

**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 Investment Mechanism |) | <u>File No. ER-2024-0186</u> |
| Rider Rate Adjustment and True-Up |) | Tariff No. JE-2024-0085 |
| Required by 20 CSR 4240-20.093(4) |) | |

STAFF RECOMMENDATION TO APPROVE TARIFF

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its *Recommendation to Approve Tariff* respectfully states:

1. On December 1, 2023, Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy West" or "Company") filed one (1) tariff sheet and the direct testimony of Lisa A. Starkebaum, along with workpapers. As filed, Evergy West's Demand Side Investment Mechanism (DSIM) revenue requirement through December 2024 is approximately \$23.6 million. This revenue requirement was reduced by an Ordered Adjustment balance with interest of (\$133,918), ordered by the Commission on July 21, 2022, in Case No. EO-2021-0416.

2. Staff's Memorandum, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the one (1) proposed tariff sheet, for service on and after February 1, 2024, the requested effective date. Staff's recommendation comes with the acknowledgment that approval does not constitute a review of the prudence of Evergy West's actions in relation to its DSIM rider.

3. The proposed change will increase residential customers' DSIM Rider rate from \$0.00224 to \$0.00359 per kWh. For a residential customer using 1,000 kWh, this would mean an increase of \$1.35 per month. For a non-residential customer

using 1,000 kWh, this would mean a \$0.64 increase for Small General Service, a \$1.98 increase for Large General Service, and a \$1.01 increase for Large Power Service per month.

4. Staff has verified that Evergy West is not delinquent on any assessment and has filed its Annual Report. Evergy West is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10). Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheet, for service on and after February 1, 2024, the requested effective date:

P.S.C. MO. No. 1
Ninth Revised Sheet No. 138.17, Cancelling Eight Revised Sheet No. 138.17

Respectfully submitted,

/s/ Nicole Mers

Nicole Mers #66766

Deputy Staff Counsel

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 2nd day of January 2024.

/s/ Nicole Mers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2024-0186 and Tariff Tracking No. JE-2024-0085

FROM: Justin Tevie, Economics Analyst, Tariff/Rate Design Dept.
Krishna L. Poudel, PhD, Economist, Energy Resources Dept.

/s/ Justin Tevie / 01-02-2024
Tariff/Rate Design Dept. / 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, 2024.

DATE: January 2, 2024

Evergy Missouri West Filing

On December 1, 2023, Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West") filed with the Commission one (1) tariff sheet bearing an issue date of December 1, 2023, with an effective date of February 1, 2024, 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 through December 2024 is approximately \$23.6 million. This revenue requirement was reduced by an Ordered Adjustment balance with interest of (\$133,918) ordered by the Commission on July 21, 2022 in Case No. EO-2021-0416.¹

On December 4, 2023, the Commission issued its *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* directing Staff to file its recommendation no later than December 31, 2023.

¹ The Commission approved Order Adjustment Case Nos. EO-2020-0228 and EO-2021-0416, where the Company agreed to include in this filing a credit to resolve the alleged HER TD double-recovery issue and to return disallowed program costs from the review period of January 2020 through March 2021 plus interest.

Change in Evergy Missouri West’s DSIM Rates

Per 20 CSR 4240-20.093(4), Evergy Missouri West is required to adjust its DSIM rates no less often than annually² 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 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, Evergy Missouri West’s Cycle 2 earnings opportunity (“EO”), actual and projected costs for Evergy Missouri West’s MEEIA Cycle 3, approved in Case No. EO-2019-0133, and Evergy Missouri West’s MEEIA Cycle 3 extension request through December 31, 2023, approved in Case No. EO-2019-0132.

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 estimated kilowatt hour (kWh) saved. PC, EO and TD values for the months of November, December, and January are forecasted data, which are adjusted for actual data in the next filing.

| | MEEIA Cycle 3 through Dec 2024 | MEEIA Cycle 2 |
|--|--------------------------------------|----------------|
| TD | \$ 15,482,541 | \$ 32,348,376 |
| Program Cost | \$ 64,317,251 | \$ 72,299,915 |
| EO | \$ 8,474,416 | \$ 10,400,157 |
| Total | \$ 88,274,208 | \$ 115,048,448 |
| Estimated kWh | 268,219,747 | 266,135,153 |
| avg cost per estimated kWh saved | \$ 0.33 | \$ 0.43 |

Additionally, Evergy Missouri West is projecting to recover approximately \$16.4 million through December 2024 for projected Cycle 3 PC and approximately \$2.9 million for projected

² Evergy Missouri West makes semi-annual adjustments to its DSIM rates.

