

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

In the Matter of the Second Prudence)	
Review of the Missouri Energy Efficiency)	
Investment Act (MEEIA) Cycle 2 Energy)	<u>File No. EO-2020-0227</u>
Efficiency Programs of Evergy Metro, Inc.)	
d/b/a Evergy Missouri Metro)	

In the Matter of the Second Prudence)	
Review of the Missouri Energy Efficiency)	
Investment Act (MEEIA) Cycle 2 Energy)	<u>File No. EO-2020-0228</u>
Efficiency Programs of Evergy Missouri)	(consolidated)
West, Inc. d/b/a Evergy Missouri West)	

STAFF STATEMENTS OF POSITION

COMES NOW Staff of the Missouri Public Service Commission and submits the following Statements of Position on the issues pursuant to the procedural schedule previously ordered by the Commission:

Issue 1. **Are Staff’s and OPC’s proposed prudence adjustments within the scope of a MEEIA prudence review as defined by 20 CSR 4240-20.093?**

Staff Position: Yes. The Commission already decided this issue when it issued its Order Denying Motion to Limit Scope herein on August 19, 2020, stating “The Commission finds that Staff has raised allegations of imprudence by Evergy that are relevant to the Commission’s determination of whether Evergy has operated its MEEIA programs in a prudent manner” and “Evergy’s request to limit the scope of the review is not well founded.” Staff’s proposed prudence adjustments are within the scope of a MEEIA prudence review. (Luebbert Surrebuttal, page 2)

Issue 2. Did Evergy act imprudently in its implementation of the Residential Programmable Thermostat program? If the Commission finds Evergy acted imprudently, what adjustment should the Commission order?

Staff Position: Evergy's implementation of the Residential Programmable Thermostat program was imprudent. Evergy drove up costs to ratepayers through the DSIM Rider by failing to alter the incentive level for the Residential Programmable Thermostat Program and by providing thermostats to customers that did not enroll in the program. (Staff Prudence Review reports pages 25 and 26) Staff recommends that the Commission order an adjustment in the amount of \$287,680 for Evergy Missouri Metro. (Staff Prudence Review Report from Evergy Missouri Metro pages 30 and 31) Staff recommends that the Commission order an adjustment in the amount of \$577,865 for Evergy Missouri West. (Staff Prudence Review Report for Evergy Missouri West page 30)

Issue 3. Did Evergy act imprudently in its implementation of its Demand Response Incentive Program? If the Commission finds Evergy acted imprudently, what adjustment should the Commission order?

Staff Position: Yes. Evergy's implementation of the DRI program was imprudent. Evergy decision makers chose to enter contracts for the DRI program that did not incentivize meaningful participation, financially rewarded customers that did not participate meaningfully, and harmed customers that did not sign up but had to pay the DSIM charge; therefore, Staff recommends that the Commission disallow \$111,363 for Evergy Missouri Metro¹ and \$990,137 for Evergy Missouri West.²

¹ Staff Prudence Review report for Evergy Missouri Metro page 31.

² Staff Prudence Review report for Evergy Missouri West page 30.

Issue 4: Did Evergy act imprudently by not calling more demand response events for the purpose of reducing Southwest Power Pool (SPP) fees? If the Commission finds Evergy acted imprudently, what adjustment should the Commission order?

Staff Position: Evergy acted imprudently by not attempting to minimize costs and maximize benefits to ratepayers through the implementation of the demand response programs despite the ability to do so with minimal incremental program costs. At the time of implementation, Evergy managers and decision makers should have been aware of the real costs that the Company incurs due to its membership in the Southwest Power Pool and the ways to minimize those costs. (Luebbert Surrebuttal page 4) Staff recommends that the Commission disallow \$397,002.28 for Evergy Metro and \$666,008.23 for Evergy Missouri West. (Luebbert Surrebuttal page 14)

Issue 5: Did Evergy act imprudently by not calling more demand response events for the purpose of reducing the costs associated with day-ahead locational marginal prices? If the Commission finds Evergy acted imprudently, what adjustment should the Commission order?

Staff Position: Evergy witnesses identified ** _____
_____ ** as early as January of 2019. (Luebbert Surrebuttal page 3) Evergy acted imprudently by choosing not to target demand response events in an attempt to reduce load during some of the highest DA LMPs despite minimal, if any, incremental costs; therefore, Staff recommends that the Commission disallow \$54,227 for Evergy Missouri Metro

and \$86,303 for Evergy Missouri West. (Staff Prudence Review reports pages 28 and 29)

Issue 6: Did Evergy Missouri Metro act imprudently by not entering into more bi-lateral capacity contracts? If the Commission finds Evergy acted imprudently, what adjustment should the Commission order?

Staff Position: In this case Evergy’s witnesses have refuted the ability to enter into contracts at a price of ** _____

_____. ** However, in Case No. EO-2019-0132 Evergy indicated that the Commission could consider a “market-based approach to valuing capacity” which averaged several supply offers that were provided in response to a request for proposal and amounted to

** _____

_____. ** Either Evergy acted imprudently by not entering into more bilateral capacity contracts, or Evergy grossly misrepresented the potential benefits of demand reductions that will result from its MEEIA programs. (Luebbert Surrebuttal pages 15 through17) Staff recommends that the Commission

disallow \$1,161,474 for Evergy Missouri Metro. (Staff Prudence review report for Evergy Missouri Metro page 30)

Issue 7: Did Evergy act imprudently by virtue of its MEEIA programs' incentive to non-incentive costs ratios?

Staff Position: Staff acknowledges this is a valid concern and will continue to closely monitor this issue going forward. However, Staff does not agree the disallowance recommended by OPC Evergy Missouri West is warranted for the review period under examination in this case. (Tandy Surrebuttal, page 3)

WHEREFORE, Staff respectfully submits its Statements of Position.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 28th day of October, 2020.

/s/ Jeffrey A. Keevil