

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

In the Matter of Evergy Kansas Central, Inc.)
and Evergy Kansas South, Inc. Seeking) Docket No. 21-EKCE-025-TAR
Commission Approval for Tariff Revisions to)
its Energy 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 regarding Evergy Kansas Central, Inc. and Evergy Kansas South, Inc. (collectively, "Evergy")'s Application seeking approval of revisions to its Energy Efficiency Rider (EER). Staff recommends the Commission approve \$3,869,360 for Evergy's EER, which breaks down to a rate of \$0.000199 per kilowatt hour, or a monthly charge to residential customers of approximately \$0.18. Compared to last year's monthly energy efficiency charge, the average residential customer will experience a reduction of approximately \$0.03 per month, or \$0.36 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/ Carly R. Masenthin
Carly R. Masenthin, #27944
Staff Attorney
1500 SW Arrowhead Rd
Topeka, KS 66604
Phone (785) 271-3361
Email: c.masenthin@kcc.ks.gov

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

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

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

DATE: August 25, 2020

SUBJECT: Docket No. 21-EKCE-025-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 \$3,869,360 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 \$0.000199 per kilowatt hour (kWh). If approved, Evergy's EER factor would result in a monthly charge to residential customers of approximately \$0.18. When compared to last year's monthly energy efficiency charge, the average residential customer will experience a reduction of approximately \$0.03 per month or \$0.36 annually.¹ Per the Suspension Order dated July 30, 2020, the Commission shall issue an Order in this Docket no later than March 12, 2021. However, consistent with the timeline for previous EER Dockets, Evergy has requested Commission approval of this EER by October 27, 2020.

BACKGROUND:

On July 15, 2020, 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 2020 EER become effective with the first billing cycle of November 2020, which in this case is October 27, 2020.

Evergy's Application seeks recovery of costs incurred in relation to Commission-approved demand response and energy efficiency programs in the amount of \$3,869,360. This amount

¹ Evergy's residential impact calculations for the reduction in the EER charge are based on average residential usage of 900 kWh per month.

includes unrecovered expenses of \$3,741,260 incurred from the period of July 1, 2019, through June 30, 2020, and under-recovered costs of \$128,100 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.² 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."³ 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.⁴ 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 \$3,869,360. 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, 2019, through June 30, 2020.

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 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:

² 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.

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

⁴ *Id.* Paragraph 34.

Program	Expenditures July 2019 – June 2020	15-WSEE-532- MIS Interim Budgets
Simple Savings Program Expenses	\$210	\$750
WattSaver Air Conditioner Cycling Program	\$490,518	\$399,218
Energy Efficiency Demand Response Rider	\$3,250,532	\$3,926,112
Total	\$3,741,260	\$4,306,862

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. Therefore, Staff recommends Commission approval of the Evergy's proposed EER.

RECOMMENDATION:

Staff recommends the Commission approve Evergy's EER amount of \$3,869,360, with the condition that Evergy shall file its next EER in July 2021 to include costs for Commission approved programs incurred from July 2020 through June 2021.

CERTIFICATE OF SERVICE

21-EKCE-025-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 31st day of August, 2020, to the following:

JOSEPH R. ASTRAB, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
j.astrab@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.nickel@curb.kansas.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
s.rabb@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

ROBIN ALLACHER, REGULATORY ANALYST
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
robin.allacher@evergy.com

CATHRYN J. DINGES, CORPORATE COUNSEL
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
Fax: 785-575-8136
cathy.dinges@evergy.com

RONALD A KLOTE, DIRECTOR REGULATORY AFFAIRS
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
ronald.klote@evergy.com

LISA STARKEBAUM, MANAGER, REGULATORY AFFAIRS
EVERGY METRO, INC
D/B/A EVERGY KANSAS METRO
ONE KANSAS CITY PL, 1200 MAIN ST
19TH FLOOR
KANSAS CITY, MO 64105
Fax: 816-556-2110
lisa.starkebaum@evergy.com

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
c.masenthin@kcc.ks.gov

CERTIFICATE OF SERVICE

21-EKCE-025-TAR



Ann Murphy