

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

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

**FOR THE ELECTRIC OPERATIONS**

**OF**

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

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

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

*Jefferson City, Missouri  
October 28, 2021*

**\*\* Denotes Confidential Information \*\***

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**I. Executive Summary**

The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and analyzed a variety of items in examining whether Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”), reasonably and prudently incurred costs associated with its demand-side programs and demand-side programs investment mechanism (“DSIM”) which were approved by the Commission’s *Amended Report and Order*<sup>1</sup> in Case No. EO-2019-0132<sup>2</sup> (“Cycle 3 Plan”).

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

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

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

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

<sup>3</sup> Section 393.1075 RSMo. Supp 2017.

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

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

## BACKGROUND

The Commission's October 19, 2017, *Order Approving Stipulation and Agreement* in Case No. EO-2015-0240 approved a *Stipulation and Agreement Regarding Cycle 2 Transition Plan for Certain Long-Lead Projects and Special Provision for Income-Eligible Multi-Family Program Under the MEEIA Cycle 2 Program Plan* ("Transition Agreement") that was filed October 2, 2017. The Transition Agreement was agreed to by the Company, Staff, the Office of the Public Counsel ("OPC"), the Missouri Department of Economic Development - Division of Energy, and Renew Missouri Advocates. The Transition Agreement allowed for the Company to establish a process for long-lead energy efficiency projects' implementation and completion; Evaluation, Measurement and Verification (EM&V); an demand-side programs investment mechanism treatment. It also allowed for a special provision for the incentives paid to participants in Kansas City Power and Light Company and KCP&L Greater Missouri Operations Company's<sup>5</sup> Income Eligible Multi-Family program.

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

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

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

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

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

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<sup>6</sup> 393.1075 RSMo.

<sup>7</sup> 20 CSR 4240-20.093 and 20 CSR 4240-20.094.

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

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

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

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

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

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

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

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

Table 2 (A) below identifies the line items and Review Period amounts from Addendum A which are the subject of Staff's prudence review. Table 2 (B) below<sup>11</sup> identifies the line items and Review Period amounts from Addendum B which are the subject of Staff's prudence review.

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

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

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



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

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

*Staff Expert: Brooke Mastrogiannis*

## **II. MEEIA Programs**

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

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

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

*Staff Expert: Brooke Mastrogiannis*

### **III. Prudence Review Process**

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

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

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

1 *Staff Expert: Brooke Mastrogianis*

2 **IV. Prudence Review Standard**

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

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

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

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

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

26 *Staff Expert: Brooke Mastrogianis*

27 **V. Billed Revenue**

28 **1. Description**

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

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

Evergy Missouri Metro provided a random sample of actual customer bills<sup>13</sup> that Staff reviewed and determined the appropriate rates were being charged to its customer for the recovery of program and TD costs.

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

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

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

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<sup>13</sup> Evergy Missouri Metro's response to Staff's Data Request No. 0010.

**2. Summary of Cost Implications**

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

**3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Expert: Brooke Mastrogiannis*

**VI. Nexant Tracking Software**

**1. Description**

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

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

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

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

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

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

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

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Experts: Brooke Mastrogiannis*

## **VII. Actual Program Costs**

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

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

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

5 During this Review Period, there were Cycle 2 and Cycle 3 program costs. The results of  
6 Staff's categorization of programs' costs are provided in Table 4 as a total for the Review Period  
7 and then broken out by Cycle 2 (Table 4A) and Cycle 3 (Table 4B) shown below:  
8  
9  
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**Table 4**  
**Total Cycle 2 & Cycle 3**  
**Actual Rebate and Program Cost Totals**  
**Program Costs January 1, 2020 through March 31, 2021**

