

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
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")**

April 1, 2018 through December 31, 2019

FILE NO. EO-2020-0228

*Jefferson City, Missouri
June 30, 2020*

**** Denotes Confidential Information ****

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April 1, 2018 through December 31, 2019
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1 **STAFF REPORT**

2 **SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS**
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10 **I. Executive Summary**

11 The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and
12 analyzed a variety of items in examining whether Evergy Missouri West, Inc., d/b/a Evergy
13 Missouri West (“Evergy Missouri West” or “Company”), f/k/a KCP&L Greater Missouri
14 Operations Company (“GMO”) reasonably and prudently incurred costs associated with its
15 demand-side programs and demand-side programs investment mechanism (“DSIM”) which were
16 approved by the Commission’s *Order Approving Stipulation and Agreement Resolving GMO’s*
17 *MEEIA Filing* in Case No. EO-2015-0241 (“Cycle 2 Plan”).

18 This prudence review report (“Report”) reflects Staff’s second prudence review for
19 Evergy Missouri West’s Missouri Energy Efficiency Investment Act¹ (“MEEIA”) demand-side
20 programs and DSIM Cycle 2 costs in File No. EO-2015-0241 which included the review period
21 of April 1, 2018 through December 31, 2019 (“Review Period”). This Report addresses prudence
22 review costs for Evergy Missouri West’s Cycle 2 program costs (“Program Costs”), annual
23 energy and demand savings, Throughput Disincentive (“TD”), and interest. The total Review
24 Period is comprised of the following two (2) time periods.

- 25 1. The first time period is Cycle 2 program year 3 (“PY3”) or program year 2018
26 (“PY2018”). This is the time period beginning April 1, 2018 through March 31,
27 2019. The total amount of program costs for PY3 was \$16,984,731, and the
28 actual TD was \$7,339,034.

¹ Section 393.1075, RSMo. 2016.

2. The second time period is April 1, 2019 through December 31, 2019 (“PY4”) or (“PY2019”).² The total amount of program costs reported was \$12,771,693 and the actual TD amount was \$3,115,514.

Based on its review, Staff has identified a disallowance of expenses for conferences and meetings; MEEIA Cycle 3 expenses; memberships and sponsorships; other expenses; and, Demand Response programs during the Review Period, identified in Table 1 below. Staff is recommending an ordered adjustment (“OA”) in the amount of \$2,363,761 including interest³, 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 14	\$ 2,610.38	\$ 123.73	\$ 2,734.11
Cycle 3 Expenses	Page 15	\$ 673.75	\$ 12.07	\$ 685.82
Memberships/Sponsorships	Page 17	\$ 7,059.00	\$ 217.04	\$ 7,276.04
Other Expenses	Page 18	\$ 954.52	\$ 21.96	\$ 976.48
Demand Response	Page 24	\$ 2,352,089.00	\$ -	\$ 2,352,089.00
Total		\$ 2,363,386.65	\$ 374.80	\$ 2,363,761.45

BACKGROUND

On August 28, 2015, Evergy Missouri West filed, in Case No. EO-2015-0241, its application under MEEIA and the Commission’s MEEIA rules⁴ for approval of Evergy Missouri West’s second MEEIA application. On November 23, 2015, Evergy Missouri West, Evergy Missouri Metro, Staff, Office of the Public Counsel, Missouri Division of Energy, Natural Resources Defense Council, National Housing Trust, Earth Island Institute, d/b/a Renew

² The Commission approved Evergy Missouri West and Evergy Missouri Metro MEEIA Cycle 2 to be extended for up to nine months with a new date of not later than 12/31/2019 and the extended period will be deemed Program Year 4 (“PY4”). The Commission’s *Order Approving Stipulation and Agreement* was filed on February 27, 2019 in Case No. EO-2019-0132.

³ Interest calculated on disallowances for Actual Program Costs, Sections A through D through December 31, 2019, however interest was not calculated on disallowances in Actual Program Costs Section I.

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

1 Missouri, United for Missouri, and West Side Housing Organization filed a *Non-Unanimous*⁵
2 *Stipulation and Agreement Resolving MEEIA Filing* (“First Stipulation”).

3 Through its March 2, 2016 *Order Approving Non-Unanimous Stipulation And Agreement*
4 *Resolving KCP&L Greater Missouri Operations Company’s MEEIA Filing* in Case No.
5 EO-2015-0241, the Commission authorized Evergy Missouri West to implement its three-year⁶
6 “Plan” including: 1) sixteen (16) demand-side programs (“MEEIA Programs”) described in
7 Evergy Missouri West’s August 28, 2015 MEEIA application and modified to reflect the terms
8 and conditions contained in the First Stipulation, 2) technical resource manual (“TRM”) and
9 3) a demand-side programs investment mechanism. Through its March 23, 2016 *Order*
10 *Approving Expedited Tariffs*, the Commission approved rates for the DSIM Riders and approved
11 a DSIM Charge⁷ in Case No. EO-2015-0241 to be effective on April 1, 2016.

12 The Commission’s April 6, 2016 *Order Approving Second Stipulation and Agreement* in
13 Case No. EO-2015-0241 approved a *Non-Unanimous Stipulation and Agreement*
14 (“Second Agreement”) that was filed March 17, 2016. The Second Agreement was agreed to by
15 the Company, Commission Staff, Office of the Public Counsel, Division of Energy,
16 National Housing Trust, West Side Housing Organization, Natural Resources Defense Council,
17 Earth Island Institute d/b/a Renew Missouri, and United for Missouri, Inc.⁸ The Second
18 Agreement replaced Appendix C of the First Agreement with a new Appendix 1 that modifies
19 the incentive ranges for two programs that were either not complete or inaccurate and it also
20 replaced Appendix I of the First Agreement with a new Appendix 2 that provides a complete list
21 of DSM measures for Cycle 2 programs that were inadvertently omitted in Appendix I.

⁵ Brightergy was the only party that objected to the stipulation. A hearing was held on January 12, 2016.

⁶ Starting April 1, 2016 and ending March 31, 2019. Starting April 1, 2019 the “three-year” plan was extended to a “four-year” plan in Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132.

⁷ From Evergy Missouri West’s Original Sheet No. 138: Charges arising from the MEEIA Cycle 2 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 2 Plan demand-side management programs approved under the MEEIA.

⁸ The Second Agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 20 CSR 4240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days passed and no party objected, therefore the Commission treated the Second Agreement as a unanimous stipulation and agreement.

1 The Commission's February 27, 2019 *Order Approving Stipulation and Agreement* in
2 Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of*
3 *MEEIA 2 Programs During Pendency of MEEIA 3 Case* ("Third Agreement") that was filed
4 February 15, 2019. The Third Agreement was agreed to by the Company, the Staff of the
5 Commission, the Office of the Public Counsel, the Missouri Department of Economic
6 Development - Division of Energy, and Renew Missouri Advocates. The Third Agreement
7 allowed for the Company to extend MEEIA Cycle 2 for up to nine months, with a new end date
8 of not later than December 31, 2019. It also modified Appendix 1 (Incentive Ranges) and
9 modified Appendix 2 (TRM), which will be used during the MEEIA Cycle 2 extension period.

10 Commission Rule 20 CSR 4240-20.093(11) requires that the Staff conduct prudence
11 reviews of an electric utility's costs for its DSIM no less frequently than every twenty-four (24)
12 months. This Report documents Staff's second review of the prudence of Evergy Missouri
13 West's Cycle 2 Program Costs, annual energy and demand savings, TD, interest for the Review
14 Period, and the over/under collection from the Commission approved Cycle 1 Performance
15 Incentive ("PI").

16 Commission Rule 20 CSR 4240-20.093(10) requires that Evergy Missouri West file
17 a quarterly Surveillance Monitoring Report. Attached as Addendum A to this Report is Page 7
18 of Evergy Missouri West's Surveillance Monitoring Report including status of the MEEIA
19 Programs and DSIM costs for the quarter ended, and cumulative total ended, December 31, 2019.

20 Table 2 below^{9, 10} identifies the line items and amounts from Addendum A which are the
21 subject of Staff's prudence review.

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26 *continued on next page*

⁹ The Surveillance Monitoring Report First Year Gross Annual Energy Savings Actual kW in Table 2 accurately demonstrates the correct kW savings, as there was an entry error of kW savings for the quarter ended September 30, 2019. See Staff's Section VIII.(B), footnote 40 for specific details.

¹⁰ The Surveillance Monitoring Total Program Costs Interest in Table 2 accurately demonstrates the correct interest amount, as there was a small error in the Q2 2019 calculation. See Staff's Section X, footnote 42 for specific details.

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Table 2		
Cumulative Totals for April 1, 2018 through December 31, 2019		
Category	Descriptor	Period Total
Total Program Costs (\$)	Billed	\$ 31,982,461
Total Program Costs (\$)	Actual	\$ 29,756,424
Total Program Costs (\$)	Variance	\$ (2,226,037)
Total Program Costs (\$)	Interest	\$ 39,343
First Year Gross Annual Energy Savings (kWh)	Target	100,044,559
First Year Gross Annual Energy Savings (kWh)	Deemed Actual	121,933,329
First Year Gross Annual Energy Savings (kWh)	Variance	21,888,770
First Year Gross Annual Deemed Savings (kW)	Target	43,125
First Year Gross Annual Deemed Savings (kW)	Deemed Actual	34,099
First Year Gross Annual Deemed Savings (kW)	Variance	(9,026)
Throughput Disincentive Costs (\$)	Billed	\$ 10,233,877
Throughput Disincentive Costs (\$)	Actual	\$ 10,454,548
Throughput Disincentive Costs (\$)	Variance	\$ 220,671
Throughput Disincentive Costs (\$)	Interest	\$ 29,349

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3 In evaluating prudence, Staff reviews whether a reasonable person making the same
 4 decision would find both the information the decision-maker relied on and the process the
 5 decision-maker employed to be reasonable based on the circumstances at the time the decision
 6 was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded;
 7 instead, the review evaluates the reasonableness of the information the decision-maker relied on
 8 and the decision-making process the decision-maker employed. If either the information relied
 9 upon or the decision-making process employed was imprudent, then Staff examines whether the
 10 imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in
 11 harm to ratepayers, will Staff recommend a disallowance. A more detailed discussion of the legal
 12 foundation for Staff’s definition of imprudence is presented in Section IV.

