program.

1 In the *Rebuttal Testimony of Geoff Marke*, witness for OPC, filed on September 11, 2020,
2 in Case No. EO-2020-0227, Dr. Marke took issue with the incentive cost to program
3 administrative cost ratio for Evergy Missouri West. For the review period in that case, April 1,
4 2018, through December 31, 2019, 41% of total costs were for incentives and 59% of total costs
5 were for program administrative costs. In the *Surrebuttal Testimony of Cynthia M. Tandy*,
6 witness for Staff, filed on October 14, 2020, Ms. Tandy stated that “Staff acknowledges this is a
7 valid concern and will continue to closely monitor this issue going forward... Staff is of the
8 opinion that this is a policy issue that deserves a more robust discussion, prospectively, outside
9 of a prudence review, to more appropriately determine how to address it. Additionally, though,
10 Staff would support any requirement the Commission may order that better encourages Evergy
11 to decrease its non-incentive costs.”

12 For this current review period, the incentive cost to program administrative cost ratio for
13 Evergy Missouri West grew further apart. For Cycle 3 costs alone in this review period, 38% of
14 total costs were for incentives and 62% of total costs were for program administrative costs. It
15 should be noted however, that by including Cycle 2 costs in this review period with Cycle 3 costs
16 in this review period, 44% of total costs were for incentives and 56% of total costs were for
17 program administrative costs. This is due to the fact that 76% of Cycle 2 costs in this review
18 period were for incentives and 24% were for program administrative costs.

19 Evergy Missouri West will likely be filing for an extension to Cycle 3 or for a Cycle 4 in
20 the very near future. With that said, Staff reiterates its opinion from the previous Evergy Missouri
21 West MEEIA prudence review that this is a policy issue that deserves a more robust discussion,
22 prospectively, outside of a prudence review, to more appropriately determine how to address it.
23 Evergy Missouri West’s filing for an extension to Cycle 3 or for a Cycle 4 would be an
24 appropriate platform to have these discussions. However, Evergy Missouri West should strive to
25 improve its incentive to program administrative cost ratio for the remainder of Cycle 3.

26 *Staff Experts: Cynthia M. Tandy and Brad Fortson*

27 **A. Administrative Costs - Conferences and Meetings**

28 **1. Description**

29 During this MEEIA prudence review, Staff evaluated all administrative expenses incurred
30 and identified Cycle 3 expenses that were not specifically MEEIA related under this category.
31 Staff requested the Company provide invoices related to conferences and meetings along with

1 the agendas or related information. Staff reviewed each conference agenda and the paid invoices,
2 and determined one of the conferences was general and not primarily related to MEEIA. Staff
3 recommends this conference/meeting expense should be disallowed and determined not
4 recoverable through the Evergy Missouri West DSIM Rider. Additional details about the expense
5 are identified in Table 5 below.

| Table 5 | | | |
|-----------------|------------|----------------------------|-----------------|
| Costs | Month(s) | Reason for Disallowance | Disallowed Cost |
| EUCI Conference | October 20 | General-Not MEEIA Specific | \$ 647.50 |
| Total | | | \$ 647.50 |

6
7 There were also two “sponsorships” under conferences and meetings category that were
8 coded under Memberships, Sponsorships and Association Fees; and those will be discussed in
9 Section VII.C below.

10 2. Summary of Cost Implications

11 If Evergy Missouri West was imprudent in its decisions relating to the accountability of
12 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
13 result in an increase in future DSIM Charge amounts.

14 3. Conclusion

15 Staff has identified expenses for conferences and meetings that were either not primarily
16 MEEIA related and therefore should not be recoverable through the DSIM Rider. Staff is
17 proposing a disallowance of \$647.50 plus interest of \$4.12, for a total disallowance of \$651.62.

18 4. Documents Reviewed

- 19 a. Staff Data Requests: 0003, 0012, 0012.1, 0014, 0032 and 0033.

20 *Staff Expert: Cynthia M. Tandy*

21 B. Administrative Costs – Fleet Loads Expenses

22 1. Description

23 During this MEEIA prudence review, Staff identified expenses labeled as Fleet Loads
24 that were included for recovery through the DSIM Rider for MEEIA Cycle 3. Subsequently, Staff
25 sent Data Request 0003.1 to the Company and their response stated, “Upon further review of the

1 support for this allocation the Company has concluded that these Fleet Allocation costs in
2 Resource Code 9200 associated with department 510 labor do not relate to or support
3 MEEIA programs and should be removed.” After discussions between the Company and Staff,
4 the Company agreed to reverse those entries for the review period. Those entries were made in
5 September 2021 and Staff received copies of the entries to verify those were completed.

6 **2. Summary of Cost Implications**

7 If Evergy Missouri West was imprudent in its decisions relating to the accountability of
8 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
9 result in an increase in future DSIM Charge amounts.

10 **3. Conclusion**

11 Since Evergy Missouri West provided support for the reversal entries and Staff was able
12 to verify they were completed, Staff found no indications of imprudence.

13 **4. Documents Reviewed**

- 14 a. Staff Data Requests: 0003 and 0003.1.

15 *Staff Expert: Cynthia M. Tandy*

16 **C. Administrative Costs – Memberships, Sponsorships and Association Fees**

17 **1. Description**

18 During this MEEIA prudence review, Staff identified expenses for memberships and
19 sponsorships that were included for recovery through the DSIM Rider for MEEIA Cycle 3. Staff
20 requested¹⁷ copies of receipts for all membership dues and/or trade associations. In the general
21 ledger there were some program costs coded as “Conferences and Meetings” and
22 “Office Expenses Other,” that Staff found to be sponsorship and membership expenses instead.
23 Consequently, Staff put these sponsorship and membership expenses under the Memberships,
24 Sponsorships and Association Fees section in this report since that seems to be a more accurate
25 category for those disallowed costs. After reviewing all invoices and general ledger entries,
26 Staff reviewed the membership and sponsorships to determine whether those expenses were
27 justified by their relationship to the MEEIA programs. Further, the Commission’s

¹⁷ Staff Data Request No. 0019.

1 *Order Approving Unanimous Partial Stipulation and Agreement* issued on February 17, 2021, in
 2 Case No. EO-2020-0227,¹⁸ established that “Evergy shall only seek recovery of costs associated
 3 with conferences and memberships through DSIM rates if those costs would not be incurred but
 4 for the Company’s offering of MEEIA programs.” The Company did not provide any
 5 justification that the costs for the memberships listed would not be incurred but for the
 6 Company’s offering of MEEIA programs. In addition, Staff was unclear why sponsorships were
 7 necessary in addition to the memberships. Therefore, Staff recommends these
 8 membership/sponsorship expenses should be disallowed and determined not recoverable through
 9 the Evergy Missouri West DSIM Rider. Additional details about the expenses are identified in
 10 Table 6 below:

| Table 6 | | | |
|---|---------------------|---|------------------------|
| Payee | Month(s) | Reason for Disallowance | Disallowed Cost |
| AEE Membership | Nov 2020 | No justification provided per Stipulation | \$ 97.50 |
| AEE Certification | Jan 20 | Certifications not specific to MEEIA | \$ 300.00 |
| MEEA Sponsorships* | Mar 20 & Mar 21 | Sponsorships not necessary in addition to memberships | \$ 5,500.00 |
| PLMA Membership Dues | Nov 2020 | General Expenses--Not specific to MEEIA | \$ 2,475.00 |
| St. Joseph Construction Assn.** | Feb 2021 & Mar 2021 | No justification provided per Stipulation | \$ 700.00 |
| US Green Council Sponsorship | Mar 2021 | Unclear why sponsorship is necessary in the MEEIA Program | \$ 2,500.00 |
| Total | | | \$ 11,572.50 |
| *\$5,500 was under "Conference and Meetings" Category | | | |
| **\$350 was under "Office Expense" Category | | | |

11
 12 **2. Summary of Cost Implications**

13 If Evergy Missouri West was imprudent in its decisions relating to the accountability of
 14 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
 15 result in an increase in future DSIM Charge amounts.

16 **3. Conclusion**

17 Staff is proposing a disallowance of \$11,572.50 plus interest of \$75.29 on the
 18 disallowance through March 31, 2021, for a total disallowance of \$11,647.79.

¹⁸ Evergy Missouri West’s previous MEEIA prudence review, Case No. EO-2020-0228 was consolidated to Case No. EO-2020-0227, Evergy Missouri Metro’s previous MEEIA prudence review.

1 **4. Documents Reviewed**

2 a. Staff Data Requests: 0003, 0019, 0024, 0032 and 0033.

