

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 15th day of September, 2021.

In the Matter of Evergy Missouri Metro and)
Evergy Missouri West’s Notice of Intent to)
File Applications for Authority to Establish a)
Demand-Side Programs Investment)
Mechanism)

File No. EO-2019-0132
Tariff Nos. YE-2021-0221
and JE-2021-0222

**ORDER APPROVING STIPULATION AND AGREEMENT, ENDING
TARIFF SUSPENSION, AND APPROVING TARIFF**

Issue Date: September 15, 2021

Effective Date: September 25, 2021

On June 3, 2021, Evergy Missouri Metro and Evergy Missouri West (collectively “Evergy”) filed tariff sheets designed to implement a Pay as You Save[®] (PAYS[®]) pilot program. The Commission ordered its Staff (Staff) to file a recommendation concerning the tariff sheets. In a pleading filed on July 19, 2021, Staff recommended the Commission reject the tariff sheets and order Evergy to meet with the parties to reach an agreed upon earnings opportunity. Based upon Evergy’s assertion that it would continue to work with Staff and the other parties to obtain an agreement on an earnings opportunity, on July 28, 2021, the Commission issued its *Notice of Intent to Permit the Parties to Resolve the Pay as You Save[®] Earnings Opportunity Issue*.

On September 2, 2021, Evergy submitted a *Stipulation and Agreement Resolving PAYS[®] Earnings Opportunity Issues* (Agreement) on behalf of the Signatory Parties along with substitute tariff sheets. The Agreement resolves the issues between the Signatory Parties: Evergy, Staff, the Office of the Public Counsel (OPC), and Renew Missouri Advocates d/b/a Renew Missouri. The Agreement also represents that the Missouri

Department of Natural Resources, Division of Energy; Midwest Energy Consumers Group; the City of St. Joseph, Missouri; the National Housing Trust; Westside Housing Organization, the Natural Resources Defense Council; and Spire Missouri Inc. (all other parties in the case) do not oppose the Agreement.

On September 9, 2021, the Commission suspended the PAYS[®] tariff sheets until October 8, 2021, and directed the parties explain how the \$490 fixed close out fee operates by September 13, 2021. The Commission was concerned that a fixed close out fee was not approved in the Amended Report and Order approving Evergy's Missouri Energy Efficiency Investment Act (MEEIA) Cycle 3, which also approved the PAYS[®] pilot program. The Commission's Amended Report and Order requires the PAYS[®] pilot program to include a cap to administrative costs for each individual customer project to a percentage of the total loan costs. Evergy, Staff, OPC, and Renew Missouri timely filed a joint response explaining the need for the fixed close out fee.

On September 13, 2021, Evergy filed a substitute tariff sheet 1.96c, to change the word "Administration" to "Administrative" in the second sentence of PSC MO. No. 2, Original Sheet No. 1.96c, 3) Analysis and Assessment fees: 3.1 Participant Close-out fee. In a letter filed September 14, 2021, Evergy explains that this change was made at Staff's request for consistency.

The Signatories request that the Commission issue an order approving the Agreement. The Agreement resolves the Signatories' issues with the earnings opportunity, and updates the administrative cap limits for the PAYS[®] pilot program. Under the Agreement, a financing charge is allowed on the financed amount to obtain the company's weighted average cost of capital (3% from participant and remainder from

non-participant). A tiered approach will determine Evergy's earnings potential. A performance metric is established based on a percentage of the loan amount, with a maximum potential amount equaling \$350,000 if \$7 million is subscribed. Additional kilowatt-hour and kilowatt savings will have an earnings opportunity rate aligned with the earnings opportunity matrix approved for Evergy's MEEIA Cycle 3.

The parties have agreed to adjust the administrative cost limits for the pilot because administrative costs for this pilot are fixed, regardless of the size of the project cost at \$490 per project. The \$490 close out fee is included in the project cost-effectiveness calculation and the Program Service Charge.

