

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

In the Matter of the Third Prudence Review of     )  
Every Missouri West, Inc. d/b/a Every             )  
Missouri West's RESRAM as required by         )  
20 CSR 4240-20.100(6)11 and 20.100(6)26        )

**Case No. EO-2020-0214**

**STAFF REPORT ON THE THIRD PRUDENCE REVIEW OF  
EVERGY MISSOURI WEST, INC.**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and for its *Staff Report On The Third Prudence Review Of Every Missouri West, Inc.*, states as follows:

1. The Commission first authorized a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") for GMO (now operating as Every Missouri West, Inc., d/b/a Every Missouri West's ("EMW")) in Case No. EO-2014-0151.

2. Commission rules 20 CSR 4240-20.100(6)11 and 20.100(6)26 require the interval for prudence reviews to be established when the RESRAM is established. EMW's RESRAM tariff specifies the interval for prudence reviews to be no less than every 24 months and concurrent with each rate case.

3. Staff opened this file on January 30, 2020, to begin its third prudence review of EMW's RESRAM for the period January 1, 2018 through December 31, 2019. Staff reviewed items affecting EMW's Renewable Energy Standard Compliance costs.

4. Staff did not find evidence that EMW's management of RES compliance costs during this most recent review period was imprudent.

**WHEREFORE**, Staff prays the Commission accepts its *Staff Report On The Third Prudence Review Of Every Missouri West, Inc.*

Respectfully submitted,

**/s/ Nicole Mers**

Nicole Mers

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Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 24<sup>th</sup> day of July, 2020.

**/s/ Nicole Mers**

## **MEMORANDUM**

**TO:** Missouri Public Service Commission Official Case File  
Case No. EO-2020-0214

**FROM:** Nancy L. Harris, Utility Regulatory Auditor

/s/ Robin Kliethermes / 07-24-2020  
Regulatory Compliance Manager/ Date

/s/ Nicole Mers / 7-24-2020  
Staff Counsel's Office / Date

**SUBJECT:** Staff Summary of Evergy Missouri West, Inc., d/b/a Evergy Missouri West's ("EMW") (formerly KCP&L's Greater Missouri Operations (GMO)) Third Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) Prudence Review

**DATE:** July 24, 2020

### **BACKGROUND:**

The Commission first authorized a Renewable Energy Standard Rate Adjustment Mechanism ("RESRAM") for GMO (now operating as Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("EMW")) in Case No. EO-2014-0151.

Commission rule 20 CSR 4240-20.100(6)11 and 20.100(6)26 requires the interval for prudence reviews to be established when the RESRAM is established. EMW's RESRAM tariff specifies the interval for prudence reviews to be no less than every 24 months and concurrent with each rate case.<sup>1</sup> In its third prudence review of EMW's RESRAM for the period January 1, 2018 through December 31, 2019, Staff reviewed items affecting EMW's Renewable Energy Standard Compliance costs.

Staff's previous EMW prudence reviews are listed below:

Prudence Review	File Number	Review Period
First	ER-2019-0156	Through December 31, 2015
Second	ER-2018-0146	January 1, 2016 through December 31, 2017

### **DESCRIPTION OF COSTS INCLUDED FOR RECOVERY UNDER EMW'S RESRAM:**

Below is a description of major cost categories included for recovery under EMW's RESRAM:<sup>2</sup>

- Solar Rebates – Costs associated with the payment of solar rebates to participating customers.
- Contractors – Administrative costs for contractors employed to administer the solar rebate program and third party contractors employed to randomly audit solar installations.

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<sup>1</sup> KCP&L Greater Missouri Operations, P.S.C. MO. No. 1, 2nd Revised Sheet No. 137.2.

<sup>2</sup> Response to Staff Data Request 0006 in EO-2020-0214.

- Renewable Energy Credits (“RECs”) – Costs associated with the retirement of RECs.<sup>3</sup>
- Solar RECs (“S-RECs”) – Costs associated with the retirement of RECs generated by solar sources.<sup>4</sup>
- North American Renewables Registry (“NAR”) – Administrative costs associated with registering RECs and S-RECs.<sup>5</sup>
- Carrying Costs – Financing charges applicable to RES compliance costs based on the Company’s short-term debt rate.
- St. Joseph Landfill – Fuel and Non-Fuel O&M Expenses

### **CONCLUSION:**

With regard to RESRAM prudence for the review period of January 1, 2018 through December 31, 2019, Staff did not find evidence that EMW’s management of RES compliance costs during the review period was imprudent.

However, the outcome of issues raised in other cases before the Commission could impact future RESRAMs. In Case No. EO-2020-0330, Staff raised concerns with EMW’s retirement of expired 2019 RECs in January 2020 after their expiration date of December 31, 2019. Staff recommended a variance to be granted by the Commission for this oversight as EMW attributed the error to a personnel change. EMW also proposed a remedy for preventing this type of error in the future.<sup>6</sup>

Also, in Case No. EO-2020-0330, Public Counsel has raised concerns about EMW’s Purchase Power Agreement (“PPA”) providers and the true costs to EMW’s customers for RES compliance. The Commission has ordered a response from EMW no later than July 13, 2020. In this response, EMW maintains that the specific costs in question are outside the scope of RES compliance. The Commission has not yet issued a decision on this matter at this time.

### **DOCUMENTS REVIEWED**

Staff reviewed EMW’s 2019 RES Compliance Plan, Public Counsel’s review of RES Compliance Plans, and various data request responses submitted in this docket.

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<sup>3</sup> EMW initially records RECs to an inventory account. At the end of the year an entry is made to retire RECs used for RES requirements. The retired RECs are transferred to deferred regulatory asset account 182513. Costs associated with the retirement, such as registration and subscription fees, are also included with the costs of the RECs recorded to account 182513.

<sup>4</sup> A REC created by generation of electric energy from solar thermal sources used to generate electricity, photovoltaic cells, and photovoltaic panels.

<sup>5</sup> The NAR tracking system cost category may include minimal costs related to RECs not likely to be used for RES compliance. Staff will continue to monitor the level of RECs used for RES compliance.

<sup>6</sup> Page 9 of Staff Report on EMW’s 2019 RES Compliance Plan (EO-2020-0330).

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Missouri West's RESRAM as required by    )  
20 CSR 4240-20.100(6)11 and 20.100(6)26    )

**AFFIDAVIT OF NANCY L. HARRIS**

STATE OF MISSOURI        )  
                                  )           ss.  
COUNTY OF COLE        )

**COME NOW** Nancy L. Harris, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Memorandum*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Nancy L. Harris  
Nancy L. Harris