

*Exhibit No.:*  
*Issues:* *Staff's Report of Second MEEIA  
Prudence Review of Cycle 2  
Costs Related to the Missouri  
Energy Efficiency Investment Act*

*Witness:* *Brad J. Fortson*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *EO-2020-0227 (Consolidated  
with EO-2020-0228)*  
*Date Testimony Prepared:* *August 12, 2020*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**BRAD J. FORTSON**

**EVERGY METRO, INC. and EVERGY MISSOURI WEST, INC.  
d/b/a EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

**CASE NO. EO-2020-0227 (Consolidated with Case No. EO-2020-0228)**

*Jefferson City, Missouri  
August 2020*

**\*\* Denotes Confidential Information \*\***

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**DIRECT TESTIMONY**

**OF**

**BRAD J. FORTSON**

**EVERGY METRO, INC. and EVERGY MISSOURI WEST, INC.,**

**d/b/a EVERGY MISSOURI METRO and EVERGY MISSOURI WEST**

**CASE NO. EO-2020-0227 (Consolidated with Case No. EO-2020-0228)**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **BRAD J. FORTSON**

4 **EVERGY MISSOURI METRO**

5 **and**

6 **EVERGY MISSOURI WEST**

7 **CASE NO. EO-2020-0227 (Consolidated with Case No. EO-2020-0228)**

8 Q. Please state your name and business address.

9 A. Brad Fortson, 200 Madison Street, Jefferson City, MO 65102.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission” or  
12 “PSC”) as a Regulatory Compliance Manager in the Energy Resources Department.

13 Q. Please describe your educational background and work experience.

14 A. Please refer to Schedule BJF-d1 attached hereto.

15 Q. Have you previously filed testimony before this Commission?

16 A. Yes, I have. Please refer to Schedule BJF-d2 attached hereto for a list of cases in  
17 which I have previously filed testimony as well as the issues that I have addressed in testimony.

18 Q. Have you participated in the Commission Staff’s audit of Evergy Metro, Inc.,  
19 d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc., d/b/a  
20 Evergy Missouri West (“Evergy Missouri West”) (collectively “Evergy”) concerning the  
21 Staff’s prudence reviews in this proceeding?

22 A. Yes, I have, with the assistance of other members of the Staff.

1 **EXECUTIVE SUMMARY**

2 Q. Please summarize your direct testimony in this proceeding.

3 A. I am sponsoring the *Staff's Reports of Second MEEIA Prudence Review of*  
4 *Cycle 2 Costs Related to the Missouri Energy Efficiency Investment Act* ("Staff Reports"),  
5 which were originally filed on June 30, 2020, in Case Nos. EO-2020-0227 and EO-2020-0228,<sup>1</sup>  
6 copies of which (both Public and Confidential) are attached hereto as Schedule BJF-d3 and  
7 Confidential Schedule BJF-d4 for Evergy Missouri Metro, and as Schedule BJF-d5 and  
8 Confidential Schedule BJF-d6 for Evergy Missouri West. Staff has conducted a review of all  
9 of the Demand-Side Investment Mechanism ("DSIM") components (program costs, gross  
10 annual energy and demand savings, interest, earnings opportunity, and throughput disincentive)  
11 during the review period<sup>2</sup> of the energy efficiency and demand response programs for Evergy.  
12 My testimony provides an overview of Staff's work in each area.

13 **PRUDENCE REVIEW AND STAFF REPORT**

14 Q. Please describe Staff's prudence review.

15 A. Staff conducted a review of all of the DSIM components (program costs, gross  
16 annual energy and demand savings, interest, earnings opportunity, and throughput disincentive)  
17 during the review period of the energy efficiency and demand response programs for Evergy.  
18 As noted in the attached public and confidential Staff Reports, Staff provided a description  
19 of the components it reviewed, a discussion of its review, a summary of any cost implications  
20 and Staff's conclusions based on its review of the components. During its review, and as more

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<sup>1</sup> These cases were consolidated into Case No. EO-2020-0227 on August 5, 2020, in the Commission's *Order Consolidating Cases and Setting Procedural Schedule*.

<sup>2</sup> April 1, 2018 through December 31, 2020.

1 fully explained below and in the Staff Reports, Staff identified certain areas where it  
2 recommended disallowances.

3 Q. Please explain the organizational format of the Staff Reports.

4 A. The Staff Reports have been organized by topic as follows:

- 5 I. Executive Summary
- 6 II. MEEIA Programs
- 7 III. Prudence Review Process
- 8 IV. Prudence Review Standard
- 9 V. Billed Revenue
- 10 VI. Nexant Tracking Software
- 11 VII. Actual Program Costs
- 12 VIII. Throughput Disincentive
- 13 IX. Earning Opportunity
- 14 X. Interest Costs

15 The Actual Program Costs section explains each specific recommended adjustment  
16 made by Staff for the review period. Signed affidavits for all Staff members who are  
17 responsible for a portion of the Staff Reports and for whom those portions constitute direct  
18 testimony in this proceeding are attached to the Staff Reports. The individual Staff member(s)  
19 responsible for each area of Staff's direct case and/or adjustment is identified in the Staff  
20 Reports following the written discussion he or she authored, and is the expert witness with  
21 respect to that section of the Staff Reports.

**OVERVIEW OF STAFF’S PROPOSED DISALLOWANCES**

Q. In its review of the DSIMs for Evergy in Case Nos. EO-2020-0227 and EO-2020-0228, has Staff examined all of the components comprising the costs of the energy efficiency and demand response programs?

A. Yes.

Q. Is Staff proposing adjustments as a result of its review?

A. Yes, as proposed in the charts below.

**EVERGY MISSOURI METRO (Case No. EO-2020-0227)**

<b>Costs</b>	<b>Explanation of Costs</b>	<b>Disallowed Cost</b>	<b>Interest</b>	<b>Total Disallowance</b>
Conferences and Meetings	Report Pages 14-15	\$ 2,456.86	\$ 98.87	\$ 2,555.73
Cycle 3 Expenses	Report Pages 15-17	\$ 1,786.42	\$ 57.28	\$ 1,843.70
Memberships/Sponsorships /Association Fees	Report Pages 17-18	\$ 14,559	\$ 418.78	\$ 14,977.78
Other Expenses	Report Pages 18-19	\$ 1,526.08	\$ 31.00	\$ 1,557.08
Demand Response	Report Pages 24-32	\$ 2,114,052 <sup>3</sup>	\$ 0	\$ 2,114,052
<b>Total Disallowed Costs</b>		<b>\$ 2,134,380.36</b>	<b>\$ 605.93</b>	<b>\$ 2,134,986.29</b>

**EVERGY MISSOURI WEST (Case No. EO-2020-0228)**

<b>Costs</b>	<b>Explanation of Costs</b>	<b>Disallowed Cost</b>	<b>Interest</b>	<b>Total Disallowance</b>
Conferences and Meetings	Report Pages 14-15	\$ 2,610.38	\$ 123.73	\$ 2,734.11
Cycle 3 Expenses	Report Pages 15-16	\$ 673.75	\$ 12.07	\$ 685.82
Memberships/Sponsorship/ Association Fees	Report Pages 17-18	\$ 7,059.00	\$ 217.04	\$ 7,276.04
Other Expenses	Report Pages 18-19	\$ 954.52	\$ 21.96	\$ 976.48
Demand Response	Report Pages 24-31	\$ 2,352,089	\$ 0	\$ 2,352,089
<b>Total Disallowed Costs</b>		<b>\$ 2,363,386.65</b>	<b>\$ 374.80</b>	<b>\$ 2,363,761.45</b>

<sup>3</sup> This amount was inadvertently misstated as \$2,014,052 in the Staff Report filed in Case No. EO-2020-0227.

1 Q. Are there individual Staff witnesses sponsoring these adjustments?

2 A. Yes. Staff witness Cynthia M. Tandy provided a detailed explanation for the  
3 proposed disallowance as related to: conferences and meetings; Cycle 3 expenses;  
4 memberships, sponsorships, and association fees; and other expenses starting on page 14  
5 through page 19 of each Staff Report. Staff witness J Luebbert provided a detailed explanation  
6 for the proposed disallowance as related to Demand Response starting on page 24 through  
7 page 32 of the Evergy Missouri Metro Staff Report and starting on page 24 through page 31 of  
8 the Evergy Missouri West Staff Report. Each are also providing Direct Testimony related to  
9 their proposed disallowances.

10 Q. Does this conclude your prepared direct testimony in this proceeding?

11 A. Yes, it does.

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

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

**AFFIDAVIT OF BRAD J. FORTSON**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**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 *Direct Testimony of Brad J. Fortson*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Brad J. Fortson  
**BRAD J. FORTSON**



**Brad J. Fortson**

**Education and Employment Background**

I am the Regulatory Compliance Manager of the Energy Resources Department, Industry Analysis Division of the Missouri Public Service Commission. Prior to my current position, I was employed at the Missouri Public Service Commission as a Regulatory Economist from December 2012 through March 2015 and August 2015 through February 2019.

I received an Associate of Applied Science degree in Computer Science in May 2003, Bachelor of Science degree in Business Administration in May 2009, and Master of Business Administration degree with an emphasis in Management in May 2012, all from Lincoln University, Jefferson City, Missouri.

Prior to first joining the Commission, I worked in various accounting positions within four state agencies of the State of Missouri. I was employed as an Account Clerk II for the Inmate Finance Section of the Missouri Department of Corrections; as an Account Clerk II for the Accounts Payable Section of the Missouri Department of Health and Senior Services; as a Contributions Specialist for the Employer Accounts Section of the Missouri Department of Labor and Industrial Relations; and as an Accountant I for the Payroll Section of the Missouri Office of Administration. From April 1 through July 31, 2015, I worked for the Missouri Office of Public Counsel before joining the Commission once again.

**Brad J. Fortson**

**Case Participation History**

<b>Case Number</b>	<b>Company</b>	<b>Issue</b>	<b>Exhibit</b>
HR-2014-0066	Veolia Energy Kansas City	Revenue by Class and Rate Design	Staff Report
GR-2014-0086	Summit Natural Gas of Missouri, Inc.	Large Volume Service Revenue	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report
ER-2014-0258	Union Electric Company d/b/a Ameren Missouri	Revenue by Class and Rate Design	Staff Report, Rebuttal & Surrebuttal Testimony
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Staff Report & Rebuttal Testimony
ER-2014-0351	The Empire District Electric Company	Revenue by Class and Rate Design	Rebuttal Testimony
EO-2015-0240	Kansas City Power & Light Company	Custom Program Incentive Level	Direct Testimony
EO-2015-0241	KCP&L Greater Missouri Operations Company	Custom Program Incentive Level	Direct Testimony
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report
ER-2016-0023	The Empire District Electric Company	DSM Programs and MEEIA Filings	Staff Report, Rebuttal & Surrebuttal Testimony
EM-2016-0213	The Empire District Electric Company (merger case)	DSM Programs and MEEIA Filings	Rebuttal & Surrebuttal Testimony
ER-2016-0156	KCP&L Greater Missouri Operations Company	MEEIA summary and LED street lighting	Staff Report
EO-2016-0183	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2016-0223	The Empire District Electric Company	Triennial compliance filing	Staff Report
ER-2016-0285	Kansas City Power & Light Company	LED street lighting	Staff Report
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	LED street lighting	Staff Report
ER-2016-0285	Kansas City Power & Light Company	Response to Commissioner questions	Staff Report
ER-2016-0179	Union Electric Company d/b/a Ameren Missouri	Response to Commissioner questions	Staff Report
EO-2017-0209	Kansas City Power & Light Company	MEEIA prudence review	Staff Report
EO-2017-0210	KCP&L Greater Missouri Operations Company	MEEIA prudence review	Staff Report
EO-2015-0055	Union Electric Company d/b/a Ameren Missouri	Flex pay pilot program	Rebuttal Testimony
GR-2018-0013	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	Red Tag Program and Energy Efficiency Program Funding	Staff Report, Rebuttal & Surrebuttal Testimony
ER-2018-0145	Kansas City Power & Light Company	LED street lighting, TOU rates	Rebuttal Testimony
ER-2018-0146	KCP&L Greater Missouri Operations Company	LED street lighting, TOU rates	Rebuttal Testimony
EO-2018-0211	Union Electric Company d/b/a Ameren Missouri	Program Design	Rebuttal Report & Surrebuttal Testimony
EO-2019-0132	Kansas City Power & Light Company	Program Design	Rebuttal Report & Surrebuttal Testimony
EO-2019-0376	Union Electric Company d/b/a Ameren Missouri	MEEIA prudence review	Direct Testimony
ER-2019-0374	The Empire District Electric Company	Hedging policy and EE/LI programs	Supplemental Testimony
ER-2020-0311	The Empire District Electric Company	Fuel Adjustment Clause	Rebuttal Testimony

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

**SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS**

**RELATED TO THE**

**MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**

**FOR THE ELECTRIC OPERATIONS**

**OF**

**EVERGY METRO, INC., d/b/a Evergy Missouri Metro  
("Evergy Missouri Metro"), f/k/a Kansas City Power & Light  
Company ("KCP&L")**

**April 1, 2018 through December 31, 2019**

**FILE NO. EO-2020-0227**

*Jefferson City, Missouri  
June 30, 2020*

**\*\* Denotes Confidential Information \*\***

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**SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS**  
**RELATED TO THE**  
**MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**  
**FOR THE ELECTRIC OPERATIONS**  
**OF**  
**EVERGY METRO, INC.**

**April 1, 2018 through December 31, 2019**

**FILE NO. EO-2020-0227**

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2. The second time period is April 1, 2019 through December 31, 2019 (“PY4”) or (“PY2019”).<sup>2</sup> The total amount of program costs reported was \$11,814,397 and the actual TD was \$3,571,293.

Based on its review, Staff has identified a disallowance of expenses for conferences and meetings; MEEIA Cycle 3 expenses; memberships and sponsorships; other expenses; and Demand Response programs during the Review Period, identified in Table 1 below. Staff is recommending an ordered adjustment (“OA”) in the amount of \$2,034,986.29, including interest<sup>3</sup>, in Evergy Missouri Metro’s next DSIM Rider rate adjustment filing to adjust for these disallowed expenses. The recommended OA amount is explained in detail later in this Report.

Costs	Explanation of Costs	Disallowed Cost	Interest	Recommended Disallowance
Conferences and Meetings	Page 14	\$ 2,456.86	\$98.87	\$ 2,555.73
Cycle 3 Expenses	Page 15	\$ 1,786.42	\$57.28	\$ 1,843.70
Memberships/Sponsorships/Assn Fees	Page 17	\$ 14,559.00	\$418.78	\$ 14,977.78
Other Expenses	Page 18	\$ 1,526.08	\$31.00	\$ 1,557.08
Demand Response	Page 24	\$ 2,014,052.00	\$0.00	\$ 2,014,052.00
<b>Total</b>		<b>\$ 2,034,380.36</b>	<b>\$605.93</b>	<b>\$ 2,034,986.29</b>

**BACKGROUND**

On August 28, 2015, Evergy Missouri Metro filed, in Case No. EO-2015-0240, its application under the MEEIA and the Commission’s MEEIA rules<sup>4</sup> for approval of Evergy Missouri Metro’s second MEEIA application. On November 23, 2015, Evergy Missouri Metro, Evergy Missouri West, Staff, Office of the Public Counsel, Missouri Division of Energy, Natural Resources Defense Council, National Housing Trust, Earth Island Institute, d/b/a Renew Missouri, United for Missouri, and West Side Housing Organization filed a *Non-Unanimous*<sup>5</sup> *Stipulation And Agreement Resolving MEEIA Filings* (“First Stipulation”).

<sup>2</sup> The Commission approved Evergy Missouri West and Evergy Missouri Metro MEEIA Cycle 2 to be extended for up to nine months with a new date of not later than 12/31/2019 and the extended period will be deemed Program Year 4 (PY4). The Commission’s *Order Approving Stipulation and Agreement* was filed on February 27, 2019 in Case No. EO-2019-0132.

<sup>3</sup> Interest calculated on disallowances for Actual Program Costs, sections A through D through December 31, 2019, however interest was not calculated on disallowances in Actual Program Costs Section I.

<sup>4</sup> 20 CSR 4240-20.093 and 20 CSR 4240-20.094.

<sup>5</sup> Brightergy was the only party that objected to the stipulation. A hearing was held on January 12, 2016.

1 Through its March 2, 2016 *Order Approving Non-Unanimous Stipulation And*  
2 *Agreement Resolving Kansas City Power and Light (“KCPL”) Company’s MEEIA Filing* in  
3 Case No. EO-2015-0240, the Commission authorized Evergy Missouri Metro to implement its  
4 three-year<sup>6</sup> “Plan” including: 1) sixteen (16) demand-side programs (“MEEIA Programs”)  
5 described in Evergy Missouri Metro’s August 28, 2015 MEEIA application and modified to  
6 reflect the terms and conditions contained in the First Stipulation, 2) technical resource manual  
7 (“TRM”) and 3) a demand-side programs investment mechanism. In its March 23, 2016 *Order*  
8 *Approving Expedited Tariffs*, the Commission approved rates for the DSIM Rider and approved  
9 a DSIM Charge<sup>7</sup> in Case No. EO-2015-0240 to be effective on April 1, 2016.

10 The Commission’s April 6, 2016 *Order Approving Second Stipulation and Agreement* in  
11 Case No. EO-2015-0240 approved a *Non-Unanimous Stipulation and Agreement* (“Second  
12 Agreement”) that was filed March 17, 2016. The Second Agreement was agreed to by the  
13 Company, Commission Staff, Office of the Public Counsel, Division of Energy, National  
14 Housing Trust, West Side Housing Organization, Natural Resources Defense Council, Earth  
15 Island Institute d/b/a Renew Missouri, and United for Missouri, Inc.<sup>8</sup> The Second Agreement  
16 replaced Appendix C of the First Agreement with a new Appendix 1 that modifies the incentive  
17 ranges for two programs that were either not complete or inaccurate and it also replaced  
18 Appendix I of the First Agreement with a new Appendix 2 that provides a complete list of  
19 DSM measures for Cycle 2 programs that were inadvertently omitted in Appendix I.

20 The Commission’s February 27, 2019 *Order Approving Stipulation and Agreement* in  
21 Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of*  
22 *MEEIA 2 Programs During Pendency of MEEIA 3 Case* (“Third Agreement”) that was filed  
23 February 15, 2019. The Third Agreement was agreed to by the Company, the Staff of the

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<sup>6</sup> Starting April 1, 2016 and ending March 31, 2019. Starting April 1, 2019 the “three-year” plan was extended to a “four-year” plan in Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132.

<sup>7</sup> From Evergy Missouri Metro’s Original Sheet No. 49F: Charges arising from the MEEIA Cycle 2 Plan that are the subject of this DSIM Rider shall be reflected in one “DSIM Charge” on customers’ bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 2 Plan demand-side management programs approved under the MEEIA.

<sup>8</sup> The Second Agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 20 CSR 4240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days passed and no party objected, therefore the Commission treated the Second Agreement as a unanimous stipulation and agreement.

1 Commission, the Office of the Public Counsel, the Missouri Department of Economic  
2 Development - Division of Energy, and Renew Missouri Advocates. The Third Agreement  
3 allowed for the Company to extend MEEIA Cycle 2 for up to nine months, with a new end date  
4 of not later than December 31, 2019. It also modified Appendix 1 (Incentive Ranges) and  
5 modified Appendix 2 (TRM), which will be used during the MEEIA Cycle 2 extension period.

6 Commission Rule 20 CSR 4240-20.093(11) requires that the Staff conduct  
7 prudence reviews of an electric utility's costs for its DSIM no less frequently than every  
8 twenty-four (24) months. This Report documents Staff's second review of the prudence of  
9 Evergy Missouri Metro's Cycle 2 Program Costs, annual energy and demand savings, TD,  
10 interest for the Review Period, and the over/under collection from the Commission approved  
11 Cycle 1 Performance Incentive ("PI").

12 Commission Rule 20 CSR 4240-20.093(10) requires that Evergy Missouri Metro file a  
13 quarterly Surveillance Monitoring Report. Addendum A to this Report is Page 7 of Evergy  
14 Missouri Metro's Quarterly Surveillance Monitoring Reports ("QSMR") including status of the  
15 MEEIA Programs and DSIM cost and savings for the quarter ended, and cumulative total ended  
16 December 31, 2019.

17 Table 2 below<sup>9</sup> identifies the line items and Review Period amounts from Addendum A  
18 which are the subject of Staff's prudence review.

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<sup>9</sup> The Surveillance Monitoring Total Program Costs Interest in Table 2 accurately demonstrates the correct interest amount, as there was a small error in the March 2019 calculation. See Staff's Section X, footnote 43 for specific details.



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<b>Table 2</b>		
<b>Cumulative Totals for April 1, 2018 through December 31, 2019</b>		
<b>Category</b>	<b>Descriptor</b>	<b>Period Total</b>
<b>Total Program Costs (\$)</b>	<b>Billed</b>	<b>\$ 28,674,177</b>
<b>Total Program Costs (\$)</b>	<b>Actual</b>	<b>\$ 25,869,310</b>
<b>Total Program Costs (\$)</b>	<b>Variance</b>	<b>\$ (2,804,867)</b>
<b>Total Program Costs (\$)</b>	<b>Interest</b>	<b>\$ 34,503</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Target</b>	<b>111,164,197</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Deemed Actual</b>	<b>121,323,629</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Variance</b>	<b>10,159,432</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Target</b>	<b>30,899</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Deemed Actual</b>	<b>31,045</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Variance</b>	<b>146</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Billed</b>	<b>\$ 12,945,572</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Actual</b>	<b>\$ 11,942,169</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Variance</b>	<b>\$ (1,003,402)</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Interest</b>	<b>\$ 44,487</b>

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In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances and information known at the time the decision was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded; instead, the review evaluates the reasonableness of the information the decision-maker relied on and the decision-making process the decision-maker employed. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff propose a disallowance. A more detailed discussion of the legal foundation for Staff’s definition of imprudence is presented in section IV.

*Staff Expert: Brooke Mastrogiannis*

**II. MEEIA Programs**

Evergy Missouri Metro used various request for proposal (“RFP”) processes to contract: 1) implementers for its individual MEEIA Programs, 2) Evaluation, Measurement and Valuation (“EM&V”) contractor for its residential and business MEEIA Programs, and 3) its comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3<sup>10</sup> summarizes for each of the sixteen (16) MEEIA Programs: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

<b>2016-2018 Evergy Missouri Metro Energy Efficiency Plan</b>				
MEEIA Programs	3-Year MEEIA Target Savings Targets (kWh)	Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Business - Standard	72,963,363	13,667	CLEAResult	Navigant
Business - Custom	55,451,825	15,160	CLEAResult	Navigant
Block Bidding	12,574,248	2,180	Overlay/CLEAResult	Navigant
Strategic Energy Management	11,284,066	2,526	CLEAResult	Navigant
Small Business Lighting	4,387,042	702	CLEAResult	Navigant
Business Programable Thermostat	123,008	335	CLEAResult	Navigant
Business Online Energy Audit	-	-	Oracle	Navigant
Demand Response Incentive	-	15,000	CLEAResult/Oracle	Navigant
Home Lighting Rebate	30,866,088	3,122	ICF International	Navigant
Home Appliance Recycling Rebate	7,912,838	1,321	ICF International	Navigant
Home Energy Report	13,861,941	2,866	Oracle	Navigant
Home Online Energy Audit	-	-	Oracle	Navigant
Residential Programable Thermostat	5,485,095	14,959	Nest/CLEAResult	Navigant
Whole House Efficiency	13,922,482	4,081	ICF International	Navigant
Income-Eligible Weatherization	1,682,756	474	Community Action Programs/DOE	Navigant
Income-Eligible Multifamily	13,221,415	1,929	ICF International	Navigant
Evergy Missouri Metro Total	243,736,167	78,322		

*Staff Expert: Brooke Mastrogiannis*

<sup>10</sup> Table 3 was updated after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132. This Order approved an increase in budget for energy and demand savings for Cycle 2.

