

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

In the Matter of Kansas City Power & Light)	
Company's Demand Side Investment)	<u>File No. ER-2017-0316</u>
Mechanism Rider Rate Adjustment and)	Tracking No. JE-2017-0252
True-Up Required by 4 CSR 240.3.163(8))	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW Staff of the Missouri Public Service Commission, by and through counsel, and submits its Recommendation to the Missouri Public Service Commission ("Commission") recommending that the Commission issue an order approving tariff sheet Third Revised Sheet No. 49O ("Tariff Sheet") as filed by Kansas City Power & Light Company ("KCPL" or "Company") on June 1, 2017, and substituted on June 23, 2017 and on June 28, 2017, bearing an effective date of August 1, 2017. Staff has reviewed the Tariff Sheet and explains its reasons supporting its approval in Staff's Memorandum attached hereto as Appendix A and incorporated herein, further stating as follows:

1. KCPL filed its Tariff Sheet for the purpose of modifying the Company's DSIM ("Demand Side Investment Mechanism") under the Missouri Energy Efficiency Investment Act ("MEEIA") and Commission rules 4 CSR 240-20.093(4) and 4 CSR 240.3.163(8) .

2. The DSIM Rider rate change increases overall revenue collected through rates. This proposed change will increase residential customers' DSIM Rider rate from \$0.00391 to \$0.00543 per kWh (kilowatt hour) and increase non-residential customers' rate from \$0.00433 to \$0.00502 per kWh. For a residential customer using 1,000 kWhs, this change increases a bill by \$1.52 per month. For a non-residential customer, this change increases a bill by \$0.69 for every 1,000 kWhs used.

3. As further explained in detail in its Memorandum, Staff notes that this DSIM filing: (1) continues to include the earned performance incentive award that is the result of evaluation, measurement, and verification (“EM&V”) for KCPL’s MEEIA program performance in Cycle 1, (2) includes a correction regarding certain energy efficiency measure installation reporting in past DSIM rate calculations, (3) includes a correction regarding the reporting used to normalize billing determinants in KCPL’s rate case ER-2016-0258, (4) corrects errors in calculating the DSIM rate calculation that was implemented in ER-2017-0167 and Tariff Tracking No. JE-2017-0111 which took effect February 1, 2017 and remains in effect at this time, and (5) includes a “rebasement adjustment” as permitted on Tariff Sheet 49K which reduces the amount collected for throughput disincentive.

WHEREFORE, for the reasons discussed above and further explained in Staff’s Memorandum, Staff recommends the Commission issue an order approving the following tariff sheet as filed June 1, 2017, and substituted on June 23, 2017 and June 28, 2017, for service on and after August 1, 2017:

P.S.C. MO. No. 7

3rd Revised Sheet No. 49O, Cancelling 2nd Revised Sheet No. 49O

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Staff Counsel
Missouri Bar No. 51709
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7779 (Telephone)
(573) 751-9285 (Fax)
bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on this 30th day of June, 2017 to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2017-0316 and Tariff Tracking No. JE-2017-0252
Kansas City Power & Light Company

FROM: Sarah Kliethermes, Regulatory Economist III
Brad J. Fortson, Regulatory Economist III

/s/ Robin Kliethermes 6/30/2017
Tariff and Rate Design Manager / Date

/s/ Robert S. Berlin 6/30/2017
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve Kansas City Power & Light Company's ("KCPL")
Proposed Tariff Sheet to Adjust its DSIM Rider Rates effective August 1, 2017.

DATE: June 30, 2017

Background

On June 1, 2017, KCPL filed Tariff Sheet Third Revised Sheet No. 490 to implement new DSIM rates under the Missouri Energy Efficiency Investment Act ("MEEIA"), assigned Tariff Tracking No. JE-2017-0252. Substitutes were filed on June 23 and June 28, 2017. The DSIM rates are designed to collect approximately \$19.9 million over the period August 1, 2017 – January 31, 2018.

Change in KCPL's DSIM Rates

Per 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), KCPL is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected.

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on six months of projected costs and incentives with reconciliations from actual prior periods, and any ordered adjustments, with interest.