After reviewing the Agreement, the Commission finds that it is a reasonable resolution of the issues contained therein and should be approved. Since no party objects to the Agreement, the Commission will treat it as unanimous, as permitted by Commission Rule 20 CSR 4240-2.115(2). The Commission will add additional reporting requirements concerning the PAYS[®] project cost amounts. The Commission will make this order effective in ten days, so that Evergy may expeditiously implement the PAYS[®] pilot program. The Commission will end the suspension of the PAYS[®] tariff sheets and approve Evergy's substituted PAYS[®] tariff sheets, Tariff Nos YE-2021-0221 (as substituted on September 2, 2021 and Original Sheet No. 1.96c as substituted September 13, 2021) and JE-2021-0222 (as substituted on September 2, 2021) to take effect September 25, 2021.

THE COMMISSION ORDERS THAT:

1. The *Stipulation and Agreement Resolving PAYS[®] Earnings Opportunity Issues* filed on September 2, 2021, is approved. The Signatories are ordered to comply

with its terms. A copy of the *Stipulation and Agreement Resolving PAYS® Earnings Opportunity Issues* is attached to this order and incorporated by reference.

2. The Commission adds the following reporting requirement for the PAYS® pilot program:

Evergy shall submit reports at six months and one year after the PAYS® pilot program begins providing the number of participants with project costs below \$2,000, \$2,001-\$5,000, \$5,001-\$10,000, and greater than \$10,000.

3. The Commission ends the suspension of Evergy's PAYS® tariff sheets, Tariff Nos. YE-2021-0221 (as substituted on September 2, 2021, and Original Sheet No. 1.96c as substituted September 13, 2021) and JE-2021-0222 (as substituted on September 2, 2021), and those tariff sheets are approved to be effective on September 25, 2021.

4. This order shall be effective on September 25, 2021.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and
Kolkmeier CC., concur.

Clark, Senior Regulatory Law Judge

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

In the Matter of Kansas City Power & Light)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)

File No. EO-2019-0132

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)

File No. EO-2019-0133

**STIPULATION AND AGREEMENT RESOLVING
PAYS® EARNINGS OPPORTUNITY ISSUES**

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”)¹ (collectively, the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), and Renew Missouri Advocates d/b/a Renew Missouri (“Renew MO”) (collectively, “Signatories”) by and through their respective counsel, and for their Stipulation and Agreement (“Stipulation”), respectfully state to the Missouri Public Service Commission (“Commission”).

BACKGROUND

1. On June 3, 2021, the Company filed its *Notice of Filing PAYS® Pilot Program*.
2. On July 19, 2021, Staff filed its *Recommendation for Approval with Modifications* (“Recommendation”) which stated:

11. Staff recommends that the Commission approve Evergy’s proposed PAYS® pilot program, as filed on June 3, 2021, with the following modifications:
 - a. Reject Evergy’s proposed earnings opportunities, and

¹ Effective October 7, 2019, Evergy Missouri Metro adopted the service territory and tariffs of Kansas City Power & Light Company (“KCP&L”) and Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company (“GMO”).

b. Order Evergy to meet with the parties in order to reach an agreed upon earnings opportunity, per the Commission's *Amended Report and Order*.²

3. On July 28, 2021, the Commission issued its *Notice of Intent to Permit the Parties to Resolve the Pay as You Save® Earnings Opportunity Issue* ("Notice") directing the parties to, "act in good faith to meet and agree on an earnings opportunity[.]"³

4. This Stipulation reflects the results of the requested discussions, and presents the Commission with a joint recommendation that resolves the Signatories' issues with the earnings opportunity, as described below. In addition, the Stipulation updates the administrative cap limits for the PAYS® pilot. It is the intent of Evergy to launch the Pilot on September 13, 2021. If unable to receive timely approval on this stipulation agreement, contractual agreements and Tariff sheets will need to be modified, potentially causing issue with achieving target participation and evaluation of a full year pilot as directed by the Commission.

5. In light of the foregoing, the Signatories agree to the following terms and conditions.

AGREEMENTS

6. Evergy agrees to Financing and Performance incentives for the PAYS® pilot as follows:

A. Financing charge: A financing charge will be allowed on the financed amount to obtain the company's weighted average cost of capital (3% from participant and remainder from non-participant).

² See, *Recommendation*, ¶11.

³ "Staff recommended the Commission reject the tariff sheets and order Evergy to meet with the parties to reach an agreed upon earnings opportunity. The Commission ordered Evergy to respond to Staff's recommendation, and Evergy responded that it intends to work with Staff and the parties to obtain an agreement on an earnings opportunity." *Notice*, p.1.