1 **III. Prudence Review Process**

2 On February 3, 2020, Staff initiated its second prudence review of costs of Evergy  
3 Missouri Metro's DSIM<sup>11</sup> in compliance with 20 CSR 4240-20.093(11) as authorized under  
4 Sections 393.1075.3 and 393.1075.11, RSMo. This prudence review was performed by members  
5 of the Energy Resource Department of the Industry Analysis Division. Staff obtained and  
6 analyzed a variety of documents, records, reports, data request responses, work papers, and  
7 emails, and had numerous phone discussions with Evergy Missouri Metro personnel to complete  
8 its prudence review of costs for the DSIM Rider for the Review Period of April 1, 2018 through  
9 December 31, 2019. In compliance with 20 CSR 4240-20.093(11), this prudence review was  
10 completed within one-hundred-fifty (150) days of its initiation.

11 If the Commission were to order any disallowance of costs as a result of prudence reviews  
12 and/or corrections, such a disallowance amount shall be returned to customers through an OA in  
13 a Cycle 2 DSIM Rider rate adjustment filing.<sup>12</sup>

14 *Staff Expert: Brooke Mastrogiannis*

15 **IV. Prudence Review Standard**

16 In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,  
17 the Western District Court of Appeals stated the Commission defined its prudence standard  
18 as follows:

19 [A] utility's costs are presumed to be prudently incurred.... However, the  
20 presumption does not survive "a showing of inefficiency or  
21 improvidence... [W]here some other participant in the proceeding creates  
22 a serious doubt as to the prudence of expenditure, then the applicant has  
23 the burden of dispelling these doubts and proving the questioned  
24 expenditure to have been prudent.

25 In the same case, the PSC noted that this test of prudence should not be  
26 based upon hindsight, but upon a reasonableness standard: [T]he  
27 company's conduct should be judged by asking whether the conduct was  
28 reasonable at the time, under all the circumstances, considering that the  
29 company had to solve its problem prospectively rather than in reliance on

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<sup>11</sup> The first prudence review for Cycle 2 is in File No. EO-2018-0363.

<sup>12</sup> Evergy Missouri Metro Original Sheet No. 49D: OA = Ordered Adjustment is the amount of any adjustment to the DSIM ordered by the Commission as a result of prudence reviews and/or corrections under this DSIM Rider. Such amounts shall include monthly interest at the Company's monthly Short-Term Borrowing Rate.

1 hindsight. In effect, our responsibility is to determine how reasonable  
2 people would have performed the tasks that confronted the company.

3 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

4 In reversing the Commission in that case, the Court did not criticize the Commission's definition  
5 of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers  
6 based on imprudence the Commission must determine the detrimental impact of that imprudence  
7 on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this  
8 review. Accordingly, Staff reviewed for prudence the areas identified and discussed below for  
9 Evergy Missouri Metro's DSIM Rider.

10 *Staff Expert: Brooke Mastrogiannis*

## 11 **V. Billed Revenue**

### 12 **1. Description**

13 For the Review Period, Evergy Missouri Metro billed customers through a separate line  
14 item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs'  
15 costs and estimated Company TD. The "DSIM Charge" is based on the customer's monthly  
16 consumption and the applicable energy efficiency investment rates approved by the Commission  
17 initially in Case No. EO-2015-0240, and subsequently in Case Nos. ER-2018-0357,  
18 ER-2019-0165, ER-2019-0375, and ER-2020-0154.

19 Evergy Missouri Metro provided a random sample of actual customer bills<sup>13</sup> that Staff  
20 reviewed and determined the appropriate rates were being charged to its customer for the  
21 recovery of program and TD costs.

22 During PY2018 Evergy Missouri Metro billed customers \$19,048,986 to recover its  
23 estimated energy efficiency programs' costs. For the same period, Evergy Missouri Metro  
24 actually spent \$14,054,913 on its energy efficiency programs. Thus Evergy Missouri Metro  
25 over-collected \$4,994,073 from its customers for programs' costs during the PY2018. During  
26 PY2018 Evergy Missouri Metro billed customers \$10,650,808 for estimated Company TD. The  
27 actual Company TD for PY2018 was \$8,370,876. Thus, Evergy Missouri Metro over-collected  
28 \$2,279,932 from its customers for Company TD during PY2018.

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<sup>13</sup> Evergy Missouri Metro's response to Staff's Data Request No. 0010.

1           During the PY2019 Evergy Missouri Metro billed customers \$9,625,191 to recover its  
2 estimated energy efficiency programs' costs. During PY2019, Evergy Missouri Metro actually  
3 spent \$11,814,397 on its energy efficiency programs. Thus, Evergy Missouri Metro  
4 under-collected \$2,189,206 from its customers for programs' costs during the PY2019.  
5 During the PY2019, Evergy Missouri Metro billed customers \$2,294,764 for estimated  
6 Company TD. The actual Company TD for the PY2019 was \$3,571,293. Thus, Evergy Missouri  
7 Metro under-collected \$1,276,530 from its customers for Company TD during PY2019. The  
8 over/under collection from prior periods is attempted to be corrected for in each subsequent  
9 DSIM Rider filing.

## 10           **2. Summary of Cost Implications**

11           If Evergy Missouri Metro was imprudent in its decisions relating to the determination of  
12 the "DSIM Charge" for customers' bills, ratepayer harm could result in an increase in billed  
13 revenue.

## 14           **3. Conclusion**

15           Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
16 the determination of the "DSIM Charge" for customers' bills.

## 17           **4. Documents Reviewed**

- 18           a. Evergy Missouri Metro's 2016 - 2018 MEEIA Plan;
- 19           b. Approved MEEIA Energy Efficiency and Demand Side Management  
20           Programs Tariff Sheets;
- 21           c. Evergy Missouri Metro's Quarterly Surveillance Monitoring Reports,  
22           Page 6; and
- 23           d. Staff Data Requests; 0002, 0003, 0005, 0010, 0020, and 0023.

24           *Staff Expert: Brooke Mastrogiannis*

## 25           **VI. Nexant Tracking Software**

### 26           **1. Description**

27           In January 2016, Evergy Missouri Metro contracted an integrated software tracking  
28 system called Nexant to allow Evergy Missouri Metro to store, manage and process data for its  
29 DSM portfolio over the life-cycle of each measure in Evergy Missouri Metro's Cycle 2 Plan.  
30 Nexant specifically allowed Evergy Missouri Metro to develop operating rules for its approved

1 energy efficiency programs, process customers' applications, support processing and payment of  
2 incentives (rebates)<sup>14</sup> and provide regulatory compliance and management reporting. Before  
3 Evergy Missouri Metro contracted with Nexant it considered four vendors, and Nexant was  
4 selected based on the best overall score for the criteria of meeting core requirements, company  
5 experience and performance, growth opportunity, pricing, diversity participation, and Evergy  
6 Missouri Metro Information Technology involvement needed.

7 The primary implementers that are able to use this tracking system are CLEAResult and  
8 ICF. CLEAResult uses it for all of the business programs and the Thermostat Programs, and ICF  
9 uses it for the Home Lighting, Whole House Efficiency, and Income Eligible Multi Family  
10 Programs. For the low volume programs the incentive amounts and energy and demand savings  
11 amounts are manually put into the Nexant system.

12 Staff reviewed the controls Evergy Missouri Metro has developed to assure demand-side  
13 program incentive payments are accounted for properly. Staff also reviewed the incentive  
14 amounts paid to customers to verify they complied with incentive levels for individual measures  
15 approved for each energy efficiency program. Data management and recordkeeping is critical for  
16 the proper administration of the DSIM Rider.

17 Evergy Missouri Metro granted Staff remote on-line access to the Nexant system for  
18 Staff's use in conducting Staff's MEEIA prudence review. Staff reviewed a sample of customer  
19 data, incentive levels, and annual energy and demand savings for all of Evergy Missouri Metro's  
20 approved energy efficiency programs. During its review, Staff found that while some program  
21 reporting in Nexant did match to the incentives reported in Table 4 below, which is created from  
22 the general ledger, other programs did not match to total incentives reported in Table 4. Staff had  
23 to rely on Evergy Missouri Metro's general ledger to accurately review the total incentives  
24 reported in program costs, instead of the data exported from the Nexant system. Subsequently,  
25 Evergy Missouri Metro provided in Staff Data Request No. 0017 a reconciliation of incentives  
26 paid to residential and commercial customers for the Review Period. This reconciliation provided  
27 Staff with additional details for the differences between the general ledger and Nexant. One main  
28 difference was that the general ledger included January 2020 data, even though it is outside of

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<sup>14</sup> Evergy Missouri Metro First Revised Sheet No. 49G: "Incentive" means any consideration provided by the Company, including, but not limited to buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

1 the Review Period, so there are timing differences for when the rebates were actually reported.  
2 Other reconciliation differences include: 1) a 1% vendor carrying cost for specific programs;  
3 2) corrections from PY1 to PY2 prudence review; 3) rebates misclassified from one program to  
4 another; 4) rebate invoices accrued with incorrect split between programs; 5) rebates coded to  
5 Evergy Missouri Metro instead of Evergy Missouri West; and 6) a few unidentified differences  
6 that are immaterial. Evergy Missouri Metro notes that the misclassifications will be reversed and  
7 corrected.

8 Despite the discrepancies, Nexant did allow Staff to verify deemed annual energy and  
9 demand savings detail at a total program level. Staff had to request annual energy and demand  
10 savings detail for each program to verify savings reported in Nexant matched the savings in the  
11 Company's workpapers and Quarterly Surveillance Reports. Evergy Missouri Metro also  
12 provided in Staff Data Request No. 0017 separate detailed files for the thermostat programs and  
13 Demand Response Incentive Program, which are not tracked in Nexant.

14 While the Company was able to verify and reconcile incentive levels and annual energy  
15 and demand savings for the programs, Staff recommends Evergy Missouri Metro continue to  
16 timely track and reconcile the differences in incentives between the Nexant tracking system and  
17 the general ledger and to make timely corrections as needed, so that this reconciliation  
18 information is readily available to Staff and completed before the next prudence review.

## 19 **2. Summary of Cost Implications**

20 If Evergy Missouri Metro was imprudent in its decisions relating to the administration  
21 and implementation of the Nexant system, ratepayer harm could result in an increase in future  
22 DSIM Charge amounts.

## 23 **3. Conclusion**

24 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
25 the implementation and administration of the Nexant system; however, in order for Staff to  
26 complete this review, Staff had to review a complete reconciliation provided by the Company  
27 instead of just reviewing the details provided by the Nexant system.

## 28 **4. Documents Reviewed**

- 29 a. Evergy Missouri Metro's Cycle 2 Plan;
- 30 b. Approved MEEIA Energy Efficiency and Demand Side Management  
31 Programs Tariff Sheets;

- c. Staff Data Requests; 0003, 0008, 0017, 0021, 0024 and
- d. Evergy Missouri Metro MEEIA Vendor and Implementer Contracts.

*Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

**VII. Actual Program Costs**

Evergy Missouri Metro’s programs’ costs include: 1) incentive payments; 2) program administration costs for residential and business programs; and 3) strategic initiative program costs for general, accounting, regulatory, administrative, implementation and marketing costs.

Staff reviewed all actual program costs Evergy Missouri Metro sought to recover through its “DSIM Charge” to ensure only reasonable and prudently incurred costs are being recovered through the DSIM Rider. Staff reviewed and analyzed, for prudence, Evergy Missouri Metro’s adherence to contractual obligations, adequacy of controls and compliance with approved tariff sheets. Evergy Missouri Metro provided Staff accounting records for all programs’ costs it incurred during the Review Period. Staff categorized these costs by program and segregated them between incentives payments and program administrative costs.

The results of Staff’s categorization of programs’ costs are provided in Table 4 shown below:

*continued on next page*



<b>Table 4</b> <b>Actual Rebate and Program Cost Totals</b> <b>Highly Confidential</b> <b>Programs' Costs April 1, 2018 through December 31, 2019</b>			
	<b>TOTAL COSTS</b>	<b>REBATES</b>	<b>PROGRAM ADMINISTRATIVE</b>
<b>RESIDENTIAL:</b>			
Income Eligible Multi Family	\$ 2,469,282	\$ 941,035	\$ 1,528,247
Res Programmable Thermo	\$ 2,820,602	\$ 568,177	\$ 2,252,425
On-line Home Energy Audit	\$ 115,871	\$ -	\$ 115,871
Home Energy Reports	\$ 661,064	\$ -	\$ 661,064
Income Eligible Home Energy Reports	\$ 206,527	\$ -	\$ 206,527
Home Lighting Rebate	\$ 2,159,497	\$ 1,079,422	\$ 1,080,075
Whole House Efficiency	\$ 2,872,524	\$ 1,457,402	\$ 1,415,122
<b>Subtotal Residential Programs</b>	<b>\$ 11,305,367</b>	<b>\$ 4,046,036</b>	<b>\$ 7,259,331</b>
Demand Response Incentive	\$ 1,488,450	\$ 1,076,639	\$ 411,811
Bus Programmable Thermo	\$ 109,756	\$ 5,000	\$ 104,756
On-line Business Energy Audit	\$ 24,487	\$ -	\$ 24,487
Bus Energy Effic Rebate-Custom	\$ 6,758,663	\$ 4,003,359	\$ 2,755,304
Strategic Energy Mgmt	\$ 230,553	\$ 17,106	\$ 213,447
Block Bidding	\$ 371,619	\$ 50,652	\$ 320,967
Small Bus Direct Install	\$ 84,214	\$ 1,832	\$ 82,382
Bus Energy Effic Rebate-Standard	\$ 4,768,438	\$ 2,356,752	\$ 2,411,686
<b>Subtotal Business Programs</b>	<b>\$ 13,836,180</b>	<b>\$ 7,511,341</b>	<b>\$ 6,324,839</b>
Research and Pilot	\$ 727,762	\$ -	\$ 727,762
<b>Total Program Costs</b>	<b>\$ 25,869,310</b>	<b>\$ 11,557,377</b>	<b>\$ 14,311,933</b>
<b>COSTS BY SUBACCOUNTS:</b>			
Customer Rebates	\$ 11,557,377		
Implementation Contractors	\$ 9,818,958		
Evaluation	\$ 1,142,668		
Marketing	\$ 1,005,647		
Administrative	\$ 2,344,661		
<b>Total Program Costs</b>	<b>\$ 25,869,310</b>		

2 Evergy Missouri Metro incurs administrative costs that are directly related to the  
 3 implementation of its approved energy efficiency programs. Staff uses the term “administrative”  
 4 to mean all costs other than incentives<sup>15</sup>. Staff reviewed each administrative category of cost to  
 5 determine the reasonableness of each individual item of cost and if the costs being sought for  
 6 recovery were directly related to energy efficiency programs and recoverable from customers  
 7 through the “DSIM Charge”.

<sup>15</sup> Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as part of a program.

1           Eversource Missouri Metro provides incentive payments to its customers as part of its  
2 approved energy efficiency programs. Incentive payments are an important instrument for  
3 encouraging investment in energy efficient technologies and products by lowering higher upfront  
4 costs for energy efficiency measures compared to the cost of standard measures. Incentive  
5 payments can also complement other efficiency policies such as appliance standards and energy  
6 codes to help overcome market barriers for cost-effective technologies.

7           Eversource Missouri Metro has also developed internal controls that allow for review and  
8 approval at various stages for the accounting of costs for its energy efficiency programs. Eversource  
9 Missouri Metro has developed internal procedures that provide program managers and other  
10 reviewers a detailed and approved method for reviewing invoices. Eversource Missouri Metro also  
11 provided Staff with its policies related to reimbursement of employee-incurred business expenses  
12 and approval authority for business transactions.

13           **A. Administrative Costs - Conferences and Meetings**

14           **1. Description**

15           During this MEEIA prudence review, Staff evaluated all administrative expenses incurred  
16 and identified expenses that were not specifically MEEIA related or lacked proper documentation  
17 to determine if they were MEEIA related. There were expenses Staff disallowed during the  
18 Review Period and Staff has provided its reason for each disallowance.

19           Staff requested the Company provide invoices related to conferences and meetings along  
20 with the agendas or information related to the focus on MEEIA. Staff reviewed each conference  
21 and the meeting information provided to determine if the events were primarily related to  
22 MEEIA. There were conferences and meetings where neither an agenda nor information was  
23 provided, and certain instances where the overall conference was deemed not primarily MEEIA  
24 related. After reviewing the paid invoices, Staff found that the following conference/meeting  
25 expenses, which total \$2,456.86, should be disallowed and not recoverable through the Eversource  
26 Missouri Metro DSIM Rider. The reasons for the disallowances are identified in Table 5 below:

1

Table 5			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Annual MEEA Conference	Jun 18	No Information Provided	\$ 196.23
Nexant Conference	Jun 18	No Information Provided	\$ 316.64
MEEA Board Meeting (IL)	Aug 18	No Information Provided	\$ 32.79
MEEIA Supporting/Training Conf (AZ)	Sep 18	No Information Provided	\$ 249.49
Chartwell Conference	Oct 18	Related to billing & customers & not MEEIA	\$ 582.17
PLMA Conference (Coronado, CA)	Apr, 2018	No Information Provided	\$ 403.22
Nexant Annual User Consortium (FL)	May 19	No Information Provided	\$ 260.72
Smart Grid Conference (Dayton, OH)	Oct 19	No Information Provided	\$ 415.60
<b>Total</b>			<b>\$ 2,456.86</b>

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3

**2. Summary of Cost Implications**

4

If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

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**3. Conclusion**

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Staff has identified expenses for conferences and meetings that were either not primarily MEEIA related or no documentation for those expenses was provided and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$2,456.86 plus interest of \$98.87 on the disallowance through December 31, 2019, for a total disallowance of \$2,555.73.

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**4. Documents Reviewed**

14

- a. Staff Data Requests: 0001, 0003, 0003.1, 0012, 0013, 0014 and 0015.

15

*Staff Expert: Cynthia M. Tandy*

16

**B. Administrative Costs - MEEIA Cycle 3 Expenses**

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**1. Description**

18

During the review, Staff identified expenses for MEEIA Cycle 3 that were included in the Cycle 2 Review Period. Since those Cycle 3 costs are specific to Cycle 3 and not Cycle 2, Staff recommends these expenses not be sought for recovery until the beginning of Cycle 3, which would be January 2020 and outside of this Review Period. This allows for expenses for preparing the Cycle 3 filing to be recovered during the MEEIA Cycle with which those costs are associated. Staff further recommends that the recovery of costs for preparing all subsequent MEEIA filings be recovered during the respective future MEEIA Cycle with which those costs

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Staff Report - Second Prudence Review  
 File No. EO-2020-0227

1 are associated. Staff found that the following Cycle 3 expenses, which total \$1,786.42, as  
 2 identified in the Table 6 below should be disallowed and sought for recovery at the beginning of  
 3 Cycle 3.  
 4

Table 6			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
MEEIA 3 Check In Meeting - More than 20 people	May-18	Defer into Cycle 3 period	\$ 261.78
MEEIA Lunch Mtg	May-18	Defer into Cycle 3 period	\$ 9.67
Lunch - MEEIA Cycle 3 Mtg - B. File, K. Winslow, T. Nelson, T. Alexander, R.	Dec-18	Defer into Cycle 3 period	\$ 101.47
MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 6.25
Beverages - MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 8.74
MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 22.47
MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 6.25
Lunch - MEEIA Cycle 3 Mtg - B. File, K. Winslow, M. Foltz, T. Alexander, Steimer	Dec-18	Defer into Cycle 3 period	\$ 72.76
Beverages - MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 6.14
For Pool Car - MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 21.57
Lunch - MEEIA Cycle 3 Mtg - B. File, R. Steiner,	Dec-18	Defer into Cycle 3 period	\$ 30.16
For Pool Car - MEEIA Cycle 3 Mtg	Dec-18	Defer into Cycle 3 period	\$ 6.44
MEEIA Cycle 3-K. Winslow, M. Wilson, B. File, K. Brannan, K. McDaniel, E. Johnston,	Jan-19	Defer into Cycle 3 period	\$ 586.66
MEEIA Cycle 3 Settlement Discussions - Jeff City	May-19	Defer into Cycle 3 period	\$ 4.25
MEEIA Cycle 3 Settlement Discussions - Jeff City	May-19	Defer into Cycle 3 period	\$ 5.18
LUNCH - MEEIA Cycle 3 Settlement Discussions - Jeff City - B. File, T. Nelson	May-19	Defer into Cycle 3 period	\$ 51.76
MEEIA Cycle 3 Settlement and Extension Discussions - Jeff City	May-19	Defer into Cycle 3 period	\$ 13.20
LUNCH - MEEIA Cycle 3 Negotiations - B. File, M. Dority, R. Steiner, T. Nelson, J.	Jun-19	Defer into Cycle 3 period	\$ 72.00
Lockheed Martin MEEIA 3 Design Sprint-Lunch	Jun-19	Defer into Cycle 3 period	\$ 4.19
Lockheed Martin MEEIA 3 Design Sprint-Parking	Jun-19	Defer into Cycle 3 period	\$ 18.29
Lockheed Martin MEEIA 3 Design Sprint-Lodging	Jun-19	Defer into Cycle 3 period	\$ 200.92
Lockheed Martin Cycle 3 Design Sprint in St. Louis MO - LM Office	Jun-19	Defer into Cycle 3 period	\$ 18.00
Lockheed Martin Cycle 3 Design Sprint in St. Louis MO - LM Office	Jun-19	Defer into Cycle 3 period	\$ 187.90
Argument Mapping tool for MEEIA 3 Case	Jul-19	Defer into Cycle 3 period	\$ 50.00
LUNCH - MEEIA Cycle 3 Testimony - B. File, T. Nelson	Sep-19	Defer into Cycle 3 period	\$ 20.37
<b>Total</b>			\$ 1,786.42

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**2. Summary of Cost Implications**

If Everygy Missouri Metro was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

**3. Conclusion**

Staff has identified expenses for Cycle 3 that should be disallowed and sought for recovery at the beginning of Cycle 3. Staff is proposing a disallowance of \$1,786.42 plus interest of \$57.28 through December 31, 2019, for a total disallowance of \$1,843.70.

**4. Documents Reviewed**

- a. Staff Data Requests: 0001, 0003 and 0003.1.

*Staff Expert: Cynthia M. Tandy*

**C. Administrative Costs – Memberships, Sponsorships, and Association Fees**

**1. Description**

During this Review Period, Staff identified expenses for memberships and sponsorships that were included for recovery through the DSIM Rider. Staff requested<sup>16</sup> copies of receipts for all membership dues and/or trade associations. A very small list was provided in Staff’s original request; however, Staff was able to identify a larger sample of invoices for memberships and sponsorships in Staff Data Request No. 0024. Staff found that the following membership/sponsorship expenses, which total \$14,559.00, and are identified in Table 7 below, should be disallowed and Staff provides its reason for the disallowance:

Table 7			
Payee	Month(s)	Reason for Disallowance	Disallowed Cost
Missouri Work Force Housing Assn	May 18	Unclear why sponsorship is necessary in the MEEIA program	\$ 500.00
MEEA Sponsorship	Nov 18	Unclear why sponsorship is necessary in addition to membership	\$ 3,000.00
Certified Energy Manager Cert Renewal	Nov 18	No identification of how this is related to MEEIA	\$ 300.00
US Green Building Council	Dec 18 & Jul 19	No identification of how this is related to MEEIA	\$ 5,000.00
Green Training USA	Mar 19	No identification of how this is related to MEEIA	\$ 3,000.00
ASHRAE Membership	May 19	No identification of how this is related to MEEIA	\$ 259.00
Metro Wire Media (Platinum Sponsor 2019 Industrial Summit)	May & Jul 19	No identification of how this is related to MEEIA	\$ 2,500.00
<b>Total</b>			<b>\$ 14,559.00</b>

<sup>16</sup> Staff Data Request No. 0019.

**2. Summary of Cost Implications**

If Everygy Missouri Metro was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

**3. Conclusion**

Staff has identified expenses for memberships and sponsorships that are unclear as to whether they are MEEIA related or if the sponsorship was necessary above and beyond the cost of paying the membership, and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$14,559.00 plus interest of \$418.78 on the disallowance through December 31, 2019, for a total disallowance of \$14,977.78.

**4. Documents Reviewed**

- a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0013, 0015, 0019 and 0024.