3 *Staff Experts: Brad Fortson and Cynthia M. Tandy*

4 **D. Administrative Costs - Other Expenses**

5 **1. Description**

6 During this MEEIA prudence review, Staff evaluated all administrative expenses and
7 identified some Cycle 3 expenses that did not fall into the three categories discussed above; these
8 expenses are classified as “Other Expenses.” Staff recommends these “Other expenses”, should
9 be disallowed and determined not recoverable through the Evergy Missouri West DSIM Rider.
10 Additional details about the expenses are identified in Table 7 below.

| Table 7 | | | |
|-------------------------------|----------------|-----------------------------|------------------|
| Costs | Month(s) | Reason for Disallowance | Disallowed Cost |
| Business Journal Subscription | Jun 20 | General Expense | \$ 65.00 |
| Business Meals | Jan & Apr 2020 | Cover Receipt but no detail | \$ 103.49 |
| Total | | | \$ 168.49 |

11
12 **2. Summary of Cost Implications**

13 If Evergy Missouri West was imprudent in its decisions relating to the accountability of
14 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could
15 result in an increase in future DSIM Charge amounts.

16 **3. Conclusion**

17 Staff has identified some general administrative expenses that were either recorded as
18 general expenses or unnecessary fees. Staff is proposing a disallowance of \$168.49 plus interest
19 of \$2.34 on the disallowance through March 31, 2021, for a total disallowance of \$170.83.

20 **4. Documents Reviewed**

21 a. Staff Data Requests: 0003, 0032 and 0033.

22 *Staff Experts: Cynthia M. Tandy*

1 **E. Rebates**

2 **1. Description**

3 Evergy Missouri West provides rebates and incentive payments based upon the type and
4 nature of measures installed by customers to promote the adoption of energy efficiency measures.
5 Staff reviewed the rebate and incentive amounts to ensure Evergy Missouri West was providing
6 the proper incentive level agreed to in its MEEIA plan. See the Nexant Tracking Software section
7 for a more detailed explanation regarding the reconciliation for rebates and incentives in the
8 general ledger versus the Nexant Tracking Software.

9 **2. Summary of Cost Implications**

10 If Evergy Missouri West was imprudent in providing the wrong level of rebates or
11 incentives to its customers, ratepayer harm could result in customers not receiving the full benefit
12 of the energy efficiency plan or paying increased costs from failing to achieve the target level of
13 savings.

14 **3. Conclusion**

15 Staff found no indication that Evergy Missouri West has acted imprudently regarding
16 paying out plan rebates or incentives.

17 **4. Documents Reviewed**

- 18 a. Evergy Missouri West's Cycle 2 and Cycle 3 Plan;
- 19 b. Approved MEEIA Energy Efficiency and Demand Side Management
20 Programs Tariff Sheets; and
- 21 c. Staff Data Requests: 0003, 0008, 0017, 0020.1, 0021, 0023, and 0024

22 *Staff Experts: Brooke Mastrogiannis*

23 **F. Implementation Contractors**

24 **1. Description**

25 Evergy Missouri West hired business partners for design, implementation and delivery of
26 its portfolio of residential and business energy efficiency programs to customers. Contracting
27 with competent, experienced and reliable program implementers is extremely important to the
28 success of Evergy Missouri West's energy efficiency programs and for affording
29 Evergy Missouri West's customers the greatest benefits.

1 Evergy Missouri West issued RFPs at the beginning of Cycle 2 and Cycle 3 for program
2 implementers to directly administer one or more of Evergy Missouri West’s energy efficiency
3 programs. Evergy Missouri West selected and contracted with the organizations identified in
4 Table 3 to implement individual MEEIA Programs. All of the implementers identified on
5 Table 3 are nationally recognized contractors that have solid histories of energy efficiency
6 programs’ design and implementation.

7 Staff reviewed Evergy Missouri West’s relationship with its implementers to gauge if
8 Evergy Missouri West acted prudently in the selection and oversight of its program
9 implementers. Staff examined the contracts between Evergy Missouri West and the implementers
10 in an effort to determine if the terms of the contract were followed during the implementation of
11 the residential and business programs. Staff also reviewed a large sample of over 600 invoices
12 paid to the implementers identified in Table 3, and traced these costs to the general ledger,
13 program costs in Data Request No. 0003.

14 Comparing actual cumulative deemed annual energy and demand savings relative to the
15 planned cumulative annual energy and demand savings for the same period is important to
16 understanding the overall performance of Evergy Missouri West’s energy efficiency programs
17 and its implementation contractors.

18 Table 8 below provides a comparison of achieved energy and demand savings and
19 planned deemed energy and demand savings for Evergy Missouri West’s residential and business
20 programs for the Review Period. If Evergy Missouri West was unable to achieve its planned
21 energy and demand savings levels, that could be an indication the programs were not being
22 prudently administered by the implementers and by Evergy Missouri West. Although some of
23 Evergy Missouri West’s individual programs did not meet energy and demand savings targets,
24 the programs in total achieved and exceeded the overall energy efficiency portfolio annual energy
25 savings targets; however they did not achieve and exceed the overall annual demand savings
26 targets. Staff will continue to monitor the achieved energy and demand savings throughout the
27 course of Cycle 3.

28
29
30
31 *continued on next page*

Table 8

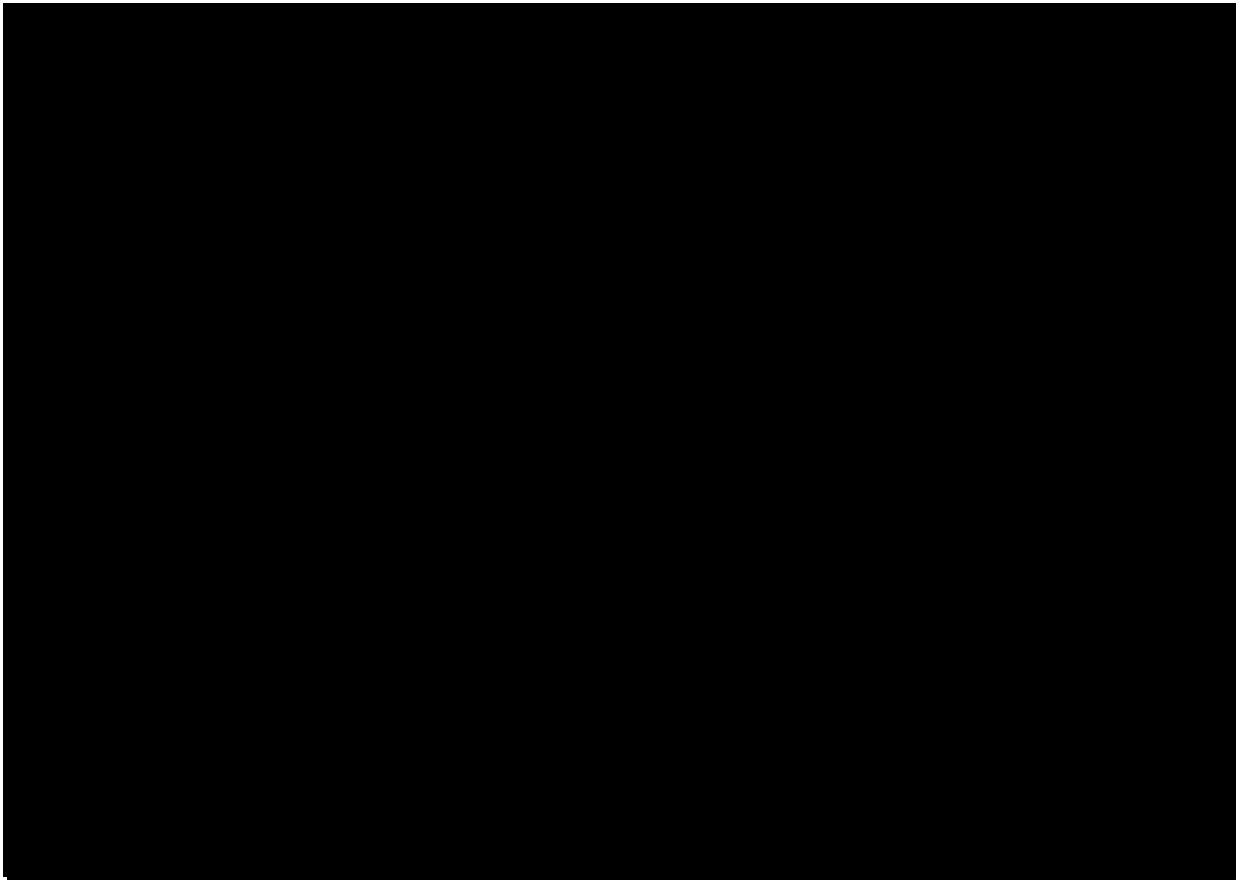
| Cycle 3 January 1, 2020 through March 31, 2021 | | | | | | |
|--|--|---|------------------|---|--|----------------|
| | Achieved Annual Energy Savings (kWh) | Planned Annual Energy Savings (kWh) | Variance | Achieved Annual Demand Savings (kW) | Planned Annual Demand Savings (kW) | Variance |
| MEEIA Programs | | | | | | |
| Income-Eligible Multi-Family | 942,117 | 1,684,429 | (742,312) | 126 | 299 | (173) |
| Residential Demand Response | 656,207 | 1,571,212 | (915,005) | 5,478 | 11,873 | (6,395) |
| Business Demand Response | - | - | - | 49,818 | 49,488 | 330 |
| Business Smart Thermostat | 12,017 | 42,552 | (30,535) | 109 | 311 | (202) |
| Online Home Energy Audit | - | - | - | - | - | - |
| Online Business Energy Audit | - | - | - | - | - | - |
| Business Custom | 6,018,105 | 3,582,681 | 2,435,424 | 1,109 | 568 | 541 |
| Business Process Efficiency | - | 3,618,889 | (3,618,889) | - | 31 | (31) |
| Business Standard | 15,380,125 | 17,759,656 | (2,379,531) | 2,710 | 2,824 | (114) |
| Home Energy Report | 20,548,339 | 20,355,375 | 192,964 | 4,037 | 2,550 | 1,487 |
| Energy Saving Products | 29,270,295 | 15,642,876 | 13,627,419 | 3,698 | 1,144 | 2,554 |
| Heating, Cooling & Home Comfort | 6,697,757 | 9,178,452 | (2,480,695) | 3,774 | 3,981 | (207) |
| Research & Pilot - Business | - | 1,097,626 | (1,097,626) | - | 172 | (172) |
| Research & Pilot - Residential | 183 | 1,097,626 | (1,097,443) | - | 172 | (172) |
| Pay As You Save (PAYS) | - | - | - | - | - | - |
| Evergy West Total | 79,525,145 | 75,631,374 | 3,893,771 | 70,859 | 73,413 | (2,554) |

