

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

| | | |
|--|---|-------------------------------------|
| In the Matter of Evergy Metro, Inc. d/b/a |) | |
| Evergy Missouri Metro's Demand Side Investment |) | <u>File No. EO-2025-0325</u> |
| Mechanism Rider Rate Adjustment and True-Up |) | Tariff No. JE-2025-0171 |
| Required by 20 CSR 4240-20.093(4) |) | |

| | | |
|---|---|-------------------------------------|
| In the Matter of Evergy Missouri West, Inc. d/b/a |) | |
| Evergy Missouri West's Demand Side Investment |) | <u>File No. EO-2025-0326</u> |
| Mechanism Rider Rate Adjustment and True-Up |) | Tariff No. JE-2025-0172 |
| Required by 20 CSR 4240-20.093(4) |) | |

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Staff Recommendation states as follows:

1. On June 2, 2025, in Case No. EO-2025-0325, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”) filed proposed revised tariff sheets¹ bearing an effective date of August 1, 2025. Also, on June 2, 2025, in Case No. EO-2025-0326, Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“EMW”) filed proposed revised tariff sheets² bearing an effective date of August 1, 2025. All proposed adjustments and revisions relate to the respective Company’s Demand Side Investment Mechanism (“DSIM”) Rider.

2. On June 3, 2025, the Commission issued an *Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation* (“Orders”) in both Case Nos. EO-2025-0325 and EO-2025-0326. The Orders stated that no later

¹ P.S.C. MO. No. 1 2nd Revised Sheet No. 49.8 Cancelling 1st Revised Sheet No. 49.8
P.S.C. MO. No. 1 11th Revised Sheet No. 49Y Cancelling 10th Revised Sheet No. 49Y

² P.S.C. MO. No. 1 11th Revised Sheet No. 138.17 Cancelling 10th Revised Sheet No. 138.17
P.S.C. MO. No. 1 2nd Revised Sheet No. 138.18 Cancelling 1st Revised Sheet No. 138.18
P.S.C. MO. No. 1 1st Revised Sheet No. 138.24 Cancelling Original Sheet No. 138.24
P.S.C. MO. No. 1 2nd Revised Sheet No. 138.28 Cancelling 1st Revised Sheet No. 138.28

than July 2, 2025, Staff shall file recommendations regarding its examination and analysis of EMM's and EMW's applications and proposed tariff sheets.

3. EMM filed two proposed tariff sheets and EMW filed four proposed tariff sheets that, in addition to reconciliations for prior periods, include changes to the DSIM components based upon actual performance in the six-month period ending April 2025, as well as the forecasted performances through June 2026 for Cycle 4 Program Costs ("PC"), Cycle 4 Throughput Disincentive ("TD"), Cycle 3 PC, and Cycle 3 TD, in addition to Earnings Opportunity ("EO") for Cycle 2 for the three program years beginning April 2016 through March 2019, the EO for Cycle 2 extension program year April 2019 through December 2019 and the EO for the Cycle 3 program years 2020, 2021, 2022, 2023, and 2024.

4. EMM is projected to recover from ratepayers approximately \$274.6 Million for energy efficiency programs for MEEIA Cycles 2, 3 and 4 through June 2026 while EMW is projected to recover approximately \$285.8 Million for energy efficiency programs from ratepayers for the same cycles. The proposed DISM Rider rate changes represent a decrease for the EMM residential customer using 1,000kWh of \$0.91 per month while the decrease for a similar EMW customer would be \$0.33.

6. Based on its examination and analysis of the information EMM and EMW filed and submitted in these cases, Staff recommends the Commission issue an order approving both EMM's and EMW's proposed DSIM rider adjustments, all to become effective on August 1, 2025, subject to both true-up and prudence reviews. Additionally, Staff recommends the Commission include compliance with prior orders and

agreements regarding the appropriate timing for updates to net margin rates as outlined and cited in the *Staff Recommendation* section of each of the attached memoranda.

7. Further explanation of Staff's recommendations is provided in the memoranda attached hereto.

WHEREFORE, Staff submits its recommendations for the Commission's information and consideration, and prays the Commission issue orders accordingly.

Respectfully submitted,

/s/ Tracy D. Johnson

Tracy D. Johnson

Deputy Staff Counsel

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**Attorney for the Staff of the
Missouri Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record on this 2nd day of July, 2025.

/s/ Tracy D. Johnson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2025-0325 and Tariff Tracking No. JE-2025-0171

FROM: Randall T. Jennings, Research/Data Analyst
Brad J. Fortson, Regulatory Compliance Manager
Industry Analysis Division

SUBJECT: Staff Recommendation to Approve Evergy Metro, Inc., d/b/a Evergy Missouri Metro's ("Evergy Metro") Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM") Rider Rate effective August 1, 2025.