Among other things, this adjustment to the DSIM rates continues to include the performance incentive for KCPL's MEEIA Cycle 1.

This adjustment also incorporates a correction to the number, timing, and customer class of certain measure installations. KCPL has indicated that certain errors were present in KCPL's measure installation reporting used in prior DSIM rate calculations, as well as in the reporting used to normalize billing determinants in KCPL's general rate case Case No. ER-2016-0258. This adjustment corrects those errors that were used in calculating the DSIM rate calculation that was implemented in File No. ER-2017-0167 and Tariff Tracking No. JE-2017-0111, which took effect February 1, 2017, and remain in effect at this time.

This adjustment also incorporates a "rebasement adjustment" as described on Sheet 49K. This adjustment reduces collection of the "Throughput Disincentive Dollars" ("TD\$") by the cumulative energy savings associated with the MEEIA Cycle 2 billing determinants normalization performed as part of KCPL's general rate case Case No. ER-2016-0258. Beginning with the June 2017 TD\$

calculation, the level of savings as of December 2016 as calculated as of December 2016 (the date used to normalize billing determinants in the general rate case) was netted out of the TD\$ calculation.

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under KCPL's retail rate schedules, excluding kWh of energy supplied to "opt-out" customers.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential Service	\$0.00391	\$0.00543
Non-Residential Service	\$0.00433	\$0.00502

Due to this adjustment in the DSIM rate, a residential customer using 1,000 kWh, will experience an increase of \$1.52 per month. For a non-residential customer, this would mean an increase of \$0.69 for every 1,000 kWh used.

For both residential and non-residential customers, this increase in the DSIM charge is largely associated with the level of measure installations performed during the period of February 2017 – July 2017 being higher than was projected at the time of KCPL's calculation of DSIM rates to be in effect during that period. Staff's recommendation to approve this Third Revised Sheet 490, as substituted, does not constitute a review of the prudence of KCPL's actions in relation to these measures or KCPL's record keeping related to these measures.

The adjustments included in this DSIM filing are not affected by any adjustments that may be proposed by Staff in the second MEEIA prudence review Case No. EO-2017-0209 pending before the Commission, which concerns portions of KCPL's MEEIA Cycle 1 and Cycle 1 Carryover. Should the Commission order an adjustment in EO-2017-2029, the Company will include that adjustment in its next DSIM filing. The prudence of Cycle 2, including the time periods covered by this DSIM filing, will be reviewed in a separate case to be filed in the future.

Staff Recommendation

The Commission Staff's Tariff and Rate Design Department has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on June 1, 2017, and substituted on June 28, 2017, for service on and after August 1, 2017.

P.S.C. MO. No. 7

3rd Revised Sheet No. 490, Cancelling 2nd Revised Sheet No. 490

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

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True-Up Required by 4 CSR 240-3.163(8))

AFFIDAVIT OF BRAD FORTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

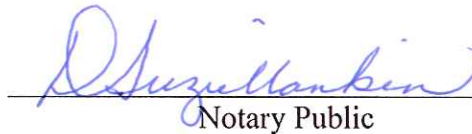
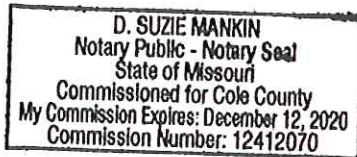
COMES NOW, Brad Fortson and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Brad Fortson

Subscribed and sworn to be this 30th day of June, 2017.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

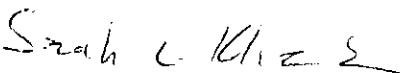
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Company's Demand Side Investment) **File No. ER-2017-0316**
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True-Up Required by 4 CSR 240-3.163(8))

AFFIDAVIT OF SARAH L. KLIETHERMES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

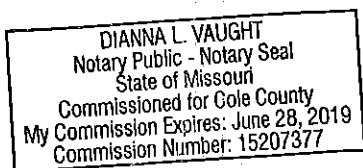
COMES NOW, Sarah L. Kliethermes and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.



Sarah L. Kliethermes

Subscribed and sworn to be this 30th day of June, 2017.





Notary Public