During this MEEIA prudence review, Staff evaluated all expenses incurred under the Implementation Contractor’s invoices and whether they were specific to MEEIA. There were a couple Implementation Contractors’ invoices where Evergy purchased shirts that had just the Evergy logo. Staff is of the opinion that these shirts are not specific to MEEIA. There were several instances where Evergy Missouri West and ICF held award ceremonies for their trade allies. Staff is of the opinion that the awards and venue held provide no benefit to Evergy Missouri West’s customers. Staff recommends these “Implementation Contractors Expenses,” should be disallowed and determined not recoverable through the Evergy Missouri West DSIM Rider. Additional details about the expenses are identified in Confidential Table 9 below:

continued on next page

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2. Summary of Cost Implications

If Evergy Missouri West was imprudent in its decisions related to the selection and supervision of its program implementers and the expenses that are incurred by the program implementers, ratepayer harm could result in an increase in the future DSIM Charge amounts.

3. Conclusion

Staff has identified some implementer contractor's expenses that were disallowed for the reasons stated. Staff is proposing a disallowance of \$10,394.66 plus interest of \$148.89 on the disallowance through March 31, 2021, for a total disallowance of \$10,543.55.

4. Documents Reviewed

- a. Evergy Missouri West's Cycle 2 and Cycle 3 Plans;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and

1 c. Staff Data Requests: 0003, 0007, 0020, 0020.1, 0020.2, 0023, 0023.2,
2 0024, 0024.1, 0024.2, 0024.3, 0024.4, 0024.5, 0024.6 and 0024.7.

3 *Staff Expert: Cynthia M. Tandy and Lisa Wildhaber*

4 **G. EM&V Contractors**

5 **1. Description**

6 Evergy Missouri West is required to hire independent contractor(s) to perform and report
7 EM&V of each Commission-approved demand-side program. Commission rules allow
8 Evergy Missouri West to spend approximately 5% of its total program costs budget for EM&V.¹⁹
9 As part of its *Report and Order*, filed on March 2, 2016, in Case No. EO-2015-0241, the
10 Commission approved the *Non-Unanimous Stipulation and Agreement Resolving MEEIA Filings*
11 which provided for a provision to allow Evergy Missouri West to increase its EM&V budget up
12 to 6% of the Commission-approved program costs budget. Navigant Consulting, Inc.
13 (“Navigant”) conducted and reported the EM&V results for Evergy Missouri West’s Cycle 2
14 programs. Guidehouse Inc. (“Guidehouse”)²⁰ and ADM Associates, Inc. (“ADM”) conducted
15 and reported the EM&V results for Evergy Missouri West’s Cycle 3 programs²¹.

16 During the Review Period, Evergy Missouri West expended \$433,730 for Cycle 2
17 EM&V. This amount, combined with the \$2,692,148 EM&V Cycle 2 cumulative costs reported
18 previously, amounts to \$3,125,878, or 4.62% of the \$67,649,804 total programs’ costs budget for
19 Cycle 2. Thus, the costs associated with the EM&V did not exceed the 6% maximum cap for
20 Cycle 2. During the Review Period, Evergy Missouri West expended \$236,350 for Cycle 3
21 EM&V, which represents .5% of the \$52,428,711 total Cycle 3 budget for programs’ costs. Thus,
22 the costs associated with Cycle 3 EM&V costs did not exceed the 5% maximum cap. Staff will
23 continue to monitor EM&V costs throughout the life of Cycle 3, to ensure Evergy Missouri West
24 does not exceed the 5% maximum cap of the total Cycle 3 budget.

¹⁹ 20 CSR 4240-20.093(8)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

²⁰ Guidehouse was known as Navigant in Cycle 2.

²¹ See table 3 for the breakout of programs between ADM and Guidehouse.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri West was imprudent in its decisions relating to the selection and
3 supervision of its EM&V contractors then ratepayer harm could result in an increase in future
4 DSIM Charge amounts.

5 **3. Conclusion**

6 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
7 selection and supervision of its EM&V contractors.

8 **4. Documents Reviewed**

- 9 a. Evergy Missouri West’s Cycle 2 and Cycle 3 Plan;
10 b. Approved MEEIA Energy Efficiency and Demand Side Management
11 Programs Tariff Sheets; and
12 c. Staff Data Requests: 0002, 0003, 0005, 0006, 0009, 0018, and 0031.

13 *Staff Expert: Brooke Mastrogiannis*

14 **H. MEEIA Labor**

15 **1. Description**

16 For MEEIA Cycle 2, Evergy Missouri West included labor costs that are allocated
17 towards the MEEIA DSIM Rider, and excluded from base rates in its cost of service. In the most
18 recent general rate case which had an effective date of December 2018, a total of 12.5 Full Time
19 Employees (“FTE’s”) were excluded from base rates. Evergy Missouri West provided Staff with
20 a file that included hours charged monthly to MEEIA by individual to total chargeable hours for
21 those individuals excluding paid time off, for the Review Period of January 1, 2020 through
22 March 31, 2021. Staff then created a reconciliation between the names of individuals charged to
23 MEEIA as provided by Evergy Missouri West in this MEEIA prudence review and the
24 individuals associated with the 12.5 FTEs that were excluded from the last rate case and the
25 previous prudence review. Upon further review Staff came to the understanding that during the
26 course of this MEEIA prudence Review Period, certain employees moved in and out of the group
27 by either leaving the company, joining the company, or internal transfer. Staff was informed
28 during the previous prudence review that since the last general rate case there were two positions
29 that were added to MEEIA labor charges that were not in place at the time of the 12.5 FTEs
30 reported at the 2018 general rate case since, at the time of the 2018 general rate case,

1 those two positions were vacant. Those positions were an EM&V Manager and a Residential DR
2 Program Manager. In addition, during the current review period, existing MEEIA employees
3 shifted positions to two newly created positions in the PAYS ® program and the Manager,
4 EE programs.

5 **2. Summary of Cost Implications**

6 If Evergy Missouri West was imprudent in its reporting and/or calculating labor charged
7 towards MEEIA, ratepayer harm could result in an increase DSIM Charge amounts.

8 **3. Conclusion**

9 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
10 calculation of MEEIA labor.

11 **4. Documents Reviewed**

- 12 a. Evergy Missouri West's Cycle 2 and Cycle 3 Plan;
- 13 b. 2016 Stipulation and Agreement, EO-2015-0240;
- 14 c. Tariff sheets 138.09-138.18; and
- 15 d. Staff Data Requests: 0022 and 0022.1.