*Staff Expert: Cynthia M. Tandy*

**D. Administrative Costs - Other Expenses**

**1. Description**

During the review, Staff evaluated all administrative expenses and identified some expenses that did not fall into the three categories discussed above. For the purpose of this review, these expenses are classified as “Other Expenses”. Staff found that the following other expenses, which total \$1,526.08, as identified in Table 8, should be disallowed with the reason why:

Table 8			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Halbrook Law Firm	Apr & May 18	No receipts or purpose of expenses	\$ 74.12
Gift Cards for 4DX awards mid-yr celebration	Aug 18	Receipts have no purpose and who received the cards	\$ 60.00
DERMS, Nike and Work Shirts	Sep 18, Sep 19 & Nov 19	Not related specifically to MEEIA	\$ 869.72
Building Operator Certification BOC Grad	Mar 19	General Certification not specific to MEEIA	\$ 374.97
Souvenirs at Airport along with water/snacks	Apr 19	Looks like personal items	\$ 6.94
Going Away Party for Amy Bartak	Aug 19 & Sep 19	Looks like personal and not MEEIA related	\$ 126.44
Lyft	Oct 19	Indicates this is personal	\$ 13.89
<b>Total</b>			<b>\$ 1,526.08</b>

1           **2. Summary of Cost Implications**

2           If Evergy Missouri Metro was imprudent in its decisions relating to the accountability of  
3 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could  
4 result in an increase in future DSIM Charge amounts.

5           **3. Conclusion**

6           Staff has identified some general administrative expenses that were either recorded as  
7 personal or included personal items on the receipts. There were also expenses for shirts that did  
8 not indicate any MEEIA message on the shirts or their purpose. Staff is proposing a disallowance  
9 of \$1,526.08 plus interest of \$31.00 on the disallowance through December 31, 2019, for a total  
10 disallowance of \$1,557.08.

11           **4. Documents Reviewed**

12           a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0015 and 0024.

13 *Staff Experts: Cynthia M. Tandy and Lisa Wildhaber*

14           **E. Rebates and Incentives**

15           **1. Description**

16           Evergy Missouri Metro provides rebates and incentive payments based upon the type and  
17 nature of measures installed by customers to promote the adoption of energy efficiency measures.  
18 Staff reviewed the rebate and incentive amounts to ensure Evergy Missouri Metro was providing  
19 the proper incentive level agreed to in its MEEIA plan. See the Nexant Tracking Software section  
20 for a more detailed explanation regarding the reconciliation for rebates and incentives in the  
21 general ledger versus the Nexant Tracking Software.

22           **2. Summary of Cost Implications**

23           If Evergy Missouri Metro was imprudent in providing the wrong level of rebates or  
24 incentives to its customers, ratepayer harm could result from increased future DSIM Charge  
25 amounts.

26           **3. Conclusion**

27           Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
28 paying out plan rebates or incentives.

1           **4. Documents Reviewed**

- 2           a. Evergy Missouri Metro’s Cycle 2 Plan;
- 3           b. Approved MEEIA Energy Efficiency and Demand Side Management
- 4           Programs Tariff Sheets; and
- 5           c. Staff Data Requests; 0003, 0008 and 0017.

6           *Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

7           **F. Implementation Contractors**

8           **1. Description**

9           Evergy Missouri Metro hired business partners for design, implementation and delivery

10 of its portfolio of residential and business energy efficiency programs to customers. Contracting

11 with competent, experienced and reliable program implementers is extremely important to the

12 success of Evergy Missouri Metro’s energy efficiency programs and for affording Evergy

13 Missouri Metro’s customers the greatest benefits.

14           Evergy Missouri Metro issued RFPs at the beginning of Cycle 2 for program

15 implementers to directly administer one or more of Evergy Missouri Metro’s energy efficiency

16 programs. Evergy Missouri Metro selected and contracted with the organization identified in

17 Table 3 to implement individual MEEIA Programs. All of the implementers identified on Table

18 3 are nationally recognized contractors that have credible histories of energy efficiency

19 programs’ design and implementation.

20           In its previous Evergy Missouri Metro MEEIA Cycle 2 prudence review, Staff reviewed

21 Evergy Missouri Metro’s relationship with its implementers to gauge if Evergy Missouri Metro

22 acted prudently in the selection and oversight of its program implementers. Staff examined the

23 contracts between Evergy Missouri Metro and the implementers in an effort to determine if the

24 terms of the contract were followed during the implementation of the residential and business

25 programs. Staff also reviewed a large sample of over 600 invoices paid to the implementers

26 identified in Table 3, and traced these costs to the general ledger, program costs in Staff Data

27 Request No. 0003.

28           Comparing actual cumulative deemed annual energy and demand savings relative to the

29 planned cumulative annual energy and demand savings for the same period is important to



1 understanding the overall performance of Evergy Missouri Metro’s energy efficiency programs  
 2 and its implementation contractors.

3 Table 9 below provides a comparison of achieved energy and demand savings and  
 4 planned deemed energy and demand savings for Evergy Missouri Metro’s residential and  
 5 business programs for the Review Period. If Evergy Missouri Metro was unable to achieve its  
 6 planned energy and demand savings levels, that could be an indication the programs were not  
 7 being prudently administered by the implementers and by Evergy Missouri Metro. Although  
 8 some of Evergy Missouri Metro’s individual programs did not meet energy and demand savings  
 9 targets, the programs in total achieved and exceeded the overall energy efficiency portfolio  
 10 annual energy and demand savings targets.  
 11

Table 9						
April 1, 2018 through December 31, 2019						
	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
<b>MEEIA Programs</b>						
Business - Standard	42,667,581	34,071,248	8,596,333	8,437	6,378	2,059
Business - Custom	37,769,621	26,116,021	11,653,600	7,773	7,140	633
Block Bidding	1,684,436	7,544,549	(5,860,113)	469	1,308	(839)
Strategic Energy Management	(123,710)	5,265,898	(5,389,608)	-	1,179	(1,179)
Small Business Direct Install	4,993	2,285,946	(2,280,953)	1	365	(364)
Business Programmable Thermostat	17,289	57,404	(40,115)	107	157	(50)
Business Online Energy Audit	-	-	-	-	-	-
Demand Response Incentive	-	-	-	2,632	2,000	632
Home Lighting Rebate	25,255,733	15,873,988	9,381,745	2,424	1,614	810
Home Appliance Recycling Rebate	-	3,793,277	(3,793,277)	-	633	(633)
Home Energy Report	(2,693,324)	357,478	(3,050,802)	(427)	-	(427)
Income-Eligible Home Energy Report	(1,295,265)	(137,785)	(1,157,480)	(87)	-	(87)
Home Online Energy Audit	-	-	-	-	-	-
Residential Programmable Thermostat	471,933	2,559,711	(2,087,778)	4,261	6,981	(2,720)
Whole House Efficiency	10,862,806	7,365,674	3,497,132	4,662	2,171	2,491
Income-Eligible Weatherization	-	-	-	-	-	-
Income-Eligible Multi-family	6,701,536	6,010,788	690,748	793	973	(180)
Evergy Metro Total	121,323,629	111,164,197	10,159,432	31,045	30,899	146

1           **2. Summary of Cost Implications**

2           If Evergy Missouri Metro was imprudent in its decisions related to the selection and  
3 supervision of its program implementers, ratepayer harm could result in an increase in the future  
4 DSIM Charge amounts.

5           **3. Conclusion**

6           Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
7 the selection and supervision of its program implementers.

8           **4. Documents Reviewed**

- 9           a. Evergy Missouri Metro’s Cycle 2 Plan;  
10           b. Approved MEEIA Energy Efficiency and Demand Side Management  
11           Programs Tariff Sheets; and  
12           c. Staff Data Requests; 0003, 0007, 0024, 0024.1 and 0028.

13 *Staff Expert: Lisa Wildhaber*

14           **G. Evaluation, Measurement and Verification Contractors**

15           **1. Description**

16           Evergy Missouri Metro is required to hire independent contractor(s) to perform and report  
17 EM&V of each Commission-approved demand-side program. Commission rules allow Evergy  
18 Missouri Metro to spend approximately 5% of its total program costs budget for EM&V.<sup>17</sup>  
19 Navigant Consulting, Inc. (“Navigant”) conducted and reported the EM&V results for Evergy  
20 Missouri Metro’s Cycle 2 demand-side programs.

21           During the Review Period, Evergy Missouri Metro expended \$1,142,668 for EM&V,  
22 which represents 4.42% of the \$25,869,309 total programs’ costs. Thus, the costs associated with  
23 the EM&V did not exceed the 5% maximum cap.

24           **2. Summary of Cost Implications**

25           If Evergy Missouri Metro was imprudent in its decisions relating to the selection and  
26 supervision of its EM&V contractors then ratepayer harm could result in an increase in future  
27 DSIM Charge amounts.

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<sup>17</sup> 20 CSR 4240-20.093(8)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

1           **3. Conclusion**

2           Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
3 the selection and supervision of its EM&V contractors.

4           **4. Documents Reviewed**

- 5           a. Evergy Missouri Metro’s Cycle 2 Plan;  
6           b. Approved MEEIA Energy Efficiency and Demand Side Management  
7           Programs Tariff Sheets; and  
8           c. Staff Data Requests: 0001, 0002, 0003, 0005, 0006, 0009, 0018 and  
9           0018.1.

10 *Staff Expert: Brooke Mastrogiannis*

11           **H. MEEIA Labor**

12           **1. Description**

13           For MEEIA Cycle II, Evergy Missouri Metro included labor costs that are allocated  
14 towards the MEEIA DSIM Rider and excluded from base rates in its cost of service. In the most  
15 recent general rate case which had an effective date of December 2018, a total of 12.5 Full Time  
16 Employees (“FTE’s”) were excluded from base rates. Evergy Missouri Metro provided Staff with  
17 a file that included hours charged monthly to MEEIA by individual to total chargeable hours for  
18 those individuals excluding paid time off, for the Review Period of April 1, 2018 through  
19 December 31, 2019. Staff then created a reconciliation between what Evergy Missouri Metro  
20 provided in this MEEIA prudence review of individuals charged to MEEIA and the individuals  
21 associated with the 12.5 FTEs that were excluded from the last rate case. Upon further review  
22 Staff came to the understanding that during the course of this MEEIA prudence Review Period,  
23 certain employees moved in and out of the group by either leaving the company, joining the  
24 company, or internal transfer. Staff was also then informed that since the last general rate case  
25 there have been two positions that were added to MEEIA labor charges that were not in place at  
26 the time of the 12.5 FTEs reported at the 2018 general rate case since; at the time of the 2018  
27 general rate case, those two positions were vacant. Those positions are an EM&V Manager and  
28 a Residential DR Program Manager. The addition of these two roles brought up the peak FTE  
29 charged to MEEIA labor during the summer of 2019.

1           **2. Summary of Cost Implications**

2           If Evergy Missouri Metro was imprudent in its reporting and/or calculating labor charged  
3 towards MEEIA, ratepayer harm could result in an increase DSIM Charge amounts.

4           **3. Conclusion**

5           Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
6 the calculation of MEEIA labor.

7           **4. Documents Reviewed**

- 8           a. Evergy Missouri Metro's Cycle 2 Plan;  
9           b. 2016 Stipulation and Agreement, EO-2015-0240;  
10           c. Tariff sheets 49-49P; and  
11           d. Staff Data Requests: 0022 and 0022.1.

12 *Staff Expert: Brooke Mastrogiannis*

13           **I. Demand Response**

14           **1. Description**

15           Evergy Missouri Metro has a responsibility to provide benefits to all customers in  
16 a given rate class<sup>18</sup> through implementation of the MEEIA programs. As stated on pages  
17 five -six of the Commission's Report and Order in Case No. EO-2015-0055:

18           Under MEEIA and with Commission approval, electric utilities may offer  
19 demand-side programs and special incentives to participating customers designed  
20 to put demand-side initiatives on equal footing with traditional supply-side  
21 resources. In order to accomplish that equal footing, the law requires the  
22 Commission to do three things:

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

29           MEEIA allows such demand-side programs only so long as those programs are  
30 approved by the Commission, result in measurable demand or energy savings, and  
31 ***are beneficial to all customers.*** [Emphasis added.]  
32

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<sup>18</sup> RSMo 393.1075.4

1 The best way to provide benefits to all customers is to achieve targets as economically as possible  
2 and to maximize the benefits of the demand-side programs. Demand response can be a great  
3 demand-side resource for utilities that are short on capacity and when the programs are  
4 implemented reasonably with an effort to avoid costs or provide benefits to customers. The  
5 Commission’s approval of the demand response programs does not excuse the requirement of  
6 the Evergy Missouri Metro decision makers to implement the programs prudently and in a  
7 manner that maximizes benefits to customers at least cost. The Evergy Missouri Metro demand  
8 response programs were not implemented in a manner that would maximize benefits at least cost  
9 due to managerial decision making; thus, the costs associated with those programs are not  
10 justified. MEEIA was never intended to be a blank check.<sup>19</sup>

11 **2. Summary of Cost Implications**

12 **a) Residential Smart Thermostats**

13 Evergy Missouri Metro provided free smart thermostats to customers in exchange for  
14 participation in demand response events; however, Evergy Missouri Metro rarely called events  
15 throughout the Review Period. Evergy Missouri Metro acted imprudently, which drove up costs  
16 to ratepayers through the DSIM Rider by failing to alter the incentive level for the Residential  
17 Programmable Thermostat Program. Evergy Missouri Metro exceeded the projected installations  
18 for the entire MEEIA Cycle 2 portfolio in 2017. At any point during 2017, Evergy Missouri  
19 Metro was in the unique position to have both the knowledge that the thermostat installations  
20 were being adopted more quickly than projected<sup>20</sup> and the ability to alter the incentive level paid  
21 for the thermostat. Altering the incentive level would have decreased program costs to customers  
22 as a whole and maintained the expectation to meet the targeted goal of the program. Evergy  
23 Missouri Metro had the flexibility to do so in a relatively short time-frame through the change  
24 process laid out in the approved tariff,<sup>21</sup> but chose not to do so. Instead, Evergy Missouri Metro  
25 made the decision to slow the rate of installations by restricting participation in the Residential  
26 Programmable Thermostat to Direct Installations (DI) in order to “monitor and meter  
27 participation”.<sup>22</sup> The DI channel of participation is the most expensive method of installation for  
28 most measures. The reasonable and economic decision to make in this instance would have been

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<sup>19</sup> Page 17 of the Commission’s Report and Order in Case No. EO-2015-0055.

<sup>20</sup> Evergy Missouri Metro tracks measure installations on a monthly basis.

<sup>21</sup> Evergy Missouri Metro tariff sheet no. 2.22.

<sup>22</sup> Response to Staff Data Request No. 0036

1 removing DI as an unnecessary channel of implementation<sup>23</sup> and lowering the incentive amount  
2 for acquiring the thermostats.<sup>24</sup> That approach is no different from the change process that  
3 Evergy Missouri Metro has followed when adoption of a given measure is not following the  
4 expected adoption rate. Even with this more expensive throttled implementation procedure,  
5 Evergy Missouri Metro suspended all thermostat installations from June 25, 2018 until  
6 April 1, 2019 when the Company was granted an extension to the MEEIA Cycle 2 portfolio.  
7 Staff estimates that the decision to only allow DI installations as opposed to lowering the  
8 incentive amount arbitrarily increased the program costs by at least \$179,600 or \$100 per DI  
9 thermostat without considering the impact of reduced incentive amounts on program costs.

10 The purpose section of Evergy Missouri Metro's first revised tariff sheet no. 23.24 for  
11 the Residential Programmable Thermostat program states,

12 The voluntary Programmable Thermostat Program is intended to reduce  
13 system peak load and thus defer the need for additional capacity. The  
14 program accomplishes this [Peak load reduction] by cycling the  
15 Participants' air conditioning unit(s) or heat pump(s) temporarily in a  
16 KCP&L coordinated effort to limit overall system peak load.

17 According to Evergy Missouri Metro's response to Staff Data Request No. 0053.1,  
18 Evergy Missouri Metro has provided over 1,000 smart-thermostats to customers free of charge  
19 that were not activated to participate in demand response events. According to Evergy Missouri  
20 Metro, only about 400 of those have been returned by those customers. Thermostats that are not  
21 activated to be called for events are contrary to the purpose of the program. Staff estimates that  
22 the cost of providing 621 thermostats free of charge without participation in demand response  
23 events cost ratepayers \$108,080 without consideration for additional administration costs and  
24 installation costs.

25 **b) Demand Response Incentive Program**

26 Evergy Missouri Metro's implementation of the Demand Response Incentive Program  
27 ("DRI") focused on maximizing the megawatts ("MW") enrolled and did not properly motivate  
28 participating customers to follow through with the contracted load reductions despite a minimal

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23 \*\*

\*\*

24 Staff raised concern with the chosen approach during Demand-side Management Advisory Group meetings.

1 number of events being called during the Review Period. According to the Commission’s Report  
2 and Order in Case No. EO-2015-0055, “Simply put, the Commission would approve a MEEIA  
3 plan if non-participating ratepayers would be better off paying to help some ratepayers reduce  
4 usage than they would be paying a utility to build a power plant.”

5 In order to reduce the peak demand of Evergy Missouri Metro, the Demand Response  
6 Incentive Program contracts should have been reasonably designed to properly incentivize  
7 participants that perform well during called events and not provide, or minimize, incentives to  
8 those participants that do not perform during called events.

9 Furthermore, it is possible that Evergy Missouri Metro’s load could reach levels near  
10 peak on several occasions in a given year. If Evergy Missouri Metro had called more events  
11 during the review period, the decision makers and stakeholders would have a better  
12 understanding of the capability of the program to achieve its stated purpose<sup>25</sup> at a future point in  
13 time when Evergy Missouri Metro needs to reduce peak load to defer supply-side resources.  
14 Evergy Missouri Metro provided DRI enrollees a large lump sum credit<sup>26</sup> for enrolling based on  
15 the number of MWs enrolled.<sup>27</sup> Evergy Missouri Metro did offer additional credits for those  
16 customers that participated in called events and penalties for those customer that did not  
17 participate, but the additional credits and reduced credits were minimal and did not properly  
18 incentivize customers to actively participate in the event in a meaningful manner. The result was  
19 a DRI program that was unnecessarily costly, rewarded customers that did not participate, and  
20 harmed customers that did not sign up but had to pay the DSIM charge. For example, if a  
21 hypothetical customer signed up claiming the ability to reduce 500 kW during called event hours,  
22 that customer would receive bill credits totaling \*\* \_\_\_\_ \*\* over the season or \*\* \_\_\_\_ \*\*  
23 per month during the season. If that same customer did not participate in a 4-hour event in a  
24 given month, or even used more load than expected, the customer’s bill credit would be reduced  
25 by roughly \*\* \_\_\_\_ . \*\* The participating customer would net \*\* \_\_\_\_ \*\* for the month or  
26 \*\* \_\_\_\_ \*\* for the season for doing nothing but signing up for the program, i.e., not  
27 participating. Simply put, if an enrolled customer can earn more profit than the minimal event

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<sup>25</sup> The purpose section of Evergy Missouri Metro’s tariff sheet no. 2.09 states, “This voluntary program is designed to reduce customer load during peak periods to help defer future generation capacity additions and provide improvements in energy supply.”

<sup>26</sup> The credit was split among the four summer months.

<sup>27</sup> \_\_\_\_ \*\*

1 penalty costs, the customer is unlikely to participate meaningfully. Evergy Missouri Metro's  
2 DRI contracts did not incentivize performance of participants and did not benefit any other  
3 customers in the respective rate classes. Only those that signed up and received bill credits for  
4 the program, regardless of those customers' participation in events, received any benefit.  
5 Furthermore, although the additional payments that would have been necessary for Evergy  
6 Missouri Metro to call more events was minimal, Evergy Missouri Metro called a minimal  
7 number of events during the Review Period and did not focus on customer savings that could  
8 result from precisely-timed events. Despite having the opportunity to restructure the DRI  
9 contracts with participants in 2019 due to the unexpected extension of MEEIA Cycle 2 and  
10 knowledge of several parties' concerns with the implementation of the DRI program, Evergy  
11 Missouri Metro maintained contract structures that did not incentivize meaningful participation,  
12 rewarded customers that did not participate meaningfully, and harmed customers that did not  
13 sign up but had to pay the DSIM charge. Staff estimates that the costs of paying customers who  
14 did not perform well during called events was \$13,147 in 2018 and \$98,216 in 2019. These costs  
15 were avoidable through reasonable decision making prior to implementation of the DRI program  
16 and the subsequent contracts.

17 **c) SPP fees**

18 At the time of implementation, Evergy Missouri Metro managers and decision makers  
19 should have been aware of the real costs that the Company incurs due to its membership in the  
20 Southwest Power Pool. The Company used a substantial amount of ratepayer funds to contract  
21 demand response capacity from commercial and industrial customers and to provide residential  
22 customers smart thermostats free of charge in exchange for participation in demand response  
23 events. Evergy Missouri Metro could have limited the amount of expense owed to SPP by  
24 minimizing its monthly coincident peak, or at least attempting to do so. Evergy Missouri Metro  
25 did not attempt to minimize its monthly peak through the use of the demand response program  
26 as evidenced by minimal event calling. Evergy Missouri Metro could have targeted demand  
27 response events to pre-cool residential homes with the goal of minimizing the cost of serving  
28 load during periods of high Locational Marginal Prices (LMP) by shifting load to periods of  
29 lower expected LMPs. However, Evergy Missouri Metro did not call any events due to SPP Day



1 Ahead (DA) market pricing opportunities<sup>28</sup> despite DA market prices exceeding \$100/MWh  
2 several times during the Review Period.<sup>29</sup> Furthermore, according to Evergy Missouri Metro's  
3 response to Staff Data Request No. 0041,

4           During the MEEIA Cycle 2 period, Evergy Metro did not consider bidding  
5           its contracted demand response capacity into the SPP market. The  
6           Company's demand response programs during this time were not designed  
7           to meet the requirements of demand response products in the SPP market.

8 Evergy Missouri Metro clearly missed several opportunities to capitalize on SPP markets as a  
9 way to benefit customers in exchange for the considerable expense imposed due to the demand  
10 response programs.

11           Evergy Missouri Metro called only three events for DRI of a potential 20 events in 2018  
12 and 2019 and four events of a potential 168 Residential Programmable Thermostat events in 2018  
13 and 2019. Contrary to the Stipulation and Agreement regarding the extension of Cycle 2  
14 programs in 2019, in which Evergy Missouri Metro agreed to call five Residential Programmable  
15 thermostat events in 2019,<sup>30</sup> Evergy Missouri Metro called only 2 events. Evergy Missouri  
16 Metro failed to manage the programs prudently by not attempting to minimize the costs to all  
17 customers through the ratepayer-funded demand response MEEIA programs. Staff estimates that  
18 Evergy Missouri Metro could have avoided \$499,308 in SPP expenses by targeting demand  
19 response events and attempting to call events to reduce the monthly peak load. If Evergy  
20 Missouri Metro targeted demand response events that attempted to reduce load during some of  
21 the highest DA LMPs, Evergy Missouri Metro could have avoided \$54,227 in SPP expenses with  
22 minimal, if any<sup>31</sup>, incremental costs.

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<sup>28</sup> Response to Staff Data Request No. 0034.

<sup>29</sup> Response to Staff Data Request No. 0042.

<sup>30</sup> Paragraph 7.b of the Stipulation and Agreement signed on February 15, 2019 in Case Nos. EO-2019-0132 and EO-2019-0133.

<sup>31</sup> In the case of Programmable Thermostat programs, Evergy Missouri Metro likely would not incur any additional costs.

1 As the Commission stated in the findings of facts in the Amended Report and Order from  
2 Case No. EO-2019-0132, “SPP member costs are a source of potential cost avoidance. SPP  
3 member fees could be reduced through average monthly reductions in energy and demand.”<sup>32,33</sup>

4 Minimization of SPP fees is consistent with the stated purpose of the Demand Response  
5 Incentive program<sup>34</sup> to “provide for improvements in energy supply.”

