

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

In the Matter of Evergy Metro, Inc. d/b/a	)	
Evergy Missouri Metro’s Demand Side Investment	)	<b><u>File No. ER-2021-0410</u></b>
Mechanism Rider Rate Adjustment and True-Up	)	Tariff No. JE-2021-0213
Required by 20 CSR 4240-20.093(4)	)	

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its *Staff Recommendation* respectfully states:

1. On June 1, 2021, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Metro”) filed with the Commission the direct testimony of Lisa A. Starkebaum, workpapers, and one (1) tariff sheet bearing an issue date of June 1, 2021, with an effective date of August 1, 2021. Evergy Metro’s filing proposes to adjust charges related to Evergy Metro’s Demand Side Investment Mechanism (“DSIM”) Rider.

2. On June 2, 2021, the Commission issued its *Order Directing Notice, Establishing Intervention Deadline, and Directing Filing of Staff Recommendation*, directing Staff to review Evergy Metro’s proposal and to file a recommendation no later than July 1, 2021.

3. On June 28, 2021, arising from discussions with Staff, Evergy Metro filed one (1) substitute tariff sheet.

4. Staff has completed its review of Evergy Metro’s filing in this matter and, as detailed in its Memorandum attached hereto as Appendix A, Staff recommends that the Commission approve the following tariff sheet, as substituted on June 28, 2021 for service on and after August 1, 2021:

P.S.C. MO. No. 7  
4<sup>th</sup>Revised Sheet No. 49Y, Cancelling 3rd Revised Sheet No. 49Y

5. Evergy Metro's proposed changes to its DSIM rider would result in a decrease of \$0.11 per month for residential customers using 1,000 kilowatt-hours ("kWh").

6. For non-residential customers using 1,000 kWh, this would result in a \$2.29 decrease for Small General Service customers, \$0.37 decrease for Medium General Service Customers, \$0.18 decrease for Large General Service customers, and \$0.22 decrease for Large Power Service Customers per month.

7. However, Staff is concerned about Evergy Metro's reported savings attributable to Home Energy Reports ("HER"). Staff is currently reviewing these reported savings in its prudence review of Evergy Metro's Missouri Energy Efficiency Investment Act ("MEEIA") programs.<sup>1</sup>

8. Staff recommends that Evergy Metro not wait until the conclusion of Staff's prudence review to investigate the reported levels of savings attributable to HER.

**WHEREFORE**, Staff recommends the Commission issue an order approving Fourth Revised Sheet No. 49Y, Cancelling Third Revised Sheet No. 49y, as substituted on June 28, 2021, with an effective date of August 1, 2021.

Respectfully Submitted,

**/s/ Travis J. Pringle**

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<sup>1</sup> Case No. EO-2021-0417.

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record this 1st day of July, 2021.

**/s/ Travis J. Pringle**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. ER-2021-0410 and Tariff Tracking No. JE-2021-0213

**FROM:** Michelle A. Bocklage, Sr. Research/Data Analyst  
Brad J. Fortson, Regulatory Compliance Manager

/s/ Robin Kliethermes 7/01/2021  
Manager, Tariff & Rate Design Department/ Date

/s/ Travis Pringle 07/01/2021  
Staff Counsel's Office / Date

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

**DATE:** July 1, 2021

### Evergy Missouri Metro Filing

On June 1, 2021, Evergy Missouri Metro filed with the Commission one (1) tariff sheet bearing an issue date of June 1, 2021, with an effective date of August 1, 2021, proposing to adjust charges related to Evergy Missouri Metro's DSIM Rider. Evergy Missouri Metro'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 Metro's DSIM revenue requirement for program year 2021 is approximately \$30.3 million.

On June 2, 2021, 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 July 1, 2021.

On June 28, 2021, Evergy Missouri West filed a substitute tariff reflecting the Commission Ordered Adjustment (OA) resulting from Staff's second prudence review of Cycle 2 costs in Case No. EO-2020-0227. The OA consists of a \$5,000 credit plus \$300 interest allocated across all

customer classes based on classification of the disallowed expense. This substitute tariff has an effective date of August 1, 2021.