13 *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) Evaluation, Measurement and Verification (“EM&V”) contractors for its residential and business MEEIA Programs, and 3) its comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3¹¹ summarizes for each of the sixteen (16) MEEIA Programs: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

Table 3				
2016-2018 Evergy Missouri West Energy Efficiency Plan				
MEEIA Programs	3-Year MEEIA Target Savings Targets (kWh)	Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Business - Standard	48,388,453	7,981	CLEAResult	Navigant
Business - Custom	37,599,915	9,698	CLEAResult	Navigant
Block Bidding	22,004,934	3,815	Overlay/CLEAResult	Navigant
Strategic Energy Management	15,159,385	3,552	CLEAResult	Navigant
Small Business Lighting	4,462,454	740	CLEAResult	Navigant
Business Programable Thermostat	98,753	269	CLEAResult	Navigant
Business Online Energy Audit	-	-	Oracle	Navigant
Demand Response Incentive	-	55,000	CLEAResult/Oracle	Navigant
Home Lighting Rebate	31,610,181	3,197	ICF International	Navigant
Home Appliance Recycling Rebate	10,131,888	1,690	ICF International	Navigant
Home Energy Report	21,070,772	4,215	Oracle	Navigant
Home Online Energy Audit	-	-	Oracle	Navigant
Residential Programable Thermostat	7,680,173	20,946	Nest/CLEAResult	Navigant
Whole House Efficiency	14,515,295	4,650	ICF International	Navigant
Income-Eligible Weatherization	143,458	53	Community Action Programs/DOE	Navigant
Income-Eligible Multifamily	12,517,848	1,696	ICF International	Navigant
Evergy Missouri West Total	225,383,509	117,502		

Staff Expert: Brooke Mastrogiannis

¹¹ Table 3 was updated after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132. This Order approved an increase in budget for energy and demand savings for Cycle 2.

1 **III. Prudence Review Process**

2 On February 3, 2020, Staff initiated its second prudence review of costs of Evergy
3 Missouri West's DSIM¹² in compliance with 20 CSR 4240-20.093(11) as authorized under
4 Sections 393.1075.3 and 393.1075.1, RSMo. This prudence review was performed by members
5 of the Energy Resources Department of the Industry Analysis Division. Staff obtained and
6 analyzed a variety of documents, records, reports, data request responses, work papers, and
7 emails, and had numerous phone discussions with Evergy Missouri West personnel to complete
8 its prudence review of costs for the DSIM Rider for the Review Period of April 1, 2018 through
9 December 31, 2019. In compliance with 20 CSR 4240-20.093(11), this prudence review was
10 completed within one-hundred-fifty (150) days of its initiation.

11 If the Commission were to order any disallowance of costs as a result of prudence reviews
12 and/or corrections, such a disallowance amount shall be an OA in a future Evergy Missouri West
13 DSIM Rider rate adjustment filing.¹³

14 *Staff Expert: Brooke Mastrogiannis*

15 **IV. Prudence Review Standard**

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

19 [A] utility's costs are presumed to be prudently incurred....
20 However, the presumption does not survive "a showing of
21 inefficiency or improvidence... [W]here some other participant in
22 the proceeding creates a serious doubt as to the prudence of
23 expenditure, then the applicant has the burden of dispelling these
24 doubts and proving the questioned expenditure to have been
25 prudent.

26 In the same case, the PSC noted that this test of prudence should
27 not be based upon hindsight, but upon a reasonableness standard:
28 [T]he company's conduct should be judged by asking whether the
29 conduct was reasonable at the time, under all the circumstances,
30 considering that the company had to solve its problem
31 prospectively rather than in reliance on hindsight. In effect, our

¹² The first prudence review for Cycle 2 is in File Nos. EO-2018-0364.

¹³ Evergy Missouri West DSIM Rider 2nd Revised Sheet No. 138.3.

1 responsibility is to determine how reasonable people would have
2 performed the tasks that confronted the company.

3 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations
4 omitted).

5 In reversing the Commission in that case, the Court did not criticize the Commission's definition
6 of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers
7 based on imprudence, the Commission must determine the detrimental impact of that imprudence
8 on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this
9 review. Staff reviewed for prudence the areas identified and discussed below for Evergy Missouri
10 West's DSIM Rider.

11 *Staff Expert: Brooke Mastrogiannis*

12 **V. Billed Revenue**

13 **1. Description**

14 For the Review Period, Evergy Missouri West billed customers through a separate line
15 item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs'
16 costs and estimated Company TD. The "DSIM Charge" is based on the customer's monthly
17 consumption and the applicable energy efficiency investment rates approved by the
18 Commission initially in Case No. ER-2015-0241 and subsequently in Case Nos. ER-2018-0358,
19 ER-2019-0166, ER-2019-0397, and ER-2020-0155.

20 Evergy Missouri West provided a random sample of actual customer bills¹⁴ that Staff
21 reviewed and determined Evergy Missouri West was charging the appropriate rates to its
22 customers for the recovery of program and TD costs.

23 During PY2018, Evergy Missouri West billed customers \$19,214,131 to recover its
24 estimated energy efficiency programs' costs. For the same period, Evergy Missouri West actually
25 spent \$16,984,731 on its energy efficiency programs. Thus Evergy Missouri West over-collected
26 \$2,229,400 from its customers for programs' costs during the PY2018. During PY2018 Evergy
27 Missouri West billed customers \$8,287,657 for estimated Company TD. The actual Company

¹⁴ Evergy Missouri West's Response to Staff's Data Request No. 0010.

1 TD for PY2018 was \$7,339,034. Thus, Evergy Missouri West over-collected \$948,622 from its
2 customers for Company TD during PY2018.

3 During PY2019 Evergy Missouri West billed customers \$12,768,330 to
4 recover its estimated energy efficiency programs' costs. During PY2019, Evergy Missouri
5 West actually spent \$12,771,693 on its energy efficiency programs. Thus, Evergy Missouri
6 West under-collected \$3,363 from its customers for programs' costs during the PY2019.
7 During the PY2019, Evergy Missouri West billed customers \$1,946,220 for estimated
8 Company TD. The actual Company TD for the PY2019 was \$3,115,514. Thus, Evergy Missouri
9 West under-collected \$1,169,293 from its customers for Company TD during PY2019.
10 The over/under collection from prior periods is attempted to be corrected for in each subsequent
11 DSIM Rider filing.

12 2. Summary of Cost Implications

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

16 3. Conclusion

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

20 4. Documents Reviewed

- 21 a. Evergy Missouri West's 2016 - 2018 MEEIA Plan;
- 22 b. Approved MEEIA Energy Efficiency and Demand Side Management
23 Programs Tariff Sheets;
- 24 c. Evergy Missouri West's Quarterly Surveillance Monitoring Reports,
25 Page 6; and
- 26 d. Staff Data Requests: 0002, 0003, 0005, 0010, 0020, and 0023.

27 *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 DSM
5 portfolio over the life-cycle of each measure in Evergy Missouri West's Cycle 2 Plan. Nexant
6 specifically allowed Evergy Missouri West to develop operating rules for its approved energy
7 efficiency programs, process customers' applications, support processing and payment of
8 incentives (rebates)¹⁵ and provide regulatory compliance and management reporting. Before
9 Evergy Missouri West contracted with Nexant it considered four vendors, and Nexant was
10 selected based on the best overall score for the criteria of meeting core requirements, company
11 experience and performance, growth opportunity, pricing, diversity participation, and Evergy
12 Missouri West Information Technology involvement needed.

13 The primary implementers that are able to use this tracking system are CLEAResult and
14 ICF. CLEAResult uses it for all of the business programs and the Thermostat Programs, and ICF
15 uses it for the Home Lighting, Whole House Efficiency, and Income Eligible Multi Family
16 Programs. For the low volume programs the incentive amounts and energy and demand savings
17 amounts are manually put into the Nexant system.

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

23 Evergy Missouri West granted Staff remote on-line access to the Nexant system for
24 Staff's use in conducting Staff's MEEIA prudence review. Staff reviewed a sample of customer
25 data, incentive levels, and annual energy and demand savings for all of Evergy Missouri West's
26 approved energy efficiency programs. During its review, Staff found that while some program
27 reporting in Nexant did match to the incentives reported in Table 4 below, which is created from
28 the general ledger, other programs did not match to total incentives reported in Table 4. Staff had

¹⁵ Evergy Missouri West 3rd Revised Sheet No. 138.1: "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 to rely on Evergy Missouri West's general ledger to accurately review the total incentives
2 reported in program costs, instead of the data exported from the Nexant system. Subsequently,
3 Evergy Missouri West provided in Data Request No. 0017 a reconciliation of incentives paid to
4 residential and commercial customers for the Review Period. This reconciliation provided Staff
5 with additional details for the differences between the general ledger and Nexant. One main
6 difference was that the general ledger included January 2020 data, even though it is outside of the
7 Review Period, so there are timing differences for when the rebates were actually reported.
8 Other reconciliation differences include: 1) a 1% vendor carrying cost for specific programs;
9 2) corrections from PY1 to PY2 prudence review; 3) a customer inadvertently paid twice;
10 4) rebates coded to Evergy Missouri Metro instead of Evergy Missouri West; and 5) a few
11 unidentified differences that are immaterial. Evergy Missouri West notes that the
12 misclassifications will be reversed and corrected.