6 The Commission also stated that, “Eversgy has the ability to create additional revenue by  
7 selling its excess capacity through bi-lateral contracts,”<sup>35</sup> but Eversgy Missouri Metro did not  
8 enter into any bi-lateral contracts with non-affiliates during the Review Period, despite being  
9 very long on capacity. Any sales from a bi-lateral contract would have flowed through the fuel  
10 adjustment clause as off-system sales revenue and benefited customers by reducing costs of fuel  
11 and purchased power. According to the Capacity Balance sheet from Eversgy Missouri Metro’s  
12 2018 IRP, Eversgy Missouri Metro expected to exceed the SPP reserve margin by more than 700  
13 MW in 2018 and more than 370 MW in 2019. If Eversgy Missouri Metro entered into a capacity  
14 sale contract with a non-affiliate for \*\* \_\_\_\_\_ \*\*, customers could have  
15 realized a benefit of \$1,161,474. At the time of the implementation of the MEEIA programs, it  
16 was unlikely that Eversgy Missouri Metro would fall short of the SPP resource adequacy  
17 requirements regardless of demand response implementation, so it is reasonable to assume that  
18 such a capacity sale would have been reasonable.

### 19 3. Conclusion

20 Eversgy Missouri Metro could have avoided the additional cost of DI installations and  
21 lowered the incentive amount of the Residential Programmable Thermostat program by simply  
22 not giving thermostats away free of charge; therefore, Staff recommends that the Commission  
23 disallow \$179,600.

24 Providing smart-thermostats at no cost to customers who do not participate in demand  
25 response events is contrary to the stated purpose of the program tariff and provides minimal

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<sup>32</sup> Page 12, paragraph 30, of the Commission’s Amended Report and Order in Case No. EO-2019-0132.

<sup>33</sup> This statement was supported by the Eversgy Surrebuttal report, Exhibit 4, page 22 in Case No. EO-2019-0132.

<sup>34</sup> Eversgy Missouri Metro 1<sup>st</sup> Revised Sheet No. 2.09.

<sup>35</sup> Page 13, paragraph 31, of the Commission’s Amended Report and Order in Case No. EO-2019-0132.

<sup>36</sup> \*\*

\*\*

1 benefits to customers as a whole; therefore, Staff recommends that the Commission disallow  
2 \$108,080.<sup>37</sup>

3 Evergy Missouri Metro's decision to enter contracts for the DRI program that did not  
4 incentivize meaningful participation, financially rewarded customers that did not participate  
5 meaningfully, and harmed customers that did not sign up but had to pay the DSIM charge;  
6 therefore, Staff recommends that the Commission disallow \$111,363.

7 Evergy Missouri Metro decision makers chose not to attempt to avoid SPP expenses by  
8 targeting demand response events and attempting to call events to reduce the monthly peak load;  
9 therefore, Staff recommends that the Commission disallow \$499,308.

10 Evergy Missouri Metro chose not to target demand response events in an attempt to  
11 reduce load during some of the highest DA LMPs despite minimal, if any, incremental costs;  
12 therefore, Staff recommends that the Commission disallow \$54,227.

13 Evergy Missouri Metro chose not to enter into a capacity sale contract with a non-affiliate  
14 for \*\* \_\_\_\_\_ \*\* despite being very long on capacity; therefore, Staff  
15 recommends that the Commission disallow \$1,161,474.

16 In total, Staff recommends that the Commission disallow \$2,014,052 related to demand  
17 response programs since Evergy Missouri Metro decision makers failed to implement the  
18 programs in a manner that would maximize benefits at least cost. This total disallowance Staff  
19 recommends does not include interest.

20 **4. Documents Reviewed**

- 21 a. Evergy Missouri Metro's 2016 - 2018 MEEIA Plan;  
22 b. Approved MEEIA Energy Efficiency and Demand Side Management  
23 Programs Tariff Sheets;  
24 c. SPP Open Access Transmission Tariff;  
25 d. Navigant's KCP&L-MO EM&V PY 2018 Final Report;  
26 e. Guidehouse's Evergy Missouri Metro EM&V PY 2019 Draft Report;

<sup>37</sup> \$100 is the difference in the TRM incremental cost for BYO thermostat measures and Smart thermostat measures.

<sup>38</sup> \*\*

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- f. Evergy responses to Staff Data Requests; 0002, 0006, 0008, 0017, 0025, 0026, 0027, 0028, 0028.1, 0028.2, 0029, 0030, 0031, 0032, 0032.1, 0033, 0034, 0036, 0036, 0036.1, 0037, 0038, 0039, 0040, 0041, 0042, 0043, 0043.1, 0044, 0045, 0047, 0048, 0049, 0050, 0051, 0052, 0053, 0053.1, 0054, and 0054.1;
- g. Stipulation and Agreement signed on February 15, 2019 in Case Nos. EO-2019-0132 and EO-2019-0133;
- h. Evergy Responses to Staff Data Requests in Case No. EO-2019-0132; 0023, 0039, 0042, 0052, 0122, 0123,0131, 0134, 0143, and 0145;
- i. Staff rebuttal report in Case No. EO-2019-0132;
- j. Kansas City Power and Light Company Surrebuttal report in Case No. EO-2019-0132;
- k. Commission’s Amended Report & Order filed on March 11, 2020 in Case No. EO-2019-0132;

*Staff Expert: J Luebbert*

**VIII. Throughput Disincentive**

**A. Actual TD**

**1. Description**

For a utility that operates under a traditional regulated utility model a “throughput incentive” is created when a utility’s increase in revenues is linked directly to its increase in sales. This relationship between revenues and sales creates a financial disincentive for the utility to engage in any activity that would decrease sales, such as utility sponsored energy efficiency programs.

The TD allows the utility to recover its lost margin revenues associated with the successful implementation of the MEEIA programs. The TD calculation is described in Evergy Missouri Metro’s tariff Sheet Nos. 49I through 49L and tariff Sheet No. 49P (for the net margin revenue rates). Generally the TD for each program is determined by multiplying the monthly energy savings<sup>39</sup> by the net margin revenue rates and by the initial net to gross factor of 0.85 for contemporaneous TD recovery.

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<sup>39</sup> Monthly savings are obtained by taking annual savings and applying annual loadshapes contained in Appendix G of the First Stipulation.

1 Staff has verified each component of the TD calculation that was provided by Evergy  
2 Missouri Metro in the Quarterly Surveillance Reports, Page 6. Staff has also verified the TD  
3 calculation workpapers, and compared the kWh savings impact and TD with the MEEIA rate  
4 adjustment filings<sup>40</sup>, along with the Quarterly Surveillance Reports. Staff found no discrepancies  
5 in the reconciliation between Evergy Missouri Metro's TD calculation workpapers, Quarterly  
6 Surveillance Reports, and the MEEIA rate adjustment filings. The MEEIA rate adjustment filings  
7 and the Quarterly Surveillance Reports both demonstrate TD that customers are responsible for  
8 paying is \$11,942,169.

9 **2. Summary of Cost Implications**

10 If Evergy Missouri Metro was imprudent in its reporting and/or calculating the Company  
11 TD, ratepayer harm could result in an increase in DSIM Charge amounts.

12 **3. Conclusion**

13 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
14 the calculation of its TD.

15 **4. Documents Reviewed**

- 16 a. Evergy Missouri Metro's Cycle 2 Plan;  
17 b. 2016 Stipulation and Agreement, EO-2015-0240, and Appendix G,  
18 approved 11-23-15;  
19 c. Tariff sheets 49-49P and Appendix J;  
20 d. Evergy Missouri Metro work papers included in Case No. ER-2018-0357,  
21 ER-2019-0165, ER-2019-0375; and ER-2020-0154; and  
22 e. Quarterly Surveillance Reports;  
23 f. Staff Data Requests: 0020 and 0020.1.

24 *Staff Expert: Lisa Wildhaber*

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<sup>40</sup> Staff verified TD amounts against the DSIM Riders through October 2019, because the DSIM Rider adjustment that included results for November 2019 and December 2019 was not filed until June 1, 2020, pending a Staff recommendation and Commission approval with a proposed effective date of August 1, 2020.

**B. Gross Deemed Annual Energy and Demand Savings**

**1. Description**

Staff reviewed the monthly calculation of kWh savings from Evergy Missouri Metro’s MEEIA Programs calculated with the Nexant software. Evergy Missouri Metro provided Staff additional details supporting the Nexant system results to show how the kWh savings were calculated during the Review Period.

To begin its review of Evergy Missouri Metro’s calculations of its monthly kWh savings for the Review Period, Staff verified that the total kWhs and kW for each program as reported in Nexant were in agreement with the Quarterly Surveillance Reports, the kWh savings used in the Throughput Disincentive calculations, and the Company workpapers provided.

The Company provided workpapers to support the kWh savings for the program measures. These workpapers provided individual detailed project savings pulled from Nexant with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample of program measures and compared the kWh savings as reported in the Company details to the measure savings as reported in the TRM and subsequent updates to the TRM.<sup>41</sup>

For a selected sample, Staff verified the kWh savings calculations, using Nexant supporting details the Company provided in Staff Data Request No. 0020.1 supplemental response. In these files, Staff was provided the kWh per unit, kW per unit, the library measure name, and the quantity installed. Staff was able to verify the kWh calculated savings by using this information. Staff was then able to verify that this information was in agreement with the original Staff Data Request No. 0020 TD calculation kWh savings at the meter.

Staff also compared the Total Resource Cost (“TRC”) test for each program to the TRC targets identified in the First Stipulation and Agreement. Staff notes that in the Company response to Staff Data Request No. 0023.1 supplemental response, which provides TRC results for Cycle 2 Program Year 3, three programs reflect a TRC of less than 1.0: \*\* \_\_\_\_\_

\_\_\_\_\_, \*\*, and \*\* \_\_\_\_\_

\_\_\_\_\_. \*\* Commission Rule 20 CSR 4240-20.094(6)(B) states in part that, “Nothing herein requires utilities to end any demand-side program which is subject

<sup>41</sup> The TRM was updated in Case No. EO-2015-0241 by a Commission *Order Approving Application to Modify Technical Resource Manual and Program Design Incentive Ranges* on March 21, 2018 and then again when Cycle 2 was extended in Case No. EO-2019-0132 after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019.

1 to a cost-effectiveness test deemed not cost-effective immediately.” As such, Staff is not  
2 recommending a disallowance at this time; however, Staff will monitor these programs going  
3 forward to verify that there is not a continuing pattern of these programs not being cost-effective  
4 and may recommend disallowance in the future if a pattern exists for lack of cost-effectiveness.

5 In reviewing all sources of kWh savings and kW savings, Staff was able to verify the  
6 reported 121,323,629 kWh of energy savings and 31,045 kW of demand savings for the MEEIA  
7 Programs during the Review Period by reconciling the Quarterly Surveillance Reports, the  
8 Nexant data base, and the Company’s workpapers provided.

9 **2. Summary of Cost Implications**

10 If Evergy Missouri Metro was imprudent in its decisions related to calculating the gross  
11 energy and demand savings of each program, ratepayer harm could result in an increase in future  
12 DSIM Charge amounts.

13 **3. Conclusion**

14 Staff found no indication that Evergy Missouri Metro has acted imprudently regarding  
15 the calculation of the gross energy and demand savings.

16 **4. Documents Reviewed**

- 17 a. Evergy Missouri Metro’s Cycle 2 Plan;  
18 b. Quarterly Surveillance Reports;  
19 c. First Stipulation, Appendix e and Appendix i;  
20 d. Technical Resource Manual updated 2-28-18 and 4-1-19; and  
21 e. Staff Data Requests: 0001, 0008, 0020, 0020.1, 0023 and 0023.1.

22 *Staff Expert: Lisa Wildhaber*

23 **IX. Earning Opportunity (“EO”)**

24 **1. Description**

25 Commission Rule 20 CSR 4240-20.092(1)(S) defines the earnings opportunity  
26 component of a DSIM as the methodology approved by the Commission in a utility’s filing for  
27 demand-side program approval to allow the utility to receive an earnings opportunity. The Rule  
28 further states that any earnings opportunity component of a DSIM shall be implemented on a  
29 retrospective basis, and all energy and demand savings used to determine a DSIM earnings  
30 opportunity amount shall be verified and documented through EM&V Reports.

1 Evergy Missouri Metro's tariff sheet defines the Cycle 2 EO as:

2 Cycle 2 Earnings Opportunity" (EO) means the incentive ordered by the  
3 Commission based on actual performance verified through EM&V against  
4 planned targets. The Company's EO will be \$7.4M if 100% of the planned  
5 targets are achieved. EO is capped at \$15.5M, which reflects adjustment  
6 for TD verified by EM&V. Potential Earnings Opportunity adjustments  
7 are described on Sheet No. 49M. The Earnings Opportunity Matrix  
8 outlining the payout rates, weightings, and caps can be found in 49P.

9 For this Review Period, an EO for Cycle 2 had not been awarded, therefore a review of  
10 the EO component was not performed for Cycle 2.

11 The Evergy Missouri Metro MEEIA Cycle 1 PI was approved for recovery over an  
12 18-month recovery period following the approval of the final EM&V Report. This EM&V  
13 Report was filed and approved in late 2016 and the recovery began with the DSIM Rider update  
14 effective February 1, 2017. The 18-month amortization into DSIM recovery extended through  
15 July 2018. Following that month, the Company continued to track the over/under recovery in  
16 DSIM Rider revenues through the end of 2019. The small balances remaining will be recovered  
17 in early 2020.<sup>42</sup> As stated above, a PI for Cycle 1 was awarded for part of this Review Period.  
18 Staff was able to review this Cycle 1 PI from the calculations sent by Evergy Missouri Metro for  
19 the Review Period months, to verify that Evergy Missouri Metro did not recover more than its  
20 approved Cycle 1 PI including the carrying costs.

## 21 **2. Summary of Cost Implications**

22 If Evergy Missouri Metro was imprudent in its reporting and/or calculation of the EO,  
23 ratepayer harm could result in an increase in future DSIM Charge amounts.

## 24 **3. Conclusion**

25 Staff has verified that Evergy Missouri Metro is not seeking any recovery of a Cycle 2  
26 earnings opportunity in this Review Period as none has been awarded. Staff has verified that  
27 Evergy Missouri Metro did not recover more than its approved Cycle 1 PI including the carrying  
28 costs in this Review Period.

## 29 **4. Documents Reviewed**

30 a. Evergy Missouri Metro's Cycle 2 Plan;

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<sup>42</sup> Staff Data Request No. 0055 in EO-2020-0228.



- 1 b. Evergy Missouri Metro’s Quarterly Surveillance Monitoring Report,  
2 Page 6;
- 3 c. Tariff sheets 49-49P;
- 4 d. Evergy Missouri Metro work papers included in Case No. ER-2018-0357,  
5 ER-2019-0165, ER-2019-0375; and ER-2020-0154; and
- 6 e. Staff Data Requests; 0002, 0003, 0006, 0018, and 0055.

7 *Staff Expert: Brooke Mastrogiannis*

8 **X. Interest Costs**

9 **1. Description**

10 Staff reviewed the interest calculations for program costs and TD, provided in Staff Data  
11 Request No. 0005 for the Review Period of April 1, 2018 through December 31, 2019. Staff  
12 verified the Company’s monthly short-term borrowing rate was applied correctly.

13 During the Review Period Evergy Missouri Metro reported the interest amount accrued  
14 for the Company’s program costs and Staff compared that to Evergy Missouri Metro’s Quarterly  
15 Surveillance Monitoring Reports and found a small discrepancy, but after discussion with the  
16 Company, it was determined that \$34,503<sup>43</sup> was over-collected for the interest on program costs  
17 and \$44,487 for the over-collection of TD. Because Evergy Missouri Metro over-recovered  
18 program costs and TD from customers, the cumulative interest amount as of December 31, 2019  
19 would be included by Evergy Missouri Metro in its next DSIM Rider filing.

20 The First Stipulation provides that for program costs and TD: “To the extent that  
21 KCP&L/GMO has over-recovered, such over-recoveries shall be returned to customers with  
22 interest at KCP&L/GMO’s short-term borrowing rate. To the extent that KCP&L/GMO has  
23 under-recovered, such under-recoveries shall be recovered from the customers with interest at  
24 KCP&L/GMO’s short-term borrow rate”<sup>44</sup>

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<sup>43</sup> The total interest on programs’ costs as reported in the Quarterly Surveillance Reports amounted to \$34,699, a difference of \$196. The Company stated in response to an email: “The carrying costs in the DR 0005 over under file and the carrying cost calculation are correct. The interest in the Surveillance report was incorrect and was revised in the cumulative total in the Q2 2019 Surveillance Report. Further note, the correct amounts were used in the DSIM Rider updates for both jurisdictions.” Staff further notes the revised interest calculation was from an error found in March 2019. Using the correct amount of interest results in total interest for the Review Period of \$34,503.

<sup>44</sup> EO-2015-0240 *In the Matter of Kansas City Power & Light Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs investment Mechanism, NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING MEEIA FILINGS.*

1           Because Evergy Missouri Metro over-recovered program costs and TD from customers,  
2 the interest amount as of December 31, 2019 would be included in a regulatory liability balance  
3 (with interest) as of the end of the last period used to update or true-up the test year used for  
4 setting new electric rates in a general electric rate proceeding and shall be amortized over three  
5 years and the resulting annual amount included in the revenue requirement used to determine  
6 base rates in that general electric rate proceeding.

7           The MEEIA DSIM Charge on Evergy Missouri Metro's customers' bills did not include  
8 recovery of interest until Evergy Missouri Metro's unrecovered regulatory asset balances were  
9 included in Evergy Missouri Metro's Cycle 2 DSIM Rider in accordance with paragraph 14 of  
10 the First Stipulation.

11           14. Rider

12           a. Initial rates for Residential and Non-Residential will be computed for  
13 estimated initial six month Program Costs and the TD plus  
14 the unrecovered balances from Cycle 1 MEEIA programs for KCP&L  
15 (GMO unrecovered balances from Cycle 1 will be recovered over a  
16 24 month period) as set out in the tariff sheets in Appendix D. Over-or  
17 Under- recovery of Commission-approved Program Costs and TD will  
18 be tracked and included in Rider adjustment for each six-month period  
19 thereafter for estimated Programs Costs and TD. EO will be computed in  
20 2019 and included in Rider over a two-year period thereafter. The Cycle  
21 1 Performance incentive will be collected through the Rider.

22           b. GMO will initiate a rider mechanism as shown on the specimen  
23 tariff sheets to take effect January 1, 2016 with rates effective  
24 February 1, 2016. GMO reserve balances for Cycle 1 will be recovered  
25 over a two-year period and will be included in the initial tariffs and  
26 trued up through the tariff process.

27           **2. Summary of Cost Implications**

28           If Evergy Missouri Metro was imprudent in its reporting and/or calculating of the interest  
29 associated to over- or under-recovery of energy efficiency programs' costs and/or Company TD,  
30 ratepayer harm could result in an increase in future DSIM Charge amounts.

31           **3. Conclusion**

32           Staff has verified that Evergy Missouri Metro interest calculations and interest amounts  
33 for inclusion in its December 31, 2019 are correct and are calculated properly on a monthly basis  
34 as provided in Staff Data Request Response No. 0005 for the Review Period.

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**4. Documents Reviewed**

- a. Evergy Missouri Metro’s Cycle 2 Plan;
- b. Evergy Missouri Metro’s Annual DSM Report;
- c. Evergy Missouri Metro’s Quarterly Surveillance Monitoring Report; and
- d. Staff Data Request: 0005.

*Staff Expert: Cynthia M. Tandy*

**Attached - Addendum A**

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

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

**AFFIDAVIT OF J LUEBBERT, BROOKE MASTROGIANNIS,  
CYNTHIA M. TANDY, LISA WILDHABER**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COME NOW J Luebbert, Brooke Mastrogiannis, Cynthia M. Tandy, Lisa Wildhaber, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Report Second Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ J Luebbert  
J Luebbert

/s/ Brooke Mastrogiannis  
Brooke Mastrogiannis

/s/ Cynthia M. Tandy  
Cynthia M. Tandy

/s/ Lisa Wildhaber  
Lisa Wildhaber

**REVISED**

**Kansas City Power & Light Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2018**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,227,853	\$ 25,726,931	\$ 40,559,832
Total Program Costs (\$)	(1) Actual	\$ 2,895,016	\$ 16,071,799	\$ 41,953,995
Total Program Costs (\$)	(6) Variance	\$ (3,332,837)	\$ (9,655,132)	\$ 1,394,163
Total Program Costs (\$)	(7) Interest	\$ 26,904	\$ 208,584	\$ 291,753
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,785,922	62,663,690	148,357,892
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	12,835,551	78,462,637	244,229,206
First Year Gross Annual Energy Savings (kWh)	Variance	(2,950,371)	15,798,947	95,871,314
First Year Gross Annual Demand Savings (kW)	(3) Target	6,050	18,250	53,475
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	4,955	21,096	74,922
First Year Gross Annual Demand Savings (kW)	Variance	(1,095)	2,846	21,447
Throughput Disincentive Costs (\$)	Billed	\$ 2,803,906	\$ 7,593,414	\$ 10,196,673
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 2,415,392	\$ 7,660,953	\$ 11,642,247
Throughput Disincentive Costs (\$)	(6) Variance	\$ (388,514)	\$ 67,539	\$ 1,445,574
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 12,595	\$ 56,359	\$ 67,426

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on August 23, 2018, Non-Case Related Filing BFQR-2019-0138.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(469,660)	(469,660)	(469,660)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	8	8	8
Throughput Disincentive Costs (\$)	Actual	(5,184)	(5,184)	(5,184)
Throughput Disincentive Costs (\$)	Interest	(14)	(14)	(14)

**REVISED**

**Kansas City Power & Light Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2018**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,397,594	\$ 26,186,189	\$ 46,957,426
Total Program Costs (\$)	(1) Actual	\$ 3,462,704	\$ 14,210,420	\$ 45,416,699
Total Program Costs (\$)	(6) Variance	\$ (2,934,890)	\$ (11,975,769)	\$ (1,540,727)
Total Program Costs (\$)	(7) Interest	\$ (2,810)	\$ 135,493	\$ 288,944
First Year Gross Annual Energy Savings (kWh)	(2) Target	16,806,871	63,643,536	165,164,763
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	16,594,576	76,484,910	260,823,782
First Year Gross Annual Energy Savings (kWh)	Variance	(212,294)	12,841,374	95,659,020
First Year Gross Annual Demand Savings (kW)	(3) Target	4,351	18,470	57,826
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	3,780	17,683	78,702
First Year Gross Annual Demand Savings (kW)	Variance	(571)	(786)	20,876
Throughput Disincentive Costs (\$)	Billed	\$ 3,415,019	\$ 9,699,510	\$ 13,611,692
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 3,687,810	\$ 9,143,288	\$ 15,330,057
Throughput Disincentive Costs (\$)	(6) Variance	\$ 272,790	\$ (556,221)	\$ 1,718,364
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 13,690	\$ 58,368	\$ 81,116

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on November 20, 2018, Non-Case Related Filing BFQR-2019-0278.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(598,242)	(1,067,902)	(1,067,902)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	16	24	24
Throughput Disincentive Costs (\$)	Actual	(17,626)	(22,809)	(22,809)
Throughput Disincentive Costs (\$)	Interest	(109)	(124)	(124)

**REVISED**

**Kansas City Power & Light Company**

**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2018**

**SURVEILLANCE MONITORING REPORT**

**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**

**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**

**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,432,742	\$ 23,136,204	\$ 50,390,167
Total Program Costs (\$)	(1) Actual	\$ 3,527,726	\$ 13,004,739	\$ 48,944,425
Total Program Costs (\$)	(6) Variance	\$ 94,985	\$ (10,131,465)	\$ (1,445,742)
Total Program Costs (\$)	(7) Interest	\$ (9,665)	\$ 61,177	\$ 279,279
First Year Gross Annual Energy Savings (kWh)	(2) Target	16,806,871	64,623,383	181,971,633
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	14,117,250	66,932,688	274,941,032
First Year Gross Annual Energy Savings (kWh)	Variance	(2,689,621)	2,309,305	92,969,399
First Year Gross Annual Demand Savings (kW)	(3) Target	4,351	18,697	62,178
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	2,998	14,595	81,701
First Year Gross Annual Demand Savings (kW)	Variance	(1,353)	(4,102)	19,523
Throughput Disincentive Costs (\$)	Billed	\$ 2,515,033	\$ 10,931,182	\$ 16,126,725
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 1,682,012	\$ 9,358,606	\$ 17,012,069
Throughput Disincentive Costs (\$)	(6) Variance	\$ (833,020)	\$ (1,572,575)	\$ 885,344
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 14,297	\$ 57,174	\$ 95,413

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on March 15, 2019, Non-Case Related Filing BFQR-2019-0673.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(468,614)	(1,536,516)	(1,536,516)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	17	41	41
Throughput Disincentive Costs (\$)	Actual	(20,825)	(43,634)	(43,634)
Throughput Disincentive Costs (\$)	Interest	(303)	(426)	(426)

Kansas City Power & Light Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2019  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 2,990,797	\$ 19,048,986	\$ 53,380,964
Total Program Costs (\$)	(1) Actual	\$ 4,169,467	\$ 14,054,913	\$ 53,113,892
Total Program Costs (\$)	(6) Variance	\$ 1,178,670	\$ (4,994,073)	\$ (267,072)
Total Program Costs (\$)	(7) Interest	\$ (10,643)	\$ 3,786	\$ 268,636
First Year Gross Annual Energy Savings (kWh)	(2) Target	16,126,238	65,525,902	198,097,872
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	22,666,595	66,213,972	297,607,627
First Year Gross Annual Energy Savings (kWh)	Variance	6,540,356	688,070	99,509,755
First Year Gross Annual Demand Savings (kW)	(3) Target	4,150	18,903	66,328
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	5,525	17,259	87,226
First Year Gross Annual Demand Savings (kW)	Variance	1,375	(1,643)	20,898
Throughput Disincentive Costs (\$)	Billed	\$ 1,916,850	\$ 10,650,808	\$ 18,043,575
Throughput Disincentive Costs (\$)	(5) Actual	\$ 585,662	\$ 8,370,875	\$ 17,597,731
Throughput Disincentive Costs (\$)	(6) Variance	\$ (1,331,188)	\$ (2,279,932)	\$ (445,844)
Throughput Disincentive Costs (\$)	(7) Interest	\$ 1,042	\$ 41,624	\$ 96,455

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.



