

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

In the Matter of Evergy Missouri West, Inc. d/b/a	)	
Evergy Missouri West’s Demand Side Investment	)	<b><u>File No. ER-2021-0411</u></b>
Mechanism Rider Rate Adjustment and True-Up	)	Tariff No. JE-2021-0215
Required by 20 CSR 4240-20.093(4)	)	

**STAFF RECOMMENDATION**

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

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

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

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

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

Fourth Revised Sheet No. 138.17, Cancelling Third Revised Sheet No. 138.17

5. Evergy Missouri West's proposed changes to its DSIM rider would result in a decrease of \$0.73 per month for residential customers using 1,000 kilowatt-hours ("kWh").

6. For non-residential customers using 1,000 kWh, this would result in a \$1.91 decrease for Small General Service customers, \$0.09 increase for Large General Service customers, and \$1.31 decrease for Large Power Service Customers per month.

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

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

**WHEREFORE**, Staff recommends the Commission issue an order approving Fourth Revised Sheet No. 138.17, Cancelling Third Revised Sheet No. 138.17, as substituted on June 28, 2021, with an effective date of August 1, 2021.

---

<sup>1</sup> Case No. EO-2021-0416.

Respectfully Submitted,

**/s/ Travis J. Pringle**

Travis J. Pringle

Associate Counsel

Missouri Bar No. 71128

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, Mo 65102-0360

(573) 751-4140 (Telephone)

(573) 751-9285 (Facsimile)

(Email) [travis.pringle@psc.mo.gov](mailto:travis.pringle@psc.mo.gov)

**CERTIFICATE OF SERVICE**

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

**/s/ Travis J. Pringle**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. ER-2021-0411 and Tariff Tracking No. JE-2021-0215

**FROM:** Nancy L. Harris, Senior Utility Regulatory Auditor  
Brad J. Fortson, Regulatory Compliance Manager

/s/ Robin Kliethermes / 07-01-21  
Manager, Tariff & Rate Design / Date

/s/ Travis Pringle / 07-01-21  
Staff Counsel's Office / Date

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

**DATE:** July 1, 2021

### Evergy Missouri West Filing

On June 1, 2021, Evergy Missouri West filed with the Commission one (1) tariff sheet bearing an issue date of June 1, 2021, with an effective date of August 1, 2021, proposing to adjust charges related to Evergy Missouri West's DSIM Rider. Evergy Missouri West's filing also included the Direct Testimony of Lisa A. Starkebaum and work papers consisting of electronic worksheets showing its calculation of the proposed rates. As filed, Evergy Missouri West's DSIM revenue requirement for program year 2021 is approximately \$26.4 million.

On June 2, 2021, the Commission issued its *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* directing Staff to file its recommendation no later than July 1, 2021.

On June 28, 2021, Evergy Missouri West filed a substitute tariff reflecting the Commission Ordered Adjustment (OA) resulting from Staff's second prudence review of Cycle 2 costs in Case No. EO-2020-0227. The OA consists of a \$5,000 credit plus \$300 interest allocated across all customer classes based on classification of the disallowed expense. This substitute tariff has an effective date of August 1, 2021.

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

Per 20 CSR 4240-20.093(4), Evergy Missouri West is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected.

The current Missouri Energy Efficiency Investment Act (“MEEIA”) mechanism rate per class of customer is collected through a line item on current bills based on an annual level of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. In addition to reconciliations for prior periods, this adjustment includes Evergy Missouri West’s MEEIA Cycle 2 extension request through December 31, 2019, Evergy Missouri West’s Cycle 2 earnings opportunity (“EO”), and actual and projected costs for Evergy Missouri West’s MEEIA Cycle 3 approved in Case No. EO-2019-0133.

The table below provides a summary of the cumulative throughput disincentive (“TD”), program costs (“PC”), and EO for Cycle 2 and Cycle 3 and average cost per avoided kilowatt hour (kWh).

	MEEIA Cycle 3 through July 2021	MEEIA Cycle 2
TD	\$ 4,030,647	\$ 24,966,050
Program Cost	\$ 20,033,579	\$ 72,299,915
EO	\$ -	\$ 10,450,876
Total	\$ 24,064,226	\$ 107,716,841
Deemed kWh	90,435,181	266,135,153
avg cost per avoided kWh	\$ 0.27	\$ 0.40

Additionally, Evergy Missouri West is projecting to recover approximately \$22.2 million through June 2022 for projected PC and TD for Cycle 3 and approximately \$2.6 million<sup>1</sup> for projected TD for Cycle 2. Even though MEEIA Cycle 2 programs ended in December 2019, Evergy Missouri West will continue to recover TD on deemed savings until all savings are rebased in a

<sup>1</sup> The projected \$8.8 million in additional MEEIA Cycle 2 and 3 TD is not included in the table and will increase the average cost per avoided kWh included in the table.

rate case. At the end of 2021, Evergy Missouri West is projected to recover from ratepayers approximately \$158.2 million for energy efficiency programs for MEEIA Cycles 2 & 3.

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kilowatt hours (kWh) of energy supplied to customers under Evergy Missouri West’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers.