16 *Staff Expert: Lisa Wildhaber*

17 **I. Demand Response**

18 **1. Description**

19 **a. Residential Demand Response Program**

20 In this review period, Evergy Missouri West offered eligible smart thermostats at
21 discounted prices along with discounted or no-cost installation options. Eligible devices included
22 Google Nest Thermostat, Google Nest Learning Thermostat, Ecobee3 Lite, and Ecobee Smart
23 Thermostats. In the Residential Demand Response Program, customers can participate in Energy
24 Savings Events. These Energy Savings Events allow for customers' thermostats to be remotely

1 turned up on extreme heat days. Enrolled customers get paid to participate in the Energy Savings
2 Events with an annual incentive of \$25 after the first year of participation.

3 **b. Business Demand Response Program**

4 Evergy Missouri West's Business Demand Response Program ("BDR") compensates
5 commercial customers who reduce, or curtail, their electrical load during high-demand days.
6 Participants work with Evergy Missouri West to identify electrical load that can be eliminated or
7 shifted during curtailment events, which are typically during the hottest days of the summer.
8 Evergy Missouri West and the participant work together to determine which strategies are best
9 for the unique business needs and create a curtailment plan. When curtailment events are
10 anticipated, Evergy Missouri West will notify the customer with instructions to execute their
11 plan. At the end of the curtailment season, Evergy Missouri West pays the customer for the
12 load reduced.

13 **c. Evergy Missouri West's Previous MEEIA Prudence Review**
14 **(Case No. EO-2020-0227)**

15 In *Staff's Report of Second MEEIA Prudence Review of Cycle 2 Costs Related to the*
16 *Missouri Energy Efficiency Investment Act* filed on June 30, 2020, in Case No, EO-2020-0227,
17 Staff raised a number of issues with Evergy Missouri West's Cycle 2 Demand Response
18 Programs. Those issues were a part of an Evidentiary Hearing held on April 21 – 22, 2021.
19 Reply Briefs were filed on June 25, 2021, however a report and order resolving those issues has
20 not been issued at the time of this filing.

21 **d. Differences Between Cycle 2 and Cycle 3 Demand Response Programs**

22 Although a report and order has yet to be issued resolving the Demand Response issues
23 from Evergy Missouri West's previous MEEIA prudence review, Staff is not recommending any
24 disallowances in this current Evergy Missouri West MEEIA prudence review. Staff's
25 determination to not recommend any disallowances at this time is heavily reliant upon certain

1 changes Evergy Missouri West has made to its Demand Response Programs from Cycle 2 to
2 Cycle 3. For the Residential Demand Response Program, those differences include the following:

- 3 • Thermostat is no longer free (Cycle 2 offered a free device. Now, 3 out of
4 the 4 options require a co-payment from the customer).
- 5 • Professional installations are no longer free (Cycle 2 offered free professional
6 installation).
- 7 • More device choice for the customer (brought in Ecobee as another option).
- 8 • No Do-It-Yourself (“DIY”) activation incentive (Cycle 2 offered a \$50 check
9 when a DIY was activated).
- 10 • Bring-Your-Own (“BYO”) incentive reduced to \$50 (Cycle 2 offered
11 a \$100 check when a BYO was enrolled in the program).
- 12 • Distributed Energy Resources Management System (“DERMS”) is being used to
13 initiate all Demand Response events (Cycle 2 did not use DERMS until 2019).

14 For the Business Demand Response Program, those differences include the following:

- 15 • Aggregators can participate as participants (Cycle 2 did not allow aggregators).
- 16 • No minimum kW contract size (Cycle 2 required at least 25 kW to sign up).
- 17 • No upfront incentive for signing a contract (Cycle 2 offered an upfront incentive).
- 18 • Payment structure is now “pay for performance” (Cycle 2 offered payment based
19 on a customer hitting their Firm Power Level during an event).
- 20 • Event performance is averaged across each hour of all events for one final
21 payment at the end of the season (Cycle 2 would pay for each event separately).
- 22 • DERMS is being used to generate the baselines for all customers (Cycle 2 used
23 Estimated Peak Demands and Firm Power Levels).
- 24 • DERMS is being used as the notification system for all participants (Cycle 2 did
25 not use DERMS until 2019).

26 **2. Summary of Cost Implications**

27 If Evergy Missouri West was imprudent in its management of its Demand Response
28 Programs, ratepayer harm could result in an increase to the DSIM Charge amounts.
29

1 **3. Conclusion**

2 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
3 management of its Demand Response Programs.

4 **4. Documents Reviewed**

5 a. Evergy Missouri West Responses to Staff Data Requests: 25, 26, and 27.

6 *Staff Expert: Jordan Hull*

7 **VIII. Throughput Disincentive (“TD”)**

8 **A. Actual TD**

9 **1. Description**

10 For a utility that operates under a traditional regulated utility model, a
11 “throughput disincentive” is created when a utility’s increase in revenues is linked directly to its
12 increase in sales. This relationship between revenues and sales creates a financial disincentive
13 for the utility to engage in any activity that would decrease sales, such as utility-sponsored energy
14 efficiency programs.

15 The TD allows the utility to recover its lost margin revenues associated with the
16 successful implementation of the MEEIA programs. The Cycle 3 TD calculation is described in
17 Evergy Missouri West’s tariff sheet nos. 138.13 through 138.15 and sheet no. 138.18 (for the net
18 margin revenue rates). Generally, the TD for each program is determined by multiplying the
19 monthly energy savings²² by the net margin revenue rates (tariff sheet no. 138.8) and by the
20 net to gross factor for contemporaneous TD recovery.

21 Staff has verified each component of the TD calculation that was provided by
22 Evergy Missouri West in the response to Data Request 0020. Staff recalculated a sample of the
23 monthly TD calculations and found no errors. Staff has also verified the TD calculation work
24 papers, and compared the kWh savings impact and TD with the MEEIA rate adjustment filings,
25 along with the QSMRs. In Data Request No. 0020.2, Evergy Missouri West provided a
26 reconciliation reflecting adjustments made to their TD calculation workpapers. Staff found no
27 discrepancies between Evergy Missouri West’s TD calculation workpapers, QSMRs, and the

²² Monthly savings are obtained by taking the sum of all programs’ monthly savings and applying monthly loadshapes.

1 MEEIA rate adjustment filings. The MEEIA rate adjustment filings and the QSMRs
2 both demonstrate TD that customers are responsible for paying is \$2,916,279 for Cycle 3
3 and \$5,650,223 for Cycle 2.

4 **2. Summary of Cost Implications**

5 If Evergy Missouri West was imprudent in its reporting and/or calculating the Company
6 TD, ratepayer harm could result in an increase of DSIM Charge amounts.

7 **3. Conclusion**

8 Other than the proposed adjustment related to throughput disincentive for the
9 Home Energy Reports program, referenced in Section VIII.B, Staff found no indication that
10 Evergy Missouri West has acted imprudently regarding the calculation of its TD.

11 **4. Documents Reviewed**

- 12 a. Evergy Missouri West's Cycle 2 and Cycle 3 Plan;
- 13 b. Tariff Sheets Nos. 138.09 through 138.18;
- 14 c. Evergy Missouri West's work papers included in Case Nos.
15 ER-2020-0389, ER-2021-0153, and ER-2021-0411;
- 16 d. QSMR; and
- 17 e. Staff Data Requests: 0005, 0020, 0020.1 and 0020.2.

18 *Staff Expert: Lisa Wildhaber*

19 **B. Home Energy Report Savings, Evaluations and TD Impacts**

20 **1. Description**

21 Staff reviewed the savings reported by Evergy Missouri West to be used in the
22 Company's Throughput Disincentive mechanism for its Home Energy Report ("HER") program.
23 Evergy Missouri West's HER program consists of a report mailed to the customer quarterly or
24 emailed to the customer monthly regarding the customer's monthly energy usage. For this case,
25 Staff reviewed Evergy Missouri West's monthly reported savings, number of customers in the
26 treatment and control groups and the Company's model used by its thirdparty implementer to
27 calculate the monthly savings attributable to the HER program.

28 In its review, Staff identified several areas of concern;

- 29 • the Company's model does not take into account rate case timing,

- the Company’s model also does not take into account participation in other EE programs, and
- the HER program is assumed to have a net-to-gross of 1 in EM&V.

Staff found that Evergy Missouri West first added customers to its HER program in 2013 and subsequently added customers to its program in 2015, 2016, 2017, 2019, 2020 and 2021. Below in table 10 is the number of customers added to the HER program.