Kansas City Power & Light Company  
 Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2019

**SURVEILLANCE MONITORING REPORT**

Missouri Energy Efficiency Investment Act of 2009 (MEEIA)

Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
 For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 1,944,578	\$ 14,765,711	\$ 55,325,543
Total Program Costs (\$)	(1) Actual	\$ 3,162,853	\$ 14,322,750	\$ 56,276,745
Total Program Costs (\$)	(6) Variance	\$ 1,218,274	\$ (442,961)	\$ 951,203
Total Program Costs (\$)	(7) Interest	\$ 3,850	\$ (19,463)	\$ 272,290
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,212,765	64,952,744	213,310,636
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	5,312,661	58,691,081	302,920,287
First Year Gross Annual Energy Savings (kWh)	Variance	(9,900,104)	(6,261,663)	89,609,651
First Year Gross Annual Demand Savings (kW)	(3) Target	3,999	16,852	70,327
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	1,445	13,749	88,671
First Year Gross Annual Demand Savings (kW)	Variance	(2,554)	(3,103)	18,344
Throughput Disincentive Costs (\$)	Billed	\$ 717,428	\$ 8,564,329	\$ 18,761,002
Throughput Disincentive Costs (\$)	(5) Actual	\$ 889,528	\$ 6,845,012	\$ 18,487,259
Throughput Disincentive Costs (\$)	(6) Variance	\$ 172,100	\$ (1,719,318)	\$ (273,743)
Throughput Disincentive Costs (\$)	(7) Interest	\$ (2,898)	\$ 26,131	\$ 93,557

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**Evergy Metro, Inc.**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,659,064	\$ 12,027,181	\$ 58,984,607
Total Program Costs (\$)	(1) Actual	\$ 3,743,996	\$ 14,604,042	\$ 60,020,742
Total Program Costs (\$)	(6) Variance	\$ 84,932	\$ 2,576,861	\$ 1,036,135
Total Program Costs (\$)	(7) Interest	\$ 14,139	\$ (2,515)	\$ 286,428
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,212,765	63,358,638	228,523,401
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	9,757,177	51,853,682	312,677,464
First Year Gross Annual Energy Savings (kWh)	Variance	(5,455,587)	(11,504,956)	84,154,063
First Year Gross Annual Demand Savings (kW)	(3) Target	3,999	16,499	74,326
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	3,922	13,891	92,593
First Year Gross Annual Demand Savings (kW)	Variance	(77)	(2,609)	18,267
Throughput Disincentive Costs (\$)	Billed	\$ 932,227	\$ 6,081,536	\$ 19,693,229
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,530,745	\$ 4,687,947	\$ 20,018,004
Throughput Disincentive Costs (\$)	(6) Variance	\$ 598,518	\$ (1,393,590)	\$ 324,775
Throughput Disincentive Costs (\$)	(7) Interest	\$ 829	\$ 13,270	\$ 94,386

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**Evergy Metro, Inc.**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 4,021,549	\$ 12,615,988	\$ 63,006,156
Total Program Costs (\$)	(1) Actual	\$ 4,907,548	\$ 15,983,864	\$ 64,928,289
Total Program Costs (\$)	(6) Variance	\$ 885,999	\$ 3,367,875	\$ 1,922,133
Total Program Costs (\$)	(7) Interest	\$ 12,924	\$ 20,073	\$ 299,352
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,212,765	61,764,532	243,736,165
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	40,039,819	77,776,252	352,717,283
First Year Gross Annual Energy Savings (kWh)	Variance	24,827,055	16,011,719	108,981,118
First Year Gross Annual Demand Savings (kW)	(3) Target	3,999	16,147	78,325
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	8,420	19,312	101,013
First Year Gross Annual Demand Savings (kW)	Variance	4,421	3,165	22,688
Throughput Disincentive Costs (\$)	Billed	\$ 645,109	\$ 4,211,612	\$ 20,338,337
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,151,020	\$ 4,156,955	\$ 21,169,024
Throughput Disincentive Costs (\$)	(6) Variance	\$ 505,912	\$ (54,658)	\$ 830,686
Throughput Disincentive Costs (\$)	(7) Interest	\$ 4,932	\$ 3,905	\$ 99,318

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**SCHEDULE BJJ-d4**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

**SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS  
RELATED TO THE  
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**

**FOR THE ELECTRIC OPERATIONS**

**OF**

**EVERGY MISSOURI WEST, INC., d/b/a Evergy Missouri West  
("Evergy Missouri West"), f/k/a KCP&L Greater Missouri  
Operations Company ("GMO")**

**April 1, 2018 through December 31, 2019**

**FILE NO. EO-2020-0228**

*Jefferson City, Missouri  
June 30, 2020*

**\*\* Denotes Confidential Information \*\***

**Case No. EO-2020-0227  
Schedule BJJ-d5, Page 1 of 48**

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**SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS**  
**RELATED TO THE**  
**MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**  
**FOR THE ELECTRIC OPERATIONS**  
**OF**  
**EVERGY MISSOURI WEST, INC.**  
**April 1, 2018 through December 31, 2019**  
**FILE NO. EO-2020-0228**

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1 **STAFF REPORT**

2 **SECOND PRUDENCE REVIEW OF CYCLE 2 COSTS**  
3 **RELATED TO THE**  
4 **MISSOURI ENERGY EFFICIENCY INVESTMENT ACT**  
5 **FOR THE ELECTRIC OPERATIONS**  
6 **OF**  
7 **EVERGY MISSOURI WEST, INC.**

8 **April 1, 2018 through December 31, 2019**

9 **FILE NO. EO-2020-0228**

10 **I. Executive Summary**

11 The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and  
12 analyzed a variety of items in examining whether Evergy Missouri West, Inc., d/b/a Evergy  
13 Missouri West (“Evergy Missouri West” or “Company”), f/k/a KCP&L Greater Missouri  
14 Operations Company (“GMO”) reasonably and prudently incurred costs associated with its  
15 demand-side programs and demand-side programs investment mechanism (“DSIM”) which were  
16 approved by the Commission’s *Order Approving Stipulation and Agreement Resolving GMO’s*  
17 *MEEIA Filing* in Case No. EO-2015-0241 (“Cycle 2 Plan”).

18 This prudence review report (“Report”) reflects Staff’s second prudence review for  
19 Evergy Missouri West’s Missouri Energy Efficiency Investment Act<sup>1</sup> (“MEEIA”) demand-side  
20 programs and DSIM Cycle 2 costs in File No. EO-2015-0241 which included the review period  
21 of April 1, 2018 through December 31, 2019 (“Review Period”). This Report addresses prudence  
22 review costs for Evergy Missouri West’s Cycle 2 program costs (“Program Costs”), annual  
23 energy and demand savings, Throughput Disincentive (“TD”), and interest. The total Review  
24 Period is comprised of the following two (2) time periods.

- 25 1. The first time period is Cycle 2 program year 3 (“PY3”) or program year 2018  
26 (“PY2018”). This is the time period beginning April 1, 2018 through March 31,  
27 2019. The total amount of program costs for PY3 was \$16,984,731, and the  
28 actual TD was \$7,339,034.

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<sup>1</sup> Section 393.1075, RSMo. 2016.

2. The second time period is April 1, 2019 through December 31, 2019 (“PY4”) or (“PY2019”).<sup>2</sup> The total amount of program costs reported was \$12,771,693 and the actual TD amount was \$3,115,514.

Based on its review, Staff has identified a disallowance of expenses for conferences and meetings; MEEIA Cycle 3 expenses; memberships and sponsorships; other expenses; and, Demand Response programs during the Review Period, identified in Table 1 below. Staff is recommending an ordered adjustment (“OA”) in the amount of \$2,363,761 including interest<sup>3</sup>, in Evergy Missouri West’s next DSIM Rider rate adjustment filing to adjust for these disallowed expenses. The recommended OA amount is explained in detail later in this Report.

Costs	Explanation of Costs	Disallowed Cost	Interest	Recommended Disallowance
Conferences and Meetings	Page 14	\$ 2,610.38	\$ 123.73	\$ 2,734.11
Cycle 3 Expenses	Page 15	\$ 673.75	\$ 12.07	\$ 685.82
Memberships/Sponsorships	Page 17	\$ 7,059.00	\$ 217.04	\$ 7,276.04
Other Expenses	Page 18	\$ 954.52	\$ 21.96	\$ 976.48
Demand Response	Page 24	\$ 2,352,089.00	\$ -	\$ 2,352,089.00
<b>Total</b>		<b>\$ 2,363,386.65</b>	<b>\$ 374.80</b>	<b>\$ 2,363,761.45</b>

## BACKGROUND

On August 28, 2015, Evergy Missouri West filed, in Case No. EO-2015-0241, its application under MEEIA and the Commission’s MEEIA rules<sup>4</sup> for approval of Evergy Missouri West’s second MEEIA application. On November 23, 2015, Evergy Missouri West, Evergy Missouri Metro, Staff, Office of the Public Counsel, Missouri Division of Energy, Natural Resources Defense Council, National Housing Trust, Earth Island Institute, d/b/a Renew

<sup>2</sup> The Commission approved Evergy Missouri West and Evergy Missouri Metro MEEIA Cycle 2 to be extended for up to nine months with a new date of not later than 12/31/2019 and the extended period will be deemed Program Year 4 (“PY4”). The Commission’s *Order Approving Stipulation and Agreement* was filed on February 27, 2019 in Case No. EO-2019-0132.

<sup>3</sup> Interest calculated on disallowances for Actual Program Costs, Sections A through D through December 31, 2019, however interest was not calculated on disallowances in Actual Program Costs Section I.

<sup>4</sup> 20 CSR 4240-20.093 and 20 CSR 4240-20.094.



1 Missouri, United for Missouri, and West Side Housing Organization filed a *Non-Unanimous*<sup>5</sup>  
2 *Stipulation and Agreement Resolving MEEIA Filing* (“First Stipulation”).

3 Through its March 2, 2016 *Order Approving Non-Unanimous Stipulation And Agreement*  
4 *Resolving KCP&L Greater Missouri Operations Company’s MEEIA Filing* in Case No.  
5 EO-2015-0241, the Commission authorized Evergy Missouri West to implement its three-year<sup>6</sup>  
6 “Plan” including: 1) sixteen (16) demand-side programs (“MEEIA Programs”) described in  
7 Evergy Missouri West’s August 28, 2015 MEEIA application and modified to reflect the terms  
8 and conditions contained in the First Stipulation, 2) technical resource manual (“TRM”) and  
9 3) a demand-side programs investment mechanism. Through its March 23, 2016 *Order*  
10 *Approving Expedited Tariffs*, the Commission approved rates for the DSIM Riders and approved  
11 a DSIM Charge<sup>7</sup> in Case No. EO-2015-0241 to be effective on April 1, 2016.

12 The Commission’s April 6, 2016 *Order Approving Second Stipulation and Agreement* in  
13 Case No. EO-2015-0241 approved a *Non-Unanimous Stipulation and Agreement*  
14 (“Second Agreement”) that was filed March 17, 2016. The Second Agreement was agreed to by  
15 the Company, Commission Staff, Office of the Public Counsel, Division of Energy,  
16 National Housing Trust, West Side Housing Organization, Natural Resources Defense Council,  
17 Earth Island Institute d/b/a Renew Missouri, and United for Missouri, Inc.<sup>8</sup> The Second  
18 Agreement replaced Appendix C of the First Agreement with a new Appendix 1 that modifies  
19 the incentive ranges for two programs that were either not complete or inaccurate and it also  
20 replaced Appendix I of the First Agreement with a new Appendix 2 that provides a complete list  
21 of DSM measures for Cycle 2 programs that were inadvertently omitted in Appendix I.

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<sup>5</sup> Brightergy was the only party that objected to the stipulation. A hearing was held on January 12, 2016.

<sup>6</sup> Starting April 1, 2016 and ending March 31, 2019. Starting April 1, 2019 the “three-year” plan was extended to a “four-year” plan in Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132.

<sup>7</sup> From Evergy Missouri West’s Original Sheet No. 138: Charges arising from the MEEIA Cycle 2 Plan that are the subject of this DSIM Rider shall be reflected in one ‘DSIM Charge’ on customers’ bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 2 Plan demand-side management programs approved under the MEEIA.

<sup>8</sup> The Second Agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 20 CSR 4240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days passed and no party objected, therefore the Commission treated the Second Agreement as a unanimous stipulation and agreement.

1           The Commission’s February 27, 2019 *Order Approving Stipulation and Agreement* in  
2 Case No. EO-2019-0132 approved a *Stipulation and Agreement Regarding Extension of*  
3 *MEEIA 2 Programs During Pendency of MEEIA 3 Case* (“Third Agreement”) that was filed  
4 February 15, 2019. The Third Agreement was agreed to by the Company, the Staff of the  
5 Commission, the Office of the Public Counsel, the Missouri Department of Economic  
6 Development - Division of Energy, and Renew Missouri Advocates. The Third Agreement  
7 allowed for the Company to extend MEEIA Cycle 2 for up to nine months, with a new end date  
8 of not later than December 31, 2019. It also modified Appendix 1 (Incentive Ranges) and  
9 modified Appendix 2 (TRM), which will be used during the MEEIA Cycle 2 extension period.

10           Commission Rule 20 CSR 4240-20.093(11) requires that the Staff conduct prudence  
11 reviews of an electric utility’s costs for its DSIM no less frequently than every twenty-four (24)  
12 months. This Report documents Staff’s second review of the prudence of Evergy Missouri  
13 West’s Cycle 2 Program Costs, annual energy and demand savings, TD, interest for the Review  
14 Period, and the over/under collection from the Commission approved Cycle 1 Performance  
15 Incentive (“PI”).

16           Commission Rule 20 CSR 4240-20.093(10) requires that Evergy Missouri West file  
17 a quarterly Surveillance Monitoring Report. Attached as Addendum A to this Report is Page 7  
18 of Evergy Missouri West’s Surveillance Monitoring Report including status of the MEEIA  
19 Programs and DSIM costs for the quarter ended, and cumulative total ended, December 31, 2019.

20           Table 2 below<sup>9, 10</sup> identifies the line items and amounts from Addendum A which are the  
21 subject of Staff’s prudence review.

22  
23  
24  
25  
26 *continued on next page*

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<sup>9</sup> The Surveillance Monitoring Report First Year Gross Annual Energy Savings Actual kW in Table 2 accurately demonstrates the correct kW savings, as there was an entry error of kW savings for the quarter ended September 30, 2019. See Staff’s Section VIII.(B), footnote 40 for specific details.

<sup>10</sup> The Surveillance Monitoring Total Program Costs Interest in Table 2 accurately demonstrates the correct interest amount, as there was a small error in the Q2 2019 calculation. See Staff’s Section X, footnote 42 for specific details.

1

<b>Table 2</b>		
<b>Cumulative Totals for April 1, 2018 through December 31, 2019</b>		
<b>Category</b>	<b>Descriptor</b>	<b>Period Total</b>
<b>Total Program Costs (\$)</b>	<b>Billed</b>	<b>\$ 31,982,461</b>
<b>Total Program Costs (\$)</b>	<b>Actual</b>	<b>\$ 29,756,424</b>
<b>Total Program Costs (\$)</b>	<b>Variance</b>	<b>\$ (2,226,037)</b>
<b>Total Program Costs (\$)</b>	<b>Interest</b>	<b>\$ 39,343</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Target</b>	<b>100,044,559</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Deemed Actual</b>	<b>121,933,329</b>
<b>First Year Gross Annual Energy Savings (kWh)</b>	<b>Variance</b>	<b>21,888,770</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Target</b>	<b>43,125</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Deemed Actual</b>	<b>34,099</b>
<b>First Year Gross Annual Deemed Savings (kW)</b>	<b>Variance</b>	<b>(9,026)</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Billed</b>	<b>\$ 10,233,877</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Actual</b>	<b>\$ 10,454,548</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Variance</b>	<b>\$ 220,671</b>
<b>Throughput Disincentive Costs (\$)</b>	<b>Interest</b>	<b>\$ 29,349</b>

2

3 In evaluating prudence, Staff reviews whether a reasonable person making the same  
 4 decision would find both the information the decision-maker relied on and the process the  
 5 decision-maker employed to be reasonable based on the circumstances at the time the decision  
 6 was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded;  
 7 instead, the review evaluates the reasonableness of the information the decision-maker relied on  
 8 and the decision-making process the decision-maker employed. If either the information relied  
 9 upon or the decision-making process employed was imprudent, then Staff examines whether the  
 10 imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in  
 11 harm to ratepayers, will Staff recommend a disallowance. A more detailed discussion of the legal  
 12 foundation for Staff's definition of imprudence is presented in Section IV.

13 *Staff Expert: Brooke Mastrogiannis*

**II. MEEIA Programs**

Evergy Missouri West used various request for proposal (“RFP”) processes to contract: 1) implementers for its individual MEEIA Programs, 2) Evaluation, Measurement and Verification (“EM&V”) contractors for its residential and business MEEIA Programs, and 3) its comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3<sup>11</sup> summarizes for each of the sixteen (16) MEEIA Programs: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

Table 3				
2016-2018 Evergy Missouri West Energy Efficiency Plan				
MEEIA Programs	3-Year MEEIA Target Savings Targets (kWh)	Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Business - Standard	48,388,453	7,981	CLEAResult	Navigant
Business - Custom	37,599,915	9,698	CLEAResult	Navigant
Block Bidding	22,004,934	3,815	Overlay/CLEAResult	Navigant
Strategic Energy Management	15,159,385	3,552	CLEAResult	Navigant
Small Business Lighting	4,462,454	740	CLEAResult	Navigant
Business Programable Thermostat	98,753	269	CLEAResult	Navigant
Business Online Energy Audit	-	-	Oracle	Navigant
Demand Response Incentive	-	55,000	CLEAResult/Oracle	Navigant
Home Lighting Rebate	31,610,181	3,197	ICF International	Navigant
Home Appliance Recycling Rebate	10,131,888	1,690	ICF International	Navigant
Home Energy Report	21,070,772	4,215	Oracle	Navigant
Home Online Energy Audit	-	-	Oracle	Navigant
Residential Programable Thermostat	7,680,173	20,946	Nest/CLEAResult	Navigant
Whole House Efficiency	14,515,295	4,650	ICF International	Navigant
Income-Eligible Weatherization	143,458	53	Community Action Programs/DOE	Navigant
Income-Eligible Multifamily	12,517,848	1,696	ICF International	Navigant
Evergy Missouri West Total	225,383,509	117,502		

Staff Expert: Brooke Mastrogiannis

<sup>11</sup> Table 3 was updated after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019 in Case No. EO-2019-0132. This Order approved an increase in budget for energy and demand savings for Cycle 2.

1 **III. Prudence Review Process**

2 On February 3, 2020, Staff initiated its second prudence review of costs of Evergy  
3 Missouri West's DSIM<sup>12</sup> in compliance with 20 CSR 4240-20.093(11) as authorized under  
4 Sections 393.1075.3 and 393.1075.1, RSMo. This prudence review was performed by members  
5 of the Energy Resources Department of the Industry Analysis Division. Staff obtained and  
6 analyzed a variety of documents, records, reports, data request responses, work papers, and  
7 emails, and had numerous phone discussions with Evergy Missouri West personnel to complete  
8 its prudence review of costs for the DSIM Rider for the Review Period of April 1, 2018 through  
9 December 31, 2019. In compliance with 20 CSR 4240-20.093(11), this prudence review was  
10 completed within one-hundred-fifty (150) days of its initiation.

11 If the Commission were to order any disallowance of costs as a result of prudence reviews  
12 and/or corrections, such a disallowance amount shall be an OA in a future Evergy Missouri West  
13 DSIM Rider rate adjustment filing.<sup>13</sup>

14 *Staff Expert: Brooke Mastrogiannis*

15 **IV. Prudence Review Standard**

16 In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,  
17 the Western District Court of Appeals stated the Commission defined its prudence standard  
18 as follows:

19 [A] utility's costs are presumed to be prudently incurred....  
20 However, the presumption does not survive "a showing of  
21 inefficiency or improvidence... [W]here some other participant in  
22 the proceeding creates a serious doubt as to the prudence of  
23 expenditure, then the applicant has the burden of dispelling these  
24 doubts and proving the questioned expenditure to have been  
25 prudent.

26 In the same case, the PSC noted that this test of prudence should  
27 not be based upon hindsight, but upon a reasonableness standard:  
28 [T]he company's conduct should be judged by asking whether the  
29 conduct was reasonable at the time, under all the circumstances,  
30 considering that the company had to solve its problem  
31 prospectively rather than in reliance on hindsight. In effect, our

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<sup>12</sup> The first prudence review for Cycle 2 is in File Nos. EO-2018-0364.

<sup>13</sup> Evergy Missouri West DSIM Rider 2nd Revised Sheet No. 138.3.

1 responsibility is to determine how reasonable people would have  
2 performed the tasks that confronted the company.

3 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations  
4 omitted).

5 In reversing the Commission in that case, the Court did not criticize the Commission's definition  
6 of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers  
7 based on imprudence, the Commission must determine the detrimental impact of that imprudence  
8 on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this  
9 review. Staff reviewed for prudence the areas identified and discussed below for Evergy Missouri  
10 West's DSIM Rider.

11 *Staff Expert: Brooke Mastrogiannis*

## 12 **V. Billed Revenue**

### 13 **1. Description**

14 For the Review Period, Evergy Missouri West billed customers through a separate line  
15 item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs'  
16 costs and estimated Company TD. The "DSIM Charge" is based on the customer's monthly  
17 consumption and the applicable energy efficiency investment rates approved by the  
18 Commission initially in Case No. ER-2015-0241 and subsequently in Case Nos. ER-2018-0358,  
19 ER-2019-0166, ER-2019-0397, and ER-2020-0155.

20 Evergy Missouri West provided a random sample of actual customer bills<sup>14</sup> that Staff  
21 reviewed and determined Evergy Missouri West was charging the appropriate rates to its  
22 customers for the recovery of program and TD costs.

