

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

In the Matter of Evergy Missouri West, Inc.	)	
d/b/a Evergy Missouri West’s Demand Side	)	<b><u>Case No. ER-2021-0153</u></b>
Investment Mechanism Rider Rate	)	Tariff No. JE-2021-0128
Adjustment and True-Up Required by	)	
20 CSR 4240-20.093(4)	)	

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel, and submits its Staff Recommendation.

1. On December 1, 2020, Evergy Missouri, West, Inc. d/b/a Evergy Missouri West, filed a tariff, with supporting testimony to adjust charges related to its approved Demand Side Investment Mechanism Rider (DSIM).

2. On December 1, 2020, the Commission issued its *Order Directing Notice, Setting Intervention Date, and Directing Staff Recommendation* (“Order”). The Order directed Staff to file a recommendation regarding its examination and analysis of Evergy Missouri West’s tariff revision no later than December 31, 2020.

3. Having concluded its investigation, Staff offers its *Memorandum*, filed concurrently. In summary, Staff recommends that the Commission issue an order either approving the tariff sheets or allowing the tariff sheets to take effect by operation of law of February 1, 2021. Staff’s recommendation to approve the revised tariff sheet does not constitute a prudence review of Evergy Missouri West’s actions in relation to its DSIM.

4. The attached *Memorandum* more fully explains the circumstances and facts that led Staff to make these conclusions.

**WHEREFORE**, Staff hereby tenders its *Recommendation* for the Commission’s information and consideration.

Respectfully Submitted,

**/s/ Casi Aslin**

Casi Aslin

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Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 31<sup>st</sup> day of December, 2020.

**/s/ Casi Aslin**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. ER-2021-0153 and Tariff Tracking No. JE-2021-0128

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

/s/ Robin Kliethermes / 12-31-20                      /s/ Casi Aslin / 12-31-20  
Manager, Tariff & Rate Design / Date                      Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation to Approve Evergy Missouri West, Inc., d/b/a Evergy Missouri West's ("Evergy Missouri West") Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM") Rider Rate effective February 1, 2021.

**DATE:** December 31, 2020

### Evergy Missouri West Filing

On December 1, 2020, Evergy Missouri West filed with the Commission one (1) tariff sheet bearing an issue date of December 1, 2020, and an effective date of February 1, 2021, proposing to adjust charges related to Evergy Missouri West's DSIM Rider. Evergy Missouri West's filing also included the Direct Testimony of Lisa A. Starkebaum and work papers consisting of electronic worksheets showing its calculation of the proposed rates. As filed, Evergy Missouri West's DSIM revenue requirement for program year 2021 is approximately \$31.8 million.

On December 1, 2020, the Commission issued its *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* which directed Staff to file its recommendation no later than December 31, 2020.

### Change in Evergy Missouri West's DSIM Rates

Per 20 CSR 4240-20.093(4), Evergy Missouri West is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected.

The current Missouri Energy Efficiency Investment Act ("MEEIA") mechanism rate per class of customer is collected through a line item on current bills and is based on an annual level of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. In addition to reconciliations for prior periods, this adjustment includes

Evergy Missouri West’s MEEIA Cycle 2 extension request through December 31, 2019, filed in Case No. EO-2019-0133, Evergy Missouri West’s Cycle 2 earnings opportunity (“EO”) and actual and projected costs for Evergy Missouri West’s MEEIA Cycle 3 approved in Case No. ER-2020-0155.

The table below provides a summary of the cumulative throughput disincentive (“TD”), program costs (“PC”), and earnings opportunity (“EO”) for Cycle 2 and Cycle 3 and average cost per avoided kWh.

	MEEIA Cycle 3 through January 2021	MEEIA Cycle 2
TD	\$ 2,372,061.00	\$ 27,056,630.00
Program Cost	\$ 14,282,679.00	\$ 72,299,915.00
EO		\$ 11,160,751.00
Total	\$ 16,654,740.00	\$ 110,517,296.00
Deemed kWh	72,407,913.27	266,135,153.00
avg cost per avoided kWh	\$ 0.23	\$ 0.42

Additionally, Evergy Missouri West is projecting to recover approximately \$21.7 million in 2021 for projected PC and TD for Cycle 3 and approximately \$4.7 million<sup>1</sup> for projected TD for Cycle 2. Even though MEEIA Cycle 2 programs ended in December 2019, Evergy Missouri West will continue to recover TD on deemed savings until all savings are rebased in a rate case. At the end of 2021 Evergy Missouri West is projected to recover from ratepayers approximately \$153.6 million for energy efficiency programs for MEEIA Cycle 2 & 3.

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under the Evergy Missouri West’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers.

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<sup>1</sup> The projected \$4.7 million in additional MEEIA Cycle 2 TD is not included in the table and will increase the average cost per avoided kWh included in the table.

<b>Rate Class</b>	<b>Current MEEIA Rate/kWh</b>	<b>Proposed MEEIA Rate/kWh</b>
Residential Service	\$0.00478	\$0.00506
Non-Residential – SGS	\$0.00421	\$0.00517
Non-Residential – LGS	\$0.00330	\$0.00425
Non-Residential – LPS	\$0.00322	\$0.00409

The proposed change will increase residential customers' DSIM Rider rate from \$0.00478 to \$0.00506 per kWh.<sup>2</sup> For a residential customer using 1,000 kilowatt-hours (kWh), this would mean an increase of \$.28 per month. For a non-residential customer using 1,000 kilowatt-hours (kWh), this would mean a \$.96 increase for Small General Service, a \$.95 increase for Large General Service, and an \$.87 increase for Large Power Service per month.

During Staff's review, Staff noted concerns with the level of savings attributable to Home Energy Reports (HER). Staff plans to further review the savings as part of the Company's next prudence review.

### **Staff Recommendation**

The Commission Staff's Tariff/Rate Design Department has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, filed on December 1, 2020 for service on and after February 1, 2021, the requested effective date:

P.S.C. MO. No. 1

Third Revised Sheet No. 138.17, Cancelling Second Revised Sheet No. 138.17

Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its Annual Report. Evergy Missouri West is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10). Staff's recommendation to approve this Second Revised Sheet No. 138.17 does not constitute a review of the prudence of Evergy Missouri West's actions in relation to its DSIM.

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<sup>2</sup> Inclusion of MEEIA Cycle 3 projected Program Costs ("PC") and Throughput Disincentive ("TD") in addition to projected MEEIA Cycle 2 PC, TD and EO for the 12-months ending December 31, 2021.