<b>Rate Class</b>	<b>Current MEEIA Rate/kWh</b>	<b>Proposed MEEIA Rate/kWh</b>
Residential Service	\$0.00506	\$0.00433
Non-Residential – SGS	\$0.00517	\$0.00326
Non-Residential – LGS	\$0.00425	\$0.00434
Non-Residential – LPS	\$0.00409	\$0.00278

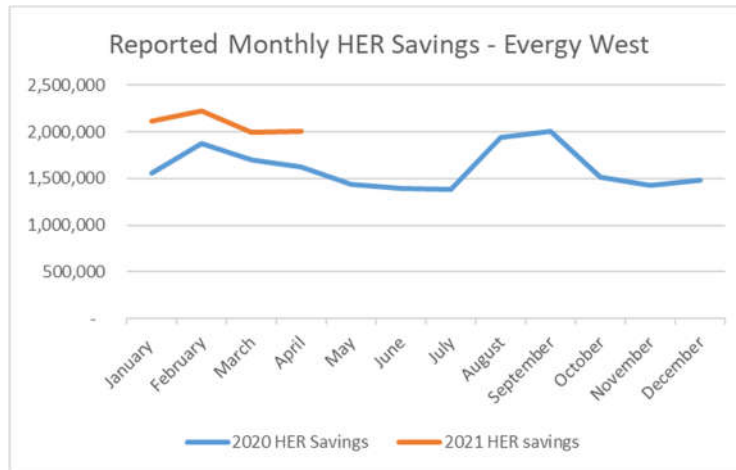
The proposed change will decrease residential customers’ DSIM Rider rate from \$0.00506 to \$0.00433 per kWh.<sup>2</sup> For a residential customer using 1,000 kWh, this would mean a decrease of \$0.73 per month. For a non-residential customer using 1,000 kWh, this would mean a \$1.91 decrease for Small General Service, a \$0.09 increase for Large General Service, and an \$1.31 decrease for Large Power Service per month.

In Staff’s Recommendation in ER-2021-0153,<sup>3</sup> Staff first notified the Commission of concerns with the Company’s reported savings attributable to Home Energy Reports (“HER”). Staff stated that it would further review the level of reported kWh savings in the Company’s next prudence review. Staff initiated a prudence review on June 4, 2021 in Case No. EO-2021-0416, and has submitted data requests. However, in the Company’s filing in this case, Staff found that the level of savings attributable to HER reports has increased since the Company’s previous filing, as shown in the graph below.

---

<sup>2</sup> Inclusion of MEEIA Cycle 3 projected PC and TD in addition to projected MEEIA Cycle 2 PC, TD and EO for the 12-months ending December 31, 2021.

<sup>3</sup> Evergy Missouri West’s previous DSIM rate adjustment case, filed on December 31, 2021.



In this case, the Company is reporting annual HER savings that are approximately 40% of the total Residential portfolio savings.<sup>4</sup> HER savings are non-recurrent savings that only exist as long as the customer is receiving a report. Staff also found that Evergy Missouri West is reporting HER savings equivalent to a utility that has three times the residential customers as Evergy Missouri West. Staff is deeply concerned that the Company's calculation of HER savings contains errors that overstate kWh savings. Staff recommends that the Company not wait until the conclusion of a prudence review to investigate the level of HER savings. Staff shared its concerns with Evergy Missouri West in ER-2021-0153, but to Staff's knowledge Evergy Missouri West has not undertaken any such review of its calculation and reporting method.

### **Staff Recommendation**

The Commission Staff's Tariff/Rate Design Department has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, filed on June 1, 2021 and substituted on June 28, 2021 for service on and after August 1, 2021, the requested effective date:

P.S.C. MO. No. 1  
Fourth Revised Sheet No. 138.17, Cancelling Third Revised Sheet No. 138.17

<sup>4</sup> Heating, cooling, weatherization and demand response residential programs only accounted for approximately 15% of the residential portfolio savings.

MO PSC File No. ER-2021-0411

Official Case File Memorandum

July 1, 2021

Page 5 of 5

Staff has verified that Evergy Missouri West is not delinquent on any assessment and has filed its Annual Report. Evergy Missouri West is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10). Staff's recommendation to approve this Fourth Revised Sheet No. 138.17 does not constitute a review of the prudence of Evergy Missouri West's actions in relation to its DSIM.



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

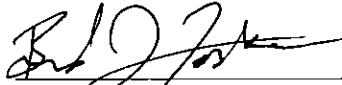
In the Matter of Evergy West, Inc. d/b/a )  
Evergy Missouri West's Demand Side ) File No. ER-2021-0411  
Investment Mechanism Rider Rate )  
Adjustment and True-Up Required by )  
20 CSR 4240-20.093(4) )

**AFFIDAVIT OF BRAD J. FORTSON**

COUNTY OF COLE ) ss.  
)

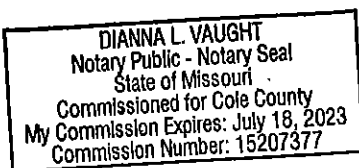
**COMES NOW** Brad J. Fortson, and on his oath declares that he is of sound mind and lawful age, that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

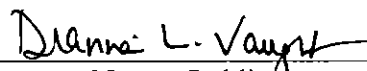
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Brad J. Fortson

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of July, 2021.



  
\_\_\_\_\_  
Notary Public

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

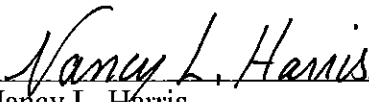
In the Matter of Evergy West, Inc. d/b/a            )  
Evergy Missouri West's Demand Side            )     File No. ER-2021-0411  
Investment Mechanism Rider Rate                )  
Adjustment and True-Up Required by            )  
20 CSR 4240-20.093(4)                            )

**AFFIDAVIT OF NANCY L. HARRIS**

COUNTY OF COLE                    ) ss.  
  )

**COMES NOW** Nancy L. Harris, and on her oath declares that she is of sound mind and lawful age, that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

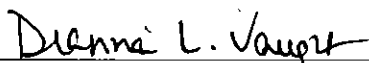
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Nancy L. Harris

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of July, 2021.

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

  
\_\_\_\_\_  
Notary Public