Table 10

| Evergy Missouri West | | |
|----------------------|-----------|---------|
| Year | RECIPIENT | CONTROL |
| 2013 | 40,464 | 26,373 |
| 2015 | 11,296 | 9,598 |
| 2016 | 71,196 | 9,989 |
| 2017 | 25,865 | 12,000 |
| 2019 | 59,967 | 23,567 |
| 2020 | 10,000 | 3,928 |
| 2021 | 15,000 | 5,892 |
| Total | 233,788 | 91,347 |

Evergy Missouri West’s model used to determine HER savings is dependent upon a treatment group or customers who receive the HER report and a control group or customers who do not receive a report. In its 2020 Annual Report, Evergy Missouri West reported an average of 291,448 monthly residential customers. Alarming it appears that in total in 2021 approximately 80% of Evergy Missouri West’s residential customers receive a HER and 112% of its residential customers participate in either the treatment or control group. It appears that Evergy Missouri West is reporting that approximately 325,086 customers including both the treatment and control group are involved in the HER program when Evergy Missouri West is only reporting 291,448 total residential customers. Even if Evergy Missouri West grew by more than 34,000 residential customers since 2020, Staff would be concerned that all residential customers are somehow participating in the HER program. For example, continuously adding new recipients and new control participants implies there are customers still not exposed to or aware of the program. Staff recommends that Evergy Missouri West’s HER program be suspended until the program can be re-evaluated and structured to fit within its current residential customer base.

Staff further found that the Evergy Missouri West’s model uses the customer’s pre-participation period usage in determining savings attributable to the HER. For a customer

1 who started receiving the HER in 2013, this means the model is using the customer's usage from
2 2012 or from months prior to the customer participating in the program in 2013. Staff's concern
3 with this approach is that it does not take into account rate case timing. For example,
4 Evergy Missouri West filed a rate case in 2018 that took effect on December 6, 2018. For the
5 customers receiving the HER during the test year in that case, the reduced monthly usage that
6 occurred to them receiving the HER is already reflected in the Company's currently effective
7 rates. However, the Company's current model does not take into account what level of usage the
8 Company's currently effective rates already reflect.

9 Essentially, the model keeps calculating savings for HER participants as if the Company
10 should be made whole for deemed savings occurring before the customer entered the
11 HER program, rather than the difference in usage that occurred from the Company's most
12 recently effective rates. For example, customers who were participating in the HER program
13 from 2014 through 2016 would have been receiving the HER during the test period January 1,
14 2017 through December 31, 2017. During this same time the Company was also reporting a
15 deemed level of savings in its TD²³ for these customers for every month of the test period. The
16 Company has not made an adjustment to the TD to reflect that a certain level of HER savings is
17 already reflected in currently effective rates. There was also no adjustment in the rate case to
18 remove HER savings from the test period usage used to develop rates in that case. Therefore,
19 Evergy Missouri West's TD is double counting savings that the Company has already been made
20 whole for. In order to address this issue, Staff recommends the Company make an adjustment in
21 the TD mechanism to remove savings that are already reflected in the currently effective rates.
22 Going forward, the Company could also change its model to use post-rate case usage instead of
23 pre-participation period usage. An adjustment to the TD to remove savings reflected in currently
24 effective rates is consistent with Ameren Missouri's treatment of the HER program savings in its
25 TD mechanism.

26 For Evergy Missouri West this would result in a decrease of approximately \$1.2 million
27 in its Cycle 2 TD and a reduction in its Cycle 3 TD of approximately \$1.7 million through the
28 duration of the Cycle TDs. Specifically only for the duration January 1, 2020 through March 31,
29 2021 the decrease is \$1,577,602.²⁴

²³ The TD makes the Company whole for any lost revenues related to the deemed savings.

²⁴ TD from HER programs accounts for over half of the Company's total residential TD.

1 Further, the Company’s model also does not take into account participation in other
2 energy efficiency programs. With over 80% of Evergy Missouri West’s residential customers
3 receiving a HER, it is likely they have also participated in other energy efficiency programs,
4 especially since some residential customers have been receiving the HER since 2013. Staff’s
5 independent auditor also raised this concern. The audit report for program year 2017 states:

6 The issue we raised in the PY2016 audit relates to how participation in
7 other efficiency programs is addressed in the impact analysis. The
8 comparison between the treatment and control groups in the pre-period
9 should include a comparison of participation rates in the other
10 KCP&L/GMO energy efficiency programs *during the pre-period*. It is not
11 enough to simply adjust the regression results for the post period to
12 account for ‘uplift’ that is attributable to the HER program.

13 Differences between the groups in program participation in the pre-period
14 can affect the savings estimates in two ways. First, if there are differences
15 in program participation rates, then some of the observed savings from the
16 HER in the post-period should be attributed to the other efficiency
17 programs. Second, the estimate of program uptake in the post-period will
18 also be affected if there are already unequal levels of program participation
19 in the pre-period. The magnitude of both these effects can be estimated by
20 including a variable for program participation in the billing regression, if
21 in fact there are differences in participation rates between treatment and
22 control groups.²⁵

23 The independent auditor further noted that it would be meeting with Navigant²⁶ in early 2019
24 with the expectation to resolve the issue. Evergy Missouri West’s latest evaluator
25 is ADM Associates (“ADM”) and its latest EM&V reports states that savings from joint programs
26 is removed. However, Oracle is Evergy Missouri West’s third-party contractor that calculates
27 and reports the monthly savings used in Evergy Missouri West’s TD calculation. Oracle’s model
28 provided in response to Staff data request No. 30, does not provide a step in its model process
29 where savings from other energy efficiency programs are either removed or compared to the
30 control group. Further, Evergy Missouri West’s latest EM&V published in July 2021 states that
31 because HER is defined as a randomized control trial it assumes a net-to-gross of 1. This means
32 that all savings reported by Oracle is deemed to be 100% correct, even if Oracle doesn’t remove
33 savings from other energy efficiency programs or mistakenly enrolls more customers than the

²⁵ Page 6 of Evergreen Economics EM&V report for PY2017.

²⁶ Navigant is no longer Evergy’s evaluator.

1 Company currently has. Further, ADM reported that few than 10% of the customer have accessed
2 the tools of the Home Energy Analyzer program that is included as part of HER. However, a
3 HER participant's percentage of accessing the program or opening the HER email is not
4 accounted for in EM&V.

5 Ameren Missouri's evaluator, Opinion Dynamics, does not automatically assume a net-
6 to-gross of one and provides a more detailed evaluation of the Company's HER program.
7 Further, Staff recommends that all deemed savings reported in the Company's TD be adjusted
8 based on the evaluated savings taking into consideration joint savings from other energy
9 efficiency programs. Staff's recommendation is consistent with Ameren Missouri's treatment of
10 its HER program in its TD mechanism.

11 **2. Summary of Cost Implications**

12 If Evergy Missouri West was imprudent in its reporting and/or calculating the
13 Company TD, ratepayer harm could result in an increase of DSIM Charge amounts.

14 **3. Conclusion**

15 Staff found that Evergy Missouri West has acted imprudently regarding the calculation
16 of its TD. Staff is recommending a disallowance of \$1,577,602, plus interest, and that the
17 Commission Order the Company to adjust its TD mechanism in its next semi-annual rate filing.

18 **4. Documents Reviewed**

- 19 a. Evergy Missouri West's Cycle 2 and Cycle 3 Plan;
- 20 b. Tariff Sheets Nos. 138.09 through 138.18;
- 21 c. Evergy Missouri West's work papers included in Case Nos.
22 ER-2020-0389, ER-2021-0153, and ER-2021-0411;
- 23 d. QSMR; and
- 24 e. Staff Data Requests: 0029, 0030, 0030.1, 0030.2, 0030.3, 0030.4 and
25 0030.5.

26 *Staff Expert: Robin Kliethermes*

27 **C. Gross Deemed Annual Energy and Demand Savings**

28 **1. Description**

29 Staff reviewed the monthly calculation of kWh savings from Evergy Missouri West's
30 MEEIA Programs calculated with the Nexant software. Evergy Missouri West provided Staff

1 additional details supporting the Nexant system results to show how the kWh savings were
2 calculated during the Review Period.

3 To begin its review of Evergy Missouri West's calculations of its monthly kWh savings
4 for the Review Period, Staff verified that the total kWhs and kW for each program as reported
5 in Nexant were in agreement with the QSMR, the kWh savings used in the TD calculations, and
6 the Company work papers provided.

7 The Company provided work papers to support the kWh savings for the program
8 measures. These work papers provided individual detailed project savings pulled from Nexant
9 with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample
10 of program measures and compared the kWh savings as reported in the Company details to the
11 measure savings as reported in the TRM and subsequent updates to the TRM.²⁷

12 For the selected sample, Staff verified the kWh savings calculations using Nexant
13 supporting details the Company provided in the Nexant reports and Data Request No. 0020.2
14 supplemental response. In these files, Staff was provided with the kWh per unit, kW per unit, the
15 measure name, and the unit tonnage/quantity installed. Staff was able to verify the kWh
16 calculated savings by using this information. Staff was then able to verify that this information
17 was in agreement with the original Data Request No. 0020 TD calculation kWh savings
18 at the meter.

