

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

In the Matter of Evergy Kansas Central, Inc.    )  
and Evergy Kansas South, Inc. Seeking    )  
Approval from the Commission for the Energy    ) Docket No. 23-EKCE-035-TAR  
Efficiency Rider.    )

**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 (R&R) regarding the Application of 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 \$4,088,673 of combined unrecovered expenses and costs and over-recovered 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 the Commission approve Evergy's requested \$4,088,673 unrecovered expenses from July 1, 2021 through June 30, 2022. This amount results in a rate of \$0.000211 per kilowatt hour (kWh), which correlates to an EER monthly charge to residential customers of approximately \$0.19. Compared to last year's monthly EER, the average residential customer will

experience an increase of approximately \$0.01 per month, or \$0.12 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,

/s/ Jared R. Jevons

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## **REPORT AND RECOMMENDATION UTILITIES DIVISION**

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

**FROM:** Jaren Dolsky, Rate Analyst  
Kristina Luke Fry, Managing Auditor  
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance  
Jeff McClanahan, Director of Utilities

**DATE:** August 31, 2022

**SUBJECT:** Docket No. 23-EKCE-035-TAR – In the Matter of Evergy Kansas Central, Inc.  
and Evergy Kansas South, Inc. Seeking Commission Approval for Tariff  
Revisions to its Energy Efficiency Rider

### **EXECUTIVE SUMMARY:**

Staff recommends the Commission approve a total annual Energy Efficiency Rider (EER) amount of \$4,088,673 for Evergy Kansas Central and Evergy Kansas South (collectively referred to as “Evergy” or “Company”), which results in a rate of \$0.000211 per kilowatt hour (kWh). If approved, Evergy’s EER factor would result in a monthly charge to residential customers of approximately \$0.19. When compared to last year’s monthly energy efficiency charge the average residential customer will experience a reduction of approximately \$0.01 monthly or \$0.12 annually.<sup>1</sup> Per the Suspension Order dated July 26, 2022, the Commission shall issue an Order in this Docket no later than March 13, 2023. However, consistent with the timeline for previous EER Dockets, Evergy has requested Commission approval of this EER by November 1, 2022.

### **BACKGROUND:**

On July 15, 2022, 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 the prior period. Evergy requests that the proposed 2022 EER become effective with the first billing cycle of November 2022, which in this case is November 1, 2022.

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<sup>1</sup> Evergy’s residential impact calculations for the reduction 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 \$4,088,673. This amount includes unrecovered expenses of \$ 4,269,605 incurred from the period of July 1, 2021 through June 30, 2022, and over-recovered costs of \$180,932 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 an order issued on November 14, 2008 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 the Commission approve Evergy's EER amount of \$4,088,673. 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 recorded by Evergy for these programs from July 1, 2021 through June 30, 2022.

Staff also reviewed the expenses of the programs provided in Evergy's schedules and compared them with Staff's understanding of the purpose and scope of the programs. As a result of 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> Final Order, Docket No. 08-WSEE-862-ACT, p. 5 (Nov. 12, 2008). 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 Final Order, Docket No. 08-ATMG-441-TAR, ¶ 32 (Nov. 14, 2008).

<sup>4</sup> *Id.* at ¶ 34.

<b>Program</b>	<b>Expenditures July 2021 – June 2022</b>	<b>15-WSEE-532- MIS Interim Budgets</b>
Simple Savings Program Expenses	\$21	\$750
WattSaver Air Conditioner Cycling Program	\$399,212	\$379,750
Energy Efficiency Demand Response Rider	\$3,870,372	\$3,926,112
<b>Total</b>	<b>\$4,269,605</b>	<b>\$4,306,612</b>

Evergy's EER expenditures of \$4,269,605 are reasonable as the total amount of expenditures does not exceed the budget for the EER program. During the same period, Evergy over-recovered \$180,932, which reduces the proposed EER amount to \$4,088,673. Further, the expenditures are related to the scope and purpose of the programs based on Staff's review.

Staff has examined the expenditures associated with Evergy's energy efficiency programs and finds the proposed EER rate calculations to be reasonable and accurate. Therefore, Staff recommends Commission approval of Evergy's proposed EER.

**RECOMMENDATION:**

Staff recommends the Commission approve Evergy's EER amount of \$4,088,673, with the condition that Evergy shall file its next EER in July 2023 to include costs for Commission approved programs incurred from July 2022 through June 2023.

## **CERTIFICATE OF SERVICE**

23-EKCE-035-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served via electronic service this 6th day of September, 2022, to the following:

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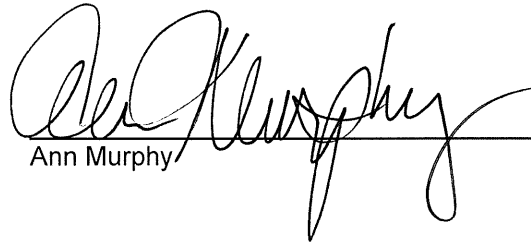
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**CERTIFICATE OF SERVICE**

23-EKCE-035-TAR

A handwritten signature in black ink, appearing to read "Ann Murphy", is written over a horizontal line. The signature is fluid and cursive, with the first name "Ann" and last name "Murphy" clearly distinguishable.

Ann Murphy