13 Despite the discrepancies, Nexant did allow Staff to verify deemed annual energy and
14 demand savings detail at a total program level. Staff had to request annual energy and demand
15 savings detail for each program to verify savings reported in Nexant matched the savings in the
16 Company's work papers and Quarterly Surveillance Reports. Evergy Missouri West also
17 provided in Data Request No. 0017 separate detailed files for the thermostat programs and
18 Demand Response Incentive Program, which are not tracked in Nexant.

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

24 **2. Summary of Cost Implications**

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

28 **3. Conclusion**

29 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
30 implementation and administration of the Nexant system; however, in order for Staff to complete

1 this review, Staff had to review a complete reconciliation provided by the Company instead of
2 just reviewing the details provided by the Nexant system.

3 **4. Documents Reviewed**

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

9 *Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

10 **VII. Actual Program Costs**

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

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

21 The results of Staff's categorization of programs' costs are provided in Table 4
22 shown below:

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29 *continued on next page*

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Table 4
Actual Rebate and Program Cost Totals
Program Costs April 1, 2018 through December 31, 2019

	TOTAL COSTS	REBATES	PROGRAM ADMINISTRATION
RESIDENTIAL:			
Income-Eligible Weatherization	\$ -	\$ -	\$ -
Income-Eligible Multi-Family	\$ 1,836,915	\$ 608,167	\$ 1,228,747
Residential Programmable Thermostat	\$ 3,915,219	\$ 648,148	\$ 3,267,072
On-line Home Energy Audit	\$ 123,381	\$ -	\$ 123,381
Home Energy Reports	\$ 1,237,353	\$ -	\$ 1,237,353
Home Lighting Rebate	\$ 2,161,495	\$ 1,122,242	\$ 1,039,252
Whole House Efficiency	\$ 4,850,477	\$ 2,029,897	\$ 2,820,581
Subtotal Residential Programs	\$ 14,124,840	\$ 4,408,454	\$ 9,716,386
Demand Response Incentive	\$ 4,775,475	\$ 2,936,287	\$ 1,839,188
Commercial Programmable Thermostat	\$ 204,432	\$ 6,800	\$ 197,632
On-line Business Energy Audit	\$ 22,893	\$ -	\$ 22,893
Strategic Energy Management	\$ 287,000	\$ 6,695	\$ 280,305
Block Bidding	\$ 868,003	\$ 516,194	\$ 351,809
Small Business Direct Install	\$ 111,534	\$ 22,344	\$ 89,191
Business Energy Efficiency Rebate-C	\$ 4,315,166	\$ 2,173,584	\$ 2,141,581
Business Energy Efficiency Rebate-S	\$ 4,217,700	\$ 2,246,087	\$ 1,971,613
Subtotal Business Programs	\$ 14,802,202	\$ 7,907,991	\$ 6,894,211
Research and Pilot	\$ 829,382	\$ -	\$ 829,382
Grand Total--All Programs	\$ 29,756,424	\$ 12,316,445	\$ 17,439,979
COSTS BY SUBACCOUNTS:			
Customer Rebates	\$ 12,316,445		
Implementation Contractors	\$ 12,862,346		
Evaluation	\$ 1,186,598		
Marketing	\$ 1,055,878		
Administrative	\$ 2,335,157		
Total Program Costs (Subaccounts)	\$ 29,756,424		

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Evergy Missouri West incurs administrative costs that are directly related to the implementation of its approved energy efficiency programs. Staff uses the term “administrative” to mean all costs other than incentives.¹⁶ Staff reviewed each administrative category of cost to determine the reasonableness of each individual item of cost and if the costs being sought for

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 recovery were directly related to energy efficiency programs and recoverable from customers
2 through the “DSIM Charge”.

3 Evergy Missouri West provides incentive payments to its customers as part of its
4 approved energy efficiency programs. Incentive payments are an important instrument for
5 encouraging investment in energy efficient technologies and products by lowering higher upfront
6 costs for energy efficiency measures compared to the cost of standard measures. Incentive
7 payments can also complement other efficiency policies such as appliance standards and energy
8 codes to help overcome market barriers for cost-effective technologies.

9 Evergy Missouri West has also developed internal controls that allow for review and
10 approval at various stages for the accounting of costs for its energy efficiency programs. Evergy
11 Missouri West has developed internal procedures that provide program managers and other
12 reviewers a detailed and approved method for reviewing invoices. Evergy Missouri West also
13 provided Staff with its policies related to reimbursement of employee-incurred business expenses
14 and approval authority for business transactions.

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

16 **1. Description**

17 During this MEEIA prudence review, Staff evaluated all administrative expenses incurred
18 and identified expenses that were not specifically MEEIA related or lacked proper documentation
19 to determine if they were MEEIA related. There were expenses Staff disallowed during the
20 Review Period and Staff has provided its reason for each disallowance.

21 Staff requested the Company provide invoices related to conferences and meetings along
22 with the agendas or information related to the focus on MEEIA. Staff reviewed each conference
23 and the meeting information provided to determine if the events were primarily related to
24 MEEIA. There were conferences and meetings where neither an agenda nor information was
25 provided, and certain instances where the overall conference was deemed not primarily MEEIA
26 related. After reviewing the paid invoices, Staff found that the following conference/meeting
27 expenses, which total \$2,610.38, should be disallowed and not recoverable through the Evergy
28 Missouri West DSIM Rider. The reasons for the disallowances are identified in Table 5 below:

1

Table 5			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
PLMA Conference (Coronado, CA)	Apr, 2018	No Information Provided	\$ 74 81
Annual MEEA Conference	Jun 2018	No Information Provided, plus part of costs were in Mt. Vernon, IL even though conference was in KY	\$ 746 25
Nexant Conference	Jun 2018	No Information Provided	\$ 316.77
Energy Star Partners Conf (AZ)	Jul & Aug 2018	Product Sales & Agent Fees only	\$ 35.00
MEEA Board Meeting (IL)	Aug 2018	No Information Provided	\$ 351 20
MEEIA Supporting/Training Conf (AZ)	Sep 2018	No Information Provided	\$ 263.69
Chartwell Conference	Oct 2018	Related to billing & customers & not MEEIA	\$ 561 94
Nexant Annual User Consortium (FL)	May 2019	No Information Provided	\$ 260.72
Total			\$ 2,610 38

2

3

2. Summary of Cost Implications

4

If Evergy Missouri West 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.

5

6

3. Conclusion

7

Staff has identified expenses for conferences and meetings that were either not primarily MEEIA related or no documentation for those expenses was provided and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$2,610.38 plus interest of \$123.73 on the disallowance through December 31, 2019, for a total disallowance of \$2,734.11.

8

9

4. Documents Reviewed

10

- a. Staff Data Requests: 0001, 0003, 0003.1, 0012, 0013, 0014 and 0015.

11

Staff Expert: Cynthia M. Tandy

12

B. Administrative Costs - MEEIA Cycle 3 Expenses

13

1. Description

14

During the review, Staff identified expenses for MEEIA Cycle 3 that were included in the Cycle 2 Review Period. Since those Cycle 3 costs are specific to Cycle 3 and not Cycle 2, Staff recommends these expenses not be sought for recovery until the beginning of Cycle 3,

15

1 which would be January 2020 and outside of this Review Period. This allows for expenses for
2 preparing the Cycle 3 filing to be recovered during the MEEIA Cycle with which those costs are
3 associated. Staff further recommends that the recovery of costs for preparing all subsequent
4 MEEIA filings be recovered during the respective future MEEIA Cycle with which those costs
5 are associated. Staff found that the following Cycle 3 expenses, which total \$673.75, as identified
6 in the Table 6 below should be disallowed and sought for recovery at the beginning of Cycle 3.
7

Table 6			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Marketing Meeting (Review GTM Plan)	Dec 18	Defer into Cycle 3 period	\$ 8.20
Lunch (Cycle 3 Negotiations)	Jun 19	Defer into Cycle 3 period	\$ 64.37
Travel to and from Lockheed	Jun 19	Defer into Cycle 3 period	\$ 288.84
Lockheed Cycle 3 Design Sprint	Jun 19	Defer into Cycle 3 period	\$ 16.29
Lockheed Martin Review Meeting	Jun 19	Defer into Cycle 3 period	\$ 287.68
Snacks-MEEIA Cycle 3 Hearing	Sep 19	Defer into Cycle 3 period	\$ 8.37
Total			\$ 673.75

8
9 **2. Summary of Cost Implications**

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

13 **3. Conclusion**

14 Staff has identified expenses for Cycle 3 that should be disallowed and sought for
15 recovery at the beginning of Cycle 3. Staff is proposing a disallowance of \$673.75 plus interest
16 of \$12.07 through December 31, 2019, for a total disallowance of \$685.82.

17 **4. Documents Reviewed**

- 18 a. Staff Data Requests: 0001, 0003 and 0003.1.

19 *Staff Expert: Cynthia M. Tandy*

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

1. Description

During this Review Period, Staff identified expenses for memberships and sponsorships that were included for recovery through the DSIM Rider. Staff requested¹⁷ copies of receipts for all membership dues and/or trade associations. A very small list was provided in Staff’s original request; however, Staff was able to identify a larger sample of invoices for memberships and sponsorships in Staff Data Request No. 0024. Staff found that the following membership/sponsorship expenses, which total \$7,059.00, and are identified in Table 7 below, should be disallowed and Staff provides its reason for the disallowance:

Payee	Month(s)	Reason for Disallowance	Disallowed Cost
MEEA Sponsorship	Nov 18	Unclear why sponsorship is necessary in addition to membership	\$ 3,000.00
Assn. of Energy Engineers-DSIM Cert	Dec 2019	No identification of how this is related to MEEIA	\$ 300.00
St. Joseph Construction Assn.	Various	No identification of how this is related to MEEIA	\$ 759.00
Midland Empire Home Builders Assn	Dec 2018	No identification of how this is related to MEEIA	\$ 500.00
Metro Wire Media (Platinum Sponsor 2019 Industrial Summit)	Jul 2019	No identification of how this is related to MEEIA	\$ 2,500.00
Total			\$ 7,059.00

2. Summary of Cost Implications

If Evergy Missouri West 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 expenses for memberships and sponsorships that are unclear as to whether they are MEEIA related or if the sponsorship was necessary above and beyond the cost of paying the membership, and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$7,059.00 plus interest of \$217.04 on the disallowance through December 31, 2019, for a total disallowance of \$7,276.04.