DATE: July 2, 2025

Evergy Missouri Metro Filing

On June 2, 2025, Evergy Metro filed with the Commission two tariff sheets bearing an issue date of June 2, 2025, and an effective date of August 1, 2025, proposing to adjust charges related to Evergy Metro's DSIM Rider. Evergy Metro's filing also included the Direct Testimony of Leigh Anne Jones and work papers consisting of electronic worksheets showing its calculation of the proposed rates. As filed, Evergy Metro's DSIM revenue requirement through December 2025 is approximately \$25.5 million.

On June 3, 2025, 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 July 2, 2025.

Change in Evergy Metro's DSIM Rates

Pursuant to 20 CSR 4240-20.093(4), Evergy Metro is required to adjust its DSIM rates no less often than annually¹ 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

¹ Evergy Metro makes semi-annual adjustments to its DSIM rates.

includes changes to the DSIM components based upon actual performance in the six-month period ending April 2025, as well as the forecasted performances through June 2026 for Cycle 4 Program Costs (“PC”), Cycle 4 Throughput Disincentive (“TD”), Cycle 3 PC, and Cycle 3 TD, in addition to Earnings Opportunity (“EO”) for Cycle 2 for the three program years beginning April 2016 through March 2019, the EO for Cycle 2 extension program year April 2019 through December 2019 and the EO for the Cycle 3 program years 2020, 2021, 2022, 2023, and 2024.

The table below provides a summary of the cumulative TD, PC, and EO for Cycles 2, 3, and 4 and the average cost per estimated kilowatt hour (kWh) saved. PC, EO, and TD values for the months of May and June of 2025 are forecasted data, which will be adjusted for actual data in the next filing.

| | MEEIA Cycle 4 through June 2025 | MEEIA Cycle 3 through June 2025 | MEEIA Cycle 2 | MEEIA Cycle 1 | Totals - All Cycles |
|-------------------------------------|--|--|-----------------------|----------------------|--------------------------------|
| TD | \$ 11,442 | \$ 29,108,610 | \$ 45,342,418 | \$ - | \$ 74,462,469 |
| Program Cost | \$ 3,228,807 | \$ 72,154,105 | \$ 67,774,562 | \$ - | \$ 143,157,474 |
| EO | \$ - | \$ 9,647,899 | \$ 7,805,033 | | \$ 17,452,932 |
| Total | \$ 3,240,249 | \$ 110,910,613 | \$ 120,922,012 | \$ - | \$ 235,072,875 |
| Estimated kWh Saved | 0 | 279,126,407 | 314,994,695 | | |
| Avg Cost per Estimated kWh Saved | \$ - | \$ 0.40 | \$ 0.38 | | |

Additionally, from July 2025 through June 2026, Evergy Metro is projecting to recover approximately \$5.8 Million for projected Cycle 3 TD, \$400,000 for projected Cycle 4 TD, \$0 for projected Cycle 3 PC, and \$15.8 Million for projected Cycle 4 PC. Staff agrees these are reasonable projections based on a comparison of past projections to actuals.

| Projected July 2025 through June 2026 | MEEIA Cycle 4 | MEEIA Cycle 3 | MEEIA Cycle 2 | MEEIA Cycle 1 | Totals - All Cycles |
|--|----------------------|----------------------|----------------------|--------------------------|--------------------------------|
| TD | \$ 396,960 | \$ 5,815,384 | \$ - | \$ - | \$ 6,212,344 |
| Program Cost | \$ 15,831,156 | \$ - | \$ - | \$ - | \$ 15,831,156 |
| EO | \$ - | \$ 9,647,899 | \$ 7,805,033 | \$ - | \$ 17,452,932 |
| | \$ 16,228,116 | \$ 15,463,283 | \$ 7,805,033 | \$ - | \$ 39,496,432 |

In total, Evergy Metro is projected to recover from ratepayers approximately \$274.6 Million for energy efficiency programs for MEEIA Cycles 2, 3 and 4 through June 2026.

| | MEEIA Cycle 4 | MEEIA Cycle 3 | MEEIA Cycle 2 | MEEIA Cycle 1 | Totals - All Cycles |
|--------------|-----------------------|--|----------------|---------------|---------------------|
| TD | \$ 408,402 | \$ 34,923,994 | \$ 45,342,418 | \$ - | \$ 80,674,813 |
| Program Cost | \$ 19,059,963 | \$ 72,154,105 | \$ 67,774,562 | \$ - | \$ 158,988,630 |
| EO | \$ - | \$ 19,295,798 | \$ 15,610,066 | \$ - | \$ 34,905,864 |
| Total | \$ 19,468,365 | \$ 126,373,897 | \$ 128,727,045 | \$ - | \$ 274,569,307 |
| Grand Total | \$ 274,569,307 | | | | |
| | \$ 25,575,476 | DSIM Revenue Requirement December 2025 | | | |
| | | TOTAL CYCLES 2, 3 & 4 + Revenue Requirement + | | | |
| | \$ 300,144,783 | Projected Costs through June 2026 | | | |