19 Staff also compared the Total Resource Cost ("TRC") test for each program to the
20 TRC targets identified in the Cycle 3 Plan. Staff notes that in the Company response to Data
21 Request No. 0023.2 supplemental response, which provides TRC results for Cycle 3 Program
22 Year 1, two programs reflected a TRC of less than 1.0: ** [REDACTED] ** and
23 ** [REDACTED] **. Commission Rule 20 CSR 4240-20.094(6)(B)
24 states in part that, "Nothing herein requires utilities to end any demand-side program which is
25 subject to a cost-effectiveness test deemed not cost-effective immediately." Staff will continue
26 to monitor the cost-effectiveness of the Cycle 3 programs and may make recommendations in
27 future Staff reports if a pattern of non-cost-effectiveness persists.

²⁷ The TRM was updated in Case No. EO-2019-0132 by a Commission *Order Approving Evergy Missouri Metro and Evergy Missouri West's Modified Technical Resource Manuals* on April 15, 2020 and again by a Commission *Order Approving Modifications to Evergy Missouri Metro and Evergy Missouri West's Technical Resource Manuals* filed on December 16, 2020.

1 In reviewing all sources of kWh savings and kW savings, Staff was able to verify the
2 reported 79,525,145 kWh of energy savings and 70,859 kW of demand savings for the Cycle 3
3 MEEIA Programs during the Review Period by reconciling the QSMR, the Nexant data base,
4 and the Company's workpapers provided.

5 **2. Summary of Cost Implications**

6 If Evergy Missouri West was imprudent in its decisions related to calculating the gross
7 energy and demand savings of each program, ratepayer harm could result in an increase
8 in DSIM Charge amounts in future.

9 **3. Conclusion**

10 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
11 calculation of the gross energy and demand savings.

12 **4. Documents Reviewed**

- 13 a. Evergy Missouri West's Cycle 3 Plan;
14 b. QSMR;
15 c. Technical Resource Manual, updated 4-1-20 and 1-1-21; and
16 d. Staff Data Requests: 0008, 0020, 0020.1, 0020.2, 0020.3, 0023, 0023.1 and
17 0023.2.

18 *Staff Expert: Lisa Wildhaber*

19 **IX. Earnings Opportunity ("EO")**

20 **1. Description**

21 Commission Rule 20 CSR 4240-20.092(1)(S) defines the earnings opportunity
22 component of a DSIM as the methodology approved by the Commission in a utility's filing for
23 demand-side program approval to allow the utility to receive an earnings opportunity. The Rule
24 further states that any earnings opportunity component of a DSIM shall be implemented on a
25 retrospective basis, and all energy and demand savings used to determine a DSIM earnings
26 opportunity amount shall be verified and documented through EM&V reports.

1 Evergy Missouri West's tariff sheet defines the Cycle 2 EO as:

2 Cycle 2 Earnings Opportunity" (EO) means the incentive ordered
3 by the Commission based on actual performance verified through
4 EM&V against planned targets. The Company's EO will be
5 \$10.4M²⁸ if 100% achievement of the planned targets are met. EO
6 is capped at \$20.0M, which reflects adjustment for TD verified by
7 EM&V. Potential Earnings Opportunity adjustments are described
8 on Sheet No. 138.6. The Earnings Opportunity Matrix outlining
9 the payout rates, weightings, and caps can be found in 138.8.

10 Staff reviewed the Cycle 2 EO from the calculations provided in response to
11 Data Request 28 and the calculations in the DSIM Riders in dockets ER-2020-0389,
12 ER-2021-0153, and ER-2021-0411 for the months in this Review Period. During the review,
13 Staff was able to verify that Evergy Missouri West did not recover more than its approved
14 EO for Cycle 2. EO awarded for Cycle 2 during this Review Period was \$5,913,581.

15 No EO for Cycle 3 is being recovered during this Review Period.

16 **2. Summary of Cost Implications**

17 If Evergy Missouri West was imprudent in its reporting and/or calculation of the EO,
18 ratepayer harm could result in an increase in future DSIM Charge amounts.

19 **3. Conclusion**

20 Staff has verified that Evergy Missouri West did not recover more than its
21 approved EO for Cycle 2.

22 **4. Documents Reviewed**

- 23 a. Evergy Missouri West's Cycle 2 Plan;
- 24 b. Evergy Missouri West's Quarterly Surveillance Monitoring Report,
25 Page 6;
- 26 c. Tariff Sheets Nos. 138 through 138.8;
- 27 d. Evergy Missouri West's work papers included in Case Nos.
28 ER-2020-0389, ER-2021-0153, and ER-2021-0411; and
- 29 e. Staff Data Requests: 0002, 0003, 0009, and 0028.

²⁸ In the Commission's February 27, 2019 *Order Approving Stipulation and Agreement* in Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of MEEIA 2 Programs During Pendency of MEEIA 3 Case* that was filed on February 15, 2019, the Commission approved the total cycle budget, Plan Energy (kWh) and Demand (kW) savings targets, and Earnings Opportunity (EO) targets and caps to increase by 25%.

Staff Expert: Krishna Poudel and Brooke Mastrogiannis

X. INTEREST COSTS

1. Description

Staff reviewed the interest calculations for program costs and TD, broken out by cycles, as provided in Evergy Missouri West’s response to Data Request No. 0005 for the Review Period of January 1, 2020 through March 31, 2021. Evergy Missouri West’s tariff sheets provide that for program costs and TD: “Such amounts shall include monthly interest on cumulative over- or under-balances at the Company’s monthly Short-Term Borrowing Rate.” Staff verified the Company’s average monthly short-term borrowing rates were applied correctly to the over- or under-recovered balances for program costs and TD.

During the Review Period Evergy Missouri West’s total for the interest amount accrued for the Company’s program costs as reported on Evergy Missouri West’s QSMRs were as follows:

| Table 11 | | | | |
|-----------------|---|-------------------------------------|--------------------------------|-------------------------------------|
| INTEREST | | | | |
| | For Review Period January 1, 2020 through March 31, 2021 | (Over)/ Under Billed | Cumulative Interest | (Over)/ Under Billed |
| MEEIA Cycle 2 | \$ (6,152) | Under | \$ 228,446 | Over |
| MEEIA Cycle 3 | \$ 20,486 | Over | \$ 20,486 | Over |
| TD Cycle 2 | \$ 19,655 | Over | \$ 75,062 | Over |
| TD Cycle 3 | \$ (129) | Under | \$ (129) | Under |

2. Summary of Cost Implications

If Evergy Missouri West was imprudent in its reporting and/or calculating of the interest associated to over- or under-recovery of energy efficiency programs’ costs and/ or TD, ratepayer harm could result in an increase in future DSIM Charge amounts.

3. Conclusion

Staff has verified that Evergy Missouri West interest calculations and interest amounts for inclusion in its March 31, 2021, response to Data Request 0005 are correct and are calculated

1 properly on a monthly basis as provided in the Staff Data Request Response No. 0005 for the
2 Review Period.

3 **4. Documents Reviewed**

- 4 a. Approved MEEIA Energy Efficiency and Demand Side Management
5 Programs Tariff Sheets;
6 b. Evergy Missouri West Quarterly Surveillance Monitoring Reports; and
7 c. Staff Data Requests: 0005 and 0009.