¹⁷ Staff Data Request No. 0019.

4. Documents Reviewed

- a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0013, 0015, 0019 and 0024.

Staff Expert: Cynthia M. Tandy

D. Administrative Costs - Other Expenses

1. Description

During the review, Staff evaluated all administrative expenses and identified some expenses that did not fall into the three categories discussed above. For the purpose of this review, these expenses are classified as “Other Expenses”. Staff found that the following other expenses, which total \$954.52, as identified in Table 8, should be disallowed with the reason why:

Table 8			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Turnpike Fee	Jul 18	Indicates this is personal	\$ 19.88
Gift Cards for 4DX awards mid-yr celebration	Aug 18	Receipts have no purpose and who received the cards	\$ 60.00
DERMS, Nike and Work Shirts	Sep 18 & 19	Not related specifically to MEEIA	\$ 446.21
Souvenirs at Airport along with water/snacks	Apr 19	Looks like personal items	\$ 6.94
Excel Training Course	May-19	General Expense not specific to MEEIA	\$ 295.00
Going Away Party for Amy Bartak	Aug 19 & Sep 19	Looks like personal and not MEEIA related	\$ 126.49
Total			\$ 954.52

2. Summary of Cost Implications

If Evergy Missouri West 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 personal or included personal items on the receipts. There were also expenses for shirts that did not indicate any MEEIA message on the shirts or their purpose. Staff is proposing a disallowance

1 of \$954.52 plus interest of \$21.96 on the disallowance through December 31, 2019, for a total
2 disallowance of \$976.48.

3 **4. Documents Reviewed**

4 a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0015 and 0024.

5 *Staff Experts: Cynthia M. Tandy and Lisa Wildhaber*

6 **E. Rebates and Incentives**

7 **1. Description**

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

14 **2. Summary of Cost Implications**

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

19 **3. Conclusion**

20 Staff found no indication that Evergy Missouri West has acted imprudently regarding
21 paying out plan rebates or incentives except as discussed below in Section I Demand Response.

22 **4. Documents Reviewed**

- 23 a. Evergy Missouri West's Cycle 2 Plan;
24 b. Approved MEEIA Energy Efficiency and Demand Side Management
25 Programs Tariff Sheets; and
26 c. Staff Data Requests: 0003, 0008 and 0017.

27 *Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

1 **F. Implementation Contractors**

2 **1. Description**

3 Evergy Missouri West hired business partners for design, implementation and delivery of
4 its portfolio of residential and business energy efficiency programs to customers. Contracting
5 with competent, experienced and reliable program implementers is extremely important to the
6 success of Evergy Missouri West’s energy efficiency programs and for affording Evergy
7 Missouri West’s customers the greatest benefits.

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

14 In its previous Evergy Missouri West MEEIA Cycle 2 prudence review, Staff reviewed
15 Evergy Missouri West’s relationship with its implementers to gauge if Evergy Missouri West
16 acted prudently in the selection and oversight of its program implementers. Staff examined the
17 contracts between Evergy Missouri West and the implementers in an effort to determine if the
18 terms of the contract were followed during the implementation of the residential and business
19 programs. Staff also reviewed a large sample of over 600 invoices paid to the implementers
20 identified in Table 3, and traced these costs to the general ledger, program costs in Data Request
21 No. 0003.

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

26 Table 9 below provides a comparison of achieved energy and demand savings and
27 planned deemed energy and demand savings for Evergy Missouri West’s residential and business
28 programs for the Review Period. If Evergy Missouri West was unable to achieve its planned
29 energy and demand savings levels, that could be an indication the programs were not being
30 prudently administered by the implementers and by Evergy Missouri West. Although some of
31 Evergy Missouri West’s individual programs did not meet energy and demand savings targets,

the programs in total achieved and exceeded the overall energy efficiency portfolio annual energy and demand savings targets.

Table 9						
April 1, 2018 through December 31, 2019						
MEEIA Programs	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
Business - Standard	40,062,730	22,607,403	17,455,327	7,868	3,725	4,143
Business - Custom	25,674,364	17,757,193	7,917,171	4,935	4,580	355
Block Bidding	7,864,449	11,945,536	(4,081,087)	1,015	2,071	(1,056)
Strategic Energy Management	147,872	7,074,380	(6,926,508)	-	1,658	(1,658)
Small Business Direct Install	136,332	2,326,938	(2,190,606)	27	385	(358)
Business Programmable Thermostat	85,060	46,085	38,975	302	126	176
Business Online Energy Audit	-	-	-	-	-	-
Demand Response Incentive	-	-	-	1,789	15,000	(13,211)
Home Lighting Rebate	26,800,873	16,265,325	10,535,548	2,592	1,654	938
Home Appliance Recycling Rebate	-	4,925,845	(4,925,845)	-	822	(822)
Home Energy Report	(2,776,723)	95,575	(2,872,298)	(495)	-	(495)
Income-Eligible Home Energy Report	-	-	-	-	-	-
Home Online Energy Audit	-	-	-	-	-	-
Residential Programmable Thermostat	1,817,497	3,584,081	(1,766,584)	8,158	9,775	(1,617)
Whole House Efficiency	16,762,730	7,780,748	8,981,982	7,202	2,481	4,721
Income-Eligible Weatherization	-	-	-	-	-	-
Income-Eligible Multi-family	5,358,145	5,635,450	(277,305)	706	848	(142)
Evergy Metro Total	121,933,329	100,044,559	21,888,770	34,099	43,125	(9,026)

2. Summary of Cost Implications

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

3. Conclusion

Staff found no indication that Evergy Missouri West has acted imprudently regarding the selection and supervision of its program implementers except as discussed below in Section I Demand Response.

4. Documents Reviewed

- a. Evergy Missouri West’s Cycle 2 Plan;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and
- c. Staff Data Requests: 0003, 0007, 0024, 0024.1 and 0047.

Staff Expert: Lisa Wildhaber

1 **G. Evaluation, Measurement and Verification (“EM&V”) Contractors**

2 **1. Description**

3 Evergy Missouri West is required to hire independent contractor(s) to perform and report
4 EM&V of each Commission-approved demand-side program. Commission rules allow Evergy
5 Missouri West to spend approximately 5% of its total program costs budget for EM&V.¹⁸
6 Navigant Consulting, Inc. (“Navigant”) conducted and reported the EM&V results for Evergy
7 Missouri West’s Cycle 2 demand-side programs.

8 During the Review Period, Evergy Missouri West expended \$1,186,598 for EM&V,
9 which represents 3.99% of the \$29,756,448 total programs’ costs. Thus, the costs associated with
10 the EM&V did not exceed the 5% maximum cap.

11 **2. Summary of Cost Implications**

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

15 **3. Conclusion**

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

18 **4. Documents Reviewed**

- 19 a. Evergy Missouri West’s Cycle 2;
20 b. Approved MEEIA Energy Efficiency and Demand Side Management
21 Programs Tariff Sheets; and
22 c. Staff Data Requests: 0001, 0002, 0003, 0005, 0006, 0009, and 0018.

23 *Staff Expert: Brooke Mastrogiannis*

24 **H. MEEIA Labor**

25 **1. Description**

26 For MEEIA Cycle 2, Evergy Missouri West included labor costs that are allocated
27 towards the MEEIA DSIM Rider, and excluded from base rates in its cost of service. In the most

¹⁸ 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.

1 recent general rate case which had an effective date of December 2018, a total of 12.5 Full Time
2 Employees (“FTE’s”) were excluded from base rates. Evergy Missouri West provided Staff with
3 a file that included hours charged monthly to MEEIA by individual to total chargeable hours for
4 those individuals excluding paid time off, for the Review Period of April 1, 2018 through
5 December 31, 2019. Staff then created a reconciliation between what Evergy Missouri West
6 provided in this MEEIA prudence review of individuals charged to MEEIA and the individuals
7 associated with the 12.5 FTEs that were excluded from the last rate case. Upon further review
8 Staff came to the understanding that during the course of this MEEIA prudence Review Period,
9 certain employees moved in and out of the group by either leaving the company, joining the
10 company, or internal transfer. Staff was also then informed that since the last general rate case
11 there have been two positions that were added to MEEIA labor charges that were not in place at
12 the time of the 12.5 FTEs reported at the 2018 general rate case since, at the time of the 2018
13 general rate case, those two positions were vacant. Those positions are an EM&V Manager and
14 a Residential DR Program Manager. The addition of these two roles brought up the peak FTE
15 charged to MEEIA labor during the summer of 2019.

16 **2. Summary of Cost Implications**

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

19 **3. Conclusion**

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

22 **4. Documents Reviewed**

- 23 a. Evergy Missouri West’s Cycle 2 Plan;
- 24 b. 2016 Stipulation and Agreement, EO-2015-0240;
- 25 c. Tariff sheets 138-138.8; and
- 26 d. Staff Data Requests: 0022 and 0022.1.

