

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

In the Matter of Evergy Metro, Inc.)	
d/b/a Evergy Missouri Metro's Demand Side)	<u>Case No. ER-2021-0152</u>
Investment Mechanism Rider Rate)	Tariff No. JE-2021-0127
Adjustment and True-Up Required by 20)	
CSR 4240-20.093(4))	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through undersigned counsel, and submits its Staff Recommendation.

1. On December 1, 2020, Evergy Metro, Inc. d/b/a Evergy Missouri Metro, filed a tariff, with supporting testimony to adjust charges related to its approved Demand Side Investment Mechanism Rider (DSIM).

2. On December 1, 2020, the Commission issued its *Order Directing Notice, Setting Intervention Date, and Directing Staff Recommendation* ("Order"). The Order directed Staff to file a recommendation regarding its examination and analysis of Evergy Missouri Metro's tariff revision no later than December 31, 2020.

3. Having concluded its investigation, Staff offers its *Memorandum*, filed concurrently. In summary, Staff recommends that the Commission issue an order either approving the tariff sheets or allowing the tariff sheets to take effect by operation of law of February 1, 2021. Staff's recommendation to approve the revised tariff sheet does not constitute a prudence review of Evergy Missouri Metro's actions in relation to its DSIM.

4. The attached *Memorandum* more fully explains the circumstances and facts that led Staff to make these conclusions.

WHEREFORE, Staff hereby tenders its *Recommendation* for the Commission's information and consideration.

Respectfully Submitted,

/s/ Casi Aslin

Casi Aslin

Associate Counsel

Missouri Bar No. 67934

Attorney for the Staff of the

Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record this 31st day of December, 2020.

/s/ Casi Aslin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2021-0152 and Tariff Tracking No. JE-2021-0128

FROM: Michelle A. Bocklage, Sr. Research/Data Analyst

/s/ Robin Kliethermes 12/31/20 /s/ Casi Aslin 12/31/20
Manager, Tariff & Rate Design Department/ Date Staff Counsel's Office / Date

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

DATE: December 31, 2020

Evergy Missouri Metro Filing

On December 1, 2020, Evergy Missouri Metro filed with the Commission one (1) tariff sheet bearing an issue date of December 1, 2020, and an effective date of February 1, 2021, proposing to adjust charges related to Evergy Missouri Metro's DSIM Rider. Evergy Missouri Metro's filing also included the Direct Testimony of Lisa A. Starkebaum and work papers consisting of electronic worksheets showing its calculation of the proposed rates. As filed, Evergy Missouri Metro's DSIM revenue requirement for program year 2021 is approximately \$32.2 million.

On December 1, 2020, the Commission issued its *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* which directed Staff to file its recommendation no later than December 31, 2020.

Change in Evergy Missouri Metro's DSIM Rates

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

The current Missouri Energy Efficiency Investment Act ("MEEIA") mechanism rate per class of customer is collected through a line item on current bills and is based on an annual level of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. In addition to reconciliations for prior periods, this adjustment includes

Evergy Missouri Metro’s Cycle 2 earnings opportunity (“EO”) and actual and projected costs for Evergy Missouri Metro’s MEEI Cycle 3 approved in Case No. EO-2019-0132.

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

	Evergy Metro	
	MEEIA 3 through January 2021	MEEIA Cycle 2
TD	\$ 2,797,017.23	\$ 32,191,422.00
Program Cost	\$ 13,154,453.16	\$ 67,774,562.97
EO		\$ 8,784,198.26
Total	\$ 15,951,470.39	\$ 108,750,183.23
Deemed kWh	\$ 68,795,496.12	\$ 314,994,695.26
Avg cost per deemed kWh	\$ 0.23187	\$ 0.34524

Additionally, Evergy Missouri Metro is projecting to recover approximately \$20.7 million in 2021 for projected PC and TD for Cycle 3 and approximately \$5.8 million¹ for projected TD for Cycle 2. Even though MEEIA Cycle 2 programs ended in December 2019, Evergy Missouri Metro will continue to recover TD on deemed savings until all savings are rebased in a rate case. At the end of 2021 Evergy Missouri Metro is projected to recover from ratepayers approximately \$151.2 million for energy efficiency programs for MEEIA Cycle 2 & 3.

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

¹ The projected \$4.7 million in additional MEEIA Cycle 2 TD is not included in the table and will increase the average cost per avoided kWh included in the table.

Rate Class	Total Current Rate/kWh (\$/kWh)	Total Proposed MEEIA Rate/kWh (\$/kWh)	Increase/Decrease	Increase/Decrease to Customer Bills (per 1,000 kWh's used)
Residential	\$ 0.00640	\$ 0.00600	\$ (0.00040)	\$ (0.40)
Non-Residential SGS	\$ 0.00525	\$ 0.00457	\$ (0.00068)	\$ (0.68)
Non-Residential MGS	\$ 0.00370	\$ 0.00535	\$ 0.00165	\$ 1.65
Non-Residential LGS	\$ 0.00309	\$ 0.00382	\$ 0.00073	\$ 0.73
Non-Residential LPS	\$ 0.00282	\$ 0.00282	\$ -	\$ -

During Staff's review, Staff noted concerns with the level of savings attributable to Home Energy Reports (HER). Staff plans to further review the savings as part of the Company's next prudence review.

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 December 1, 2020 for service on and after February 1, 2021, the requested effective date:

P.S.C. MO. No. 7
 3rd Revised Sheet No. 49Y, Canceling 2nd Revised Sheet No. 49Y

Staff has verified that Evergy Missouri Metro is not delinquent on any assessment and has filed its Annual Report. Evergy Missouri Metro is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.090(10). Staff's recommendation to approve this 3rd Revised Sheet No. 49Y does not constitute a review of the prudence of Evergy Missouri Metro's actions in relation to its DSIM.

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CSR 4240-20.093(4))	

AFFIDAVIT OF MICHELLE A. BOCKLAGE

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COME NOW Michelle A. Bocklage, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Michelle A. Bocklage
Michelle A. Bocklage