

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

In the Matter of the Application of Evergy     )  
Kansas Central, Inc. and Evergy Kansas South,     )  
Inc., d/b/a Evergy Kansas Central, for     ) Docket No. 25-EKCE-080-TAR  
Approval of its 2024 Energy Efficiency Rider     )  
for Program Costs     )

**NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION (PUBLIC)**

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") to update its Energy Efficiency Rider ("EER"). Evergy Kansas Central requested to recover \$4,704,278 for expenses related to energy efficiency programs for the period of July 1, 2023 to June 30, 2024. If approved, Evergy's EER update would result in a monthly charge of \$0.23 to residential customers. This is an increase compared to last year of \$0.06 per month, or \$0.72 annually.

Staff examined the expenditures associated with Evergy Kansas Central's energy efficiency programs and finds the proposed EER rate calculations are accurate based upon those expenditures. Therefore, Staff recommends the Commission approve Evergy Kansas Central's EER total amount of \$4,704,278 with the condition that Evergy Kansas Central shall file its next EER update in July 2025 to include costs for Commission-approved programs recorded from July 2024 to June 2025.

Certain portions of this Report and Recommendation which include confidential commercial information have been redacted in accordance with K.S.A 66-1220a.

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/ Carly R. Masenthin

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Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Annie Kuether, Commissioner

Laura Kelly, Governor

**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**REDACTED VERSION**

**TO:** Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Annie Kuether, Commissioner

**FROM:** Tim Rehagen, Senior Auditor  
Chad Unrein, Chief of Accounting and Financial Analysis  
Justin Grady, Deputy Director of Utilities  
Jeff McClanahan, Director of Utilities

**DATE:** October 15, 2024

**SUBJECT:** Docket No. 25-EKCE-080-TAR – In the Matter of the Application of Evergy Kansas Central, Inc. and Evergy Kansas South, Inc., d/b/a Evergy Kansas Central, for Approval of its 2024 Energy Efficiency Rider for Program Costs.

**EXECUTIVE SUMMARY**

Staff recommends the Commission approve a total annual Energy Efficiency Rider (EER) amount of \$4,704,278 for Evergy Kansas Central and Evergy Kansas South (collectively referred to as “Evergy” or “Company”), which results in a rate of \$0.000251 per kilowatt hour (kWh).<sup>1</sup> If approved, Evergy’s EER factor would result in a monthly charge to residential customers of approximately \$0.23. When compared to last year’s monthly energy efficiency charge, the average residential customer will experience an increase of approximately \$0.06 monthly, or \$0.72 annually.<sup>2</sup> Per the Suspension Order dated July 23, 2024, the Commission shall issue an Order in this Docket no later than March 12, 2025. However, consistent with the timeline for previous EER Dockets, Evergy has requested Commission approval of this EER by November 1, 2024.

**BACKGROUND:**

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 Order

<sup>1</sup> See page 30 of the Application for the calculation of the \$0.000251/kWh rate.

<sup>2</sup> Evergy’s residential impact calculations for the reduction in the EER charge are based on an average residential usage of 900 kWh per month.

issued on November 12, 2008, conditionally approved Evergy's request subject to certain requirements.<sup>3</sup> Evergy's specific programs, with their 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>4</sup> 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>5</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 expenditure consistency – both in scope and amount – to that previously approved by the Commission.

On July 15, 2024, Evergy filed an Application with the Commission requesting approval of its 2024 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 twelve-month period. Evergy requests that the proposed 2024 EER become effective with the first billing cycle of November 2024, which in this case is November 1, 2024.

Evergy's Application seeks recovery of costs incurred in relation to Commission-approved demand response and energy efficiency programs in the amount of \$4,704,278. This amount includes unrecovered expenses of \$4,660,319 recorded during the period of July 1, 2023, through June 30, 2024, and under-recovered costs of \$43,959 from the prior twelve-month period.

### **ANALYSIS:**

Staff performed an audit of Evergy's EER Application. At Staff's request, Evergy provided workpapers in support of the Application, including invoices for a sample of projects that make up the 2023 program costs and general ledger support for the 2023 program costs. Staff confirmed that the costs for these programs were properly recorded by Evergy for the period of July 1, 2023, through June 30, 2024. In its audit of the Application, Staff did not discover any improper or unnecessary costs.

