

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

In the Matter of Kansas City Power & Light)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-) File No. EO-2015-0240
Side Programs Investment Mechanism)

In the Matter of KCP&L Greater Missouri Operations)
Company’s Notice of Intent to File an)
Application for Authority to Establish a Demand-) File No. EO-2015-0241
Side Programs Investment Mechanism)

**NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING
MEEIA FILINGS**

COME NOW Missouri Public Service Commission Staff (“Staff”), Kansas City Power & Light Company (“KCP&L”), KCP&L Greater Missouri Operations Company (“GMO”) (hereafter KCP&L and GMO are referred to collectively as the “Company”), the Office of the Public Counsel, National Housing Trust, West Side Housing Organization, Natural Resources Defense Council, Earth Island Institute d/b/a Renew Missouri, Missouri Department of Economic Development – Division of Energy and United for Missouri, Inc. (together, the “Signatories”) and present this Non-Unanimous¹ Stipulation and Agreement (“Stipulation”) to the Missouri Public Service Commission (“Commission”) for the Commission’s approval, and in support thereof respectfully state as follows:

I. BACKGROUND

1. On August 28, 2015, KCP&L filed in Case No. EO-2015-0240 and GMO filed in Case No. EO-2015-0241 separate applications (“Application”) under the Missouri Energy Efficiency Investment Act (“MEEIA”) and the Commission’s MEEIA rules, along with their separate reports with appendices (HC and NP), requesting Commission approval of demand-side

¹ Without taking any position regarding the propriety of its terms, Missouri Industrial Energy Consumers have indicated they will not oppose this Stipulation.

programs and technical resource manual (“TRM”)² and for authority to establish a demand-side programs investment mechanism (“DSIM”).

II. **SPECIFIC TERMS AND CONDITIONS**

2. Complete Settlement of Case. As a result of extensive settlement discussions among all of the Signatories, the Signatories have agreed upon the terms³ and conditions set forth below in full and final resolution of all issues in this case. This Stipulation is solely the result of compromise in the settlement process and does not serve as precedent beyond this Stipulation.

3. Approval of Plan. The Signatories agree for purposes of this Stipulation, the Commission should grant approval for KCP&L and GMO (“KCP&L/GMO”) to each implement demand-side programs (“MEEIA Programs”) and the DSIM described in this Stipulation (the “Plan”). While there is disagreement among the Signatories on how the Plan’s costs and benefits should be determined, the Signatories agree that the Plan is expected to provide benefits to all customers, including customers who do not participate in programs. While there is disagreement among the Signatories on the necessity of retrospective evaluation, measurement and verification (“EM&V”), under the specific circumstances of this Stipulation, the Signatories agree that the DSIM reasonably relies on retrospective EM&V when determining actual throughput disincentive and earnings opportunity amounts. Under the specific circumstances of the Stipulation, the Signatories agree that earnings opportunity (“EO”) amounts as set forth in Appendix B are reasonably related to the impact that the MEEIA Programs are expected to have upon supply-side resource needs.

² TRM attached as Appendix I.

³ Unless specifically defined herein, the terms used in the Stipulation are defined in the Commission’s rules, 4 CSR 240-20.093(1) and 4 CSR 240-20.094(1).

4. MEEIA Programs and MEEIA Programs' Cost.

a. The MEEIA Programs are:

(i) Non-Residential/Business Programs: Business Energy Efficiency Rebate-Custom; Business Energy Efficiency Rebate-Standard; Strategic Energy Management; Block Bidding; Online Business Energy Audit; Small Business Direct Install; Business Programmable Thermostat; Demand Response Incentive;

(ii) Residential Programs: Income-Eligible Weatherization (this is a GMO-only program and will be available only for 2016); Home Lighting Rebate; Home Appliance Recycling Rebate; Income-Eligible Home Energy Report (this is a KCP&L program only); Home Energy Report; Online Home Energy Audit; Whole House Efficiency; Income-Eligible Multi-Family; Residential Programmable Thermostat; and

(iii) A research and pilot program also has been included consistent with the KCP&L/GMO applications filed on August 28, 2015 at page 51 (KCP&L) and page 56 (GMO).

