

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of Evergy Kansas Central, Inc. )  
and Evergy Kansas South, Inc. Seek Approval )  
from the Commission of the Evergy Energy ) Docket No. 22-EKCE-020-TAR  
Efficiency Rider 2021 Filing. )

**NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION**

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), and files its Report and Recommendation regarding the Application Evergy Kansas Central Inc., and Evergy Kansas South, Inc. (together, Evergy Kansas Central).

In its Application, Evergy requested approval of an updated Energy Efficiency Rider (EER), designed to recover costs associated with Commission-approved energy efficiency programs deferred over a twelve-month period ending in June of each year plus any true-up amount from prior periods. Evergy requested to recover \$4,379,725 of combined unrecovered expenses and costs from the prior period. Staff performed an audit of Evergy Kansas Central's EER Application, and found Evergy Kansas Central's expenditures to be reasonable and related to the scope and purpose of the programs.

Staff recommends an adjustment to the True-Up portion of Evergy Kansas Central's filing. As detailed further herein, in Staff's review of the 2019 Transmission Formula Rate (TFR), conducted in October 2020, it was discovered that the account to which the EER is amortized was also incorrectly included in the TFR, and had been since 2010. This resulted in a small portion of the approved EER amount being recovered from retail and transmission customers. Staff has adjusted the True-Up in this year's EER to reflect the actual EER collections, and to correctly reflect that the EER was being double collected. Staff's adjusted True-Up equals an increase in the

recovery portion of the True-Up of \$1,277,601, or in other terms, a reduction to the EER amount of the same.

Staff recommends the Commission approve Staff's adjusted EER amount of \$3,102,124, with the condition that Evergy shall file its next EER in July 2022 to include the costs for Commission approved programs incurred from July 2021 through June 2022. Staff's adjusted amount results in a rate of \$0.000161 per kilowatt hour (kWh), which correlates to an EER monthly charge to residential customers of approximately \$0.14. Compared to last year's monthly EER, the average residential customer will experience a decrease of approximately \$0.04 per month, or \$0.42 annually.

WHEREFORE, Staff submits its Report and Recommendation for Commission review and consideration and for such other relief as the Commission deems just and reasonable.

Respectfully submitted,  
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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chairperson Andrew J. French  
Commissioner Dwight D. Keen  
Commissioner Susan K. Duffy

**FROM:** Kristina Luke Fry, Managing Auditor  
Ian Campbell, Regulatory Auditor  
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance  
Jeff McClanahan, Director of Utilities

**DATE:** September 28, 2021

**SUBJECT:** Docket No. 22-EKCE-020-TAR – In the Matter of Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. Seek Approval from the Commission of the Energy Energy Efficiency Rider 2021 Filing.

**EXECUTIVE SUMMARY**

Staff recommends the Commission approve Staff's revised recovery amount of \$3,102,124 for Evergy Kansas Central and Evergy Kansas South's (collectively referred to as "Evergy" or "Company") annual Energy Efficiency Rider (EER) filing, which results in a rate of \$0.000161 per kilowatt hour (kWh). If approved, Evergy's EER factor would result in a monthly charge to residential customers of approximately \$0.14. When compared to last year's monthly energy efficiency charge, the average residential customer will experience a decrease of approximately \$0.04 per month or \$0.42 annually.<sup>1</sup> Per the Suspension Order dated August 10, 2021, the Commission shall issue an Order in this Docket no later than March 14, 2022. However, consistent with the timeline for previous EER Dockets, Evergy has requested Commission approval of this EER by November 1, 2021.

**BACKGROUND:**

On July 15, 2021, Evergy filed an Application with the Commission requesting approval of its EER. The EER is designed to recover costs associated with Commission-approved energy efficiency programs deferred over a twelve-month period ending in June of each year plus any true-up amount from prior periods. Evergy requests that the proposed 2021 EER become active with the first billing cycle of November 2021, which in this case is November 1, 2021.

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<sup>1</sup> Evergy's residential impact calculations for the increase in the EER charge are based on average residential usage of 900 kWh per month.