27 *Staff Expert: Brooke Mastrogiannis*

1 **I. Demand Response**

2 **1. Description**

3 Evergy Missouri West has a responsibility to provide benefits to all customers in a given
4 rate class¹⁹ through implementation of the MEEIA programs. As stated on pages five - six of the
5 Commission's Report and Order in Case No. EO-2015-0055,

6 Under MEEIA and with Commission approval, electric utilities
7 may offer demand-side programs and special incentives to
8 participating customers designed to put demand-side initiatives on
9 equal footing with traditional supply-side resources. In order to
10 accomplish that equal footing, the law requires the Commission to
11 do three things:

- 12 (1) Provide timely cost recovery for utilities;
- 13 (2) Ensure that utility financial incentives are aligned with
14 helping customers to use energy more efficiently and in a manner
15 that sustains or enhances utility customers' incentives to use
16 energy more efficiently; and
- 17 (3) Provides timely earnings opportunities associated with
18 cost-effective measurable and verifiable savings. (footnote
19 omitted)

20 MEEIA allows such demand-side programs only so long as those
21 programs are approved by the Commission, result in measurable
22 demand or energy savings, and *are beneficial to all customers*.
23 [Emphasis added.]

24 The best way to provide benefits to all customers is to achieve targets as economically as possible
25 and to maximize the benefits of the demand-side programs. Demand response can be a great
26 demand-side resource for utilities that are short on capacity and when the programs are
27 implemented reasonably with an effort to avoid costs or provide benefits to customers. The
28 Commission's approval of the demand response programs does not excuse the requirement of
29 the Evergy Missouri West decision makers to implement the programs prudently and in a manner
30 that maximizes benefits to customers at least cost. The Evergy Missouri West demand response
31 programs were not implemented in a manner that would maximize benefits at least cost due to

¹⁹ RSMo 393.1075.4.

1 managerial decision making; thus, the costs associated with those programs are not justified.
2 MEEIA was never intended to be a blank check.²⁰

3 **2. Summary of Cost Implications**

4 **a. Residential Smart Thermostats**

5 Evergy Missouri West provided free smart thermostats to customers in exchange for
6 participation in demand response events; however, Evergy Missouri West rarely called events
7 throughout the Review Period. Evergy Missouri West acted imprudently, which drove up costs
8 to ratepayers through the DSIM Rider, by failing to alter the incentive level for the Residential
9 Programmable Thermostat Program. Evergy Missouri West exceeded the projected installations
10 for the entire MEEIA Cycle 2 portfolio in 2017. At any point during 2017, Evergy Missouri
11 West was in the unique position to have both the knowledge that the thermostat installations were
12 being adopted more quickly than projected²¹ and the ability to alter the incentive level paid for
13 the thermostat. Altering the incentive level would have decreased costs to customers and
14 maintained the expectation to meet the targeted goal of the program. Evergy Missouri West had
15 the flexibility to alter the incentive level in a relatively short time-frame through the change
16 process laid out in the approved tariff,²² but chose not to do so. Instead, Evergy Missouri West
17 made the decision to slow the rate of installations by restricting participation in the Residential
18 Programmable Thermostat to Direct Installations (“DI”) in order to “monitor and meter
19 participation”.²³ The DI channel of participation is the most expensive method of installation for
20 most measures. The reasonable and economic decision to make in this instance would have been
21 removing DI as an unnecessary channel of implementation²⁴ and lowering the incentive amount
22 for acquiring the thermostats.²⁵ That approach is no different from the change process that
23 Evergy Missouri West has followed when adoption of a given measure is not following the
24 expected adoption rate. Even with this more expensive throttled implementation procedure,
25 Evergy Missouri West suspended all thermostat installations from June 25, 2018 until April 1,
26 2019 due to achieving the maximum earnings opportunity. When the Company was granted an

²⁰ Page 17 of the Commission’s Report and Order in Case No. EO-2015-0055.

²¹ Evergy Missouri West tracks measure installations on a monthly basis.

²² Evergy Missouri West tariff sheet no. R-98.

²³ Response to Staff Data Request No. 0036.

²⁴ **

**

²⁵ Staff raised concern with the chosen approach during Demand-side Management Advisory Group meetings.

1 extension to the MEEIA Cycle 2 portfolio and an additional earnings opportunity, Evergy
2 Missouri West resumed the thermostat program. Staff estimates that the decision to only allow
3 DI installations as opposed to lowering the incentive amount arbitrarily increased the program
4 costs by at least \$461,200 (or \$100 per DI thermostat)²⁶ without considering the impact on
5 reduced incentive amounts on program costs.

6 The purpose section of Evergy Missouri West's first revised tariff sheet no. R-107 for the
7 Residential Programmable Thermostat program states:

8 The voluntary Programmable Thermostat Program is intended to
9 reduce system peak load and thus defer the need for additional
10 capacity. The program accomplishes this [Peak load reduction] by
11 cycling the Participants' air conditioning unit(s) or heat pump(s)
12 temporarily in a KCP&L Greater Missouri Operations Company
13 coordinated effort to limit overall system peak load.

14 According to Evergy Missouri West's response to Staff Data Request No. 0053.1,
15 Evergy Missouri West has provided over 1,100 smart-thermostats to customers free of charge
16 that were not activated to participate in demand response events. According to Evergy Missouri
17 West, only 456 of those have been returned by those customers. Thermostats that are not
18 activated to be called for events are contrary to the purpose of the program. Staff estimates that
19 the cost of providing 675 thermostats free of charge without participation in demand response
20 events cost ratepayers \$116,665 without consideration for additional administration costs and
21 installation costs.

22 **b. Demand Response Incentive Program**

23 Evergy Missouri West's implementation of the Demand Response Incentive Program
24 ("DRI") focused on maximizing the megawatts ("MW") enrolled and did not properly motivate
25 participating customers to follow through with the contracted load reductions despite a minimal
26 number of events being called during the Review Period. According to the Commission's Report
27 and Order in Case No. EO-2015-0055, "Simply put, the Commission would approve a MEEIA
28 plan if non-participating ratepayers would be better off paying to help some ratepayers reduce
29 usage than they would be paying a utility to build a power plant."

²⁶ \$100 is the difference in the TRM incremental cost for BYO thermostat measures and Smart thermostat measures.

1 In order to reduce the peak demand of Evergy Missouri West, the Demand Response
2 Incentive Program contracts should have been reasonably designed to properly incentivize
3 participants that perform well during called events and not provide, or minimize, incentives to
4 those participants that do not perform during called events.

5 Furthermore, it is possible that Evergy Missouri West's load could reach levels near peak
6 on several occasions in a given year. If Evergy Missouri West had called more events during the
7 review period, the decision makers and stakeholders would have a better understanding of the
8 capability of the program to achieve its stated purpose²⁷ at a future point in time when Evergy
9 Missouri West needs to reduce peak load to defer supply-side resources. Evergy Missouri West
10 provided DRI enrollees a large lump sum credit²⁸ for enrolling based on the number of MWs
11 enrolled.²⁹ Evergy Missouri West did offer additional credits for those customers that
12 participated in called events and penalties for those customer that did not participate, but the
13 additional credits and reduced credits were minimal and did not properly incentivize customers
14 to actively participate in the event in a meaningful manner. The result was a DRI program that
15 was unnecessarily costly, rewarded customers that did not participate, and harmed customers that
16 did not sign up but had to pay the DSIM charge. For example, if a hypothetical customer signed
17 up claiming the ability to reduce 500 kW during called event hours, that customer would receive
18 bill credits totaling ** ____ ** over the season or ** ____ ** per month during the season.
19 If that same customer did not participate in a 4-hour event in a given month, or even used more
20 load than expected, the customer's bill credit would be reduced by roughly ** ____ . ** The
21 participating customer would net ** ____ ** for the month or ** ____ ** for the season for
22 doing nothing but signing up for the program, i.e., not participating. Simply put, if an enrolled
23 customer can earn more profit than the minimal event penalty costs, the customer is unlikely to
24 participate meaningfully. Evergy Missouri West's DRI contracts did not incentivize performance
25 of participants and did not benefit any other customers in the respective rate classes. Only those
26 that signed up and received bill credits for the program, regardless of those customers'
27 participation in events, received any benefit. Furthermore, although the additional payments that

²⁷ The purpose section of Evergy Missouri West's tariff sheet no. R-86 states, "This voluntary program is designed to reduce customer load during peak periods to help defer future generation capacity additions and provide improvements in energy supply."

²⁸ The credit was split among the four summer months.

²⁹ ** ____ **

1 would have been necessary for Evergy Missouri West to call more events was minimal, Evergy
2 Missouri West called a minimal number of events during the Review Period and did not focus
3 on customer savings that could result from precisely-timed events. Despite having the
4 opportunity to restructure the DRI contracts with participants in 2019 due to the unexpected
5 extension of MEEIA Cycle 2 and knowledge of several parties' concerns with the
6 implementation of the DRI program, Evergy Missouri West maintained contract structures that
7 did not incentivize meaningful participation, rewarded customers that did not participate
8 meaningfully, and harmed customers that did not sign up but had to pay the DSIM charge. Staff
9 estimates that the costs of paying customers who did not perform well during called events was
10 \$643,484 in 2018 and \$346,653 in 2019. These costs were avoidable through reasonable decision
11 making prior to implementation of the DRI program and the subsequent contracts.

12 **c. SPP fees**

13 At the time of implementation, Evergy Missouri West managers and decision makers
14 should have been aware of the real costs that the Company incurs due to its membership in the
15 Southwest Power Pool. The Company used a substantial amount of ratepayer funds to contract
16 demand response capacity from commercial and industrial customers and to provide residential
17 customers smart thermostats free of charge in exchange for participation in demand response
18 events. Evergy Missouri West could have limited the amount of expense owed to SPP by
19 minimizing its monthly coincident peak, or at least attempting to do so. Evergy Missouri West
20 did not attempt to minimize its monthly peak through the use of the demand response program
21 as evidenced by minimal event calling. Evergy Missouri West could have targeted demand
22 response events to pre-cool residential homes with the goal of minimizing the cost of serving
23 load during periods of high Locational Marginal Prices ("LMP") by shifting load to periods of
24 lower expected LMPs. However, Evergy Missouri West did not call any events due to SPP Day
25 Ahead ("DA") market pricing opportunities³⁰ despite DA market prices exceeding \$100/MWh
26 several times during the Review Period.³¹ Furthermore, according to Evergy Missouri West's
27 response to Staff Data Request No. 0041:

28 During the MEEIA Cycle 2 period, Evergy MO West did not
29 consider bidding its contracted demand response capacity into the

³⁰ Response to Staff Data Request No. 0034.

