BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 2 Energy Efficiency Programs of Evergy Metro, Inc. d/b/a Evergy Missouri Metro	)))))	**File No. EO-2020-0227**
In the Matter of the Second Prudence Review of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 2 Energy Efficiency Programs of Evergy Missouri West, Inc. d/b/a Evergy Missouri West	)))))	**File No. EO-2020-0228**

EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST'S
<u>NOTICE OF FILING CORRECTED MOTION TO LIMIT SCOPE OF PROCEEDING</u>

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (herein collectively referred to as "Evergy") and for its *Notice of Filing Corrected Motion To Limit Scope of Proceeding*, states as follows:

1. On July 29, 2020, Evergy filed its *Motion to Limit Scope of Proceeding* ("Motion") in the above-captioned dockets.

2. This morning it was discovered that the Motion contained an unintentional error pertaining to tariff references and one of the attached tariffs. Specifically, the Motion referenced "Evergy Missouri Metro P.S.C. MO. No. 7 Sheet No. 49**<u>l</u>**"[1] and attached same.

3. The correct tariff reference and attachment should have been, "Evergy Missouri Metro P.S.C. MO. No. 7 Sheet No. 49**<u>I</u>**."

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[1] <u>See</u>, *Evergy Motion to Limited Scope of Proceeding*, ¶¶5 and 7, pp. 2-3.

4. Because of the subtlety of the error brought about by typographical issues and to avoid causing further confusion, Evergy is filing its *Corrected Motion to Limit Scope of Proceeding* ("Corrected Motion"), attached hereto as **Exhibit A**.

WHEREFORE, Evergy respectfully requests the Commission accept the Corrected Motion.

Respectfully Submitted,

|s| Roger W. Steiner

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Attorneys for Respondent Evergy Missouri Metro, and Evergy Missouri West

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 30th day of July 2020.

/s/ Roger W. Steiner
Roger W. Steiner

BEFORE THE PUBLIC SERVICE COMMISSION
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EVERGY MISSOURI METRO AND EVERGY MISSOURI WEST'S
<u>CORRECTED MOTION TO LIMIT SCOPE OF PROCEEDING</u>

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro ("Evergy Missouri Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West") (herein collectively referred to as "Evergy") and submits its *CORRECTED Motion To Limit Scope of Proceeding* ("Corrected Motion") and in support thereof states as follows:

1. On June 30, 2020, the Commission Staff filed its Staff Reports related to the Second Prudence Review of Cycle 2 Costs Related to the Missouri Energy Efficiency Investment Act for the Operations of Evergy Missouri Metro, Inc. and Evergy Missouri West, Inc. ("Evergy Missouri Metro Report" and "Evergy Missouri West Report", respectively), pursuant to the Commission's Rule 20 CSR 4240-20.093(11) and Section 393.1075. According to the Staff Reports, "This Report addresses prudence review costs for Evergy Missouri West's Cycle 2 program costs ("Program Costs"), annual energy and demand savings, Throughput Disincentive ("TD"), and interest." (Evergy Missouri West Report, p. 1; See also Evergy Missouri Metro Report, p. 1)

2. The appropriate scope of the prudence review in this proceeding is defined by subsection (11) of Commission Rule 20 CSR 4240-20.093 when it states:

> (11) A prudence review of the costs subject to the DSIM [Demand Side Investment Mechanism] shall be conducted no less frequently than at twenty-four- (24-) month intervals.

3. As explained below, several of the Staff's proposed disallowances are not related to "costs subject to the DSIM" and therefore are not properly the subject of this proceeding. Such costs are not collected through the DSIM, are not addressed in the DSIM or the MEEIA rules and are not related to the DSIM in any way. Since these costs are not collected through the DSIM there is no way for the Commission to order the refund of these costs to customers in this docket. Therefore, such costs are not "subject to the DSIM" and are inappropriate subjects for proposed disallowances in the MEEIA prudence audit in this proceeding.

4. On page 31 of the Evergy Missouri Metro Report, the Staff includes the following recommendation:

> Evergy Missouri Metro chose not to enter into a capacity sale contract with a non-affiliate for [redacted] despite being very long on capacity; therefore, Staff recommends that the Commission disallow $1,161,474.

5. It is clear that this disallowance exceeds the appropriate scope of a prudence review under 20 CSR 4240.20-090(11) since Evergy's decision not to enter into any capacity sales contracts is not in any way a "cost subject to the DSIM." Capacity sales (or the lack thereof) are not a cost that is collected through the DSIM and are not addressed in the Commission's MEEIA rule[1] or in the Company's DSIM as defined by Evergy Missouri Metro's tariff (Evergy Missouri Metro P.S.C. MO. No. 7 Sheet No. 49I (attached)). Evergy's DSIM includes net program costs, net throughput disincentive, and net earnings opportunity. (Id.) Capacity sales costs and revenues are not collected through the DSIM, are not subject to the DSIM in any way, and should not be the subject of the MEEIA prudence review in this proceeding. Capacity sales are subject to the

[1] See 20 CSR 4240-20.090.

Company's Fuel Adjustment Clause, and should be addressed in an FAC prudence audit, not a MEEIA prudence audit.

