

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

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| In the Matter of the First Prudence Review) | |
| of the Missouri Energy Efficiency) | |
| Investment Act (MEEIA) Cycle 3 Energy) | Case No. EO-2021-0416 |
| Efficiency Programs and Cycle 2 Long-) | |
| Lead Projects of Evergy Missouri West,) | |
| Inc. d/b/a Evergy Missouri West.) | |
| In the Matter of the First Prudence Review) | |
| of the Missouri Energy Efficiency) | |
| Investment Act (MEEIA) Cycle 3 Energy) | Case No. EO-2021-0417 |
| Efficiency Programs and Cycle 2 Long-) | |
| Lead Projects of Evergy Metro, Inc. d/b/a) | |
| Evergy Missouri Metro.) | |

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively “Evergy” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”) (collectively, “Signatories”) by and through their respective counsel, and for their *Unanimous Stipulation and Agreement* (“Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

AGREEMENTS

1. This prudence review examined Evergy Missouri Metro’s and Evergy Missouri West’s Missouri Energy Efficiency Investment Act (“MEEIA”) Cycle 3 energy efficiency programs and Cycle 2 long-lead projects for the period January 1, 2020, through March 31, 2021. Staff filed its *Staff Recommendation* on October 28, 2021. Staff reviewed and analyzed a variety of items in examining the prudence of the Company’s incurred costs associated with its demand–side programs investment mechanism (“DSIM”) including program costs, throughput disincentive

(“TD”), and earnings opportunity (“EO”). Staff also reviewed the Company’s annual energy and demand savings, interest charges, and Cycle 2 long-lead projects. Staff recommended a \$1,822,520.84 downward adjustment, including interest, in Evergy Missouri Metro’s next DSIM rider rate adjustment. For Evergy Missouri West, Staff recommended a \$1,600,615.79 downward adjustment, including interest, in Evergy Missouri West’s next DSIM rider rate adjustment.

2. As a result of negotiations, the Signatories agree that Staff’s prudence review should be closed and agree to the following:

HOME ENERGY REPORT (“HER”) ISSUE

3. The Company will discontinue recovery of TD and Earnings Opportunity¹ (“EO”) for the HER program beginning August 1, 2022, which coincides with the effective date for Evergy’s pending DSIM update².

4. Evergy Missouri Metro agrees to a disallowance of \$459,718, and Evergy Missouri West agrees to a disallowance of \$407,674 to resolve the alleged HER TD double-recovery issue in this case. These amounts reflect resolution of this issue for the review period of January 1, 2020, through March 31, 2021, as well as April 1, 2021, through December 31, 2022.

5. The Company will include the Commission ordered adjustments in its next DSIM filings.

6. Parties have agreed that the disallowance for the HER TD issue will settle the issue for the entirety of MEEIA Cycle 3 and will not be subject to disallowance in future MEEIA Cycle 3 prudence review cases.

¹ This change, if Ordered by the Commission, reduces the potential EO amount in PY3 (2022) to \$67,083 for Evergy Missouri Metro and \$102,083 for Evergy Missouri West. Metro income eligible (“IE”)-HER EO potential is reduced to \$5,833 for the PY3 (2022). These values are based on 7/12th of the original EO amount reflected for the Home Energy Report in PY3 (2022) of \$115,000 for Metro, \$10,000 for Metro IE-HER, and \$175,000 for EMW.

² See ER-2022-0334 and ER-2022-0335

7. The Company will not propose or request Throughput Disincentive or Earnings Opportunity for Home Energy Report programs³, including energy or demand savings, in Missouri West and Missouri Metro in any future MEEIA filings or any other filings associated with the HER program.

MEEIA CYCLE 3 PRUDENCE DISALLOWED EXPENSES

8. Parties agree that Evergy will return the following amounts to customers through the DSIM for MEEIA 3 prudence disallowed expenses related to the review period of January 1, 2020 through March 31, 2021⁴:

| Jurisdiction | Settled Amount |
|---------------------|-----------------------|
| MO Metro | \$20,463.62 |
| MO West | \$14,795.65 |
| Total | \$35,259.27 |

ADMINISTRATIVE INCENTIVE VS. NON-INCENTIVE COSTS

9. The Parties agree that this issue is resolved based on the agreed-to language in the MEEIA 3 Extension Stipulation approved by the Commission on May 12, 2022. (*See, Non-Unanimous Stipulation and Agreement*, p.3, ¶8, filed April 29, 2022, File Nos. EO-2019-0132/0133):

Program Costs. Non-incentive and incentive costs will be monitored at the Residential, Business and Income-Eligible portfolio levels, with the standard 11-step change process notifications in PY4.⁴ Costs will be identified in the following categories: 1) Incentives, resulting in measurable energy and demand savings; 2) Administrative, including employee salary and benefits; 3) Delivery, including contractual salary; 4) EM&V; and 5) advertising and marketing. Cost categories 2-5 collectively should not exceed more than 45% of the MEEIA Cycle 3 PY4 period cost expenditures (categories 1-5). For cost category 1 above, Staff’s definition of incentives⁵ will be used. For the purpose of calculating the percentage of non-incentive to incentive amounts, Research & Development dollars will be excluded from the calculation. This calculation will be confirmed in the annual

³ This includes programs that are substantially similar to the currently existing HER programs that might be offered by Evergy utilizing a different name.

⁴ Per Paragraph 5 above, the Company intends to reflect these changes in its next DSIM filings.

EM&V process after the completion of PY4. If the Company does not meet the 45% threshold described above, an Earnings Opportunity penalty of 3% of the Total Cap identified on page 1 will be imposed, equating to \$870,960.

⁴ Notifications may be informal to regulatory stakeholders rather than notifications filed through EFIS consistent with PY1-PY3 process.

⁵ 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 – MPSC Staff Report - first prudence review of Cycle 3 costs related to the MEEIA and Cycle 2 long-lead projects for the electric operations of Evergy Missouri West – EO-2021-0416; p. 17, Footnote 16.

10. The Signatories agree that each of the Company’s DSIM rider rate adjustments shall include interest as required by and in compliance with 20 C.S.R. 4240-20.093(11) reflecting the utility’s short-term borrowing rate. The date that interest will begin to accrue is the date such disallowed costs were incurred beginning January 2020.

11. This Stipulation does not constitute an admission by Evergy Missouri Metro and Evergy Missouri West that any MEEIA 3 expenses were imprudent or improper.

12. This Stipulation does not constitute an admission by Staff or OPC that any particular MEEIA Cycle 3 expenses identified in Staff’s original recommended disallowances were prudent or proper.

GENERAL PROVISIONS

13. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. This Stipulation is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

14. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same.

15. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

16. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

17. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

18. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been

offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

19. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §386.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

20. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

21. This Stipulation does not constitute a contract with the Commission and does not impugn upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Stipulation impugns or restricts in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

WHEREFORE, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Roger W. Steiner

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**ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE
COMMISSION**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of July 2022.

/s/ Roger W. Steiner

Roger W. Steiner