8 *Staff Expert: Cynthia M. Tandy*

9 *See Attached Addendum A and Addendum B*

Evergy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Income-Eligible Weatherization | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|----------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 4,302,924 | \$ 19,707,339 | \$ 72,787,423 |
| Total Program Costs (\$) | (1) Actual | \$ 3,063,231 | \$ 19,691,151 | \$ 72,076,589 |
| Total Program Costs (\$) | (6) Variance | \$ (1,239,692) | \$ (16,188) | \$ (710,834) |
| Total Program Costs (\$) | (7) Interest | \$ 3,987 | \$ 42,510 | \$ 238,585 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 55,364,774 | 225,383,508 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 76,932,708 | 315,832,146 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 21,567,935 | 90,448,638 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 15,680 | 117,502 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 9,071 | 126,582 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | (6,609) | 9,079 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,000,894 | \$ 4,025,242 | \$ 18,084,822 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 907,318 | \$ 4,565,557 | \$ 18,857,861 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (93,576) | \$ 540,315 | \$ 773,040 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 6,043 | \$ 14,969 | \$ 61,451 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Eversource Missouri West, Inc.
 Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2020
SURVEILLANCE MONITORING REPORT
 Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
 Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
 For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Income-Eligible Weatherization | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 463,419 | \$ 15,926,275 | \$ 73,250,842 |
| Total Program Costs (\$) | (1) Actual | \$ 39,097 | \$ 12,559,183 | \$ 72,115,686 |
| Total Program Costs (\$) | (6) Variance | \$ (424,322) | \$ (3,367,091) | \$ (1,135,155) |
| Total Program Costs (\$) | (7) Interest | \$ (2,616) | \$ 30,148 | \$ 235,969 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 27,222,570 | 225,383,508 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 51,147,807 | 315,832,146 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 23,925,237 | 90,448,638 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 7,765 | 117,502 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 18,863 | 126,582 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | 11,098 | 9,079 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,021,635 | \$ 3,663,851 | \$ 19,106,456 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,196,166 | \$ 4,410,697 | \$ 20,054,028 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 174,531 | \$ 746,846 | \$ 947,571 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 3,471 | \$ 21,434 | \$ 64,922 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Energy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Income-Eligible Weatherization | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 69,103 | \$ 10,625,750 | \$ 73,319,945 |
| Total Program Costs (\$) | (1) Actual | \$ 195,498 | \$ 8,404,798 | \$ 72,311,185 |
| Total Program Costs (\$) | (6) Variance | \$ 126,395 | \$ (2,220,951) | \$ (1,008,760) |
| Total Program Costs (\$) | (7) Interest | \$ (3,447) | \$ 5,806 | \$ 232,523 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | 13,611,285 | 225,383,508 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | 39,532,098 | 315,832,146 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | 25,920,813 | 90,448,638 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | 3,882 | 117,502 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | 9,312 | 126,582 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | 5,430 | 9,079 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,511,667 | \$ 4,373,844 | \$ 20,618,123 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 1,686,870 | \$ 4,695,256 | \$ 21,740,898 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 175,204 | \$ 321,412 | \$ 1,122,775 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 3,938 | \$ 20,112 | \$ 68,860 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Income-Eligible Weatherization | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ (210,765) | \$ 4,624,681 | \$ 73,109,180 |
| Total Program Costs (\$) | (1) Actual | \$ (34,110) | \$ 3,263,717 | \$ 72,277,075 |
| Total Program Costs (\$) | (6) Variance | \$ 176,655 | \$ (1,360,964) | \$ (832,106) |
| Total Program Costs (\$) | (7) Interest | \$ (2,392) | \$ (4,468) | \$ 230,130 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | - | 225,383,508 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | - | - | 315,832,146 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | - | 90,448,638 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | - | 117,502 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | - | 126,582 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | - | 9,079 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,158,644 | \$ 4,692,839 | \$ 21,776,766 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 952,550 | \$ 4,742,905 | \$ 22,693,448 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (206,093) | \$ 50,066 | \$ 916,682 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 3,889 | \$ 17,341 | \$ 72,749 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2021
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|--|------------|------------------|-----------------|
| Business Energy Efficiency Rebate - Standard | 04/01/16 | 3/31/2019 | |
| Business Energy Efficiency Rebate - Custom | 04/01/16 | 3/31/2019 | |
| Strategic Energy Management | 04/01/16 | 3/31/2019 | |
| Block Bidding | 04/01/16 | 3/31/2019 | |
| Small Business Direct Install | 04/01/16 | 3/31/2019 | |
| Business Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Demand Response Incentive | 04/01/16 | 3/31/2019 | |
| Online Business Energy Audit | 04/01/16 | 3/31/2019 | |
| Home Lighting Rebate | 04/01/16 | 3/31/2019 | |
| Home Appliance Recycling Rebate | 04/01/16 | 3/31/2019 | 5/11/2016 |
| Home Energy Report | 04/01/16 | 3/31/2019 | |
| Whole House Efficiency | 04/01/16 | 3/31/2019 | |
| Income-Eligible Multi-Family | 04/01/16 | 3/31/2019 | |
| Income-Eligible Weatherization | 04/01/16 | 3/31/2019 | |
| Residential Programmable Thermostat | 04/01/16 | 3/31/2019 | |
| Online Home Energy Audit | 04/01/16 | 3/31/2019 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ (156,109) | \$ 4,624,681 | \$ 72,953,071 |
| Total Program Costs (\$) | (1) Actual | \$ 22,840 | \$ 3,263,717 | \$ 72,299,915 |
| Total Program Costs (\$) | (6) Variance | \$ 178,949 | \$ (1,360,964) | \$ (653,156) |
| Total Program Costs (\$) | (7) Interest | \$ (1,684) | \$ (4,468) | \$ 228,446 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | - | - | 225,383,508 |
| First Year Gross Annual Energy Savings (kWh) | (*) Deemed Actual | - | - | 315,832,146 |
| First Year Gross Annual Energy Savings (kWh) | Variance | - | - | 90,448,638 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | - | - | 117,502 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | - | - | 126,582 |
| First Year Gross Annual Demand Savings (kW) | Variance | - | - | 9,079 |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,498,781 | \$ 4,692,839 | \$ 23,275,547 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 907,318 | \$ 4,742,905 | \$ 23,600,766 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (591,463) | \$ 50,066 | \$ 325,219 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 2,314 | \$ 17,341 | \$ 75,062 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Eversource Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended March 31, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|---------------------------------|------------|------------------|-----------------|
| Business Standard | 01/01/20 | 12/31/2022 | |
| Business Custom | 01/01/20 | 12/31/2022 | |
| Business Process Efficiency | 01/01/20 | 12/31/2022 | |
| Business Smart Thermostat | 01/01/20 | 12/31/2022 | |
| Business Demand Response | 01/01/20 | 12/31/2022 | |
| Online Business Energy Audit | 01/01/20 | 12/31/2022 | |
| Energy Saving Products | 01/01/20 | 12/31/2022 | |
| Home Energy Report | 01/01/20 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 01/01/20 | 12/31/2022 | |
| Income-Eligible Multi-Family | 01/01/20 | 12/31/2022 | |
| Residential Demand Response | 01/01/20 | 12/31/2022 | |
| Online Home Energy Audit | 01/01/20 | 12/31/2022 | |
| Research & Pilot | 01/01/20 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 1,091,559 | \$ 1,091,559 | \$ 1,091,559 |
| Total Program Costs (\$) | (1) Actual | \$ 2,263,159 | \$ 2,263,159 | \$ 2,263,159 |
| Total Program Costs (\$) | (6) Variance | \$ 1,171,601 | \$ 1,171,601 | \$ 1,171,601 |
| Total Program Costs (\$) | (7) Interest | \$ 5,069 | \$ 5,069 | \$ 5,069 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 14,661,594 | 14,661,594 | 14,661,594 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 8,221,797 | 8,221,797 | 8,221,797 |
| First Year Gross Annual Energy Savings (kWh) | Variance | (6,439,797) | (6,439,797) | (6,439,797) |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 4,048 | 4,048 | 4,048 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 606 | 606 | 606 |
| First Year Gross Annual Demand Savings (kW) | Variance | (3,442) | (3,442) | (3,442) |
| Throughput Disincentive Costs (\$) | Billed | \$ 185,981 | \$ 185,981 | \$ 185,981 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 258,892 | \$ 258,892 | \$ 258,892 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 72,911 | \$ 72,911 | \$ 72,911 |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 588 | \$ 588 | \$ 588 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended June 30, 2020
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|---------------------------------|------------|------------------|-----------------|
| Business Standard | 1/1/2020 | 12/31/2022 | |
| Business Custom | 1/1/2020 | 12/31/2022 | |
| Business Process Efficiency | 1/1/2020 | 12/31/2022 | |
| Business Smart Thermostat | 1/1/2020 | 12/31/2022 | |
| Business Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Business Energy Audit | 1/1/2020 | 12/31/2022 | |
| Energy Saving Products | 1/1/2020 | 12/31/2022 | |
| Home Energy Report | 1/1/2020 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 1/1/2020 | 12/31/2022 | |
| Income-Eligible Multi-Family | 1/1/2020 | 12/31/2022 | |
| Residential Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Home Energy Audit | 1/1/2020 | 12/31/2022 | |
| Research & Pilot | 1/1/2020 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 2,887,367 | \$ 3,978,925 | \$ 3,978,925 |
| Total Program Costs (\$) | (1) Actual | \$ 3,249,154 | \$ 5,512,314 | \$ 5,512,314 |
| Total Program Costs (\$) | (6) Variance | \$ 361,788 | \$ 1,533,389 | \$ 1,533,389 |
| Total Program Costs (\$) | (7) Interest | \$ 5,206 | \$ 10,275 | \$ 10,275 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 14,661,594 | 29,323,188 | 29,323,188 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 16,269,123 | 24,490,921 | 24,490,921 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 1,607,530 | (4,832,267) | (4,832,267) |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 53,536 | 57,584 | 57,584 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 52,996 | 53,602 | 53,602 |
| First Year Gross Annual Demand Savings (kW) | Variance | (540) | (3,982) | (3,982) |
| Throughput Disincentive Costs (\$) | Billed | \$ 487,533 | \$ 673,514 | \$ 673,514 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 406,946 | \$ 665,838 | \$ 665,838 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (80,587) | \$ (7,676) | \$ (7,676) |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 69 | \$ 657 | \$ 657 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Evergy Missouri West, Inc.
 Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended September 30, 2020
SURVEILLANCE MONITORING REPORT
 Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
 Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
 For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|---------------------------------|------------|------------------|-----------------|
| Business Standard | 1/1/2020 | 12/31/2022 | |
| Business Custom | 1/1/2020 | 12/31/2022 | |
| Business Process Efficiency | 1/1/2020 | 12/31/2022 | |
| Business Smart Thermostat | 1/1/2020 | 12/31/2022 | |
| Business Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Business Energy Audit | 1/1/2020 | 12/31/2022 | |
| Energy Saving Products | 1/1/2020 | 12/31/2022 | |
| Home Energy Report | 1/1/2020 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 1/1/2020 | 12/31/2022 | |
| Income-Eligible Multi-Family | 1/1/2020 | 12/31/2022 | |
| Residential Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Home Energy Audit | 1/1/2020 | 12/31/2022 | |
| Research & Pilot | 1/1/2020 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 4,438,197 | \$ 8,417,122 | \$ 8,417,122 |
| Total Program Costs (\$) | (1) Actual | \$ 3,873,775 | \$ 9,386,089 | \$ 9,386,089 |
| Total Program Costs (\$) | (6) Variance | \$ (564,422) | \$ 968,967 | \$ 968,967 |
| Total Program Costs (\$) | (7) Interest | \$ 4,240 | \$ 14,516 | \$ 14,516 |
| | | | | |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 14,927,954 | 44,251,142 | 44,251,142 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 18,015,318 | 42,506,239 | 42,506,239 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 3,087,364 | (1,744,903) | (1,744,903) |
| | | | | |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 6,640 | 64,224 | 64,224 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 9,503 | 63,105 | 63,105 |
| First Year Gross Annual Demand Savings (kW) | Variance | 2,863 | (1,119) | (1,119) |
| | | | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 830,611 | \$ 1,504,125 | \$ 1,504,125 |
| Throughput Disincentive Costs (\$) | (5)(8) Actual | \$ 859,330 | \$ 1,525,697 | \$ 1,525,697 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ 28,719 | \$ 21,572 | \$ 21,572 |
| Throughput Disincentive Costs (\$) | (7)(8) Interest | \$ (62) | \$ 596 | \$ 596 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) Note: A minor correction was made retroactively in the Throughput Disincentive calculation and related carrying costs due to an error in the NTG factor applied to the Business Standard and Business Custom kWh savings