**Change in Evergy Missouri Metro’s DSIM Rates**

Per 20 CSR 4240-20.093(4), Evergy Missouri Metro 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 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 Metro’s Cycle 2 earnings opportunity (“EO”) and actual and projected costs for Evergy Missouri Metro’s MEEIA Cycle 3 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 avoided kilowatt hour (kWh).

	Evergy Metro	
	MEEIA Cycle 3 through January 2021	MEEIA Cycle 2
TD	\$ 7,658,070	\$ 29,638,664
Program Cost	\$ 18,600,000	\$ 67,774,562
EO		\$ 7,936,325
Total	\$ 126,258,070	\$ 105,349,551
Deemed kWh	92,099,572	314,994,695
Avg cost per deemed kWh	\$ 0.23187	\$ 0.34524

Additionally, Evergy Missouri Metro is projecting to recover approximately \$25.6 million in 2021 for projected PC and TD for Cycle 3 and approximately \$3.1 million for projected TD for Cycle 2. Even though MEEIA Cycle 2 programs ended in December 2019, Evergy Missouri Metro will continue to recover TD on deemed savings until all savings are rebased in its next general rate case.<sup>1</sup> At the end of 2021, Evergy Missouri Metro is projected to recover from ratepayers approximately \$131.6 million for energy efficiency programs for MEEIA 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 kWh of energy supplied to customers under Evergy Missouri Metro’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers.

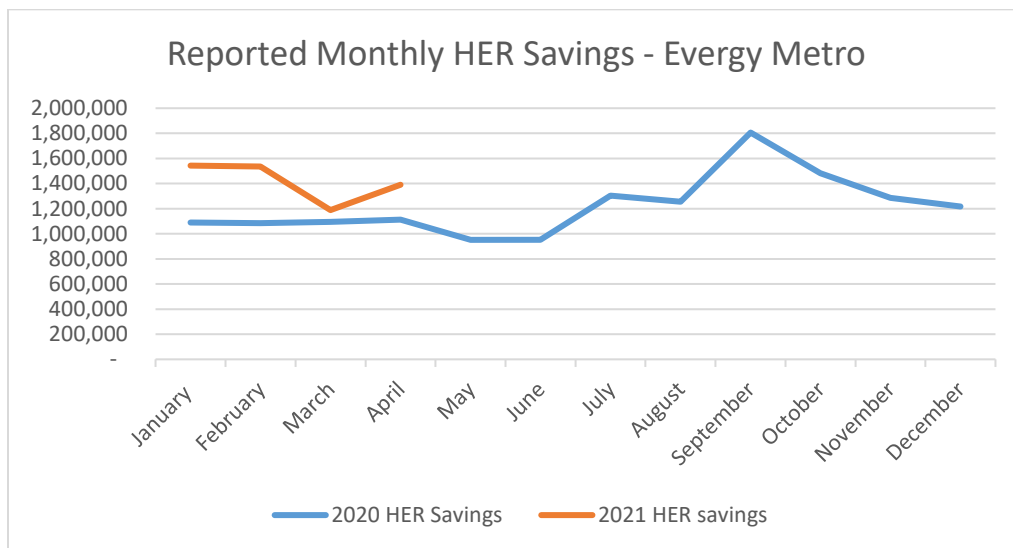
<b>Rate Class</b>	<b>Total Current Rate/kWh (\$/kWh)</b>	<b>Total Proposed MEEIA Rate/kWh (\$/kWh)</b>	<b>Increase/Decrease</b>	<b>Increase/Decrease to Customer Bills (per 1,000 kWh's used)</b>
Residential	\$0.00600	\$0.00589	\$(0.00011)	\$(0.11)
Non-Residential SGS	\$0.00457	\$0.00228	\$(0.00229)	\$(2.29)
Non-Residential MGS	\$0.00535	\$0.00498	\$(0.00037)	\$(0.37)
Non-Residential LGS	\$0.00382	\$0.00364	\$(0.00018)	\$(0.18)
Non-Residential LPS	\$0.00282	\$0.00260	\$(0.00022)	\$(0.22)

Evergy Metro’s proposed changes to its DSIM rider would result in a decrease of \$0.11 per month for residential customers using 1,000 kWh. For non-residential customers using 1,000 kWh, this would result in a \$2.29 decrease for Small General Service customers, \$0.37 decrease for

<sup>1</sup> For Evergy Metro’s MEEIA Cycle 2, the TD is approximately \$5 million annually.