TD for Cycle 3. Staff agrees these are reasonable projections based on past projections to actuals comparison.

| | | |
|-------------------------|---------------|-----------------|
| Projected thru Dec 2024 | | |
| Cy 3 PC & TD | \$ 16,353,003 | \$ 2,863,620.28 |

In total, Evergy Missouri West is projected to recover from ratepayers approximately \$226.9 million for energy efficiency programs for MEEIA Cycles 2 and 3 by December 2024.

| | | | | | |
|--------------|----------------|-----------------------------------|--|--|--|
| | Cycles 2 & 3 | | | | |
| TD | \$ 47,830,916 | | | | |
| Program Cost | \$ 136,617,166 | | | | |
| EO | \$ 18,874,573 | | | | |
| Total | \$ 203,322,656 | | | | |
| | \$ 23,559,759 | DSIM Revenue Requirement Dec 2024 | | | |
| | \$ 226,882,415 | TOTAL CYCLES 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 kilowatt hours (kWh) of energy supplied to customers under Evergy Missouri West’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers as stated in Tariff Sheet 138.09.

| Rate Schedule | Total Proposed DSIM (\$/kWh) | Total Current DSIM ER-2023-0411 (\$/kWh) | Change Increase/ (Decrease) (\$/kWh) | Incr/(Decr) to Customer Bill (for every 1,000 kWh's used) (\$) |
|-----------------------|---------------------------------|--|--|--|
| Residential Service | \$0.00359 | \$0.00224 | \$0.00135 | \$1.35 |
| Non-Res Service – SGS | \$0.00243 | \$0.00179 | \$0.00064 | \$0.64 |
| Non-Res Service – LGS | \$0.00475 | \$0.00277 | \$0.00198 | \$1.98 |
| Non-Res Service – LPS | \$0.00263 | \$0.00162 | \$0.00101 | \$1.01 |

The proposed change will increase residential customers' DSIM Rider rate from \$0.00224 to \$0.00359 per kWh.³ For a residential customer using 1,000 kWh, this would mean an increase of \$1.35 per month. For a non-residential customer using 1,000 kWh, this would mean a \$0.64 increase for Small General Service, a \$1.98 increase for Large General Service, and a \$1.01 increase for Large Power Service per month.

Staff Recommendation

The Commission Staff's Tariff/Rate Design Department and Energy Resources Department have reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, filed on December 1, 2023, for service on and after February 1, 2024, the requested effective date:

P.S.C. MO. No. 1
Ninth Revised Sheet No. 138.17, Cancelling Eight 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 Ninth Revised Sheet No. 138.17 does not constitute a review of the prudence of Evergy Missouri West's actions in relation to its DSIM.

³ Inclusion of MEEIA Cycle 3 projected Program Costs ("PC") and Throughput Disincentive ("TD") in addition to projected MEEIA Cycle 2 PC, TD and EO based on actual performance in the six-month period ending October 2023, as well as forecasted performance through December 2024.

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| In the Matter of Evergy Missouri West, Inc. |) | |
| d/b/a Evergy Missouri West's Demand Side |) | <u>Case No. ER-2024-0186</u> |
| Investment Mechanism Rider Rate |) | <u>Tariff No. JE-2024-0085</u> |
| Adjustment and True-Up Required by |) | |
| 20 CSR 4240-20.093(4) |) | |

AFFIDAVIT OF JUSTIN TEVIE

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW JUSTIN TEVIE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



JUSTIN TEVIE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29th day of December 2023.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

Dianna L. Vaughn
Notary Public

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| Adjustment and True-Up Required by |) | |
| 20 CSR 4240-20.093(4) |) | |

AFFIDAVIT OF KRISHNA L. POUDEL, PhD

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW KRISHNA L. POUDEL, PhD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

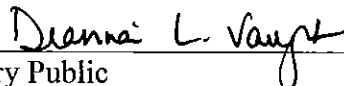


KRISHNA L. POUDEL, PhD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of December 2023.

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| DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377 |
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Notary Public