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under Evergy Metro’s retail rates schedules, excluding kWh of energy supplied to “opt-out” customers as stated in Tariff Sheet 49.

| Rate Schedule | Total Proposed DSIM (\$/kWh) | Total Current DSIM ER-2024-0351 (\$/kWh) | Change Increase/(Decrease) (\$/kWh) | Incr/(Decr) to Customer Bill (for every 1,000 kWh’s used) (\$) |
|-----------------------|------------------------------|--|-------------------------------------|--|
| Residential Service | \$0.00402 | \$0.00493 | (\$0.00091) | (\$0.91) |
| Non-Residential – SGS | \$0.00395 | \$0.00407 | (\$0.00012) | (\$0.12) |
| Non-Residential – MGS | \$0.00602 | \$0.00554 | \$0.00048 | \$0.48 |
| Non-Residential – LGS | \$0.00230 | \$0.00233 | (\$0.00003) | (\$0.03) |
| Non-Residential – LPS | \$0.00211 | \$0.00156 | \$0.00055 | \$0.55 |

The proposed change will decrease residential customers’ DSIM Rider rate from \$0.00493 to \$0.00402 per kWh. For a residential customer using 1,000 kWh, this would mean a decrease of \$0.91 per month. As shown in the above table, the new rates would result in rate increases or decreases for all Non-Residential rate classes per 1,000 kWh.

Staff Recommendation

On April 29, 2024 Evergy Metro filed an application to approve its DSIM filing and request for variances in File EO-2023-0369 as the company's MEEIA 2025-2028 filing ("Evergy MEEIA Cycle 4").

On November 25, 2024, new original tariff sheets were filed, including Tariff Sheet 49.4 which included the following language:

The Company shall file an update to NMR rates by month by rate class/rate plan contemporaneous with filing any compliance tariff sheets in any general rate case reflecting the rates set in that case, and the billing determinants used in setting rates in that case.

On December 11, 2024, the Commission issued an order stating the tariff sheet, as submitted, was approved and effective January 1, 2025.

Accordingly, Staff recommends the Commission issue an order for Evergy Metro that states Evergy Metro shall file an update to its net margin rates by month by rate class/rate plan contemporaneous with filing any compliance tariff sheets in any general rate case reflecting the rates set in that case, and the billing determinants used in setting rates in that case, in operable spreadsheets, and explained in direct testimony.

The Commission Staff's Tariff/Rate Design Department has reviewed the tariff sheets submitted in EO-2025-0325 (this File) and recommends the Commission issue an order approving the following tariff sheets, filed on June 2, 2025, for service on and after August 1, 2025, the requested effective date:

P.S.C. MO. No. 1

2nd Revised Sheet No. 49.8

11th Revised Sheet No. 49Y

Cancelling 1st Revised Sheet No. 49.8

Cancelling 10th Revised Sheet No. 49Y

Staff has verified that Evergy Metro is not delinquent on any assessment and has filed its Annual Report. Evergy Metro is current on its submission of its Quarterly Surveillance Monitoring reports as required in 20 CSR 4240-20.093(4)(D). Staff's recommendation to approve this First Revised Sheet No. 49.8 is based upon Staff's acceptance of Evergy Metro's non-verified work papers and does not constitute a review of the prudence of Evergy Metro's actions in relation to its DSIM.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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|---|---|-----------------------|
| In the Matter of Evergy Metro, Inc. d/b/a |) | |
| Evergy Missouri Metro's Demand Side |) | Case No. EO-2025-0325 |
| Investment Mechanism Rider Rate |) | |
| Adjustment and True-Up Required by |) | |
| 20 CSR 4240-20.098(4) |) | |

AFFIDAVIT OF RANDALL T. JENNINGS

| | | |
|-------------------|---|-----|
| STATE OF MISSOURI |) | |
| |) | ss. |
| COUNTY OF COLE |) | |

COMES NOW RANDALL T. JENNINGS 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.

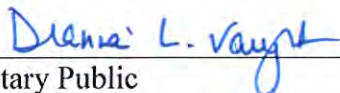
Further the Affiant sayeth not.


RANDALL T. JENNINGS

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 2025.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377


Notary Public

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OF THE STATE OF MISSOURI

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| Evergy Missouri Metro's Demand Side |) | Case No. EO-2025-0325 |
| Investment Mechanism Rider Rate |) | |
| Adjustment and True-Up Required by |) | |
| 20 CSR 4240-20.098(4) |) | |

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 *Staff Recommendation, in Memorandum Form*; and that the same is true and correct according to his best knowledge and belief.

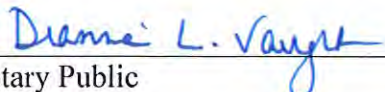
Further the Affiant sayeth not.



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 30th day of June 2025.



Notary Public

