

EVERGY MISSOURI WEST, INC. d/b/a EVERGY MISSOURI WEST

P.S.C. MO. No.	<u>1</u>	<u>3rd</u>	Revised Sheet No. <u>138.10</u>
Canceling P.S.C. MO. No.	<u>1</u>	<u>2nd</u>	Revised Sheet No. <u>138.10</u>

For Missouri Retail Service Area

DEMAND SIDE INVESTMENT MECHANISM RIDER (Cycle 3) Schedule DSIM (Continued)

"Evaluation Measurement & Verification" (EM&V) means the performance of studies and activities intended to evaluate the process of the utility's program delivery and oversight and to estimate and/or verify the estimated actual energy and demand savings, utility lost revenue, cost effectiveness, and other effects from demand-side programs.

"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.

"MEEIA Cycle 3 Plan" consists of the demand-side programs and the DSIM described in the MEEIA Cycle 3 Filing, which became effective following Commission order and approval of the MEEIA Cycle 3 Plan under EO-2019-0133.

"Program Costs" means any prudently incurred program expenditures, including such items as program planning, program design; administration; delivery; end-use measures and incentive payments; advertising expense; evaluation, measurement, and verification; market potential studies; and work on a statewide technical resource manual.

"Cycle 3 Earnings Opportunity" (EO) means the annual incentive ordered by the Commission based on actual performance verified through EM&V against planned targets. The Company's EO for 2020-2022 will be \$9,065,667 if 100% achievement of the planned targets are met. EO is capped at \$14,511,690. Potential Earnings Opportunity adjustments are described on Sheet No. 138.16. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found at Sheet No. 138.18. The Combined Companies' (Evergy Missouri Metro and Evergy Missouri West) EO for 2023 (Extension) will be \$4,733,030 if 100% achievement of the planned targets are met. The Combined Companies' EO is capped at \$4,926,305. The total EO for 2024 (Extension) will be \$4,927,399. The formula for calculating the EO is $\$4,927,399 \times (\text{actual spend} / \$29,038,471)$. The EO vests at \$22,750,000 of actual spend. Potential Earnings Opportunity adjustments are described on Sheet No. 138.19 and Sheet No. 138.19.1. The Combined Companies' EO will be allocated to each jurisdiction by respective program cost spend.

"Short-Term Borrowing Rate" means the daily one Federal Reserve Secured Overnight Financing Rate (SOFR) using the last actual rate for weekends and holidays or dates without an available SOFR rate plus applicable term adjustment plus the Applicable Margin for SOFR as defined in the Pricing Schedule of the current Evergy Missouri West Revolving Credit Agreement will be utilized. A simple mathematical average of all the daily rates for the month is then computed.

"AFUDC Rate" means the Allowance for Funds Used During Construction rate computed in accordance with the formula prescribed in the Code of Federal Regulations Title 18, Part 101.

Recovery Period (RP) includes the day the DSIM Rider Tariff becomes effective through July 31, 2020 and each six month period thereafter.