Evergy's Application seeks recovery of costs incurred in relation to Commission-approved demand response and energy efficiency programs in the amount of \$4,379,725. This amount includes unrecovered expenses of \$4,277,148 incurred from the period of July 1, 2020, through June 30, 2021, and under-recovered costs of \$102,577 incurred from the prior period.

In Docket No. 08-WSEE-862-ACT (08-862 Docket), Evergy sought to accumulate energy efficiency program costs in sub-account 182.3 – Other Regulatory Assets. The Commission's November 12, 2008, Order conditionally approved Evergy's request subject to certain requirements.<sup>2</sup> Evergy's specific programs, with the respective Dockets, include:

- WattSaver Air Conditioner Cycling Program, Docket No. 09-WSEE-636-TAR
- Energy Efficiency Demand Response Program, Docket No. 10-WSEE-141-TAR
- SimpleSavings Program Rider, Docket No. 10-WSEE-775-TAR

Evergy has received Commission approval to treat the deferral of costs associated with the individual energy efficiency filings listed above as a regulatory asset for future cost recovery. This filing is consistent with the Commission's policy directives established in the November 14, 2008, Order issued in Docket No. 08-GIMX-441-GIV (08-441 Docket).

In the 08-441 Docket, the Commission indicated that EERs should be implemented in a manner that "...maintains the Commission's responsibility to review costs for prudence."<sup>3</sup> However, the Commission also stated that utilities should make formal tariff applications for program approval to allow the Commission the opportunity to review program applications in light of Commission policy directives.<sup>4</sup> As all energy efficiency programs requested for cost recovery have been previously approved by the Commission, Staff limits its reviews of EERs to examinations of expenditures consistency – both in scope and amount – to that previously granted approval by the Commission.

#### **ANALYSIS:**

Staff performed an audit of Evergy's EER Application and is recommending that the Commission approve Staff's revised EER amount of \$3,102,124. Staff requested and received workpapers, supporting invoices, etc., in support of Evergy's Application, as well as the general ledger/journal entry support for these costs. Staff has confirmed that these costs were effectively recorded by Evergy for these programs from July 1, 2020 through June 30, 2021.

Staff reviewed the expenses of the programs provided in Evergy's schedules and compared them with Staff's historical understanding of the purpose and scope of the programs. As a result this review, Staff found no material errors or area for concern.

In the following table, the annual incurred expenditures included in the current filing for each of Evergy's energy efficiency programs are compared to the respective annual program budgets:

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<sup>2</sup> The Commission's Order in the 08-862 Docket established certain requirements including (a) the separate tracking of accumulated costs for each energy efficiency program, and (b) the filing of separate Applications with separate tariffs (rates or riders) as applicable for each program.

<sup>3</sup> See Paragraph 32 of the Final Order dated November 14, 2008, in the 08-441 Docket.

<sup>4</sup> *Id.* Paragraph 34.

<b>Program</b>	<b>Expenditures July 2020 – June 2021</b>	<b>15-WSEE-532- MIS Interim Budgets</b>
Simple Savings Program Expense	\$0	\$750
WattSaver Air Conditioning Cycling Program	\$441,944	\$399,218
Energy Efficiency Demand Response Rider	\$3,835,203	\$3,926,112
<b>Total</b>	<b>\$4,277,148</b>	<b>\$4,306,862</b>

Evergy’s EER expenditures are reasonable as the total amount of expenditures does not exceed the budget for the EER program. Further, through Staff’s review, the expenditures are related to the scope and purpose of the programs.

Staff has examined the expenditures associated with Evergy’s energy efficiency programs and has found the proposed EER rate calculations are reasonable and accurate. However, Staff does recommend an adjustment to the True-Up portion of Evergy’s filing.