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<sup>3</sup> See the Final Order, Docket No. 08-WSEE-862-ACT, page 5 (November 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 Application with separate tariffs (rates or riders) as applicable for each program.

<sup>4</sup> See paragraph 32 of the Final Order in the 08-441 Docket (November 14, 2008).

<sup>5</sup> *Id.* at paragraph 34.

In the following table, the annual expenditures included in the current filing for each of Evergy's energy efficiency programs are compared to their respective annual program budgets. The table also includes the amount of overspending for each program (except Simple Savings) expressed as a percentage of the original program budget amount.

<b>Program</b>	<b>Expenditures July 2023 – June 2024</b>	<b>Annual Program Budgets</b>	<b>Budget Overage</b>
Energy Efficiency Demand Response Rider	\$4,207,617	\$3,926,112	\$281,505
Simple Savings Program Expenses	21	750	-
WattSaver Air Conditioner Cycling Program	452,681	379,750	72,931
<b>Total</b>	<b>\$4,660,319</b>	<b>\$4,306,612</b>	<b>\$354,436</b>

As the table shows, Evergy's expenditures for its Energy Efficiency Demand Response Rider (EEDR) and the WattSaver Air Conditioner Cycling Program (WattSaver) exceeded their annual program budget amounts, resulting in a total annual budget overage of 8.2%. In the Order for the Commission's general investigation in Docket No. 08-GIMX-442-GIV, the Commission and stakeholders contemplated a threshold to offer utilities flexibility in the budget process. In the Commission findings, the Commission stated,

...granting a utility flexibility to adjust a program's budget up to 10%, based on the program's initial budget (or subsequent budget approved by the Commission in a two-year review or other proceeding) is appropriate as it should permit utilities to more quickly adjust to changing circumstances.<sup>6</sup>

In total, Evergy is within the 10% threshold to its budget expenditures; however, Staff issued discovery to Evergy inquiring about the drivers that influenced the overages of the energy efficiency programs and discuss any customer benefits that were derived from the overages. In its confidential response to KCC Data Request No. 2, Evergy stated,

[REDACTED]

[REDACTED]

<sup>6</sup> See Commission Order in the 08-442 Docket, paragraph 181.

[REDACTED]

The WattSaver expenditures for this same twelve-month period totaled \$452,681, which exceeded the WattSaver budget by \$72,931. This occurred because of a timing delay in the delivery of invoices from February and June 2023 to Evergy. As a result, the invoice amounts of \$155,521 were not booked until July 2023, thus inflating the total expenditures recorded for that month.<sup>8</sup> Subtracting these late-booked expenditures results in \$297,160 of WattSaver expenditures incurred for July 2023 through June 2024, which is well below the annual WattSaver program budget amount of \$379,750.<sup>9</sup>

As Evergy is within the 10% threshold, Staff concludes that the EEDR and the WattSaver expenditures should be approved for recovery through the EER. Staff has determined that the EER expenditures recorded from July 2023 through June 2024 are related to the scope and purpose of the EE programs based on Staff's review. Also, during this period, Evergy under-recovered \$43,959, which increases the proposed EER amount to \$4,704,278.

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 \$4,704,278, with the condition that Evergy shall file its next EER in July 2025 to include costs for Commission approved programs recorded from July 2024 through June 2025.

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<sup>8</sup> These include a Cannon Technologies invoice for \$140,697 that Evergy typically receives in the February/March time frame, and a June 2023 ClearResult invoice for \$14,824.

<sup>9</sup> Shifting these expenditures to the months in which they were actually incurred (February and June 2023) increases Evergy's total EER expenditures incurred from July 2022 through June 2023 to \$389,920, which is slightly higher than the WattSaver program budget amount of \$379,750. Because this variance is immaterial, Staff has elected not to challenge it.

## **CERTIFICATE OF SERVICE**

25-EKCE-080-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 16th day of October, 2024, to the following:

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**CERTIFICATE OF SERVICE**

25-EKCE-080-TAR

*Ann Murphy*

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