B. Performance Metric: The performance metric will be based on a percentage of the loan amount subscribed during the 12-month pilot period, with a maximum potential amount equaling \$350,000 if \$7 million is subscribed. Evergy will use a tiered approach determining earnings potential. Below is the performance metric matrix for potential earnings.

Loan Amount Subscribed	Earnings Rate	Maximum Potential
\$5M – \$7M	5%	\$350,000.00
\$3M - \$4.9M	4%	\$199,999.96
\$2M - \$2.9M	3%	\$119,999.97
\$1M - \$1.9M	2%	\$39,999.98
<\$1M	1%	\$9,999.99

C. Energy and Demand Savings: The additional kWh and kW savings associated with this pilot will have an earnings opportunity rate aligned with the earnings opportunity matrix approved for MEEIA Cycle 3⁴. Each category will also have a cap on earnings opportunity for the pilot period. The targets for savings and dollars are listed in the table below:

⁴ MEEIA Cycle 3 File No. EO-2019-0132, p. 58.

Jurisdiction	Proposed Metric	Unit	\$/unit	Pilot Savings Target	Pilot Cap
MO METRO	Energy MWh (excluding HER & Multi Fam – to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MWh	\$8.31	3,003	130%
MO METRO	MW (excluding HER, Bus DR, Bus Smart Tstats, & Res DR– to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MW	\$114,741.01	0.9385	150%
MO WEST	Energy MWh (excluding HER & Multi Fam – to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MWh	\$12.97	3,003	130%
MO WEST	MW (excluding HER, Bus DR, Bus Smart Tstats, & Res DR– to add PAYS®): criteria will be annualization of each program years installations TBD by EMV	MW	\$122,507.02	0.9385	150%

7. The Signatories agree that the table below outlines the three components of financing and performance incentive potential at both \$1 Million and \$7 Million as an example.

EVERGY PAYS PILOT FINANCING AND PERFORMANCE OVERVIEW			
		<i>Financing & Perf Incentives</i>	
Category	Metric	@\$1M financed	@\$7M financed
Financing	WACC (incl 3% from participant)	30,000.00	210,150.00
Performance Metric	1% to 5% per \$ financed	10,000.00	350,000.00
Energy Savings	MC3 EO Matrix rate	9,130.43	63,913.04
Demand Savings	MC3 EO Matrix rate	31,808.18	222,657.28
	Total	\$80,938.62	\$846,720.32

8. Parties also agree to adjust administrative cost limits for the pilot as follows. The Commission’s *Amended Report and Order*, issued on March 11, 2020, in File No. EO-2019-0132, requires the pilot program to include a cap to administrative costs for each individual customer

project to a percentage of the total loan costs. However, the administrative costs for this pilot are fixed regardless of the size of the project cost at \$490 per project. Therefore, the parties agree to adjust the administrative cost limits for the pilot:

Order Section	Description	Evergy Pilot
2e.	The pilot program shall include customer protections by capping administrative costs (including total advertising costs as allocated to the number of projects) for each individual customer project to a percentage of the total loan costs. Energy audit costs are a separate project Component and will not be included with administrative costs.	Administrative or “close out” costs charged to participants are capped at \$490 per project.

GENERAL PROVISIONS

9. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. 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.

10. 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. No Signatory shall assert the terms of this agreement as a precedent in any future proceeding.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 §536.500, 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.

NON-SIGNATORY PARTIES DO NOT OPPOSE STIPULATION

16. The Signatories have been authorized to represent that the following parties, who have not executed this Stipulation, do not oppose Commission approval of this Stipulation:

- Missouri Department of Natural Resources – Division of Energy (“DE”)
- Midwest Energy Consumers Group (“MECG”);
- City of St. Joseph, Missouri (“St. Joe”);
- National Housing Trust (“NHT”);
- Westside Housing Organization (“WHO”);
- Natural Resources Defense Council (“NRDC”); and
- Spire Missouri Inc. (“Spire”).

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 RENEW MISSOURI
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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 2nd day of September 2021.

/s/ Roger W. Steiner

Roger W. Steiner


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 15th day of September, 2021.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 15, 2021

File/Case No. EO-2019-0132

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, stylized "M" and "W".

**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.