

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

Kansas City Power & Light Company Energy Audit        )  
and Energy Saving Measures Rider Schedule ER        )     Case No. ET-2006-0458

**STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEETS**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its Recommendation the Commission approve Tariff Sheets Kansas City Power & Light Company (KCPL) filed on May 30, 2006, as substituted on June 7, 2006, states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends the Missouri Public Service Commission approve the two tariff sheets KCPL filed on May 30, 2006, as substituted on June 7, 2006, to implement an energy audit and energy savings measures program for commercial and industrial customers required as part of the Regulatory Plan of KCPL (Appendix C) approved and ordered by the Commission in Case No. EO-2005-0329.

2. As filed, the tariff sheets bore an effective date of July 3, 2006; however, at the Staff's request, on June 23, 2006, KCPL extended the effective date to July 10, 2006.

3. Because the tariff sheets, as substituted, comply with Appendix C to the Stipulation and Agreement the Commission approved and ordered the parties to perform in Case No. EO-2005-0329, the Staff recommends the Commission issue an order approving the proposed tariff sheets, as substituted June 7, 2006, to be effective July 10, 2006.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Tariff Sheets Kansas City Power & Light Company filed on May 30, 2006, as substituted on June 7, 2006, to become effective July 10, 2006, to wit:

P.S.C. MO. No. 7  
Original Sheet No. 43L  
Original Sheet No. 43M

Respectfully submitted,

/s/ Nathan Williams  
Nathan Williams  
Senior Counsel  
Missouri Bar No. 35512

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 26<sup>th</sup> day of June, 2006.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ET-2006-0458, File No. YE-2006-0883  
Kansas City Power & Light Company

FROM: Henry Warren, Regulatory Economist II  
Mack McDuffey, Rate & Tariff Examiner II

/s/ Tom Imhoff 6/26/06  
Energy Department / Date

/s/ Nathan Williams 06/26/06  
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheets Filed To Implement An  
Energy Audit And Energy Saving Measures Rider For Non-Residential  
Customers

DATE: June 22, 2006

On May 30, 2006, Kansas City Power & Light Company (KCPL or Company) of Kansas City, Missouri, filed with the Commission two (2) tariff sheets with a proposed effective date of July 3, 2006. These sheets describe the Energy Audit Program and Energy Saving Measures Program (Programs) offered by KCPL to commercial and industrial customers to encourage more effective utilization of electric energy through energy efficiency improvements in the building shell, the replacement of inefficient electrical equipment with efficient electrical equipment or installation of efficient electrical equipment in new construction.

On June 5, 2006, KCPL filed substitute tariff sheets to make minor changes as requested by the Commission's Energy Department Staff (Staff). On June 7, 2006, KCPL filed substitute tariff sheets to correct the footer as requested by the Staff. On June 23, 2006 KCPL extended the requested effective date to July 10, 2006 as requested by the Staff. This filing is made pursuant to the Demand Response, Efficiency and Affordability Programs section of Appendix C of the Stipulation and Agreement which comprises the Experimental Regulatory Plan approved by the Commission in its July 28, 2005 Report And Order in Case No. EO-2005-0329. The Customer Programs Advisory Group (CPAG) has reviewed the Programs.

### Description of Programs

KCPL will administer the Programs with assistance from the partnership of Opinion Dynamics Corporation and Summit Blue Consulting. Applications will be evaluated and approved by the Administrator (KCPL). A Participant is a commercial or industrial customer of KCPL who has an application approved for the Programs. The objectives of the Programs are to (1) identify barriers to energy efficiency implementation, (2) test the market in all Participant size categories, (3) get efficiency projects implemented and (4) fund the Programs fairly and equitably for Participants.

KCPL will offer rebates to encourage the installation of energy efficient equipment to reduce energy use and lower demand. The Programs provide rebates for an energy audit and subsequent improvements in the energy efficiency of the building space and/or equipment. The Programs have three components: 1) an energy audit program, 2) a rebate program for existing facilities and 3) a

rebate program for new construction.

#### Energy Audit Program

This Program will offer rebates to help Participants cover the cost of an energy audit.

1. Commercial energy auditor chosen by the Participant from a list of commercial energy auditors approved by KCPL must perform the energy audit.
2. In order to receive a rebate for the audit, the Participant must implement at least one audit recommendation that qualify under the Custom Rebate Retrofit Program.
3. Rebate will be 50% of the audit cost up to \$300 for Participants with facilities less than 25,000 sq. ft. and up to \$500 for Participants with facilities over 25,000 sq. ft.
4. Participants with multiple buildings will be eligible for multiple rebates up to the limits as described below.

