

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 11th day of December, 2024.

In the Matter of Evergy Metro, Inc. d/b/a)	
Evergy Missouri Metro's Notice of Intent to)	<u>File No. EO-2023-0369</u>
File an Application for Authority to Establish)	Tracking No. JE-2025-0051
a Demand-Side Programs Investment)	Tracking No. JE-2025-0052
Mechanism)	

In the Matter of Evergy Missouri West, Inc.)	
d/b/a Evergy Missouri West's Notice of)	<u>File No. EO-2023-0370</u>
Intent to File an Application for Authority to)	Tracking No. JE-2025-0053
Establish a Demand-Side Programs)	
Investment Mechanism)	

ORDER APPROVING AGREEMENT AND TARIFFS

Issue Date: December 11, 2024

Effective Date: January 1, 2025

On April 29, 2024, Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively "Evergy") filed tariff sheets and an application seeking the Commission's approval of a Demand Side Investment Mechanism (DSIM) under the Missouri Energy Efficiency Investment Act (MEEIA). This would establish Evergy's MEEIA Cycle 4. The Commission directed notice of the application and established an intervention deadline. The Commission granted intervention to Midwest Energy Consumers Group and Renew Missouri Advocates d/b/a Renew Missouri.

On September 27, 2024, Evergy, the Office of the Public Counsel (Public Counsel), and Renew Missouri (collectively "Signatories") filed a Stipulation and Agreement (Agreement) as a resolution of Evergy's MEEIA Cycle 4 application. The Commission's

Staff (Staff) and Midwest Energy Consumers Group were not signatories to the Agreement, but did not oppose it.

On October 4, 2024, Staff filed a response to the Agreement detailing its concerns with the lack of evidence included in the Agreement. Notwithstanding these concerns, Staff's response stated: "However, despite the concerns listed above from Staff, and in recognition of this Stipulation being a step in the right direction in regards to MEEIA compared to the originally filed application, Staff does not object."

The terms of the Agreement are contained in the attached stipulation and agreement. Under the terms of the Agreement, Evergy will implement a portfolio of DSIM programs as part of its MEEIA Cycle 4. The budget for the program for both Evergy Metro and West is \$69,408,990, plus up to \$250,000 to support a statewide MEEIA feasibility study. The portfolio of programs is a combination of programs with some programs running two years and some running three years.

The Portfolio

The portfolio of programs is detailed in the Agreement attached to this order. The portfolio includes:

- An Income-Eligible Multi-Family and KC LILAC (Kansas City Low-Income Leadership Assistance Collaborative) program with a budget of \$5,500,000 over two-years, including weatherization ready investments for Federal Department of Energy weatherization deferrals.
- A modified Pay As You Save[®] (PAYS[®]) residential energy efficiency program with a budget of \$7,100,00 over a two-year period. The portfolio includes a Business Demand Response program with a budget of

\$29,075,000 over three years and a Residential Demand Response program with a budget of \$17,869,000 over three years.

- A business energy efficiency program, focused on non-lighting measures, with a budget of \$7,300,000 over two years.
- An Urban Heat Island program with a budget of \$2,564,990 over three years.
- As part of the portfolio Evergy will provide up to \$250,000 for a 3rd party statewide feasibility study to review statewide Demand Side Mechanism programs.

Compliance Tariffs

The Commission directed Evergy to file substitute compliance tariff sheets so the Commission could see how the programs would appear in tariff. On October 15, 2024, Evergy filed a tariff revision to comply with the Commission's order. The Commission also directed Staff to file a recommendation addressing whether Evergy's substitute tariff sheets comply with the Agreement.

Staff requested and was granted two extensions to file its recommendation. Those extensions were to provide sufficient time for Staff to conclude conversations with Evergy, as well as finalize changes that Staff believes needed to be made to the tariff sheets to comply with the Agreement. Staff filed a recommendation about the compliance of Evergy's substitute tariff sheets with the Agreement on November 8, 2023. Staff stated that while the tariff sheets lacked the level of detail Staff believes necessary, the tariff sheets accomplish the goal of complying with the Agreement.

On November 25, 2024, Evergy again filed substitute tariff sheets to make additional changes proposed by Public Counsel along with a Technical Resource Manual and incentive ranges. The following day Evergy and Public Counsel filed a joint response to Staff's recommendation and a joint motion to approve the substitute tariffs. The response noted that Evergy provided Staff the information it requested in its November 8, 2024, recommendation concerning Net Margin values, the Load Shape Values, the updated Technical Resource Manual (TRM), and incentive ranges. Both Evergy and Public Counsel urged the Commission to approve those tariff sheets to be effective January 1, 2025.