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

<b>Table 4A</b> <b>Cycle 2</b> <b>Actual Rebate and Program Cost Totals</b> <b>Program Costs January 1, 2020 through March 31, 2021</b>			
	<b>TOTAL COSTS</b>	<b>REBATES</b>	<b>PROGRAM ADMINISTRATIO</b>
<b>RESIDENTIAL:</b>			
Income Eligible Multi Family	\$ 34,490	\$ (3,122)	\$ 37,612
Res Programmable Thermo	\$ 112,202	\$ -	\$ 112,202
On-line Home Energy Audit	\$ 11,519	\$ -	\$ 11,519
Home Energy Reports	\$ 6,492	\$ -	\$ 6,492
Income Eligible Home Energy Reports	\$ 2,085	\$ -	\$ 2,085
Home Lighting Rebate	\$ 425,276	\$ 367,109	\$ 58,167
Whole House Efficiency	\$ 82,581	\$ 44,629	\$ 37,951
<b>Subtotal Residential Programs</b>	<b>\$ 674,643</b>	<b>\$ 408,616</b>	<b>\$ 266,027</b>
Demand Response Incentive	\$ 7,064	\$ -	\$ 7,064
Bus Programmable Thermo	\$ 485	\$ -	\$ 485
On-line Business Energy Audit	\$ 291	\$ -	\$ 291
Bus Energy Effic Rebate-Custom	\$ 958,254	\$ 740,211	\$ 218,043
Strategic Energy Mgmt	\$ -	\$ -	\$ -
Block Bidding	\$ 43,230	\$ 24,845	\$ 18,385
Small Bus Direct Install	\$ -	\$ -	\$ -
Bus Energy Effic Rebate-Standard	\$ 1,094,729	\$ 916,332	\$ 178,397
<b>Subtotal Business Programs</b>	<b>\$ 2,104,054</b>	<b>\$ 1,681,388</b>	<b>\$ 422,666</b>
Research and Pilot	\$ 53,613	\$ -	\$ 53,613
<b>Total Program Costs</b>	<b>\$ 2,832,311</b>	<b>\$ 2,090,005</b>	<b>\$ 742,306</b>
<b>COSTS BY SUBACCOUNTS:</b>			
Customer Rebates	\$ 2,090,005		
Implementation Contractors	\$ 430,756		
Evaluation	\$ 243,684		
Marketing	\$ 60,976		
Administrative	\$ 6,891		
<b>Total Program Costs</b>	<b>\$ 2,832,312</b>		

<b>Table 4B</b> <b>Cycle 3</b> <b>Actual Rebate and Program Cost Totals</b> <b>Program Costs January 1, 2020 through March 31, 2021</b>			
	<b>TOTAL COSTS</b>	<b>REBATES</b>	<b>PROGRAM ADMINISTRATIO</b>
<b>RESIDENTIAL:</b>			
Research & Pilot-Residential	\$ 77,385	\$ 100	\$ 77,285
Income Eligible Multi Family	\$ 792,801	\$ 16,292	\$ 776,510
Residential Demand Response	\$ 1,951,757	\$ 313,482	\$ 1,638,275
Online Home Energy Audit	\$ 191,453	\$ -	\$ 191,453
Pay As You Save (PAYS)	\$ 14,473	\$ -	\$ 14,473
Home Energy Reports	\$ 553,324	\$ -	\$ 553,324
Income Eligible Home Energy Reports	\$ 165,267	\$ -	\$ 165,267
Energy Saving Products	\$ 2,018,550	\$ 912,896	\$ 1,105,654
Heating, Cooling & Home Comfort	\$ 1,505,291	\$ 817,844	\$ 687,446
<b>Subtotal Residential Programs</b>	<b>\$ 7,270,301</b>	<b>\$ 2,060,614</b>	<b>\$ 5,209,687</b>
Research & Pilot-Business	\$ 97,976	\$ 46,411	\$ 51,566
Research & Pilot	\$ 18,861	\$ -	\$ 18,861
Business Demand Response	\$ 1,634,685	\$ 543,537	\$ 1,091,147
Business Smart Thermostat	\$ 56,295	\$ 3,050	\$ 53,245
Online Business Energy Audit	\$ 4,418	\$ -	\$ 4,418
Business Custom	\$ 2,337,967	\$ 1,403,874	\$ 934,093
Business Process Efficiency	\$ 177,025	\$ -	\$ 177,025
Business Standard	\$ 3,500,820	\$ 1,818,721	\$ 1,682,099
<b>Subtotal Business Programs</b>	<b>\$ 7,828,047</b>	<b>\$ 3,815,593</b>	<b>\$ 4,012,454</b>
<b>Total Program Costs</b>	<b>\$ 15,098,348</b>	<b>\$ 5,876,207</b>	<b>\$ 9,222,141</b>
<b>COSTS BY SUBACCOUNTS:</b>			
Customer Rebates	\$ 5,876,207		
Implementation Contractors	\$ 6,502,299		
Evaluation	\$ 294,524		
Marketing	\$ 758,317		
Administrative	\$ 1,667,000		
<b>Total Program Costs</b>	<b>\$ 15,098,348</b>		

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

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

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

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

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<sup>15</sup> Data Request Response 0033.