Medium General Service Customers, \$0.18 decrease for Large General Service customers, and \$0.22 decrease for Large Power Service Customers per month.

In Staff’s Recommendation in ER-2021-0152,<sup>2</sup> Staff first notified the Commission of concerns with the Company’s reported savings attributable to Home Energy Reports (“HER”). Staff stated that it would further review the level of reported kWh savings in the Company’s next prudence review. Staff initiated a prudence review on June 4, 2021 in Case No. EO-2021-0417 and has submitted data requests. However, in the Company’s filing in this case, Staff found that the level of savings attributable to HER reports has increased further from the Company’s previous filing, as shown in the graph below.



In this case, the Company is reporting annual HER savings that are approximately 39% of the total Residential portfolio savings.<sup>3</sup> HER savings are non-recurrent savings that only exist as long as the customer is receiving a report. The level of HER savings that Evergy Metro is reporting is equivalent

<sup>2</sup> Evergy Metro’s previous DSIM rate adjustment case. Staff’s recommendation was filed on December 31, 2021.

<sup>3</sup> Heating, cooling, weatherization and demand response residential programs only accounted for approximately 13% of the residential portfolio savings.

to a utility that has three times the residential customers as Evergy Metro. Staff is deeply concerned that the Company's calculation of HER savings contains errors that have resulted in an overstatement of kWh savings. Staff recommends that the Company not wait until the conclusion of a prudence review to investigate the level of HER savings. Staff shared its concerns with Evergy Metro in ER-2021-0152, but to Staff's knowledge Evergy has not undertaken any such review of its calculation and reporting method since ER-2021-0152.

### **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, as substituted on June 28, 2021 for service on and after August 1, 2021, the requested effective date:

P.S.C. MO. No. 7  
4<sup>th</sup> Revised Sheet No. 49Y, Canceling 3<sup>rd</sup> Revised Sheet No. 49Y

Staff has verified that Evergy Metro is not delinquent on any assessment and has filed its Annual Report. Evergy Metro 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 3<sup>rd</sup> Revised Sheet No. 49Y does not constitute a review of the prudence of Evergy Metro's actions in relation to its DSIM.



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

<p>In the Matter of Evergy Metro, Inc. d/b/a )          Evergy Missouri Metro’s Demand Side )          Investment Mechanism Rider Rate )          Adjustment and True-Up Required by )          20 CSR 4240-20.093(4) )</p>	<p>) ) ) ) )</p>	<p>File No. <u>ER-2021-0410</u></p>
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**AFFIDAVIT OF MICHELLE A. BOCKLAGE**

COUNTY OF COLE            )   ss.  
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**COMES NOW** Michelle A. Bocklage, and on her oath declares that she is of sound mind and lawful age, that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

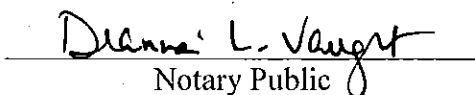
Further the Affiant sayeth not.

  
 Michelle A. Bocklage

**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 1st day of July, 2021.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2023 Commission Number: 15207377
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 Notary Public

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In the Matter of Evergy Metro, Inc. d/b/a )  
Evergy Missouri Metro's Demand Side ) File No. ER-2021-0410  
Investment Mechanism Rider Rate )  
Adjustment and True-Up Required by )  
20 CSR 4240-20.093(4) )

**AFFIDAVIT OF BRAD J. FORTSON**

COUNTY OF COLE ) ss.  
)

**COMES NOW** Brad J. Fortson, 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.

  
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Brad J. Fortson

**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 1st day of July, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
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Notary Public