The Commission directed Staff to evaluate the new substitute tariff sheets. Staff filed its compliance tariff recommendation on December 6, 2024. Staff still believes that the compliance tariff sheets and attachments thereto lacked the level of detail and specificity that Staff thinks is necessary for a MEEIA portfolio, but that the tariff sheets and attachments accomplish the goal of complying with the Agreement. Staff suggests that to avoid a gap in program availability, that the Commission order limited approval to only those programs which were approved by the Agreement, as listed in Appendix A and B of *Staff's Recommendation*.

Staff recommended that the Commission reject two tariff sheets for which Staff could not verify load shapes. Evergy responded to Staff's recommendation stating that all of the tariff sheets comply with the Agreement and that it will work with Staff to reconcile the program list contained in Appendix A and B of Staff's December 6, 2024, *Staff Recommendation* prior to filing Evergy's next TRM filing.

The Commission will not reject those tariff sheets. The Commission appreciates Staff diligence in examining how tariffs comply with an agreement where Staff was not a participant. However, the signatory parties believe Evergy's compliance tariff sheets, as substituted November 25, 2024, accurately reflect the Agreement. The Commission assumes that the load shapes contained in Evergy's tariff sheets are correct and accurately correspond to its TRM. Accordingly, the Commission will approve the Agreement and compliance tariff sheets as a resolution of Evergy's MEEIA Cycle 4 application.

Decision

Commission Rule 20 CSR 4240-2.115 allows the Commission to treat a non-unanimous stipulation as if it were unanimous if no party objects. Because no party objects, the Commission will treat the Stipulation as unanimous. Under MEEIA, and with Commission approval, electric utilities may offer demand-side programs and special incentives to participating customers designed to put demand-side initiatives on equal footing with traditional supply-side resources. In order to accomplish that equal footing, the law requires the Commission to do three things:

- (1) Provide timely cost recovery for utilities;
- (2) Ensure that utility financial incentives are aligned with helping customers to use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently; and
- (3) Provide timely earnings opportunities associated with cost-effective measurable and verifiable savings.

After reviewing the Agreement, the Commission finds it is a reasonable resolution of the issues contained therein, meets the afore-mentioned MEEIA standards, and should be approved. The Commission also finds that Evergy's tariff sheets, as substituted November 25, 2024, comply with the agreement and should be approved. The Commission will make this order effective on January 1, 2025, so that the tariff sheets and the Agreement become effective simultaneously, and so that the DSIM programs start at the beginning of 2025. The Commission thanks and commends all the parties for their hard work in negotiating an Agreement that meets Missouri's MEEIA goals of assisting customers to use energy more efficiently.

THE COMMISSION ORDERS THAT:

1. The Agreement filed on September 27, 2024, is approved. The Signatories are ordered to comply with its terms. A copy of the Agreement is attached to this order and is incorporated by reference.
2. Tariff Tracking Nos. JE-2025-0051, as substituted December 10, 2024, and JE-2025-0052 and JE-2025-0053, as substituted November 25, 2024, are approved to take effect on January 1, 2025.
3. Tariff Tracking Nos. JE-2024-0150, JE-2024-0151, and JE-2024-0152 are rejected.
4. This order shall be effective on January 1, 2025.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Holsman
Kolkmeier, and Mitchell CC., concur.

Clark, Senior Regulatory Law Judge

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro’s Notice of Intent to File an) File No. EO-2023-0369
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West’s Notice of Intent to File an) File No. EO-2023-0370
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)

NON-UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“EMW”), (collectively the “Company”), the Office of the Public Counsel (“OPC”), and Renew Missouri Advocates d/b/a Renew Missouri (“Renew Missouri”) (individually “Signatory” and collectively “Signatories”¹) and agree to a *Non- Unanimous Stipulation and Agreement* (“Agreement”) that resolves all pending issues in these dockets, as stated below.

STIPULATION AND AGREEMENT

The Signatories agree to the following terms as set forth below regarding the Company’s MEEIA cycle 4. The total program budget combined for both jurisdictions for items A-F below is \$69,408,990 (this budget spans the life of the programs, over a period of two and three years starting January 1, 2025), plus up to \$250,000 to support a statewide feasibility study as detailed in item H below. The Parties agree to support or not oppose all Commission rule variances needed for the Agreement and establishment of the programs listed below.

¹ The term “Parties” as used in this Stipulation includes those entities who do not object to the Agreement, listed in paragraph 9 below.