6. In the Staff Reports in this proceeding, the Staff made recommendations to disallow certain Southwest Power Pool ("SPP") costs. (Evergy Missouri Metro Staff Report, pp. 28-31; Evergy Missouri West Staff Report, pp. 28-30):

> Evergy Missouri West decision makers chose not to attempt to avoid SPP expenses by targeting demand response events and attempting to call events to reduce the monthly peak load; therefore, Staff recommends that the Commission disallow $697,784. Evergy Missouri West decision makers chose not to target demand response events in an attempt to reduce load during some of the highest DA LMPs despite minimal, if any, incremental costs; therefore, Staff recommends that the Commission disallow $86,303. (Evergy Missouri West Staff Report, p. 30)
>
> Evergy Missouri Metro decision makers chose not to attempt to avoid SPP expenses by targeting demand response events and attempting to call events to reduce the monthly peak load; therefore, Staff recommends that the Commission disallow $499,308.
>
> Evergy Missouri Metro chose not to target demand response events in an attempt to reduce load during some of the highest DA LMPs despite minimal, if any, incremental costs; therefore, Staff recommends that the Commission disallow $54,227.
>
> (Evergy Missouri Metro Staff Report, p. 31)

7. Southwest Power Pool ("SPP") expenses are not a cost that is collected through the DSIM. (See Evergy Missouri Metro P.S.C. MO. No. 7 Original Sheet No. 49I; Evergy Missouri West P.S.C. MO. No. 1, 2nd Revised Sheet No. 138.2 (attached)). As explained above, Evergy's DSIM includes net program costs, net throughput disincentive, and net earnings opportunity. SPP expenses are not collected through the DSIM, are not included in the DSIM, and should not be the subject of the MEEIA prudence review in this proceeding.

8. Since capacity sales and SPP expenses are not subject to the DSIM and have not been collected from customers through the DSIM, the Commission should issue an order limiting the

scope of this proceeding to items that are subject to the DSIM and prohibit the advocacy of proposed disallowances that are not subject to the DSIM. Allowing the consideration of such inappropriate adjustments will needlessly increase the cost of litigation for the parties, add to the complexity of this proceeding and not promote the administrative efficiency of the Commission.

WHEREFORE, Evergy respectfully requests the Commission grant its *Corrected Motion* and issue its order limiting the scope of this proceeding as discussed herein.

Respectfully Submitted,

/s/ Roger W. Steiner

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Attorneys for Respondent Evergy Missouri Metro, and Evergy Missouri West

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/s/ Roger W. Steiner
Roger W. Steiner

DEMAND SIDE INVESTMENT MECHANISM RIDER (CYCLE 2)
Schedule DSIM (Continued)

DETERMINATION OF DSIM RATES:

The DSIM during each applicable EP is a dollar per kWh rate for each rate schedule calculated as follows:

DSIM = [NPC + NTD + NEO + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP, including any unrecovered Cycle 1 Program Cost that will utilize an amortization period as outlined in Stipulation & Agreement filed in Docket EO-2015-0240 .

PCR = Program Costs Reconciliation is equal to the cumulative difference between the PPC revenues billed resulting from the application of the DSIM through the end of the previous EP and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

PTD = Projected Throughput Disincentive is the Company's TD projected by the Company to be incurred during the applicable EP, including any unrecovered TD-NSB that will utilize an amortization period as outlined in Stipulation & Agreement filed in Docket EO-2015-0240. For the detailed methodology for calculating the TD, see Sheet 49K.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed during the previous EP resulting from the application of the DSIM and the Company's TD through the end of the previous EP calculated pursuant to the MEEIA Cycle 1 or 2 Application, as applicable (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

NEO = Net Earnings Opportunity for the applicable EP as defined below,

NEO = EO + EOR

FILED
Missouri Public
Service Commission
EO-2015-0240; YE-2016-0231

DEMAND SIDE INVESTMENT MECHANISM RIDER
Schedule DSIM (Continued)

DETERMINATION OF DSIM RATES:

The DSIM during each applicable EP is a dollar per kWh rate for each rate schedule calculated as

follows: DSIM = [NPC + NTD + NEO + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP, including any unrecovered Cycle 1 Program Costs that will utilize an amortization as outlined in Stipulation & Agreement filed in Docket EO-2015-0241.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the DSIM through the end of the previous EP and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short- Term Borrowing Rate.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

PTD = Projected Throughput Disincentive is the Company's TD projected by the Company to be incurred during the applicable EP, including any any unrecovered Cycle 1 TD-NSB that will utilize an amortization as outlined in Stipulation & Agreement filed in Docket No. EO-2015-0241. For the detailed methodology for calculating the TD, see Sheet 138.4.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed during the previous EP resulting from the application of the DSIM and the Company's TD through the end of the previous EP calculated pursuant to the MEEIA Cycle 1 or 2 application, as applicable(which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under- balances at the Company's monthly Short-Term Borrowing Rate.

NEO = Net Earnings Opportunity for the applicable EP as defined below,

NEO = EO + EOR

EO = Earnings Opportunity is equal to the Earnings Opportunity Award monthly amortization multiplied by the number of billing months in the applicable EP.

The monthly amortization shall be determined by dividing the Earnings Opportunity Award by the number of billing months from the billing month of the first DSIM after the determination of the Earnings Opportunity Award and 24 calendar months following that first billing month.

Issued: June 14, 2019 Effective: ~~July 14, 2019~~ July 4, 2019
Issued by: Darrin R. Ives, Vice President