23 During PY2018, Evergy Missouri West billed customers \$19,214,131 to recover its  
24 estimated energy efficiency programs' costs. For the same period, Evergy Missouri West actually  
25 spent \$16,984,731 on its energy efficiency programs. Thus Evergy Missouri West over-collected  
26 \$2,229,400 from its customers for programs' costs during the PY2018. During PY2018 Evergy  
27 Missouri West billed customers \$8,287,657 for estimated Company TD. The actual Company

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<sup>14</sup> Evergy Missouri West's Response to Staff's Data Request No. 0010.

1 TD for PY2018 was \$7,339,034. Thus, Evergy Missouri West over-collected \$948,622 from its  
2 customers for Company TD during PY2018.

3 During PY2019 Evergy Missouri West billed customers \$12,768,330 to  
4 recover its estimated energy efficiency programs' costs. During PY2019, Evergy Missouri  
5 West actually spent \$12,771,693 on its energy efficiency programs. Thus, Evergy Missouri  
6 West under-collected \$3,363 from its customers for programs' costs during the PY2019.  
7 During the PY2019, Evergy Missouri West billed customers \$1,946,220 for estimated  
8 Company TD. The actual Company TD for the PY2019 was \$3,115,514. Thus, Evergy Missouri  
9 West under-collected \$1,169,293 from its customers for Company TD during PY2019.  
10 The over/under collection from prior periods is attempted to be corrected for in each subsequent  
11 DSIM Rider filing.

## 12 2. Summary of Cost Implications

13 If Evergy Missouri West was imprudent in its decisions relating to the determination of  
14 the "DSIM Charge" for customers' bills, ratepayer harm could result in an increase in  
15 billed revenue.

## 16 3. Conclusion

17 Staff found no indication that Evergy Missouri West has acted imprudently regarding  
18 the determination of the "DSIM Charge" for customers' bills except as discussed below in  
19 Section VII Actual Program Costs.

## 20 4. Documents Reviewed

- 21 a. Evergy Missouri West's 2016 - 2018 MEEIA Plan;
- 22 b. Approved MEEIA Energy Efficiency and Demand Side Management  
23 Programs Tariff Sheets;
- 24 c. Evergy Missouri West's Quarterly Surveillance Monitoring Reports,  
25 Page 6; and
- 26 d. Staff Data Requests: 0002, 0003, 0005, 0010, 0020, and 0023.

27 *Staff Expert: Brooke Mastrogiannis*

1 **VI. Nexant Tracking Software**

2 **1. Description**

3 In January 2016, Evergy Missouri West contracted an integrated software tracking system  
4 called Nexant to allow Evergy Missouri West to store, manage and process data for its DSM  
5 portfolio over the life-cycle of each measure in Evergy Missouri West's Cycle 2 Plan. Nexant  
6 specifically allowed Evergy Missouri West to develop operating rules for its approved energy  
7 efficiency programs, process customers' applications, support processing and payment of  
8 incentives (rebates)<sup>15</sup> and provide regulatory compliance and management reporting. Before  
9 Evergy Missouri West contracted with Nexant it considered four vendors, and Nexant was  
10 selected based on the best overall score for the criteria of meeting core requirements, company  
11 experience and performance, growth opportunity, pricing, diversity participation, and Evergy  
12 Missouri West Information Technology involvement needed.

13 The primary implementers that are able to use this tracking system are CLEAResult and  
14 ICF. CLEAResult uses it for all of the business programs and the Thermostat Programs, and ICF  
15 uses it for the Home Lighting, Whole House Efficiency, and Income Eligible Multi Family  
16 Programs. For the low volume programs the incentive amounts and energy and demand savings  
17 amounts are manually put into the Nexant system.

18 Staff reviewed the controls Evergy Missouri West has developed to assure demand-side  
19 program incentive payments are accounted for properly. Staff also reviewed the incentive  
20 amounts paid to customers to verify they complied with incentive levels for individual measures  
21 approved for each energy efficiency program. Data management and recordkeeping is critical  
22 for the proper administration of the DSIM Rider.

23 Evergy Missouri West granted Staff remote on-line access to the Nexant system for  
24 Staff's use in conducting Staff's MEEIA prudence review. Staff reviewed a sample of customer  
25 data, incentive levels, and annual energy and demand savings for all of Evergy Missouri West's  
26 approved energy efficiency programs. During its review, Staff found that while some program  
27 reporting in Nexant did match to the incentives reported in Table 4 below, which is created from  
28 the general ledger, other programs did not match to total incentives reported in Table 4. Staff had

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<sup>15</sup> Evergy Missouri West 3rd Revised Sheet No. 138.1: "Incentive" means any consideration provided by the Company, including buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.



1 to rely on Evergy Missouri West's general ledger to accurately review the total incentives  
2 reported in program costs, instead of the data exported from the Nexant system. Subsequently,  
3 Evergy Missouri West provided in Data Request No. 0017 a reconciliation of incentives paid to  
4 residential and commercial customers for the Review Period. This reconciliation provided Staff  
5 with additional details for the differences between the general ledger and Nexant. One main  
6 difference was that the general ledger included January 2020 data, even though it is outside of the  
7 Review Period, so there are timing differences for when the rebates were actually reported.  
8 Other reconciliation differences include: 1) a 1% vendor carrying cost for specific programs;  
9 2) corrections from PY1 to PY2 prudence review; 3) a customer inadvertently paid twice;  
10 4) rebates coded to Evergy Missouri Metro instead of Evergy Missouri West; and 5) a few  
11 unidentified differences that are immaterial. Evergy Missouri West notes that the  
12 misclassifications will be reversed and corrected.

13 Despite the discrepancies, Nexant did allow Staff to verify deemed annual energy and  
14 demand savings detail at a total program level. Staff had to request annual energy and demand  
15 savings detail for each program to verify savings reported in Nexant matched the savings in the  
16 Company's work papers and Quarterly Surveillance Reports. Evergy Missouri West also  
17 provided in Data Request No. 0017 separate detailed files for the thermostat programs and  
18 Demand Response Incentive Program, which are not tracked in Nexant.

19 While the Company was able to verify and reconcile incentive levels and annual energy  
20 and demand savings for the programs, Staff recommends Evergy Missouri West continue to  
21 timely track and reconcile the differences in incentives between the Nexant tracking system and  
22 the general ledger and to make timely corrections as needed, so that this reconciliation  
23 information is readily available to Staff and completed before the next prudence review.

## 24 **2. Summary of Cost Implications**

25 If Evergy Missouri West was imprudent in its decisions relating to the administration and  
26 implementation of the Nexant system, ratepayer harm could result in an increase in future DSIM  
27 Charge amounts.

## 28 **3. Conclusion**

29 Staff found no indication that Evergy Missouri West has acted imprudently regarding the  
30 implementation and administration of the Nexant system; however, in order for Staff to complete

1 this review, Staff had to review a complete reconciliation provided by the Company instead of  
2 just reviewing the details provided by the Nexant system.

3 **4. Documents Reviewed**

- 4 a. Evergy Missouri West's Cycle 2 Plan;
- 5 b. Approved MEEIA Energy Efficiency and Demand Side Management  
6 Programs Tariff Sheets;
- 7 c. Staff Data Requests: 0003, 0008, 0017, 0021, 0024; and
- 8 d. Evergy Missouri West MEEIA Vendor and Implementer Contracts.

9 *Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

10 **VII. Actual Program Costs**

11 Evergy Missouri West's programs' costs include: 1) incentive payments; 2) program  
12 administration costs for residential and business programs; and 3) strategic initiative program  
13 costs for general, accounting, regulatory, administrative, implementation and marketing costs.

14 Staff reviewed all actual program costs Evergy Missouri West sought to recover through  
15 its "DSIM Charge" to ensure only reasonable and prudently incurred costs are being recovered  
16 through the DSIM Rider. Staff reviewed and analyzed, for prudence, Evergy Missouri West's  
17 adherence to contractual obligations, adequacy of controls and compliance with approved tariff  
18 sheets. Evergy Missouri West provided Staff accounting records for all programs' costs it  
19 incurred during the Review Period. Staff categorized these costs by program and segregated them  
20 between incentives payments and program administrative costs.

21 The results of Staff's categorization of programs' costs are provided in Table 4  
22 shown below:

23  
24  
25  
26  
27  
28  
29 *continued on next page*

1

**Table 4**  
**Actual Rebate and Program Cost Totals**  
**Program Costs April 1, 2018 through December 31, 2019**

	<b>TOTAL COSTS</b>	<b>REBATES</b>	<b>PROGRAM ADMINISTRATION</b>
<b>RESIDENTIAL:</b>			
Income-Eligible Weatherization	\$ -	\$ -	\$ -
Income-Eligible Multi-Family	\$ 1,836,915	\$ 608,167	\$ 1,228,747
Residential Programmable Thermostat	\$ 3,915,219	\$ 648,148	\$ 3,267,072
On-line Home Energy Audit	\$ 123,381	\$ -	\$ 123,381
Home Energy Reports	\$ 1,237,353	\$ -	\$ 1,237,353
Home Lighting Rebate	\$ 2,161,495	\$ 1,122,242	\$ 1,039,252
Whole House Efficiency	\$ 4,850,477	\$ 2,029,897	\$ 2,820,581
<b>Subtotal Residential Programs</b>	<b>\$ 14,124,840</b>	<b>\$ 4,408,454</b>	<b>\$ 9,716,386</b>
Demand Response Incentive	\$ 4,775,475	\$ 2,936,287	\$ 1,839,188
Commercial Programmable Thermostat	\$ 204,432	\$ 6,800	\$ 197,632
On-line Business Energy Audit	\$ 22,893	\$ -	\$ 22,893
Strategic Energy Management	\$ 287,000	\$ 6,695	\$ 280,305
Block Bidding	\$ 868,003	\$ 516,194	\$ 351,809
Small Business Direct Install	\$ 111,534	\$ 22,344	\$ 89,191
Business Energy Efficiency Rebate-C	\$ 4,315,166	\$ 2,173,584	\$ 2,141,581
Business Energy Efficiency Rebate-S	\$ 4,217,700	\$ 2,246,087	\$ 1,971,613
<b>Subtotal Business Programs</b>	<b>\$ 14,802,202</b>	<b>\$ 7,907,991</b>	<b>\$ 6,894,211</b>
Research and Pilot	\$ 829,382	\$ -	\$ 829,382
<b>Grand Total--All Programs</b>	<b>\$ 29,756,424</b>	<b>\$ 12,316,445</b>	<b>\$ 17,439,979</b>
<b>COSTS BY SUBACCOUNTS:</b>			
Customer Rebates	\$ 12,316,445		
Implementation Contractors	\$ 12,862,346		
Evaluation	\$ 1,186,598		
Marketing	\$ 1,055,878		
Administrative	\$ 2,335,157		
<b>Total Program Costs (Subaccounts)</b>	<b>\$ 29,756,424</b>		

2

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6

Evergy Missouri West incurs administrative costs that are directly related to the implementation of its approved energy efficiency programs. Staff uses the term “administrative” to mean all costs other than incentives.<sup>16</sup> Staff reviewed each administrative category of cost to determine the reasonableness of each individual item of cost and if the costs being sought for

<sup>16</sup> Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as a part of a program.

1 recovery were directly related to energy efficiency programs and recoverable from customers  
2 through the “DSIM Charge”.

3 Evergy Missouri West provides incentive payments to its customers as part of its  
4 approved energy efficiency programs. Incentive payments are an important instrument for  
5 encouraging investment in energy efficient technologies and products by lowering higher upfront  
6 costs for energy efficiency measures compared to the cost of standard measures. Incentive  
7 payments can also complement other efficiency policies such as appliance standards and energy  
8 codes to help overcome market barriers for cost-effective technologies.

9 Evergy Missouri West has also developed internal controls that allow for review and  
10 approval at various stages for the accounting of costs for its energy efficiency programs. Evergy  
11 Missouri West has developed internal procedures that provide program managers and other  
12 reviewers a detailed and approved method for reviewing invoices. Evergy Missouri West also  
13 provided Staff with its policies related to reimbursement of employee-incurred business expenses  
14 and approval authority for business transactions.

## 15 **A. Administrative Costs - Conferences and Meetings**

### 16 **1. Description**

17 During this MEEIA prudence review, Staff evaluated all administrative expenses incurred  
18 and identified expenses that were not specifically MEEIA related or lacked proper documentation  
19 to determine if they were MEEIA related. There were expenses Staff disallowed during the  
20 Review Period and Staff has provided its reason for each disallowance.

21 Staff requested the Company provide invoices related to conferences and meetings along  
22 with the agendas or information related to the focus on MEEIA. Staff reviewed each conference  
23 and the meeting information provided to determine if the events were primarily related to  
24 MEEIA. There were conferences and meetings where neither an agenda nor information was  
25 provided, and certain instances where the overall conference was deemed not primarily MEEIA  
26 related. After reviewing the paid invoices, Staff found that the following conference/meeting  
27 expenses, which total \$2,610.38, should be disallowed and not recoverable through the Evergy  
28 Missouri West DSIM Rider. The reasons for the disallowances are identified in Table 5 below:

1

Table 5			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
PLMA Conference (Coronado, CA)	Apr, 2018	No Information Provided	\$ 74 81
Annual MEEA Conference	Jun 2018	No Information Provided, plus part of costs were in Mt. Vernon, IL even though conference was in KY	\$ 746 25
Nexant Conference	Jun 2018	No Information Provided	\$ 316.77
Energy Star Partners Conf (AZ)	Jul & Aug 2018	Product Sales & Agent Fees only	\$ 35.00
MEEA Board Meeting (IL)	Aug 2018	No Information Provided	\$ 351 20
MEEIA Supporting/Training Conf (AZ)	Sep 2018	No Information Provided	\$ 263.69
Chartwell Conference	Oct 2018	Related to billing & customers & not MEEIA	\$ 561 94
Nexant Annual User Consortium (FL)	May 2019	No Information Provided	\$ 260.72
<b>Total</b>			<b>\$ 2,610 38</b>

2

3

**2. Summary of Cost Implications**

4

If Evergy Missouri West was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

5

6

**3. Conclusion**

7

Staff has identified expenses for conferences and meetings that were either not primarily MEEIA related or no documentation for those expenses was provided and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$2,610.38 plus interest of \$123.73 on the disallowance through December 31, 2019, for a total disallowance of \$2,734.11.

8

9

**4. Documents Reviewed**

10

- a. Staff Data Requests: 0001, 0003, 0003.1, 0012, 0013, 0014 and 0015.

11

*Staff Expert: Cynthia M. Tandy*

12

**B. Administrative Costs - MEEIA Cycle 3 Expenses**

13

**1. Description**

14

During the review, Staff identified expenses for MEEIA Cycle 3 that were included in the Cycle 2 Review Period. Since those Cycle 3 costs are specific to Cycle 3 and not Cycle 2, Staff recommends these expenses not be sought for recovery until the beginning of Cycle 3,

15

1 which would be January 2020 and outside of this Review Period. This allows for expenses for  
2 preparing the Cycle 3 filing to be recovered during the MEEIA Cycle with which those costs are  
3 associated. Staff further recommends that the recovery of costs for preparing all subsequent  
4 MEEIA filings be recovered during the respective future MEEIA Cycle with which those costs  
5 are associated. Staff found that the following Cycle 3 expenses, which total \$673.75, as identified  
6 in the Table 6 below should be disallowed and sought for recovery at the beginning of Cycle 3.  
7

Table 6			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Marketing Meeting (Review GTM Plan)	Dec 18	Defer into Cycle 3 period	\$ 8.20
Lunch (Cycle 3 Negotiations)	Jun 19	Defer into Cycle 3 period	\$ 64.37
Travel to and from Lockheed	Jun 19	Defer into Cycle 3 period	\$ 288.84
Lockheed Cycle 3 Design Sprint	Jun 19	Defer into Cycle 3 period	\$ 16.29
Lockheed Martin Review Meeting	Jun 19	Defer into Cycle 3 period	\$ 287.68
Snacks-MEEIA Cycle 3 Hearing	Sep 19	Defer into Cycle 3 period	\$ 8.37
Total			\$ 673.75

8  
9 **2. Summary of Cost Implications**

10 If Evergy Missouri West was imprudent in its decisions relating to the accountability of  
11 expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could  
12 result in an increase in future DSIM Charge amounts.

13 **3. Conclusion**

14 Staff has identified expenses for Cycle 3 that should be disallowed and sought for  
15 recovery at the beginning of Cycle 3. Staff is proposing a disallowance of \$673.75 plus interest  
16 of \$12.07 through December 31, 2019, for a total disallowance of \$685.82.

17 **4. Documents Reviewed**

18 a. Staff Data Requests: 0001, 0003 and 0003.1.

19 *Staff Expert: Cynthia M. Tandy*

**C. Administrative Costs – Memberships, Sponsorships, and Association Fees**

**1. Description**

During this Review Period, Staff identified expenses for memberships and sponsorships that were included for recovery through the DSIM Rider. Staff requested<sup>17</sup> copies of receipts for all membership dues and/or trade associations. A very small list was provided in Staff’s original request; however, Staff was able to identify a larger sample of invoices for memberships and sponsorships in Staff Data Request No. 0024. Staff found that the following membership/sponsorship expenses, which total \$7,059.00, and are identified in Table 7 below, should be disallowed and Staff provides its reason for the disallowance:

Payee	Month(s)	Reason for Disallowance	Disallowed Cost
MEEA Sponsorship	Nov 18	Unclear why sponsorship is necessary in addition to membership	\$ 3,000.00
Assn. of Energy Engineers-DSIM Cert	Dec 2019	No identification of how this is related to MEEIA	\$ 300.00
St. Joseph Construction Assn.	Various	No identification of how this is related to MEEIA	\$ 759.00
Midland Empire Home Builders Assn	Dec 2018	No identification of how this is related to MEEIA	\$ 500.00
Metro Wire Media (Platinum Sponsor 2019 Industrial Summit)	Jul 2019	No identification of how this is related to MEEIA	\$ 2,500.00
Total			\$ 7,059.00

**2. Summary of Cost Implications**

If Evergy Missouri West was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

**3. Conclusion**

Staff has identified expenses for memberships and sponsorships that are unclear as to whether they are MEEIA related or if the sponsorship was necessary above and beyond the cost of paying the membership, and therefore should not be recoverable through the DSIM Rider. Staff is proposing a disallowance of \$7,059.00 plus interest of \$217.04 on the disallowance through December 31, 2019, for a total disallowance of \$7,276.04.

<sup>17</sup> Staff Data Request No. 0019.

**4. Documents Reviewed**

- a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0013, 0015, 0019 and 0024.

*Staff Expert: Cynthia M. Tandy*

**D. Administrative Costs - Other Expenses**

**1. Description**

During the review, Staff evaluated all administrative expenses and identified some expenses that did not fall into the three categories discussed above. For the purpose of this review, these expenses are classified as “Other Expenses”. Staff found that the following other expenses, which total \$954.52, as identified in Table 8, should be disallowed with the reason why:

Table 8			
Costs	Month(s)	Reason for Disallowance	Disallowed Cost
Turnpike Fee	Jul 18	Indicates this is personal	\$ 19.88
Gift Cards for 4DX awards mid-yr celebration	Aug 18	Receipts have no purpose and who received the cards	\$ 60.00
DERMS, Nike and Work Shirts	Sep 18 & 19	Not related specifically to MEEIA	\$ 446.21
Souvenirs at Airport along with water/snacks	Apr 19	Looks like personal items	\$ 6.94
Excel Training Course	May-19	General Expense not specific to MEEIA	\$ 295.00
Going Away Party for Amy Bartak	Aug 19 & Sep 19	Looks like personal and not MEEIA related	\$ 126.49
<b>Total</b>			<b>\$ 954.52</b>

**2. Summary of Cost Implications**

If Evergy Missouri West was imprudent in its decisions relating to the accountability of expenses of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

**3. Conclusion**

Staff has identified some general administrative expenses that were either recorded as personal or included personal items on the receipts. There were also expenses for shirts that did not indicate any MEEIA message on the shirts or their purpose. Staff is proposing a disallowance



1 of \$954.52 plus interest of \$21.96 on the disallowance through December 31, 2019, for a total  
2 disallowance of \$976.48.

3 **4. Documents Reviewed**

4 a. Staff Data Requests: 0001, 0003, 0003.1, 0003.2, 0015 and 0024.

5 *Staff Experts: Cynthia M. Tandy and Lisa Wildhaber*

6 **E. Rebates and Incentives**

7 **1. Description**

8 Evergy Missouri West provides rebates and incentive payments based upon the type and  
9 nature of measures installed by customers to promote the adoption of energy efficiency measures.  
10 Staff reviewed the rebate and incentive amounts to ensure Evergy Missouri West was providing  
11 the proper incentive level agreed to in its MEEIA plan. See the Nexant Tracking Software section  
12 for a more detailed explanation regarding the reconciliation for rebates and incentives in the  
13 general ledger versus the Nexant Tracking Software.

14 **2. Summary of Cost Implications**

15 If Evergy Missouri West was imprudent in providing the wrong level of rebates or  
16 incentives to its customers, ratepayer harm could result in customers not receiving the full benefit  
17 of the energy efficiency plan or paying increased costs from failing to achieve the target level of  
18 savings.

19 **3. Conclusion**

20 Staff found no indication that Evergy Missouri West has acted imprudently regarding  
21 paying out plan rebates or incentives except as discussed below in Section I Demand Response.

22 **4. Documents Reviewed**

- 23 a. Evergy Missouri West's Cycle 2 Plan;  
24 b. Approved MEEIA Energy Efficiency and Demand Side Management  
25 Programs Tariff Sheets; and  
26 c. Staff Data Requests: 0003, 0008 and 0017.

27 *Staff Experts: Brooke Mastrogiannis and Lisa Wildhaber*

**F. Implementation Contractors**

**1. Description**

Evergy Missouri West hired business partners for design, implementation and delivery of its portfolio of residential and business energy efficiency programs to customers. Contracting with competent, experienced and reliable program implementers is extremely important to the success of Evergy Missouri West’s energy efficiency programs and for affording Evergy Missouri West’s customers the greatest benefits.

Evergy Missouri West issued RFPs at the beginning of Cycle 2 for program implementers to directly administer one or more of Evergy Missouri West’s energy efficiency programs. Evergy Missouri West selected and contracted with the organizations identified in Table 3 to implement individual MEEIA Programs. All of the implementers identified on Table 3 are nationally recognized contractors that have solid histories of energy efficiency programs’ design and implementation.

In its previous Evergy Missouri West MEEIA Cycle 2 prudence review, Staff reviewed Evergy Missouri West’s relationship with its implementers to gauge if Evergy Missouri West acted prudently in the selection and oversight of its program implementers. Staff examined the contracts between Evergy Missouri West and the implementers in an effort to determine if the terms of the contract were followed during the implementation of the residential and business programs. Staff also reviewed a large sample of over 600 invoices paid to the implementers identified in Table 3, and traced these costs to the general ledger, program costs in Data Request No. 0003.

Comparing actual cumulative deemed annual energy and demand savings relative to the planned cumulative annual energy and demand savings for the same period is important to understanding the overall performance of Evergy Missouri West’s energy efficiency programs and its implementation contractors.

Table 9 below provides a comparison of achieved energy and demand savings and planned deemed energy and demand savings for Evergy Missouri West’s residential and business programs for the Review Period. If Evergy Missouri West was unable to achieve its planned energy and demand savings levels, that could be an indication the programs were not being prudently administered by the implementers and by Evergy Missouri West. Although some of Evergy Missouri West’s individual programs did not meet energy and demand savings targets,

the programs in total achieved and exceeded the overall energy efficiency portfolio annual energy and demand savings targets.