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

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

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

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

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

### 27 **1. Description**

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

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Amanda C. Conner*

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

### **1. Description**

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

- a. Staff Data Requests: 0003 and 0003.1.

*Staff Expert: Amanda C. Conner*

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

### **1. Description**

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

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<sup>17</sup> Staff Data Request No. 0019.

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

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Experts: Amanda C. Conner*



**D. Administrative Costs - Other Expenses**

**1. Description**

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

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

**2. Summary of Cost Implications**

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

**3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Experts: Amanda C. Conner*

**E. Rebates**

**1. Description**

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

**2. Summary of Cost Implications**

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

**3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Expert: Brooke Mastrogiannis*

**F. Implementation Contractors**

**1. Description**

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

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

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

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

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

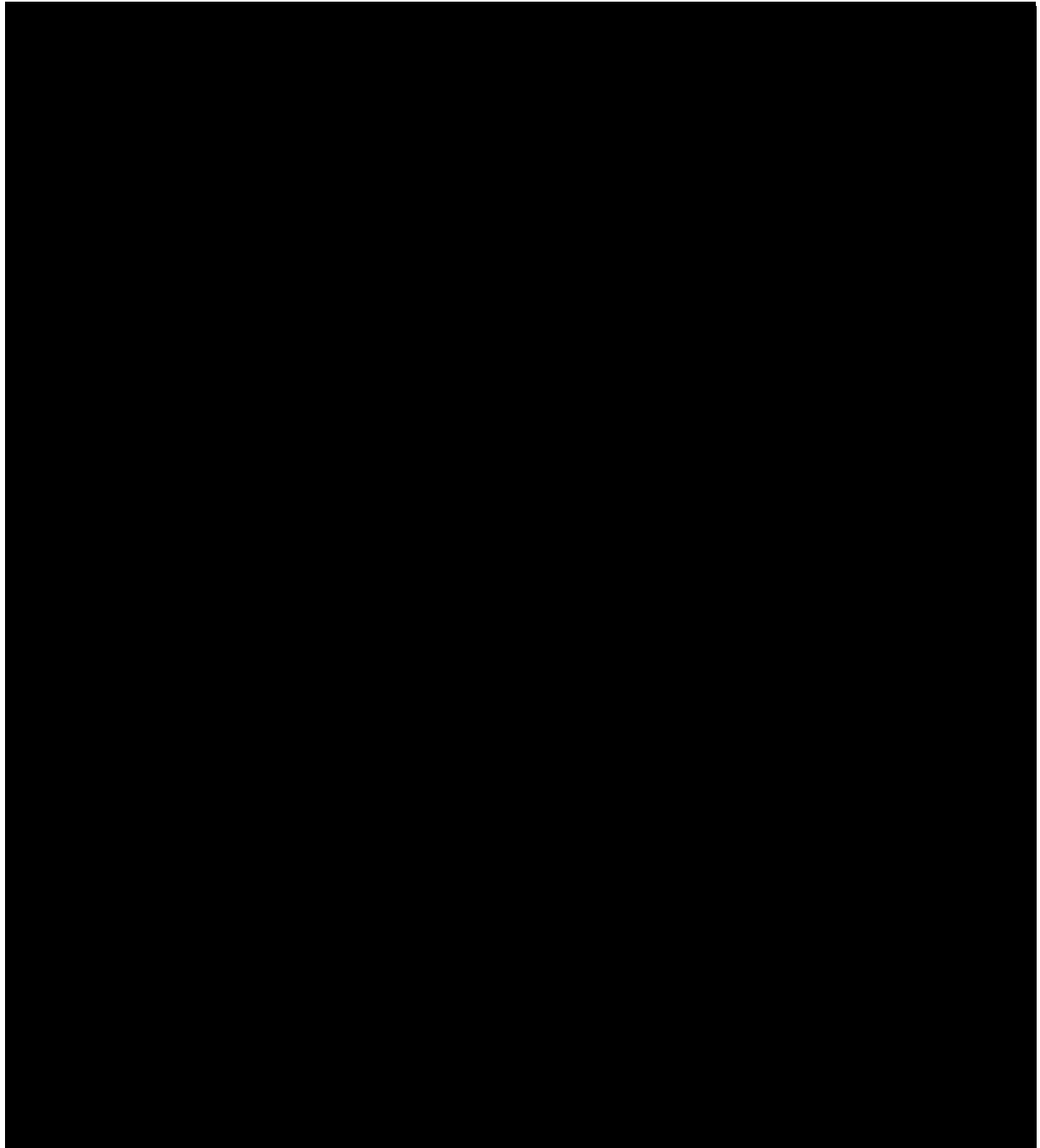
**Table 8**

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

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

*continued on next page*

1 \*\*



2 \*\*

3 **2. Summary of Cost Implications**

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

C

**3. Conclusion**

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

**4. Documents Reviewed**

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

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

**G. EM&V Contractors**

**1. Description**

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

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

<sup>19</sup> 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.

<sup>20</sup> Guidehouse was known as Navigant in Cycle 2.

<sup>21</sup> See table 3 for the breakout of programs between ADM and Guidehouse.

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Brooke Mastrogiannis*

## **H. MEEIA Labor**

### **1. Description**

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Lisa Wildhaber*

## **I. Demand Response**

### **1. Description**

#### **a. Residential Demand Response Program**

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



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

3 **a. Business Demand Response Program**

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

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

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

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

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

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

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

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

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

## **2. Summary of Cost Implications**

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

**3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Expert: Jordan T. Hull*

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

**A. Actual TD**

**1. Description**

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

The TD allows the utility to recover its lost margin revenues associated with the successful implementation of the MEEIA programs. The Cycle 3 TD calculation is described in Evergy Missouri Metro’s tariff Sheet Nos. 49U through 49W and tariff Sheet No. 49Z (for the net margin revenue rates). Generally, the TD for each program is determined by multiplying the monthly energy savings<sup>22</sup> by the net margin revenue rates and by the net to gross factor for contemporaneous TD recovery.

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

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Lisa Wildhaber*

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

### **1. Description**

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

In its review, Staff identified several areas of concern;

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

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

**Table 10**

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

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

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

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

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

21 |       For Evergy Metro, this would result in a decrease of approximately \$1.5 million in its  
22 | Cycle 2 TD and a reduction in its Cycle 3 TD of approximately \$1.8 million through the duration  
23 | of the Cycle TDs. Specifically only for the duration January 1, 2020 through March 31, 2021,  