A. Income-Eligible Multi-Family and KC LILAC

1. Budget: \$5,500,000 (over 2-years)
Focus: Multi-Family and KC LILAC (including weatherization ready investments for DOE weatherization deferrals)
Earnings Opportunity: 15% return on incentive² spend
Other: Program amount capped
Throughput Disincentive (“TD”): Evergy Surrebuttal approach with NTG of 1

B. Modified³ PAYSTM (Residential Energy Efficiency (“EE”) Program)

2. Budget: \$7,100,000 (over 2-years)
Focus: Moderate income under a modified PAYSTM framework⁴
Earnings Opportunity: 15% return on incentive spend
Other: Program amount capped
TD: Track rate plans of participants, subject to EM&V billing, and process analysis per Paragraph G, NTG of 1

C. Business Demand Response

3. Budget: \$29,075,000 (over 3-years)
Focus: Curtailments
Earnings Opportunity: See Paragraph M below.
Other: No Advanced Demand Response; program amount capped, though potentially subject to increase by Commission order as specified in paragraph K.
TD & Rebasing: None

D. Residential Demand Response

4. Budget: \$17,869,000 (over 3-years)
Focus: Existing and new thermostats
Earnings Opportunity: See Paragraph M below
Other: No throughput disincentive; no pro-installation option; program amount capped, though potentially subject to increase by Commission order as specified in paragraph K
TD & Rebasing: None (Including residential thermostat program)

² Customer incentives are defined as “program costs for direct or indirect incentive payments to encourage customer and/or retail partner participation in programs and the cost of measures, which are provided at no cost as part of the program.”

³ Modifications to PAYSTM expected are: Option for FastTrack HVAC replacement offers for all residential customers, repayment terms expand up to 15 years when measures are installed that have at least a 15 year measure life, allowance for early tariff payoffs and include rate variability in project analysis.

⁴ PAYSTM framework includes standard 4-tier process for moderate income customers only.

E. Business EE (Non-Lighting Measures)

5. Budget: \$7,300,000 (over 2-years)
Focus: Business non-lighting measures
Earnings Opportunity: 15% return on incentive spend
Other: Program amount capped
TD: existing non-residential approach, NTG: 0.70

F. Urban Heat Island (“UHI”)

6. Budget: \$ 2,564,990 (3-year budget consistent with⁵ PY2024 extension Stipulation⁶)
Earnings Opportunity: 10% of spend with cap of \$256,500
TD & Rebasing: None

G. Evaluation, Measurement, and Verification (“EM&V”) Parameters

7. One EM&V Contractor
- Administered by the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”)
 - Funded by ratepayers through the DSIM.
 - Budget-scaled down proportionally to reflect revised budget, expected to be around 3% of total annual budget.
 - Stipulation terms are only applicable to MEEIA Cycle 4 and parties will seek a variance from 20 CSR 4240-20.093(8) for the Cycle 4 EM&V
 - Parties agree to work together and make joint filing to Commission on proposed EM&V Scope of Work
 - Parties agree that Evergy’s costs incurred to submit Southwest Power Pool (“SPP”) Demand Response (“DR”) capacity accreditation for applicable program are provided for in the EM&V budget.
 - Parties agree that EM&V will include formal change request process for Parties to challenge results of EM&V process at the Commission
 - PAYS process evaluation along with AMI billing verification, for use in throughput disincentive true-up.

⁵ The Urban Heat Island budget specified here reflects the amount previously agreed to in the PY2024 Extension Stipulation.

⁶ The PY2024 Extension Stipulation is item number 296 in Commission Case Number EO-2019-0132, as filed in the Commission’s electronic filing information system (“EFIS”).

- Desktop audit of residential thermostats based upon AMI baseline and billing verification samples.
- Desktop audit of business DR based upon AMI baseline and billing verification samples for all participants and events.

H. Statewide MEEIA Feasibility Study and Collaborative Conditions

8. Feasibility Study and the opening of a non-contested workshop docket
 - Up to \$250,000⁷ will be made available for a 3rd party statewide feasibility study (“Feasibility Study”)
 - Parties agree to work together to get a Request For Proposal issued for the Feasibility Study by the end of 2024.
 - Results of the Feasibility Study will be filed in the non-contested workshop docket and a presentation of the findings will be made to the Commission at a future Agenda
 - Funding may be supplemented from other regulated utilities.
9. Statewide MEEIA Feasibility Study includes (but not limited to):
 - Literature review of statewide DSM programs:
 1. Governing structure
 2. Enabling legislative language
 3. Implementation policy and cost sharing
 4. Opportunities for bulk buying and scale economies
 5. Recommendations, timetable, and draft legislative language
10. Periodic Presentations to the Commission
 - Parties agree to present progress to date at a public Commission Agenda during the 4th quarter of 2024, 2025, and [if need be] 2026.
 - Nothing in this agreement precludes Parties from contesting the results or outcome of the Feasibility Study or recommending and/or evaluating other future energy efficiency programs or mechanisms in Missouri, besides the statewide program, in the uncontested workshop docket.