Table 9						
April 1, 2018 through December 31, 2019						
MEEIA Programs	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
Business - Standard	40,062,730	22,607,403	17,455,327	7,868	3,725	4,143
Business - Custom	25,674,364	17,757,193	7,917,171	4,935	4,580	355
Block Bidding	7,864,449	11,945,536	(4,081,087)	1,015	2,071	(1,056)
Strategic Energy Management	147,872	7,074,380	(6,926,508)	-	1,658	(1,658)
Small Business Direct Install	136,332	2,326,938	(2,190,606)	27	385	(358)
Business Programmable Thermostat	85,060	46,085	38,975	302	126	176
Business Online Energy Audit	-	-	-	-	-	-
Demand Response Incentive	-	-	-	1,789	15,000	(13,211)
Home Lighting Rebate	26,800,873	16,265,325	10,535,548	2,592	1,654	938
Home Appliance Recycling Rebate	-	4,925,845	(4,925,845)	-	822	(822)
Home Energy Report	(2,776,723)	95,575	(2,872,298)	(495)	-	(495)
Income-Eligible Home Energy Report	-	-	-	-	-	-
Home Online Energy Audit	-	-	-	-	-	-
Residential Programmable Thermostat	1,817,497	3,584,081	(1,766,584)	8,158	9,775	(1,617)
Whole House Efficiency	16,762,730	7,780,748	8,981,982	7,202	2,481	4,721
Income-Eligible Weatherization	-	-	-	-	-	-
Income-Eligible Multi-family	5,358,145	5,635,450	(277,305)	706	848	(142)
Evergy Metro Total	121,933,329	100,044,559	21,888,770	34,099	43,125	(9,026)

**2. Summary of Cost Implications**

If Evergy Missouri West was imprudent in its decisions related to the selection and supervision of its program implementers, ratepayer harm could result in an increase in the future DSIM Charge amounts.

**3. Conclusion**

Staff found no indication that Evergy Missouri West has acted imprudently regarding the selection and supervision of its program implementers except as discussed below in Section I Demand Response.

**4. Documents Reviewed**

- a. Evergy Missouri West’s Cycle 2 Plan;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and
- c. Staff Data Requests: 0003, 0007, 0024, 0024.1 and 0047.

Staff Expert: Lisa Wildhaber

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

**1. Description**

Evergy Missouri West is required to hire independent contractor(s) to perform and report EM&V of each Commission-approved demand-side program. Commission rules allow Evergy Missouri West to spend approximately 5% of its total program costs budget for EM&V.<sup>18</sup> Navigant Consulting, Inc. (“Navigant”) conducted and reported the EM&V results for Evergy Missouri West’s Cycle 2 demand-side programs.

During the Review Period, Evergy Missouri West expended \$1,186,598 for EM&V, which represents 3.99% of the \$29,756,448 total programs’ costs. Thus, the costs associated with the EM&V did not exceed the 5% maximum cap.

**2. Summary of Cost Implications**

If Evergy Missouri West was imprudent in its decisions relating to the selection and supervision of its EM&V contractors then ratepayer harm could result in an increase in future DSIM Charge amounts.

**3. Conclusion**

Staff found no indication that Evergy Missouri West has acted imprudently regarding the selection and supervision of its EM&V contractors.

**4. Documents Reviewed**

- a. Evergy Missouri West’s Cycle 2;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and
- c. Staff Data Requests: 0001, 0002, 0003, 0005, 0006, 0009, and 0018.

*Staff Expert: Brooke Mastrogiannis*

**H. MEEIA Labor**

**1. Description**

For MEEIA Cycle 2, Evergy Missouri West included labor costs that are allocated towards the MEEIA DSIM Rider, and excluded from base rates in its cost of service. In the most

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<sup>18</sup> 20 CSR 4240-20.093(8)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

1 recent general rate case which had an effective date of December 2018, a total of 12.5 Full Time  
2 Employees (“FTE’s”) were excluded from base rates. Evergy Missouri West provided Staff with  
3 a file that included hours charged monthly to MEEIA by individual to total chargeable hours for  
4 those individuals excluding paid time off, for the Review Period of April 1, 2018 through  
5 December 31, 2019. Staff then created a reconciliation between what Evergy Missouri West  
6 provided in this MEEIA prudence review of individuals charged to MEEIA and the individuals  
7 associated with the 12.5 FTEs that were excluded from the last rate case. Upon further review  
8 Staff came to the understanding that during the course of this MEEIA prudence Review Period,  
9 certain employees moved in and out of the group by either leaving the company, joining the  
10 company, or internal transfer. Staff was also then informed that since the last general rate case  
11 there have been two positions that were added to MEEIA labor charges that were not in place at  
12 the time of the 12.5 FTEs reported at the 2018 general rate case since, at the time of the 2018  
13 general rate case, those two positions were vacant. Those positions are an EM&V Manager and  
14 a Residential DR Program Manager. The addition of these two roles brought up the peak FTE  
15 charged to MEEIA labor during the summer of 2019.

## 16 **2. Summary of Cost Implications**

17 If Evergy Missouri West was imprudent in its reporting and/or calculating labor charged  
18 towards MEEIA, ratepayer harm could result in an increase DSIM Charge amounts.

## 19 **3. Conclusion**

20 Staff found no indication that Evergy Missouri West has acted imprudently regarding the  
21 calculation of MEEIA labor.

## 22 **4. Documents Reviewed**

- 23 a. Evergy Missouri West’s Cycle 2 Plan;
- 24 b. 2016 Stipulation and Agreement, EO-2015-0240;
- 25 c. Tariff sheets 138-138.8; and
- 26 d. Staff Data Requests: 0022 and 0022.1.

27 *Staff Expert: Brooke Mastrogiannis*

1           **I. Demand Response**

2           **1. Description**

3           Evergy Missouri West has a responsibility to provide benefits to all customers in a given  
4 rate class<sup>19</sup> through implementation of the MEEIA programs. As stated on pages five - six of the  
5 Commission's Report and Order in Case No. EO-2015-0055,

6                     Under MEEIA and with Commission approval, electric utilities  
7                     may offer demand-side programs and special incentives to  
8                     participating customers designed to put demand-side initiatives on  
9                     equal footing with traditional supply-side resources. In order to  
10                    accomplish that equal footing, the law requires the Commission to  
11                    do three things:

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

20                   MEEIA allows such demand-side programs only so long as those  
21                    programs are approved by the Commission, result in measurable  
22                    demand or energy savings, and *are beneficial to all customers*.  
23                    [Emphasis added.]

24           The best way to provide benefits to all customers is to achieve targets as economically as possible  
25           and to maximize the benefits of the demand-side programs. Demand response can be a great  
26           demand-side resource for utilities that are short on capacity and when the programs are  
27           implemented reasonably with an effort to avoid costs or provide benefits to customers. The  
28           Commission's approval of the demand response programs does not excuse the requirement of  
29           the Evergy Missouri West decision makers to implement the programs prudently and in a manner  
30           that maximizes benefits to customers at least cost. The Evergy Missouri West demand response  
31           programs were not implemented in a manner that would maximize benefits at least cost due to

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<sup>19</sup> RSMo 393.1075.4.

1 managerial decision making; thus, the costs associated with those programs are not justified.  
2 MEEIA was never intended to be a blank check.<sup>20</sup>

## 3 **2. Summary of Cost Implications**

### 4 **a. Residential Smart Thermostats**

5 Evergy Missouri West provided free smart thermostats to customers in exchange for  
6 participation in demand response events; however, Evergy Missouri West rarely called events  
7 throughout the Review Period. Evergy Missouri West acted imprudently, which drove up costs  
8 to ratepayers through the DSIM Rider, by failing to alter the incentive level for the Residential  
9 Programmable Thermostat Program. Evergy Missouri West exceeded the projected installations  
10 for the entire MEEIA Cycle 2 portfolio in 2017. At any point during 2017, Evergy Missouri  
11 West was in the unique position to have both the knowledge that the thermostat installations were  
12 being adopted more quickly than projected<sup>21</sup> and the ability to alter the incentive level paid for  
13 the thermostat. Altering the incentive level would have decreased costs to customers and  
14 maintained the expectation to meet the targeted goal of the program. Evergy Missouri West had  
15 the flexibility to alter the incentive level in a relatively short time-frame through the change  
16 process laid out in the approved tariff,<sup>22</sup> but chose not to do so. Instead, Evergy Missouri West  
17 made the decision to slow the rate of installations by restricting participation in the Residential  
18 Programmable Thermostat to Direct Installations (“DI”) in order to “monitor and meter  
19 participation”.<sup>23</sup> The DI channel of participation is the most expensive method of installation for  
20 most measures. The reasonable and economic decision to make in this instance would have been  
21 removing DI as an unnecessary channel of implementation<sup>24</sup> and lowering the incentive amount  
22 for acquiring the thermostats.<sup>25</sup> That approach is no different from the change process that  
23 Evergy Missouri West has followed when adoption of a given measure is not following the  
24 expected adoption rate. Even with this more expensive throttled implementation procedure,  
25 Evergy Missouri West suspended all thermostat installations from June 25, 2018 until April 1,  
26 2019 due to achieving the maximum earnings opportunity. When the Company was granted an

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<sup>20</sup> Page 17 of the Commission’s Report and Order in Case No. EO-2015-0055.

<sup>21</sup> Evergy Missouri West tracks measure installations on a monthly basis.

<sup>22</sup> Evergy Missouri West tariff sheet no. R-98.

<sup>23</sup> Response to Staff Data Request No. 0036.

<sup>24</sup> \*\*

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<sup>25</sup> Staff raised concern with the chosen approach during Demand-side Management Advisory Group meetings.

1 extension to the MEEIA Cycle 2 portfolio and an additional earnings opportunity, Evergy  
2 Missouri West resumed the thermostat program. Staff estimates that the decision to only allow  
3 DI installations as opposed to lowering the incentive amount arbitrarily increased the program  
4 costs by at least \$461,200 (or \$100 per DI thermostat)<sup>26</sup> without considering the impact on  
5 reduced incentive amounts on program costs.

6 The purpose section of Evergy Missouri West's first revised tariff sheet no. R-107 for the  
7 Residential Programmable Thermostat program states:

8 The voluntary Programmable Thermostat Program is intended to  
9 reduce system peak load and thus defer the need for additional  
10 capacity. The program accomplishes this [Peak load reduction] by  
11 cycling the Participants' air conditioning unit(s) or heat pump(s)  
12 temporarily in a KCP&L Greater Missouri Operations Company  
13 coordinated effort to limit overall system peak load.

14 According to Evergy Missouri West's response to Staff Data Request No. 0053.1,  
15 Evergy Missouri West has provided over 1,100 smart-thermostats to customers free of charge  
16 that were not activated to participate in demand response events. According to Evergy Missouri  
17 West, only 456 of those have been returned by those customers. Thermostats that are not  
18 activated to be called for events are contrary to the purpose of the program. Staff estimates that  
19 the cost of providing 675 thermostats free of charge without participation in demand response  
20 events cost ratepayers \$116,665 without consideration for additional administration costs and  
21 installation costs.

#### 22 **b. Demand Response Incentive Program**

23 Evergy Missouri West's implementation of the Demand Response Incentive Program  
24 ("DRI") focused on maximizing the megawatts ("MW") enrolled and did not properly motivate  
25 participating customers to follow through with the contracted load reductions despite a minimal  
26 number of events being called during the Review Period. According to the Commission's Report  
27 and Order in Case No. EO-2015-0055, "Simply put, the Commission would approve a MEEIA  
28 plan if non-participating ratepayers would be better off paying to help some ratepayers reduce  
29 usage than they would be paying a utility to build a power plant."

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<sup>26</sup> \$100 is the difference in the TRM incremental cost for BYO thermostat measures and Smart thermostat measures.



1 In order to reduce the peak demand of Evergy Missouri West, the Demand Response  
2 Incentive Program contracts should have been reasonably designed to properly incentivize  
3 participants that perform well during called events and not provide, or minimize, incentives to  
4 those participants that do not perform during called events.

5 Furthermore, it is possible that Evergy Missouri West's load could reach levels near peak  
6 on several occasions in a given year. If Evergy Missouri West had called more events during the  
7 review period, the decision makers and stakeholders would have a better understanding of the  
8 capability of the program to achieve its stated purpose<sup>27</sup> at a future point in time when Evergy  
9 Missouri West needs to reduce peak load to defer supply-side resources. Evergy Missouri West  
10 provided DRI enrollees a large lump sum credit<sup>28</sup> for enrolling based on the number of MWs  
11 enrolled.<sup>29</sup> Evergy Missouri West did offer additional credits for those customers that  
12 participated in called events and penalties for those customer that did not participate, but the  
13 additional credits and reduced credits were minimal and did not properly incentivize customers  
14 to actively participate in the event in a meaningful manner. The result was a DRI program that  
15 was unnecessarily costly, rewarded customers that did not participate, and harmed customers that  
16 did not sign up but had to pay the DSIM charge. For example, if a hypothetical customer signed  
17 up claiming the ability to reduce 500 kW during called event hours, that customer would receive  
18 bill credits totaling \*\* \_\_\_\_ \*\* over the season or \*\* \_\_\_\_ \*\* per month during the season.  
19 If that same customer did not participate in a 4-hour event in a given month, or even used more  
20 load than expected, the customer's bill credit would be reduced by roughly \*\* \_\_\_\_ . \*\* The  
21 participating customer would net \*\* \_\_\_\_ \*\* for the month or \*\* \_\_\_\_ \*\* for the season for  
22 doing nothing but signing up for the program, i.e., not participating. Simply put, if an enrolled  
23 customer can earn more profit than the minimal event penalty costs, the customer is unlikely to  
24 participate meaningfully. Evergy Missouri West's DRI contracts did not incentivize performance  
25 of participants and did not benefit any other customers in the respective rate classes. Only those  
26 that signed up and received bill credits for the program, regardless of those customers'  
27 participation in events, received any benefit. Furthermore, although the additional payments that

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<sup>27</sup> The purpose section of Evergy Missouri West's tariff sheet no. R-86 states, "This voluntary program is designed to reduce customer load during peak periods to help defer future generation capacity additions and provide improvements in energy supply."

<sup>28</sup> The credit was split among the four summer months.

<sup>29</sup> \*\* \_\_\_\_ \*\*

1 would have been necessary for Evergy Missouri West to call more events was minimal, Evergy  
2 Missouri West called a minimal number of events during the Review Period and did not focus  
3 on customer savings that could result from precisely-timed events. Despite having the  
4 opportunity to restructure the DRI contracts with participants in 2019 due to the unexpected  
5 extension of MEEIA Cycle 2 and knowledge of several parties' concerns with the  
6 implementation of the DRI program, Evergy Missouri West maintained contract structures that  
7 did not incentivize meaningful participation, rewarded customers that did not participate  
8 meaningfully, and harmed customers that did not sign up but had to pay the DSIM charge. Staff  
9 estimates that the costs of paying customers who did not perform well during called events was  
10 \$643,484 in 2018 and \$346,653 in 2019. These costs were avoidable through reasonable decision  
11 making prior to implementation of the DRI program and the subsequent contracts.

12 **c. SPP fees**

13 At the time of implementation, Evergy Missouri West managers and decision makers  
14 should have been aware of the real costs that the Company incurs due to its membership in the  
15 Southwest Power Pool. The Company used a substantial amount of ratepayer funds to contract  
16 demand response capacity from commercial and industrial customers and to provide residential  
17 customers smart thermostats free of charge in exchange for participation in demand response  
18 events. Evergy Missouri West could have limited the amount of expense owed to SPP by  
19 minimizing its monthly coincident peak, or at least attempting to do so. Evergy Missouri West  
20 did not attempt to minimize its monthly peak through the use of the demand response program  
21 as evidenced by minimal event calling. Evergy Missouri West could have targeted demand  
22 response events to pre-cool residential homes with the goal of minimizing the cost of serving  
23 load during periods of high Locational Marginal Prices ("LMP") by shifting load to periods of  
24 lower expected LMPs. However, Evergy Missouri West did not call any events due to SPP Day  
25 Ahead ("DA") market pricing opportunities<sup>30</sup> despite DA market prices exceeding \$100/MWh  
26 several times during the Review Period.<sup>31</sup> Furthermore, according to Evergy Missouri West's  
27 response to Staff Data Request No. 0041:

28 During the MEEIA Cycle 2 period, Evergy MO West did not  
29 consider bidding its contracted demand response capacity into the

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<sup>30</sup> Response to Staff Data Request No. 0034.

<sup>31</sup> Response to Staff Data Request No. 0042.

1 SPP market. The Company's demand response programs during  
2 this time were not designed to meet the requirements of demand  
3 response products in the SPP market.

4 Evergy Missouri West clearly missed several opportunities to capitalize on SPP markets  
5 as a way to benefit customers in exchange for the considerable expense imposed due to the  
6 demand response programs.

7 Evergy Missouri West called only three events for DRI of a potential 20 events in 2018  
8 and 2019 and four events of a potential 168 Residential Programmable Thermostat events in 2018  
9 and 2019. Contrary to the Stipulation and Agreement regarding the extension of Cycle 2  
10 programs in 2019, in which Evergy Missouri West agreed to call five Residential Programmable  
11 thermostat events in 2019,<sup>32</sup> Evergy Missouri West called only 2 events. Evergy Missouri West  
12 failed to manage the programs prudently by not attempting to minimize the costs to all customers  
13 through the ratepayer-funded demand response MEEIA programs. Staff estimates that Evergy  
14 Missouri West could have avoided \$697,784 in SPP expenses by targeting demand response  
15 events and attempting to call events to reduce the monthly peak load. If Evergy Missouri West  
16 targeted demand response events that attempted to reduce load during some of the highest  
17 DA LMPs, Evergy Missouri West could have avoided \$86,303 in SPP expenses with minimal, if  
18 any<sup>33</sup>, incremental costs.

19 As the Commission stated in the findings of facts in the Amended Report and Order from  
20 Case No. EO-2019-0132, "SPP member costs are a source of potential cost avoidance. SPP  
21 member fees could be reduced through average monthly reductions in energy and demand."<sup>34, 35</sup>

22 Minimization of SPP fees is consistent with the stated purpose of the Demand Response  
23 Incentive program<sup>36</sup> to "provide for improvements in energy supply."

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<sup>32</sup> Paragraph 7.b of the Stipulation and Agreement signed on February 15, 2019 in Case Nos. EO-2019-0132 and EO-2019-0133.

<sup>33</sup> In the case of Programmable Thermostat programs, Evergy Missouri West likely would not incur any additional costs. The additional costs of event payments for DRI are minimal compared to the upfront costs of participation agreements and may have led to more penalties for poor performing or inactive participants.

<sup>34</sup> Page 12, paragraph 30, of the Commission's Amended Report and Order in Case No. EO-2019-0132.

<sup>35</sup> This statement was supported by the Evergy Surrebuttal report, Exhibit 4, page 22 in Case No. EO-2019-0132.

<sup>36</sup> Evergy Missouri West 1<sup>st</sup> Revised Sheet No. R-86.

1                   **3. Conclusion**

2                   Evergy Missouri West could have avoided the additional cost of DI installations and  
3 lowered the incentive amount of the Residential Programmable Thermostat program by simply  
4 not giving thermostats away free of charge; therefore, Staff recommends that the Commission  
5 disallow \$461,200.

6                   Providing smart-thermostats at no cost to customers who do not participate in demand  
7 response events is contrary to the stated purpose of the program tariff and provides minimal  
8 benefits to customers as a whole; therefore, Staff recommends that the Commission disallow  
9 \$116,665.

10                  Evergy Missouri West decision makers chose to enter contracts for the DRI program that  
11 did not incentivize meaningful participation, financially rewarded customers that did not  
12 participate meaningfully, and harmed customers that did not sign up but had to pay the DSIM  
13 charge; therefore, Staff recommends that the Commission disallow \$990,137.

14                  Evergy Missouri West decision makers chose not to attempt to avoid SPP expenses by  
15 targeting demand response events and attempting to call events to reduce the monthly peak load;  
16 therefore, Staff recommends that the Commission disallow \$697,784.

17                  Evergy Missouri West decision makers chose not to target demand response events in an  
18 attempt to reduce load during some of the highest DA LMPs despite minimal, if any, incremental  
19 costs; therefore, Staff recommends that the Commission disallow \$86,303.

20                  In total, Staff recommends that the Commission disallow \$2,352,089 related to demand  
21 response programs since Evergy Missouri West decision makers failed to implement the  
22 programs in a manner that would maximize benefits at least cost. This total disallowance Staff  
23 recommends does not include interest.

24                   **4. Documents Reviewed**

- 25                   a. 2016 Stipulation and Agreement, EO-2015-0241;
- 26                   b. Evergy Missouri West 2016 - 2018 MEEIA Plan;
- 27                   c. Approved MEEIA Energy Efficiency and Demand Side Management  
28                    Programs Tariff Sheets;
- 29                   d. SPP Open Access Transmission Tariff;
- 30                   e. Navigant's KCP&L-GMO EM&V PY2018 Final Report;
- 31                   f. Guidehouse's Evergy Missouri West EM&V PY2019 Draft Report;

- 1 g. Evergy Missouri West Responses to Staff Data Requests: 0002, 0006,  
2 0008, 0017, 0025, 0026, 0027, 0028, 0028.1, 0028.2, 0029, 0030, 0031,  
3 0032, 0032.1, 0033, 0034, 0036, 0036, 0036.1, 0037, 0038, 0039, 0040,  
4 0041, 0042, 0043, 0043.1, 0044, 0045, 0047, 0048, 0049, 0050, 0051,  
5 0052, 0053, 0053.1, 0054, and 0054.1;
- 6 h. Stipulation and Agreement signed on February 15, 2019 in Case Nos.  
7 EO-2019-0132 and EO-2019-0133;
- 8 i. Evergy Missouri West Responses to Staff Data Requests in Case Nos.  
9 EO-2019-0132 and EO-2019-0133 Nos. 0023, 0039, 0042, 0052, 0122,  
10 0123, 0131, 0134, 0143, and 0145;
- 11 j. Staff rebuttal report in Case Nos. EO-2019-0132 and EO-2019-0133; and
- 12 k. KCP&L Greater Missouri Operations Company Surrebuttal report in Case  
13 No. EO-2019-0133; Commission’s Amended Report & Order filed on  
14 March 11, 2020 in Case No. EO-2019-0132.

15 *Staff Expert: J Luebbert*

16 **VIII. Throughput Disincentive (“TD”)**

17 **A. Actual TD**

18 **1. Description**

19 For a utility that operates under a traditional regulated utility model, a “throughput  
20 incentive” is created when a utility’s increase in revenues is linked directly to its increase in sales.  
21 This relationship between revenues and sales creates a financial disincentive for the utility  
22 to engage in any activity that would decrease sales, such as utility sponsored energy  
23 efficiency programs.

24 The TD allows the utility to recover its lost margin revenues associated with the  
25 successful implementation of the MEEIA programs. The TD calculation is described in Evergy  
26 Missouri West’s tariff sheet nos. 138.2 through 138.5 and sheet no. 138.8 (for the net margin  
27 revenue rates). Generally, the TD for each program is determined by multiplying the monthly  
28 energy savings<sup>37</sup> by the net margin revenue rates (tariff sheet no. 138.8) and by the initial net to  
29 gross factor of 0.85 for contemporaneous TD recovery.

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<sup>37</sup> Monthly savings are obtained by taking annual savings and applying annual loadshapes contained in Appendix J of the First Stipulation.

1 Staff has verified each component of the TD calculation that was provided by Evergy  
2 Missouri West in the Quarterly Surveillance Reports, Page 6. Staff has also verified the TD  
3 calculation work papers, and compared the kWh savings impact and TD with the MEEIA rate  
4 adjustment filings<sup>38</sup>, along with the Quarterly Surveillance Reports. Staff recalculated a sample  
5 of the monthly TD calculations and found no errors.

6 **2. Summary of Cost Implications**

7 If Evergy Missouri West was imprudent in its reporting and/or calculating the Company  
8 TD, ratepayer harm could result in an increase of DSIM Charge amounts.

9 **3. Conclusion**

10 Staff found no indication that Evergy Missouri West has acted imprudently regarding the  
11 calculation of its TD.

12 **4. Documents Reviewed**

- 13 a. Evergy Missouri West's Cycle 2 Plan;  
14 b. 2016 Stipulation and Agreement, EO-2015-0241, and Appendix J;  
15 c. Tariff Sheets Nos. 138 through 138.8;  
16 d. Evergy Missouri West's work papers included in Case Nos.  
17 ER-2018-0358, ER-2019-0166, ER-2019-0397, and ER-2020-0155;  
18 e. Quarterly Surveillance Reports; and  
19 f. Staff Data Requests: 0020, 0020.1 and 0057.