| | | | |
|------------------------------------|----------|--------|--------|
| Throughput Disincentive Costs (\$) | Actual | \$ 529 | \$ 529 |
| Throughput Disincentive Costs (\$) | Interest | \$ 1 | \$ 1 |

Evergy Missouri West, Inc.
 Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended December 31, 2020
SURVEILLANCE MONITORING REPORT
 Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
 Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
 For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|---------------------------------|------------|------------------|-----------------|
| Business Standard | 1/1/2020 | 12/31/2022 | |
| Business Custom | 1/1/2020 | 12/31/2022 | |
| Business Process Efficiency | 1/1/2020 | 12/31/2022 | |
| Business Smart Thermostat | 1/1/2020 | 12/31/2022 | |
| Business Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Business Energy Audit | 1/1/2020 | 12/31/2022 | |
| Energy Saving Products | 1/1/2020 | 12/31/2022 | |
| Home Energy Report | 1/1/2020 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 1/1/2020 | 12/31/2022 | |
| Income-Eligible Multi-Family | 1/1/2020 | 12/31/2022 | |
| Residential Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Home Energy Audit | 1/1/2020 | 12/31/2022 | |
| Research & Pilot | 1/1/2020 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|---------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 3,496,524 | \$ 11,913,647 | \$ 11,913,647 |
| Total Program Costs (\$) | (1) Actual | \$ 4,107,561 | \$ 13,493,650 | \$ 13,493,650 |
| Total Program Costs (\$) | (6) Variance | \$ 611,037 | \$ 1,580,004 | \$ 1,580,004 |
| Total Program Costs (\$) | (7) Interest | \$ 4,887 | \$ 19,403 | \$ 19,403 |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 20,677,724 | 64,928,866 | 64,928,866 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 25,485,475 | 67,991,714 | 67,991,714 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 4,807,751 | 3,062,848 | 3,062,848 |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 4,459 | 68,683 | 68,683 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 4,981 | 68,087 | 68,087 |
| First Year Gross Annual Demand Savings (kW) | Variance | 522 | (596) | (596) |
| Throughput Disincentive Costs (\$) | Billed | \$ 642,374 | \$ 2,146,499 | \$ 2,146,499 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 596,032 | \$ 2,121,728 | \$ 2,121,728 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (46,342) | \$ (24,770) | \$ (24,770) |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ 10 | \$ 606 | \$ 606 |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Energy Missouri West, Inc.
Quarter Ended, 12 Months Ended and Cumulative Cycle 3 Total Ended March 31, 2021
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 3 Started January 1, 2020

| DSM Program Name | Start Date | Planned End Date | Actual End Date |
|---------------------------------|------------|------------------|-----------------|
| Business Standard | 1/1/2020 | 12/31/2022 | |
| Business Custom | 1/1/2020 | 12/31/2022 | |
| Business Process Efficiency | 1/1/2020 | 12/31/2022 | |
| Business Smart Thermostat | 1/1/2020 | 12/31/2022 | |
| Business Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Business Energy Audit | 1/1/2020 | 12/31/2022 | |
| Energy Saving Products | 1/1/2020 | 12/31/2022 | |
| Home Energy Report | 1/1/2020 | 12/31/2022 | |
| Heating, Cooling & Home Comfort | 1/1/2020 | 12/31/2022 | |
| Income-Eligible Multi-Family | 1/1/2020 | 12/31/2022 | |
| Residential Demand Response | 1/1/2020 | 12/31/2022 | |
| Online Home Energy Audit | 1/1/2020 | 12/31/2022 | |
| Research & Pilot | 1/1/2020 | 12/31/2022 | |

| Category | Descriptor | Quarter Ended | 12 Months Ended | Cumulative Total |
|--|-------------------|----------------|-----------------|------------------|
| Total Program Costs (\$) | Billed | \$ 4,499,179 | \$ 15,321,267 | \$ 16,412,826 |
| Total Program Costs (\$) | (1) Actual | \$ 2,642,404 | \$ 13,872,895 | \$ 16,136,054 |
| Total Program Costs (\$) | (6) Variance | \$ (1,856,775) | \$ (1,448,372) | \$ (276,771) |
| Total Program Costs (\$) | (7) Interest | \$ 1,084 | \$ 15,418 | \$ 20,487 |
| | | | | |
| First Year Gross Annual Energy Savings (kWh) | (2) Target | 10,702,509 | 60,969,780 | 75,631,374 |
| First Year Gross Annual Energy Savings (kWh) | (4) Deemed Actual | 11,533,431 | 71,303,347 | 79,525,145 |
| First Year Gross Annual Energy Savings (kWh) | Variance | 830,922 | 10,333,567 | 3,893,770 |
| | | | | |
| First Year Gross Annual Demand Savings (kW) | (3) Target | 4,730 | 69,365 | 73,413 |
| First Year Gross Annual Demand Savings (kW) | (4) Deemed Actual | 2,774 | 70,255 | 70,861 |
| First Year Gross Annual Demand Savings (kW) | Variance | (1,956) | 890 | (2,552) |
| | | | | |
| Throughput Disincentive Costs (\$) | Billed | \$ 1,248,996 | \$ 3,209,514 | \$ 3,395,495 |
| Throughput Disincentive Costs (\$) | (5) Actual | \$ 794,550 | \$ 2,657,355 | \$ 2,916,278 |
| Throughput Disincentive Costs (\$) | (6) Variance | \$ (454,447) | \$ (552,159) | \$ (479,217) |
| Throughput Disincentive Costs (\$) | (7) Interest | \$ (734) | \$ (716) | \$ (128) |

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factors for each program
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

SCHEDULE BMM-d6

HAS BEEN DEEMED

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IN ITS ENTIRETY