⁷ This amount is not part of the overall \$69M MEEIA 4 program budget referenced above and will be recovered from customers through the DSIM.

K. Budget Caps for Each Program

- All program budgets above are capped amounts and are non-fungible
- For sections C and D, if the Company determines that in order to achieve its target MW reduction additional amounts are needed, the Company can make a filing requesting such for consideration by the Commission. If the Company makes a filing pursuant to this paragraph, this Agreement does not limit any Party's ability to take any position on that filing.

L. Throughput Disincentive

- No kWh savings from thermostats installed as part of MEEIA cycle 4 will be included in the TD for recovery through Rider DSIM. No kWh reductions from MEEIA Cycle 4 thermostats will be included in any rate case annualization or DSIM rebasing adjustment.

M. Earnings Opportunity

1. At least 65% of the MW set out below for each jurisdiction and year must be met for award of any earnings opportunity for that year and that jurisdiction, as determined through the EM&V process.

Jurisdiction	2025	2026	2027
EMM	86.31	106.30	119.70
EMW	120.92	140.27	151.19

2. The EO for demand response is capped annually and by Evergy jurisdiction as indicated in the table below:

Jurisdiction	2025	2026	2027	Total
EMM	\$ 905,198	\$ 1,114,757	\$ 1,255,347	
EMW	\$ 1,268,128	\$ 1,471,043	\$ 1,585,528	
Total	\$ 2,173,326	\$ 2,585,799	\$ 2,840,875	\$7,600,000

The earnings opportunity rate for demand response is \$10,487.27 per MW of peak demand reduction, as determined through the EM&V process, subject to the caps indicated above.

N. TRM and Incentive Ranges

- a. Removal of measures that are not modeled in the remaining programs (including removal of tStat energy savings).
- b. Align incentive range schedule with available measures from TRM.

- c. Submit in dockets EO-2023-0369 and EO-2023-0370 the updated TRM, program budgets and incentive ranges with compliance tariffs.

O. Energy to File Tariffs

Tariff changes are necessary including, at minimum:

1. Description of the purpose of each program including the desired outcome of implementation,
2. Description of availability for each program,
3. Clear definitions of terms of each program,
4. Program level budget, by year.
7. Description of the methodology for recovery of program costs by customer class.

GENERAL PROVISIONS

1. This Agreement is being entered into solely for the purpose of settling the issues in these cases explicitly set forth above and represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact. Unless otherwise explicitly provided herein, none of the Signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Agreement in these or any other proceeding, regardless of whether this Agreement is approved.

2. This Agreement is a negotiated settlement. Except as specified herein, the Signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement: (a) in any future proceeding; (b) in any proceeding currently pending

under a separate docket; and/or (c) in these proceedings should the Commission decide not to approve this Agreement, or in any way condition its approval of same.

3. This Agreement has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

4. This Agreement embodies the entirety of the agreements between the Signatories in these cases on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

5. If approved and adopted by the Commission, this Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Agreement and the operation of this Agreement according to its terms.

6. If the Commission does not approve this Agreement without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as

part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

7. If the Commission accepts the specific terms of this Agreement without condition or modification, only as to the issues in these cases that are settled by this Agreement explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. These waivers apply only to a Commission order approving this Agreement without condition or modification issued in these proceedings and only to the issues that are resolved hereby. They do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

8. This Stipulation does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

9. The following parties have indicated that they do not object to the Agreement:
- Midwest Energy Consumers Group (“MECG”)

WHEREFORE, the undersigned Signatories respectfully request the Commission to issue an order approving the Agreement subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Roger W. Steiner

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COUNSEL FOR RENEW MISSOURI

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of September 2024.

/s/ Roger W. Steiner

**Attorney for Evergy Missouri Metro and Evergy
Missouri West**

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

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

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 11th day of December 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 11, 2024

File/Case No. EO-2023-0369 and EO-2023-0370

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

Sincerely,



**Nancy Dippell
Secretary**

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