³¹ Response to Staff Data Request No. 0042.

1 SPP market. The Company's demand response programs during
2 this time were not designed to meet the requirements of demand
3 response products in the SPP market.

4 Evergy Missouri West clearly missed several opportunities to capitalize on SPP markets
5 as a way to benefit customers in exchange for the considerable expense imposed due to the
6 demand response programs.

7 Evergy Missouri West called only three events for DRI of a potential 20 events in 2018
8 and 2019 and four events of a potential 168 Residential Programmable Thermostat events in 2018
9 and 2019. Contrary to the Stipulation and Agreement regarding the extension of Cycle 2
10 programs in 2019, in which Evergy Missouri West agreed to call five Residential Programmable
11 thermostat events in 2019,³² Evergy Missouri West called only 2 events. Evergy Missouri West
12 failed to manage the programs prudently by not attempting to minimize the costs to all customers
13 through the ratepayer-funded demand response MEEIA programs. Staff estimates that Evergy
14 Missouri West could have avoided \$697,784 in SPP expenses by targeting demand response
15 events and attempting to call events to reduce the monthly peak load. If Evergy Missouri West
16 targeted demand response events that attempted to reduce load during some of the highest
17 DA LMPs, Evergy Missouri West could have avoided \$86,303 in SPP expenses with minimal, if
18 any³³, incremental costs.

19 As the Commission stated in the findings of facts in the Amended Report and Order from
20 Case No. EO-2019-0132, "SPP member costs are a source of potential cost avoidance. SPP
21 member fees could be reduced through average monthly reductions in energy and demand."^{34, 35}

22 Minimization of SPP fees is consistent with the stated purpose of the Demand Response
23 Incentive program³⁶ to "provide for improvements in energy supply."

³² Paragraph 7.b of the Stipulation and Agreement signed on February 15, 2019 in Case Nos. EO-2019-0132 and EO-2019-0133.

³³ In the case of Programmable Thermostat programs, Evergy Missouri West likely would not incur any additional costs. The additional costs of event payments for DRI are minimal compared to the upfront costs of participation agreements and may have led to more penalties for poor performing or inactive participants.

³⁴ Page 12, paragraph 30, of the Commission's Amended Report and Order in Case No. EO-2019-0132.

³⁵ This statement was supported by the Evergy Surrebuttal report, Exhibit 4, page 22 in Case No. EO-2019-0132.

³⁶ Evergy Missouri West 1st Revised Sheet No. R-86.

1 **3. Conclusion**

2 Evergy Missouri West could have avoided the additional cost of DI installations and
3 lowered the incentive amount of the Residential Programmable Thermostat program by simply
4 not giving thermostats away free of charge; therefore, Staff recommends that the Commission
5 disallow \$461,200.

6 Providing smart-thermostats at no cost to customers who do not participate in demand
7 response events is contrary to the stated purpose of the program tariff and provides minimal
8 benefits to customers as a whole; therefore, Staff recommends that the Commission disallow
9 \$116,665.

10 Evergy Missouri West decision makers chose to enter contracts for the DRI program that
11 did not incentivize meaningful participation, financially rewarded customers that did not
12 participate meaningfully, and harmed customers that did not sign up but had to pay the DSIM
13 charge; therefore, Staff recommends that the Commission disallow \$990,137.

14 Evergy Missouri West decision makers chose not to attempt to avoid SPP expenses by
15 targeting demand response events and attempting to call events to reduce the monthly peak load;
16 therefore, Staff recommends that the Commission disallow \$697,784.

17 Evergy Missouri West decision makers chose not to target demand response events in an
18 attempt to reduce load during some of the highest DA LMPs despite minimal, if any, incremental
19 costs; therefore, Staff recommends that the Commission disallow \$86,303.

20 In total, Staff recommends that the Commission disallow \$2,352,089 related to demand
21 response programs since Evergy Missouri West decision makers failed to implement the
22 programs in a manner that would maximize benefits at least cost. This total disallowance Staff
23 recommends does not include interest.

24 **4. Documents Reviewed**

- 25 a. 2016 Stipulation and Agreement, EO-2015-0241;
- 26 b. Evergy Missouri West 2016 - 2018 MEEIA Plan;
- 27 c. Approved MEEIA Energy Efficiency and Demand Side Management
28 Programs Tariff Sheets;
- 29 d. SPP Open Access Transmission Tariff;
- 30 e. Navigant's KCP&L-GMO EM&V PY2018 Final Report;
- 31 f. Guidehouse's Evergy Missouri West EM&V PY2019 Draft Report;

- 1 g. Evergy Missouri West Responses to Staff Data Requests: 0002, 0006,
2 0008, 0017, 0025, 0026, 0027, 0028, 0028.1, 0028.2, 0029, 0030, 0031,
3 0032, 0032.1, 0033, 0034, 0036, 0036, 0036.1, 0037, 0038, 0039, 0040,
4 0041, 0042, 0043, 0043.1, 0044, 0045, 0047, 0048, 0049, 0050, 0051,
5 0052, 0053, 0053.1, 0054, and 0054.1;
- 6 h. Stipulation and Agreement signed on February 15, 2019 in Case Nos.
7 EO-2019-0132 and EO-2019-0133;
- 8 i. Evergy Missouri West Responses to Staff Data Requests in Case Nos.
9 EO-2019-0132 and EO-2019-0133 Nos. 0023, 0039, 0042, 0052, 0122,
10 0123, 0131, 0134, 0143, and 0145;
- 11 j. Staff rebuttal report in Case Nos. EO-2019-0132 and EO-2019-0133; and
- 12 k. KCP&L Greater Missouri Operations Company Surrebuttal report in Case
13 No. EO-2019-0133; Commission’s Amended Report & Order filed on
14 March 11, 2020 in Case No. EO-2019-0132.

15 *Staff Expert: J Luebbert*

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

17 **A. Actual TD**

18 **1. Description**

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

24 The TD allows the utility to recover its lost margin revenues associated with the
25 successful implementation of the MEEIA programs. The TD calculation is described in Evergy
26 Missouri West’s tariff sheet nos. 138.2 through 138.5 and sheet no. 138.8 (for the net margin
27 revenue rates). Generally, the TD for each program is determined by multiplying the monthly
28 energy savings³⁷ by the net margin revenue rates (tariff sheet no. 138.8) and by the initial net to
29 gross factor of 0.85 for contemporaneous TD recovery.

³⁷ Monthly savings are obtained by taking annual savings and applying annual loadshapes contained in Appendix J of the First Stipulation.

1 Staff has verified each component of the TD calculation that was provided by Evergy
2 Missouri West in the Quarterly Surveillance Reports, Page 6. Staff has also verified the TD
3 calculation work papers, and compared the kWh savings impact and TD with the MEEIA rate
4 adjustment filings³⁸, along with the Quarterly Surveillance Reports. Staff recalculated a sample
5 of the monthly TD calculations and found no errors.

6 **2. Summary of Cost Implications**

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

9 **3. Conclusion**

10 Staff found no indication that Evergy Missouri West has acted imprudently regarding the
11 calculation of its TD.

12 **4. Documents Reviewed**

- 13 a. Evergy Missouri West's Cycle 2 Plan;
- 14 b. 2016 Stipulation and Agreement, EO-2015-0241, and Appendix J;
- 15 c. Tariff Sheets Nos. 138 through 138.8;
- 16 d. Evergy Missouri West's work papers included in Case Nos.
17 ER-2018-0358, ER-2019-0166, ER-2019-0397, and ER-2020-0155;
- 18 e. Quarterly Surveillance Reports; and
- 19 f. Staff Data Requests: 0020, 0020.1 and 0057.

20 *Staff Expert: Lisa Wildhaber*

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

22 **1. Description**

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

³⁸ Staff verified TD amounts against the DSIM Riders through October 2019, because the DSIM Rider case that included results for November 2019 and December 2019 had not been filed at the time of this review.

1 To begin its review of Evergy Missouri West’s calculations of its monthly kWh savings
2 for the Review Period, Staff verified that the total kWhs and kW for each program as reported
3 in Nexant were in agreement with the Quarterly Surveillance Reports, the kWh savings used in
4 the Throughput Disincentive calculations, and the Company work papers provided.

5 The Company provided work papers to support the kWh savings for the program
6 measures. These work papers provided individual detailed project savings pulled from Nexant
7 with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample
8 of program measures and compared the kWh savings as reported in the Company details to the
9 measure savings as reported in the TRM and subsequent updates to the TRM.³⁹

10 For a selected sample, Staff verified the kWh savings calculations using Nexant
11 supporting details the Company provided in Data Request No. 0020.1 supplemental response.
12 In these files, Staff was provided with the kWh per unit, kW per unit, the library measure name,
13 and the quantity installed. Staff was able to verify the kWh calculated savings by using this
14 information. Staff was then able to verify that this information was in agreement with the original
15 Data Request No. 0020 TD calculation kWh savings at the meter.