20 *Staff Expert: Lisa Wildhaber*

21 **B. Gross Deemed Annual Energy and Demand Savings**

22 **1. Description**

23 Staff reviewed the monthly calculation of kWh savings from Evergy Missouri West's  
24 MEEIA Programs calculated with the Nexant software. Evergy Missouri West provided Staff  
25 additional details supporting the Nexant system results to show how the kWh savings were  
26 calculated during the Review Period.

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<sup>38</sup> Staff verified TD amounts against the DSIM Riders through October 2019, because the DSIM Rider case that included results for November 2019 and December 2019 had not been filed at the time of this review.

1 To begin its review of Evergy Missouri West’s calculations of its monthly kWh savings  
2 for the Review Period, Staff verified that the total kWhs and kW for each program as reported  
3 in Nexant were in agreement with the Quarterly Surveillance Reports, the kWh savings used in  
4 the Throughput Disincentive calculations, and the Company work papers provided.

5 The Company provided work papers to support the kWh savings for the program  
6 measures. These work papers provided individual detailed project savings pulled from Nexant  
7 with a calculation of the kWh and kW savings per measure per customer. Staff chose a sample  
8 of program measures and compared the kWh savings as reported in the Company details to the  
9 measure savings as reported in the TRM and subsequent updates to the TRM.<sup>39</sup>

10 For a selected sample, Staff verified the kWh savings calculations using Nexant  
11 supporting details the Company provided in Data Request No. 0020.1 supplemental response.  
12 In these files, Staff was provided with the kWh per unit, kW per unit, the library measure name,  
13 and the quantity installed. Staff was able to verify the kWh calculated savings by using this  
14 information. Staff was then able to verify that this information was in agreement with the original  
15 Data Request No. 0020 TD calculation kWh savings at the meter.

16 Staff also compared the Total Resource Cost (“TRC”) test for each program to the TRC  
17 targets identified in the First Stipulation and Agreement. Staff notes that in the Company  
18 response to Data Request No. 0023.2 supplemental response, which provides TRC results for  
19 Cycle 2 Program Year 3, one program reflected a TRC of less than 1.0: \*\* \_\_\_\_\_  
20 \_\_\_\_\_ \*\*. Commission Rule 20 CSR 4240-20.094(6)(B) states in part that,  
21 “Nothing herein requires utilities to end any demand-side program which is subject to a cost-  
22 effectiveness test deemed not cost-effective immediately.” As such, Staff is not recommending  
23 a disallowance at this time; however, Staff will monitor this program going forward to verify that  
24 there is not a continuing pattern of this program not being cost-effective and may recommend  
25 disallowance in the future if a pattern exists for lack of cost-effectiveness.

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<sup>39</sup> The TRM was updated in Case No. EO-2015-0241 by a Commission *Order Approving Application to Modify Technical Resource Manual and Program Design Incentive Ranges* on March 21, 2018 and then again when Cycle 2 was extended in Case No. EO-2019-0132 after the Commission *Order Approving Stipulation and Agreement* filed on February 27, 2019.

1 In reviewing all sources of kWh savings and kW savings, Staff was able to verify the  
2 reported 121,933,329 kWh of energy savings and 34,099<sup>40</sup> kW of demand savings for the  
3 MEEIA Programs during the Review Period by reconciling the Quarterly Surveillance Reports,  
4 the Nexant data base, and the Company's workpapers provided.

## 5 2. Summary of Cost Implications

6 If Evergy Missouri West was imprudent in its decisions related to calculating the gross  
7 energy and demand savings of each program, ratepayer harm could result in an increase in DSIM  
8 Charge amounts in future.

## 9 3. Conclusion

10 Staff found no indication that Evergy Missouri West has acted imprudently regarding the  
11 calculation of the gross energy and demand savings.

## 12 4. Documents Reviewed

- 13 a. Evergy Missouri West's Cycle 2 Plan;
- 14 b. Quarterly Surveillance Monitoring Reports;
- 15 c. First Stipulation, Appendix e and Appendix i;
- 16 d. Technical Resource Manual updated 4-1-19; and
- 17 e. Staff Data Requests: 0001, 0020.1, 0023, 0023.1 and 0023.2.

18 *Staff Expert: Lisa Wildhaber*

## 19 IX. Earnings Opportunity ("EO")

### 20 1. Description

21 Commission Rule 20 CSR 4240-20.092(1)(S) defines the earnings opportunity  
22 component of a DSIM as the methodology approved by the Commission in a utility's filing for  
23 demand-side program approval to allow the utility to receive an earnings opportunity. The Rule  
24 further states that any earnings opportunity component of a DSIM shall be implemented on a

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<sup>40</sup> The total kW savings as reported in the Quarterly Surveillance Reports amounted to 34,183, a difference of 84 kW. The Company stated in Response to Data Request No. 0023.1: "The nature of the difference in the Surveillance Report for the quarter ended September 30, 2019 was an entry error of kW savings related to the residential thermostat program. The 9,467 kW reported in this DR response is the correct savings." Using the correct 9,467 kW results in total kW for the Review Period of 34,099.



1 retrospective basis, and all energy and demand savings used to determine a DSIM earnings  
2 opportunity amount shall be verified and documented through EM&V Reports.

3 Evergy Missouri West's tariff sheet defines the Cycle 2 EO as:

4 Cycle 2 Earnings Opportunity" (EO) means the incentive ordered  
5 by the Commission based on actual performance verified through  
6 EM&V against planned targets. The Company's EO will be  
7 \$10.4M if 100% achievement of the planned targets are met. EO  
8 is capped at \$20.0M, which reflects adjustment for TD verified by  
9 EM&V. Potential Earnings Opportunity adjustments are described  
10 on Sheet No. 138.6. The Earnings Opportunity Matrix outlining  
11 the payout rates, weightings, and caps can be found in 138.8.

12 For this Review Period, an EO for Cycle 2 had not been awarded, therefore a review of  
13 the EO component was not performed for Cycle 2.

14 The Evergy Missouri West MEEIA Cycle 1 PI was approved for recovery over a  
15 24-month recovery period following the approval of the final EM&V Report. This EM&V  
16 Report was filed and approved in late 2016 and the recovery began with the DSIM Rider update  
17 effective February 1, 2017. The 24-month amortization into DSIM recovery extended through  
18 January 2019. Following that month, the Company continued to track the over/under recovery  
19 in DSIM Rider revenues through the end of 2019. The small balances remaining will be  
20 recovered in early 2020.<sup>41</sup> As stated above, a PI for Cycle 1 was awarded for part of this Review  
21 Period. Staff was able to review this Cycle 1 PI from the calculations sent by Evergy Missouri  
22 West for the Review Period months, to verify that Evergy Missouri West did not recover more  
23 than its approved Cycle 1 PI including the carrying costs.

## 24 2. Summary of Cost Implications

25 If Evergy Missouri West was imprudent in its reporting and/or calculation of the EO,  
26 ratepayer harm could result in an increase in future DSIM Charge amounts.

## 27 3. Conclusion

28 Staff has verified that Evergy Missouri West is not seeking any recovery of a Cycle 2  
29 earnings opportunity in this Review Period as none has been awarded. Staff has verified that  
30 Evergy Missouri West did not recover more than its approved Cycle 1 PI including the carrying  
31 costs in this Review Period.

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<sup>41</sup> Data Request No. 0055 in EO-2020-0228.

1       **4. Documents Reviewed**

- 2           a. Evergy Missouri West’s Cycle 2 Plan;
- 3           b. Evergy Missouri West’s Quarterly Surveillance Monitoring Report,  
4           Page 6;
- 5           c. Tariff Sheets Nos. 138 through 138.8;
- 6           d. Evergy Missouri West’s work papers included in Case Nos.  
7           ER-2018-0358, ER-2019-0166, ER-2019-0397, and ER-2020-0155; and
- 8           e. Staff Data Requests: 0002, 0003, 0006, 0018 and 0055.

9       *Staff Expert: Brooke Mastrogiannis*

10       **X. Interest Costs**

11           **1. Description**

12           Staff reviewed the interest calculations for program costs and TD, provided in Data  
13       Request No. 0005 for the Review Period of April 1, 2018 through December 31, 2019. Staff  
14       verified the Company’s monthly short-term borrowing rate was applied correctly.

15           During the Review Period, Evergy Missouri West reported the interest amount accrued  
16       for the Company’s program costs and TD, and Staff compared that to Evergy Missouri West’s  
17       Quarterly Surveillance Monitoring Reports and found a small discrepancy, but after discussion  
18       with the Company, it was determined that \$39,343<sup>42</sup> was under-collected for the interest on  
19       programs’ costs and \$29,349 for the under-collection of TD.

20           The First Stipulation provides that for programs’ costs and TD: “To the extent that  
21       Evergy Missouri West has over-recovered, such over-recoveries shall be returned to customers  
22       with interest at Evergy Missouri West’s short-term borrowing rate. To the extent that Evergy  
23       Missouri West has under-recovered, such under-recoveries shall be recovered from the customers  
24       with interest at Evergy Missouri West’s short-term borrow rate”.<sup>43</sup> Because Evergy Missouri

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<sup>42</sup> The total interest on programs’ costs as reported in the Quarterly Surveillance Reports amounted to \$39,167, a difference of \$176. The Company stated in Response to an email: “The amounts in DR0005 are correct and the Quarterly Surveillance Reports are incorrect. A small error in the calculation in Q2 2019 was discovered in preparing the DR responses and was corrected in the Over/under and Carrying Costs Calculations. Further note, the correct amounts were used in the DSIM Rider updates for both jurisdictions.” Using the correct amount of interest results in total interest for the Review Period of \$39,343.

<sup>43</sup> *EO-2015-0241 In the Matter of KCP&L Greater Missouri Operations Company’s Notice of Intent to File an Application for Authority to Establish a demand-Side Programs Investment Mechanism, NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING MEEIA FILINGS*, page 19, f.

1 West under-recovered program costs and TD from customers, the interest amount as of  
2 December 31, 2019 would be included in “the regulatory asset or regulatory liability balance  
3 (with interest) as of the end of the last period used to update or true-up the test year used for  
4 setting new electric rates in such a general electric rate proceeding and shall be amortized over  
5 three years and the resulting annual amount included in the revenue requirement used to  
6 determine base rates in that general electric rate proceeding.”

7 The MEEIA DSIM Charge on Evergy Missouri West’s customers’ bills did not include  
8 recovery of interest until Evergy Missouri West’s unrecovered regulatory asset balances were  
9 included in Evergy Missouri West’s Cycle 2 DSIM Rider in accordance with paragraph 14 of the  
10 First Stipulation.

11 14. Rider.

12 a. Initial rates for Residential and Non-Residential will be  
13 computed for estimated initial six month Program Costs and the  
14 TD plus the unrecovered balances from Cycle 1 MEEIA programs  
15 for KCP&L (GMO unrecovered balances from Cycle 1 will be  
16 recovered over a 24 month period) as set out in the tariff sheets in  
17 Appendix D. Over- or Under- recovery of Commission-approved  
18 Program Costs and TD will be tracked and included in Rider  
19 adjustment for each six-month period thereafter for estimated  
20 Programs Costs and TD. EO will be computed in 2019 and  
21 included in Rider over a two-year period thereafter. The Cycle 1  
22 Performance incentive will be collected through the Rider.

23 b. GMO will initiate a rider mechanism as shown on the specimen  
24 tariff sheets to take effect January 1, 2016 with rates effective  
25 February 1, 2016. GMO reserve balances for Cycle 1 will be  
26 recovered over a two-year period and will be included in the initial  
27 tariffs and trued up through the tariff process.

28 **2. Summary of Cost Implications**

29 If Evergy Missouri West was imprudent in its reporting and/or calculating of the interest  
30 associated to over- or under-recovery of energy efficiency programs’ costs and/ or TD, ratepayer  
31 harm could result in an increase in future DSIM Charge amounts.

1           **3.     Conclusion**

2           Staff has verified that Evergy Missouri West interest calculations and interest amounts  
3 for inclusion in its December 31, 2019 are correct and are calculated properly on a monthly basis  
4 as provided in the Staff Data Request Response No. 0005 for the Review Period.

5           **4.     Documents Reviewed**

- 6           a.   Evergy Missouri West Cycle 2 Plan;
- 7           b.   Evergy Missouri West Annual DSM Reports;
- 8           c.   Evergy Missouri West Quarterly Surveillance Monitoring Reports; and
- 9           d.   Staff Data Request: 0005.

10       *Staff Expert: Cynthia M. Tandy*

11       **Attached - Addendum A**

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

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

**AFFIDAVIT OF J LUEBBERT, BROOKE MASTROGIANNIS,  
CYNTHIA M. TANDY, LISA WILDHABER**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COME NOW J Luebbert, Brooke Mastrogiannis, Cynthia M. Tandy, Lisa Wildhaber, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Report Second Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ J Luebbert  
J Luebbert

/s/ Brooke Mastrogiannis  
Brooke Mastrogiannis

/s/ Cynthia M. Tandy  
Cynthia M. Tandy

/s/ Lisa Wildhaber  
Lisa Wildhaber

**REVISED**

**KCP&L Greater Missouri Operations Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2018**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,504,970	\$ 26,783,322	\$ 43,007,008
Total Program Costs (\$)	(1) Actual	\$ 3,495,357	\$ 18,387,423	\$ 42,752,290
Total Program Costs (\$)	(6) Variance	\$ (3,009,613)	\$ (8,395,899)	\$ (254,718)
Total Program Costs (\$)	(7) Interest	\$ 10,831	\$ 140,142	\$ 206,086
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,168,576	56,696,718	139,507,527
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	10,381,880	71,779,457	204,280,697
First Year Gross Annual Energy Savings (kWh)	Variance	(3,786,695)	15,082,739	64,773,170
First Year Gross Annual Demand Savings (kW)	(3) Target	18,918	31,426	93,296
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	20,683	42,987	113,166
First Year Gross Annual Demand Savings (kW)	Variance	1,766	11,561	19,870
Throughput Disincentive Costs (\$)	Billed	\$ 2,149,863	\$ 7,176,092	\$ 8,999,913
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 2,109,482	\$ 6,876,107	\$ 9,605,478
Throughput Disincentive Costs (\$)	(6) Variance	\$ (40,380)	\$ (299,985)	\$ 605,564
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 4,320	\$ 29,861	\$ 30,377

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) The Company determined that the deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on August 23, 2018, Non-Case Related Filing BFQR-2019-0137.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(312,260)	(312,260)	(312,260)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	3	3	3
Throughput Disincentive Costs (\$)	Actual	(3,094)	(3,094)	(3,094)
Throughput Disincentive Costs (\$)	Interest	(9)	(9)	(9)

**REVISED**

**KCP&L Greater Missouri Operations Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2018**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,043,798	\$ 26,149,689	\$ 49,050,806
Total Program Costs (\$)	(1) Actual	\$ 5,545,725	\$ 18,072,985	\$ 48,298,015
Total Program Costs (\$)	(6) Variance	\$ (498,074)	\$ (8,076,705)	\$ (752,791)
Total Program Costs (\$)	(7) Interest	\$ (5,819)	\$ 83,197	\$ 200,267
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,255,603	57,573,194	154,763,131
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	22,563,711	75,317,460	226,844,408
First Year Gross Annual Energy Savings (kWh)	Variance	7,308,108	17,744,265	72,081,278
First Year Gross Annual Demand Savings (kW)	(3) Target	4,263	30,996	97,559
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	397	34,038	113,563
First Year Gross Annual Demand Savings (kW)	Variance	(3,866)	3,042	16,004
Throughput Disincentive Costs (\$)	Billed	\$ 2,781,140	\$ 8,583,056	\$ 11,781,054
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 3,297,891	\$ 8,117,614	\$ 12,903,369
Throughput Disincentive Costs (\$)	(6) Variance	\$ 516,751	\$ (465,442)	\$ 1,122,315
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 7,935	\$ 29,129	\$ 38,312

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

(8) The Company determined that the deemed kWh savings and kW savings for certain lighting measures were calculated using incorrect measure values from April through December 2018. As a result of the kWh overstatement the throughput disincentive and related carrying costs were overstated as well. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on November 20, 2018, Non-Case Related Filing BFQR-2019-0279.

First Year Gross Annual Energy Savings (kWh)	Deemed Actual	(348,136)	(660,396)	(660,396)
First Year Gross Annual Demand Savings (kW)	Deemed Actual	11	14	14
Throughput Disincentive Costs (\$)	Actual	(8,555)	(11,650)	(11,650)
Throughput Disincentive Costs (\$)	Interest	(58)	(67)	(67)

REVISED

KCP&L Greater Missouri Operations Company  
 Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2018  
 SURVEILLANCE MONITORING REPORT  
 Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
 Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
 For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 4,029,278	\$ 23,753,255	\$ 53,080,084
Total Program Costs (\$)	(1) Actual	\$ 4,087,423	\$ 16,922,323	\$ 52,385,438
Total Program Costs (\$)	(6) Variance	\$ 58,145	\$ (6,830,932)	\$ (694,646)
Total Program Costs (\$)	(7) Interest	\$ (4,191)	\$ 32,878	\$ 196,076
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,255,603	58,449,671	170,018,734
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	12,055,029	60,563,633	238,899,438
First Year Gross Annual Energy Savings (kWh)	Variance	(3,200,574)	2,113,962	68,880,704
First Year Gross Annual Demand Savings (kW)	(3) Target	4,263	31,251	101,823
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	3,948	28,195	117,511
First Year Gross Annual Demand Savings (kW)	Variance	(316)	(3,056)	15,688
Throughput Disincentive Costs (\$)	Billed	\$ 2,278,526	\$ 9,357,749	\$ 14,059,580
Throughput Disincentive Costs (\$)	(5) (8) Actual	\$ 1,388,936	\$ 8,222,194	\$ 14,292,305
Throughput Disincentive Costs (\$)	(6) Variance	\$ (889,590)	\$ (1,135,554)	\$ 232,725
Throughput Disincentive Costs (\$)	(7) (8) Interest	\$ 8,170	\$ 27,711	\$ 46,482

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

(8) In connection with the Staff's review of the Company's Demand-Side Recovery Mechanism filing for rates effective August 1, 2019 it was determined that Throughput Disincentive was overstated from December 2018 through March 2019. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on March 15, 2019, Non-Case Related Filing BFQR-2019-0672.

Throughput Disincentive Costs (\$)	Actual	(28,434)	(28,434)	(28,434)
Throughput Disincentive Costs (\$)	Interest	(44)	(44)	(44)



**KCP&L Greater Missouri Operations Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 2,636,085	\$ 19,214,131	\$ 55,716,169
Total Program Costs (\$)	(1) Actual	\$ 3,856,226	\$ 16,984,730	\$ 56,241,664
Total Program Costs (\$)	(6) Variance	\$ 1,220,140	\$ (2,229,401)	\$ 525,494
Total Program Costs (\$)	(7) Interest	\$ (4,015)	\$ (3,194)	\$ 192,060
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,530,918	59,210,700	184,549,652
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	18,726,850	63,727,471	257,626,288
First Year Gross Annual Energy Savings (kWh)	Variance	4,195,932	4,516,771	73,076,635
First Year Gross Annual Demand Savings (kW)	(3) Target	4,033	31,477	105,855
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	5,046	30,074	122,557
First Year Gross Annual Demand Savings (kW)	Variance	1,013	(1,403)	16,701
Throughput Disincentive Costs (\$)	Billed	\$ 1,078,128	\$ 8,287,657	\$ 15,137,708
Throughput Disincentive Costs (\$)	(5)(8) Actual	\$ 542,725	\$ 7,339,034	\$ 14,835,030
Throughput Disincentive Costs (\$)	(6) Variance	\$ (535,403)	\$ (948,623)	\$ (302,678)
Throughput Disincentive Costs (\$)	(7)(8) Interest	\$ (2,396)	\$ 18,029	\$ 44,087

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) In connection with the Staff's review of the Company's Demand-Side Recovery Mechanism filing for rates effective August 1, 2019 it was determined that Throughput Disincentive was overstated from December 2018 through March 2019. Following are the corrections reflected in this Supplemental Surveillance filing. The Cycle 2 MEEIA surveillance report was originally filed on March 15, 2019. Non-Case Related Filing REOR-2019-0677

Throughput Disincentive Costs (\$)	Actual	(81,661)	(110,095)	(110,095)
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**KCP&L Greater Missouri Operations Company**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 1,608,398	\$ 14,317,559	\$ 57,324,567
Total Program Costs (\$)	(1) Actual	\$ 3,314,839	\$ 16,804,213	\$ 59,556,503
Total Program Costs (\$)	(6) Variance	\$ 1,706,441	\$ 2,486,653	\$ 2,231,936
Total Program Costs (\$)	(7) Interest	\$ 13,584	\$ (264)	\$ 205,821
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	58,653,410	198,160,937
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	7,058,051	60,403,641	264,684,338
First Year Gross Annual Energy Savings (kWh)	Variance	(6,553,234)	1,750,231	66,523,401
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	16,442	109,738
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	(14,754)	(5,448)	107,719
First Year Gross Annual Demand Savings (kW)	Variance	(18,637)	(21,889)	(2,019)
Throughput Disincentive Costs (\$)	Billed	\$ 304,898	\$ 6,442,692	\$ 15,442,605
Throughput Disincentive Costs (\$)	(5) Actual	\$ 808,301	\$ 6,037,853	\$ 15,643,331
Throughput Disincentive Costs (\$)	(6) Variance	\$ 503,403	\$ (404,839)	\$ 200,726
Throughput Disincentive Costs (\$)	(7) Interest	\$ (599)	\$ 13,111	\$ 43,488

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**Energys Missouri West, Inc.**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 5,369,628	\$ 13,643,389	\$ 62,694,195
Total Program Costs (\$)	(1) Actual	\$ 4,349,883	\$ 15,608,371	\$ 63,906,386
Total Program Costs (\$)	(6) Variance	\$ (1,019,745)	\$ 1,964,983	\$ 1,212,191
Total Program Costs (\$)	(7) Interest	\$ 20,896	\$ 26,450	\$ 226,717
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	57,009,092	211,772,222
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	11,615,710	49,455,640	276,300,048
First Year Gross Annual Energy Savings (kWh)	Variance	(1,995,575)	(7,553,452)	64,527,826
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	16,061	113,620
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	9,551	3,706	117,270
First Year Gross Annual Demand Savings (kW)	Variance	5,668	(12,354)	3,650
Throughput Disincentive Costs (\$)	Billed	\$ 801,673	\$ 4,463,225	\$ 16,244,279
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,402,311	\$ 4,142,273	\$ 17,045,642
Throughput Disincentive Costs (\$)	(6) Variance	\$ 600,637	\$ (320,952)	\$ 801,363
Throughput Disincentive Costs (\$)	(7) Interest	\$ 5,260	\$ 10,436	\$ 48,748

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**Energy Missouri West, Inc.**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2019**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 5,790,304	\$ 15,404,415	\$ 68,484,499
Total Program Costs (\$)	(1) Actual	\$ 5,106,971	\$ 16,627,920	\$ 69,013,358
Total Program Costs (\$)	(6) Variance	\$ (683,332)	\$ 1,223,505	\$ 528,859
Total Program Costs (\$)	(7) Interest	\$ 7,881	\$ 38,522	\$ 234,598
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,611,285	55,364,774	225,383,508
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	39,532,098	76,932,708	315,832,146
First Year Gross Annual Energy Savings (kWh)	Variance	25,920,813	21,567,935	90,448,638
First Year Gross Annual Demand Savings (kW)	(3) Target	3,882	15,680	117,502
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	9,312	9,071	126,582
First Year Gross Annual Demand Savings (kW)	Variance	5,430	(6,609)	9,079
Throughput Disincentive Costs (\$)	Billed	\$ 839,649	\$ 3,024,348	\$ 17,083,927
Throughput Disincentive Costs (\$)	(5) Actual	\$ 904,902	\$ 3,658,239	\$ 17,950,543
Throughput Disincentive Costs (\$)	(6) Variance	\$ 65,253	\$ 633,891	\$ 866,616
Throughput Disincentive Costs (\$)	(7) Interest	\$ 6,659	\$ 8,925	\$ 55,408

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

**SCHEDULE BJJ-d6**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**