The True-Up portion of the EER calculation compares the amount recovered and the approved expense amount. In the past the True-Up has only included the amount recovered by retail customers. In the review of the 2019 Transmission Formula Rate (TFR) it was discovered that the account that to which the EER is amortized is also included in the TFR. This resulted in a small portion of the approved EER amount being recovered from retail and transmission customers. As of April 2020, the EER amount that was previously being amortized to an account included in the TFR began to be amortized to an account that is not included in the TFR. The Company also made correcting entries in that month to zero out the amortization that would have been recovered in the 2020 TFR. However, in Docket 21-EKCE-025-TAR (21-025 Docket), the EER filing which calculated the EER rate for last year, the Company made no adjustment to reflect the amounts recovered in both the EER and the TFR from July 2019 to the end of the year 2019. Staff first became aware of this error as a result of its review of Evergy Kansas Central’s TFR during the month of October 2020. By adjusting the True-Up in this year’s EER, Staff is reflecting the actual EER collections to correctly reflect that the EER was being double collected (in both the TFR and the EER) since 2010.

In an effort to make Staff’s calculation as accurate as possible, Staff requested the amount of EER expense amortized to account 930.2016 (the account that is included in the TFR as well as the EER) for the years of 2009 to 2021. Evergy provided the information to Staff, but with an objection. Evergy argued that the collection prior to June 2020 is not within the time-period included in this EER calculation.<sup>5</sup> Staff disagrees with the Company’s position because the EER contains a True-Up provision that ensures the EER is not over or under collected over time. If there is an error that impacted last year’s True-Up calculation, and thus EER, it is entirely within the Commission’s authority to correct for that error, whether that error increases or decreases customer bills. Staff’s position is that there is no specific limitation for how far back a True-Up calculation can or should go. Further, the Company knew about the double recovery in the 21-025 Docket and did not reflect the extra recovery in its True-Up calculation.

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<sup>5</sup> This docket is focused on expenses from June 2020 to July 2021.

Staff's adjusted True-Up amount takes the amount amortized to the TFR and multiplies it by the Company's Wage and Salary allocator used in the TFR for each year. Staff did this for the time period of 2010 to 2019. This equals an increase in the recovery portion of the True-Up of \$1,277,601 or a reduction of the EER amount of \$1,277,601.

**RECOMMENDATION:**

Staff recommends the Commission approve Staff's EER amount of \$3,102,124, with the condition that Evergy shall file its next EER in July 2022 to include costs for Commission approved programs incurred from July 2021 through June 2022.

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
1	Total Retail Energy Sales (kWh) For November 2021 to October 2022	19,405,226,333
2	Less Lighting Energy Sales For November 2021 to October 2022	<u>110,991,304</u>
3	Total retail less lighting	<u><u>19,294,235,029</u></u>
4	True Up for July 2020 to June 2021	\$ 102,577
5	True Up for Portion Collected in TFR	\$ (1,277,601)
6	Program Expenses fro July 2020 to June 2021	\$ 4,277,148
7	Total EER Amount	<u><u>\$ 3,102,124</u></u>
8	Charge per kWh	<b>\$ 0.000161</b>

<b>Line No.</b>	<b>Year</b>	<b>Amount</b>	<b>W/S Factor</b>	<b>Total</b>
1	2009	-	-	-
2	2010	463,251	0.043935	20,353
3	2011	4,073,230	0.047805	194,721
4	2012	6,161,981	0.044663	275,212
5	2013	6,714,854	0.045799	307,535
6	2014	5,655,541	0.045610	257,950
7	2015	1,485,617	0.044093	65,506
8	2016	1,061,552	0.043443	46,117
9	2017	840,519	0.044429	37,343
10	2018	814,808	0.046334	37,753
11	2019	769,500	0.045627	35,110
12	2020	-	-	-
13	<b>Total</b>	<u>28,040,852</u>		<u>1,277,601</u>



## CERTIFICATE OF SERVICE

22-EKCE-020-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing notice was sent by electronic mail this 1st day of October, 2021, to the following:

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**CERTIFICATE OF SERVICE**

22-EKCE-020-TAR

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*Abigail Emery*

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\* Denotes those receiving the Confidential version