#### Custom Rebate Retrofit Program

This Program provides rebates to Participants that install, replace or retrofit qualifying electric savings measures including heating, ventilation and air conditioning (HVAC) systems, motors, lighting, pumps, etc.

1. All rebates will be individually determined and analyzed to ensure that the implementation of the measure with the rebate passes the Societal Benefit/Cost Test and the Total Resource Cost Test.
2. Rebates are calculated as the lesser of (a) a buy down to a two year payback or (b) 50% of the incremental cost.
3. A Participant may submit multiple rebate applications for different measures. Each individual measure will be evaluated on its own merits.
4. Similar measures that are proposed in different facilities or buildings will be evaluated separately.
5. Participants with multiple buildings will be eligible for multiple rebates, up to the limits as described below.

#### Custom Rebate New Construction Program

This Program will focus on the New Construction market and provide rebates to Participants that install qualifying electric savings measures including HVAC systems, motors, lighting, pumps, etc. This Program has the same qualifications as the Custom Rebate Retrofit Program.

#### Funding

All rebates will be distributed by the Company on a first-come, first awarded basis according to the date of the Participant's application. The funding is divided into three general service customer classes and based on the revenue contribution of each customer class to the overall commercial and industrial revenue:

Small General Service is 0 – 25 kW with a rounded contribution of 20%

Medium General Service is 25 – 200 kW with a rounded contribution of 33%

Large General Service/Large Power Service is over 200 kW with a rounded contribution of 47%

During the first six months of the Programs, funding from each customer class will be determined with a cap per Participant of 10% for small general service, 10% for medium general service and 25% for large general service/large power service.

After the initial six months of the Programs, the same Participant may submit an additional application that puts that Participant above the Participant cap for the year, but the funding must stay within the same customer class. Since six months may not be long enough for a completed project, KCPL will not have any requirement for a completion date. KCPL will require receiving demonstration of an earnest commitment from the Participant for the funding to be reserved.

Funds not distributed in a Programs year shall be rolled over to be utilized in the succeeding Programs year and the maximum amount of the rebates will be adjusted as needed to any of the three customer classes. If at the end of the fifth year any funds remain, the remaining excess shall be made available for other energy efficiency programs. The total amount of all rebates shall not exceed the funds for the Programs.

#### Annual Funding For Programs

	Missouri Total	Small General Service Portion	Medium General Service Portion	Large General or Large Power Service Portion
<b>Energy Audit</b>	\$ 23,920	\$ 5,000	\$ 7,902	\$ 11,018
<b>Custom Rebate - Retrofit</b>	\$ 358,800	\$ 72,992	\$ 118,526	\$ 167,282
<b>Custom Rebate - New Construction</b>	\$ 448,500	\$ 91,241	\$ 148,157	\$ 209,103
<b>Customer Cap</b>		10%	10%	25%

#### Marketing

The Programs marketing plan is based on a multi-channel touch point strategy. The broad approach will be to create awareness of the Programs through a three pronged approach:

1. Targeted promotions through KCPL's sales channels and through trade allies.
2. A strong public relations effort targeting the business media, and business and trade associations.
3. A targeted advertising campaign focused on the customer base, using bill inserts and messages, direct mail, the KCP&L website, and local business publications.

#### Evaluation

KCPL has chosen a partnership of Opinion Dynamics Corporation and Summit Blue Consulting to conduct the process and impact evaluations. Once the contract has been finalized, a detailed evaluation plan for each component of the Programs will be developed. Once the Programs have been in effect for two years, the consultant will evaluate the Programs.

- Energy Audit Program: KCPL will track the effectiveness of this Program through Custom Rebate Program evaluations.
- Custom Rebate Retrofit Program: By design, this Program is self-evaluating. Impacts are based upon detailed engineering analysis. The evaluation contractor will independently determine impacts.
- Custom Rebate New Construction Program: Same as Customer Rebates Retrofit Program.

The results will be submitted to the Commission Staff for its review within six months after the end of the second year of the Programs.

The Programs will terminate five (5) years after the original effective date of these tariff sheets.

Staff Recommendation

The Staff has reviewed the filed tariff sheets, and is of the opinion that they are in compliance with the Stipulation and Agreement approved by the Commission's Report And Order in Case No. EO-2005-0329. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheets, as filed on May 30, 2006, and substituted on June 5 and June 7, 2006, to become effective on July 10, 2006, as requested by KCPL, or permit the tariff sheets to go into effect by operation-of-law:

P.S.C. MO. No. 7  
Original Sheet No. 43L  
Original Sheet No. 43M

The Staff has verified that this Company is not delinquent on any assessment or the filing of its 2005 annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

