

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Proposed Tariff Sheets for an Air)	
Conditioner Cycling Rider and Program to be)	
Implemented as a Part of the Experimental)	Case No. ET-2006-
Regulatory Plan of Kansas City Power & Light)	
Company)	

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission (Staff) and submits the attached Staff Recommendation (Appendix A) requesting that the Missouri Public Service Commission (Commission) approve the tariff sheets filed on September 14, 2005 by Kansas City Power & Light Company (KCPL) or permit them to go into effect by operation-of-law to implement a Residential And Small Commercial And Industrial Air Conditioner Cycling Rider and Program consistent with the terms of the KCPL Experimental Regulatory Plan approved by the Commission in Case No. EO-2005-0329. The tariff sheets have an effective date of October 14, 2005. The program recommended by the Staff for Commission approval was reviewed by the Customer Programs Advisory Group (CPAG). The CPAG has been meeting so as to review and advise KCPL regarding the committing to tariff sheets of the Demand Response, Efficiency and Affordability Programs contemplated by the KCPL Experimental Regulatory Plan, which was approved by the Commission in Case No. EO-2005-0329. This air conditioner cycling program is one of the demand response programs described in Appendix C of the KCPL Experimental Regulatory Plan. KCPL will engage in an evaluation of the program and make a recommendation to continue, change or end the program after the second year of the program.

Wherefore the Staff requests that the Commission approve the tariff sheets filed by Kansas City Power & Light Company with an effective date of October 14, 2005 to effectuate an air conditioner cycling rider and program or permit the tariff sheet to go into effect by operation-of-law.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/Steven Dottheim
Steven Dottheim
Chief Deputy General Counsel
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 12th day of October 2005.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2006-____, File No. JE-2006-0195
Kansas City Power & Light Company

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator
Henry Warren, Regulatory Economist II
Mack McDuffey, Rate & Tariff Examiner II

/s/ James Watkins/10-12-05 /s/ Steven Dottheim/10-12-05
Energy Department / Date General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheets Filed To Implement An Air Conditioner Cycling Program

DATE: October 11, 2005

On September 14, 2005, Kansas City Power & Light Company (KCPL or Company) of Kansas City, Missouri, filed with the Missouri Public Service Commission (Commission) two (2) tariff sheets titled "Residential And Small Commercial And Industrial Air Conditioner Cycling Rider" with a proposed effective date of October 14, 2005 to implement an air conditioner cycling program (Program). This filing is made pursuant to the agreement by KCPL to file tariffs for each of the Company's Demand Response, Efficiency and Affordability Programs implemented as a part of its Experimental Regulatory Plan approved by the Commission in its July 28, 2005 Report And Order in Case No. EO-2005-0329. The Program is one of the demand response programs described in Appendix C of the Stipulation and Agreement. On October 6, 2005, KCPL filed one (1) substitute tariff sheet at the request of the Staff to clarify the term of the contract.

KCPL's Demand Response, Efficiency and Affordability Programs are a part of the Experimental Regulatory Plan. The Customer Programs Advisory Group (CPAG) established by the Experimental Regulatory Plan recommends approval of this Program. The following Signatory Parties to the Experimental Regulatory Plan participating in the CPAG regarding this program:

1. Mo. PSC Staff
2. Office of the Public Counsel
3. Department of Natural Resources - Energy Center
4. Praxair, Inc.
5. City of Kansas City
6. The Empire District Electric Company

The objective of the Program is to reduce aggregate residential and small commercial air conditioning load during peak summer days by staggering when each participant's air conditioner is running. The Company will implement air conditioner cycling by sending a paging signal to a digital programmable thermostat attached to the participant's air conditioner. The thermostat then

turns the air conditioner off and on over a period of time. The digital programmable thermostat can be controlled by the Company in three different ways: 1) it can cycle the outdoor compressor on and off at a level set by the Company; 2) it can adjust the temperature by immediately raising the thermostat setting several degrees at the beginning of an event; or 3) it can raise the temperature one degree per hour for a few hours. With the participant's agreement, KCPL may also control additional appliances.

KCPL will provide the participants in the Program the use of the Company's installed programmable thermostat. The participants can use this thermostat to improve energy efficiency for space cooling and heating (electric or gas), throughout the year and potentially reduce their utility bills. If a customer participates through the end of the three-year initial contract period, the thermostat becomes the customer's property.

KCPL is permitted for operational or economic reasons to initiate control of customers' thermostats at any time on any weekday from May 1 to September 30; however, the Program is currently designed to provide control for only a maximum of four (4) hours per day per participant. The Company will notify participating customers of a curtailment event via a website and/or on the thermostat. Participants will, however, be permitted to override the system one day per month and will communicate their override request to KCPL via the Internet or by phone.

The Program is available to any residential or small general service customer that has at least a two ton, split coil central air conditioning system in an area that has adequate pager/radio coverage. KCPL plans to implement a test market on six zip codes --- three in Missouri and three in Kansas.

At the conclusion of the second year of the Program, KCPL will conduct an evaluation of the Program and make a recommendation to the CPAG to continue, change or end the program. The cost of the Program for the first year is budgeted to be \$183,780 for Missouri and the second year budget for Missouri is \$1,152,675. These budget numbers differ from the Stipulation and Agreement (S&A) in that the S&A numbers included labor costs.

The Commission's Energy Department Staff (Staff) has reviewed the filed tariff sheets. The Company has provided the supporting information required by 4 CSR 240-3.150 (3) for Promotional Practices tariff filings. Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheets, as filed on September 14, 2005, and substituted on October 6, 2005, to become effective on October 14, 2005, as requested in KCPL's cover letter, or permit the tariff sheets to go into effect by operation of law:

P.S.C. MO. No. 7
Original Sheet No. 43F
Original Sheet No. 43G

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The following electric cases involving KCPL are also before the Commission at this time:

EE-2006-0123

EF-2004-0512

EO-2000-210

EF-2005-0498

EO-2004-0590

EO-2006-0094