16 Staff also compared the Total Resource Cost (“TRC”) test for each program to the TRC
17 targets identified in the First Stipulation and Agreement. Staff notes that in the Company
18 response to Data Request No. 0023.2 supplemental response, which provides TRC results for
19 Cycle 2 Program Year 3, one program reflected a TRC of less than 1.0: ** _____
20 _____ **. Commission Rule 20 CSR 4240-20.094(6)(B) states in part that,
21 “Nothing herein requires utilities to end any demand-side program which is subject to a cost-
22 effectiveness test deemed not cost-effective immediately.” As such, Staff is not recommending
23 a disallowance at this time; however, Staff will monitor this program going forward to verify that
24 there is not a continuing pattern of this program not being cost-effective and may recommend
25 disallowance in the future if a pattern exists for lack of cost-effectiveness.

³⁹ The TRM was updated in Case No. EO-2015-0241 by a Commission *Order Approving Application to Modify Technical Resource Manual and Program Design Incentive Ranges* on March 21, 2018 and then again when Cycle 2 was extended in Case No. EO-2019-0132 after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019.

1 In reviewing all sources of kWh savings and kW savings, Staff was able to verify the
2 reported 121,933,329 kWh of energy savings and 34,099⁴⁰ kW of demand savings for the
3 MEEIA Programs during the Review Period by reconciling the Quarterly Surveillance Reports,
4 the Nexant data base, 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 in DSIM
8 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 2 Plan;
- 14 b. Quarterly Surveillance Monitoring Reports;
- 15 c. First Stipulation, Appendix e and Appendix i;
- 16 d. Technical Resource Manual updated 4-1-19; and
- 17 e. Staff Data Requests: 0001, 0020.1, 0023, 0023.1 and 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

⁴⁰ The total kW savings as reported in the Quarterly Surveillance Reports amounted to 34,183, a difference of 84 kW. The Company stated in Response to Data Request No. 0023.1: "The nature of the difference in the Surveillance Report for the quarter ended September 30, 2019 was an entry error of kW savings related to the residential thermostat program. The 9,467 kW reported in this DR response is the correct savings." Using the correct 9,467 kW results in total kW for the Review Period of 34,099.

1 retrospective basis, and all energy and demand savings used to determine a DSIM earnings
2 opportunity amount shall be verified and documented through EM&V Reports.

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

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

12 For this Review Period, an EO for Cycle 2 had not been awarded, therefore a review of
13 the EO component was not performed for Cycle 2.

14 The Evergy Missouri West MEEIA Cycle 1 PI was approved for recovery over a
15 24-month recovery period following the approval of the final EM&V Report. This EM&V
16 Report was filed and approved in late 2016 and the recovery began with the DSIM Rider update
17 effective February 1, 2017. The 24-month amortization into DSIM recovery extended through
18 January 2019. Following that month, the Company continued to track the over/under recovery
19 in DSIM Rider revenues through the end of 2019. The small balances remaining will be
20 recovered in early 2020.⁴¹ As stated above, a PI for Cycle 1 was awarded for part of this Review
21 Period. Staff was able to review this Cycle 1 PI from the calculations sent by Evergy Missouri
22 West for the Review Period months, to verify that Evergy Missouri West did not recover more
23 than its approved Cycle 1 PI including the carrying costs.

24 **2. Summary of Cost Implications**

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

27 **3. Conclusion**

28 Staff has verified that Evergy Missouri West is not seeking any recovery of a Cycle 2
29 earnings opportunity in this Review Period as none has been awarded. Staff has verified that
30 Evergy Missouri West did not recover more than its approved Cycle 1 PI including the carrying
31 costs in this Review Period.

⁴¹ Data Request No. 0055 in EO-2020-0228.

1 **4. Documents Reviewed**

- 2 a. Evergy Missouri West’s Cycle 2 Plan;
- 3 b. Evergy Missouri West’s Quarterly Surveillance Monitoring Report,
4 Page 6;
- 5 c. Tariff Sheets Nos. 138 through 138.8;
- 6 d. Evergy Missouri West’s work papers included in Case Nos.
7 ER-2018-0358, ER-2019-0166, ER-2019-0397, and ER-2020-0155; and
- 8 e. Staff Data Requests: 0002, 0003, 0006, 0018 and 0055.

9 *Staff Expert: Brooke Mastrogiannis*

10 **X. Interest Costs**

11 **1. Description**

12 Staff reviewed the interest calculations for program costs and TD, provided in Data
13 Request No. 0005 for the Review Period of April 1, 2018 through December 31, 2019. Staff
14 verified the Company’s monthly short-term borrowing rate was applied correctly.

15 During the Review Period, Evergy Missouri West reported the interest amount accrued
16 for the Company’s program costs and TD, and Staff compared that to Evergy Missouri West’s
17 Quarterly Surveillance Monitoring Reports and found a small discrepancy, but after discussion
18 with the Company, it was determined that \$39,343⁴² was under-collected for the interest on
19 programs’ costs and \$29,349 for the under-collection of TD.

20 The First Stipulation provides that for programs’ costs and TD: “To the extent that
21 Evergy Missouri West has over-recovered, such over-recoveries shall be returned to customers
22 with interest at Evergy Missouri West’s short-term borrowing rate. To the extent that Evergy
23 Missouri West has under-recovered, such under-recoveries shall be recovered from the customers
24 with interest at Evergy Missouri West’s short-term borrow rate”.⁴³ Because Evergy Missouri

⁴² The total interest on programs’ costs as reported in the Quarterly Surveillance Reports amounted to \$39,167, a difference of \$176. The Company stated in Response to an email: “The amounts in DR0005 are correct and the Quarterly Surveillance Reports are incorrect. A small error in the calculation in Q2 2019 was discovered in preparing the DR responses and was corrected in the Over/under and Carrying Costs Calculations. Further note, the correct amounts were used in the DSIM Rider updates for both jurisdictions.” Using the correct amount of interest results in total interest for the Review Period of \$39,343.

⁴³ *EO-2015-0241 In the Matter of KCP&L Greater Missouri Operations Company’s Notice of Intent to File an Application for Authority to Establish a demand-Side Programs Investment Mechanism, NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING MEEIA FILINGS*, page 19, f.

1 West under-recovered program costs and TD from customers, the interest amount as of
2 December 31, 2019 would be included in “the regulatory asset or regulatory liability balance
3 (with interest) as of the end of the last period used to update or true-up the test year used for
4 setting new electric rates in such a general electric rate proceeding and shall be amortized over
5 three years and the resulting annual amount included in the revenue requirement used to
6 determine base rates in that general electric rate proceeding.”

7 The MEEIA DSIM Charge on Evergy Missouri West’s customers’ bills did not include
8 recovery of interest until Evergy Missouri West’s unrecovered regulatory asset balances were
9 included in Evergy Missouri West’s Cycle 2 DSIM Rider in accordance with paragraph 14 of the
10 First Stipulation.

11 14. Rider.

12 a. Initial rates for Residential and Non-Residential will be
13 computed for estimated initial six month Program Costs and the
14 TD plus the unrecovered balances from Cycle 1 MEEIA programs
15 for KCP&L (GMO unrecovered balances from Cycle 1 will be
16 recovered over a 24 month period) as set out in the tariff sheets in
17 Appendix D. Over- or Under- recovery of Commission-approved
18 Program Costs and TD will be tracked and included in Rider
19 adjustment for each six-month period thereafter for estimated
20 Programs Costs and TD. EO will be computed in 2019 and
21 included in Rider over a two-year period thereafter. The Cycle 1
22 Performance incentive will be collected through the Rider.

23 b. GMO will initiate a rider mechanism as shown on the specimen
24 tariff sheets to take effect January 1, 2016 with rates effective
25 February 1, 2016. GMO reserve balances for Cycle 1 will be
26 recovered over a two-year period and will be included in the initial
27 tariffs and trued up through the tariff process.

28 **2. Summary of Cost Implications**

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

1 **3. Conclusion**

2 Staff has verified that Evergy Missouri West interest calculations and interest amounts
3 for inclusion in its December 31, 2019 are correct and are calculated properly on a monthly basis
4 as provided in the Staff Data Request Response No. 0005 for the Review Period.

5 **4. Documents Reviewed**

- 6 a. Evergy Missouri West Cycle 2 Plan;
- 7 b. Evergy Missouri West Annual DSM Reports;
- 8 c. Evergy Missouri West Quarterly Surveillance Monitoring Reports; and
- 9 d. Staff Data Request: 0005.

10 *Staff Expert: Cynthia M. Tandy*

11 **Attached - Addendum A**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence)
Review of the Missouri Energy Efficiency) Case No. EO-2020-0228
Investment Act (MEEIA) Cycle 2 Energy)
Efficiency Programs of Evergy Missouri)
West, Inc. d/b/a Evergy Missouri West)

**AFFIDAVIT OF J LUEBBERT, BROOKE MASTROGIANNIS,
CYNTHIA M. TANDY, LISA WILDHABER**

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW J Luebbert, Brooke Mastrogiannis, Cynthia M. Tandy, Lisa Wildhaber, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Report Second Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ J Luebbert
J Luebbert

/s/ Brooke Mastrogiannis
Brooke Mastrogiannis

/s/ Cynthia M. Tandy
Cynthia M. Tandy

/s/ Lisa Wildhaber
Lisa Wildhaber

REVISED

KCP&L Greater Missouri Operations Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2018
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	\$ 6,504,970	\$ 26,783,322	\$ 43,007,008
Total Program Costs (\$)	(1) Actual	\$ 3,495,357	\$ 18,387,423	\$ 42,752,290
Total Program Costs (\$)	(6) Variance	\$ (3,009,613)	\$ (8,395,899)	\$ (254,718)
Total Program Costs (\$)	(7) Interest	\$ 10,831	\$ 140,142	\$ 206,086
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,168,576	56,696,718	139,507,527
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	10,381,880	71,779,457	204,280,697
First Year Gross Annual Energy Savings (kWh)	Variance	(3,786,695)	15,082,739	64,773,170
First Year Gross Annual Demand Savings (kW)	(3) Target	18,918	31,426	93,296
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	20,683	42,987	113,166
First Year Gross Annual Demand Savings (kW)	Variance	1,766	11,561	19,870
Throughput Disincentive Costs (\$)	Billed	\$ 2,149,863	\$ 7,176,092	\$ 8,999,913
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 2,109,482	\$ 6,876,107	\$ 9,605,478
Throughput Disincentive Costs (\$)	(6) Variance	\$ (40,380)	\$ (299,985)	\$ 605,564
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 4,320	\$ 29,861	\$ 30,377