24 | the decrease is \$1,771,159.<sup>24</sup>

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

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

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

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

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

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

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

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<sup>25</sup> Page 6 of Evergreen Economics EM&V report for PY2017.

<sup>26</sup> Navigant is no longer Evergy’s evaluator.

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Robin Kliethermes*

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

### **1. Description**

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

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



1 The Company provided workpapers to support the kWh savings for the program  
2 measures. These workpapers provided individual detailed project savings pulled from Nexant  
3 with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample  
4 of program measures and compared the kWh savings as reported in the Company details to the  
5 measure savings as reported in the TRM and subsequent updates to the TRM<sup>27</sup>.

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

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

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

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

**2. Summary of Cost Implications**

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

**3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Expert: Lisa Wildhaber*

**IX. Earning Opportunity ("EO")**

**1. Description**

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

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

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

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

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

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

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

## **2. Summary of Cost Implications**

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

## **3. Conclusion**

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

## **4. Documents Reviewed**

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

*Staff Expert: Krishna Poudel and Brooke Mastrogiannis*

## **X. Interest Costs**

### **1. Description**

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

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

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

**Table 11**  
**INTEREST**

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

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

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

14 **3. Conclusion**

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

**4. Documents Reviewed**

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

*Staff Expert: Amanda C. Conner*

**Attached - Addendum A and Addendum B**

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

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

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

**Footnotes:**

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

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

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

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

**Footnotes:**

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

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

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

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

Footnotes:

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



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

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

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

**Footnotes:**

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

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

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

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

**Footnotes:**

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

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

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

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

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

**Footnotes:**

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

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

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

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

**Footnotes:**

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

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

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

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

**Footnotes:**

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

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

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

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

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

**Footnotes:**

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

Internal Use Only

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

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

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

**Footnotes:**

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

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