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 deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on August 23, 2018, Non-Case Related Filing BFQR-2019-0137.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(312,260)	(312,260)	(312,260)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	3	3	3
Throughput Disincentive Costs (\$)	Actual	(3,094)	(3,094)	(3,094)
Throughput Disincentive Costs (\$)	Interest	(9)	(9)	(9)

REVISED

KCP&L Greater Missouri Operations Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2018
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	\$ 6,043,798	\$ 26,149,689	\$ 49,050,806
Total Program Costs (\$)	(1) Actual	\$ 5,545,725	\$ 18,072,985	\$ 48,298,015
Total Program Costs (\$)	(6) Variance	\$ (498,074)	\$ (8,076,705)	\$ (752,791)
Total Program Costs (\$)	(7) Interest	\$ (5,819)	\$ 83,197	\$ 200,267
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,255,603	57,573,194	154,763,131
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	22,563,711	75,317,460	226,844,408
First Year Gross Annual Energy Savings (kWh)	Variance	7,308,108	17,744,265	72,081,278
First Year Gross Annual Demand Savings (kW)	(3) Target	4,263	30,996	97,559
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	397	34,038	113,563
First Year Gross Annual Demand Savings (kW)	Variance	(3,866)	3,042	16,004
Throughput Disincentive Costs (\$)	Billed	\$ 2,781,140	\$ 8,583,056	\$ 11,781,054
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 3,297,891	\$ 8,117,614	\$ 12,903,369
Throughput Disincentive Costs (\$)	(6) Variance	\$ 516,751	\$ (465,442)	\$ 1,122,315
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 7,935	\$ 29,129	\$ 38,312

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 deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on November 20, 2018, Non-Case Related Filing BFQR-2019-0279.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(348,136)	(660,396)	(660,396)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	11	14	14
Throughput Disincentive Costs (\$)	Actual	(8,555)	(11,650)	(11,650)
Throughput Disincentive Costs (\$)	Interest	(58)	(67)	(67)

REVISED

KCP&L Greater Missouri Operations Company
 Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2018
 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	\$ 4,029,278	\$ 23,753,255	\$ 53,080,084
Total Program Costs (\$)	(1) Actual	\$ 4,087,423	\$ 16,922,323	\$ 52,385,438
Total Program Costs (\$)	(6) Variance	\$ 58,145	\$ (6,830,932)	\$ (694,646)
Total Program Costs (\$)	(7) Interest	\$ (4,191)	\$ 32,878	\$ 196,076
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,255,603	58,449,671	170,018,734
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	12,055,029	60,563,633	238,899,438
First Year Gross Annual Energy Savings (kWh)	Variance	(3,200,574)	2,113,962	68,880,704
First Year Gross Annual Demand Savings (kW)	(3) Target	4,263	31,251	101,823
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	3,948	28,195	117,511
First Year Gross Annual Demand Savings (kW)	Variance	(316)	(3,056)	15,688
Throughput Disincentive Costs (\$)	Billed	\$ 2,278,526	\$ 9,357,749	\$ 14,059,580
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 1,388,936	\$ 8,222,194	\$ 14,292,305
Throughput Disincentive Costs (\$)	(6) Variance	\$ (889,590)	\$ (1,135,554)	\$ 232,725
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 8,170	\$ 27,711	\$ 46,482

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) In connection with the Staff's review of the Company's Demand-Side Recovery Mechanism filing for rates effective August 1, 2019 it was determined that Throughput Disincentive was overstated from December 2018 through March 2019. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on March 15, 2019, Non-Case Related Filing BFQR-2019-0672.

Throughput Disincentive Costs (\$)	Actual	(28,434)	(28,434)	(28,434)
Throughput Disincentive Costs (\$)	Interest	(44)	(44)	(44)

KCP&L Greater Missouri Operations Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2019
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	\$ 2,636,085	\$ 19,214,131	\$ 55,716,169
Total Program Costs (\$)	(1) Actual	\$ 3,856,226	\$ 16,984,730	\$ 56,241,664
Total Program Costs (\$)	(6) Variance	\$ 1,220,140	\$ (2,229,401)	\$ 525,494
Total Program Costs (\$)	(7) Interest	\$ (4,015)	\$ (3,194)	\$ 192,060
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,530,918	59,210,700	184,549,652
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	18,726,850	63,727,471	257,626,288
First Year Gross Annual Energy Savings (kWh)	Variance	4,195,932	4,516,771	73,076,635
First Year Gross Annual Demand Savings (kW)	(3) Target	4,033	31,477	105,855
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	5,046	30,074	122,557
First Year Gross Annual Demand Savings (kW)	Variance	1,013	(1,403)	16,701
Throughput Disincentive Costs (\$)	Billed	\$ 1,078,128	\$ 8,287,657	\$ 15,137,708
Throughput Disincentive Costs (\$)	(5)(8) Actual	\$ 542,725	\$ 7,339,034	\$ 14,835,030
Throughput Disincentive Costs (\$)	(6) Variance	\$ (535,403)	\$ (948,623)	\$ (302,678)
Throughput Disincentive Costs (\$)	(7)(8) Interest	\$ (2,396)	\$ 18,029	\$ 44,087

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) In connection with the Staff's review of the Company's Demand-Side Recovery Mechanism filing for rates effective August 1, 2019 it was determined that Throughput Disincentive was overstated from December 2018 through March 2019. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on March 15, 2019. Non-Case Related Filing REOR-2019-0677

Throughput Disincentive Costs (\$)	Actual	(81,661)	(110,095)	(110,095)
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KCP&L Greater Missouri Operations Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2019
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	\$ 1,608,398	\$ 14,317,559	\$ 57,324,567
Total Program Costs (\$)	(1) Actual	\$ 3,314,839	\$ 16,804,213	\$ 59,556,503
Total Program Costs (\$)	(6) Variance	\$ 1,706,441	\$ 2,486,653	\$ 2,231,936
Total Program Costs (\$)	(7) Interest	\$ 13,584	\$ (264)	\$ 205,821
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	58,653,410	198,160,937
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	7,058,051	60,403,641	264,684,338
First Year Gross Annual Energy Savings (kWh)	Variance	(6,553,234)	1,750,231	66,523,401
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	16,442	109,738
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	(14,754)	(5,448)	107,719
First Year Gross Annual Demand Savings (kW)	Variance	(18,637)	(21,889)	(2,019)
Throughput Disincentive Costs (\$)	Billed	\$ 304,898	\$ 6,442,692	\$ 15,442,605
Throughput Disincentive Costs (\$)	(5) Actual	\$ 808,301	\$ 6,037,853	\$ 15,643,331
Throughput Disincentive Costs (\$)	(6) Variance	\$ 503,403	\$ (404,839)	\$ 200,726
Throughput Disincentive Costs (\$)	(7) Interest	\$ (599)	\$ 13,111	\$ 43,488

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, 2019
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	\$ 5,369,628	\$ 13,643,389	\$ 62,694,195
Total Program Costs (\$)	(1) Actual	\$ 4,349,883	\$ 15,608,371	\$ 63,906,386
Total Program Costs (\$)	(6) Variance	\$ (1,019,745)	\$ 1,964,983	\$ 1,212,191
Total Program Costs (\$)	(7) Interest	\$ 20,896	\$ 26,450	\$ 226,717
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	57,009,092	211,772,222
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	11,615,710	49,455,640	276,300,048
First Year Gross Annual Energy Savings (kWh)	Variance	(1,995,575)	(7,553,452)	64,527,826
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	16,061	113,620
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	9,551	3,706	117,270
First Year Gross Annual Demand Savings (kW)	Variance	5,668	(12,354)	3,650
Throughput Disincentive Costs (\$)	Billed	\$ 801,673	\$ 4,463,225	\$ 16,244,279
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,402,311	\$ 4,142,273	\$ 17,045,642
Throughput Disincentive Costs (\$)	(6) Variance	\$ 600,637	\$ (320,952)	\$ 801,363
Throughput Disincentive Costs (\$)	(7) Interest	\$ 5,260	\$ 10,436	\$ 48,748

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 December 31, 2019
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	\$ 5,790,304	\$ 15,404,415	\$ 68,484,499
Total Program Costs (\$)	(1) Actual	\$ 5,106,971	\$ 16,627,920	\$ 69,013,358
Total Program Costs (\$)	(6) Variance	\$ (683,332)	\$ 1,223,505	\$ 528,859
Total Program Costs (\$)	(7) Interest	\$ 7,881	\$ 38,522	\$ 234,598
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	55,364,774	225,383,508
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	39,532,098	76,932,708	315,832,146
First Year Gross Annual Energy Savings (kWh)	Variance	25,920,813	21,567,935	90,448,638
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	15,680	117,502
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	9,312	9,071	126,582
First Year Gross Annual Demand Savings (kW)	Variance	5,430	(6,609)	9,079
Throughput Disincentive Costs (\$)	Billed	\$ 839,649	\$ 3,024,348	\$ 17,083,927
Throughput Disincentive Costs (\$)	(5) Actual	\$ 904,902	\$ 3,658,239	\$ 17,950,543
Throughput Disincentive Costs (\$)	(6) Variance	\$ 65,253	\$ 633,891	\$ 866,616
Throughput Disincentive Costs (\$)	(7) Interest	\$ 6,659	\$ 8,925	\$ 55,408

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.