b. The Company agrees to make its best effort to begin implementation of the MEEIA Programs on January 1, 2016, or on the effective date of the tariff sheets for the MEEIA Programs, if the effective date is other than January 1, 2016. The Plan period will conclude 36 months following initial implementation of the Plan. The KCP&L Plan includes a total budget of \$50,436,843 for its MEEIA Programs. The GMO Plan includes a total budget of \$52,640,451 for its MEEIA Programs. The budgets and annual energy and demand savings targets for each MEEIA Program are found in Appendix A.

c. KCP&L/GMO's Demand Response Incentive program customer incentive budget is based on customer incentive levels for any new or renewal contracts. The incentive levels for the program are contained in HC Appendix C. KCP&L/GMO will re-evaluate initial customer

incentive payments with the ability to adjust the incentive payments during the Plan period. New or renewal contracts will have a maximum term of three years. The tariff sheet for the Demand Response Incentive program shall be modified as included in Appendix D.

d. No CFLs will be included in the Home Lighting Rebate Program. The Home Lighting Rebate Program will only include LEDs. KCP&L/GMO agree not to provide more than 120,000 CFL bulbs per company in 2016, 100,000 CFL bulbs per company in 2017 and 80,000 CFL bulbs per company in 2018 to food banks or similar outlets, which shall be evaluated as part of the Income-Eligible Multi-family program.

e. The Signatories agree that the Company shall promote the Missouri Home Energy Certification program in conjunction with its energy efficiency programs, and will promote it on the Company's website. The promotions shall be designed to highlight the program's ability to increase the marketability of homes that have been improved through energy efficiency investments. Any and all assertions of increased marketability shall comport with any and all other applicable laws.

f. The Signatories agree that Combined Heat and Power ("CHP") can qualify under the business custom program. Consistent with KCP&L/GMO's applications, CHP projects will be reviewed and approved on a case-by-case basis and approval is based upon available program funding. Approval of CHP projects is solely at KCP&L/GMO's discretion.

5. Special Provisions for Income-Eligible Multi-Family ("IEMF").

a. KCP&L/GMO will provide owners of multi-family buildings with a single point of contact ("Coordinator") for in-unit and common area/building system measures (regardless of whether the impact is to a residential or commercial customer). The Coordinator's duties will include:

(i) Determining eligibility and ensuring eligible customers are aware of the available incentives from all utilities.

(ii) Assisting in the application process for KCP&L/GMO residential and business improvements.

(iii) Providing a seamless point of contact for navigating the various incentive offers provided by the Company.

(iv) Maintaining a relationship with the existing business trade ally network and providing information and guidance to assist the incentive applicant with the bid process for installation work.

(v) Understanding and maintaining a network of assistance agencies and making referrals for financing and repairs, seeking to remove barriers to participation.

(vi) Providing case studies and education, and working with business development teams to ensure proper outreach is occurring.

(vii) Creating marketing materials to provide an easy to understand process for participation.

(viii) Engaging with other utilities where synergies in marketing and delivery of programs can be gained.

(ix) Maintaining working relationships with and providing outreach and education to stakeholders such as lenders, Missouri agencies, and other identified parties.

b. For the purposes of this program, a building's eligibility will be determined by the income qualification of the tenant occupants, who must meet one of the following requirements for eligibility:

(i) Reside in federally-subsidized housing units and fall within that program's income guidelines. State Low-Income Housing Tax Credit buildings will be eligible only to the extent allowed under state law.

(ii) Reside in non-subsidized housing with an income at 200% of poverty level or below. Where a property has a combination of qualifying tenants and non-qualifying tenants, at least 51% of the tenants must be eligible to receive incentives for the entire building to qualify. For IEMF properties with less than 51% qualifying tenants, the owner/manager will be required to verify installation of comparable qualified energy efficiency measures at their own expense in all non-qualifying units, then the program may upgrade the whole building, common areas and all of the eligible units with qualified energy efficiency measures.

c. Multi-family buildings (as defined to be including three or more units) with service under the KCP&L/GMO Service Classification of Residential or Non-Residential (excluding lighting classifications) will be eligible to participate in this program as long as the buildings meet the eligibility requirements above.

d. The program will provide a custom rebate option for comprehensive retrofits and measures to IEMF property owners for IEMF whole building and non-lighting common area measures, as well as for in-unit measures not otherwise covered as direct-install measures under KCP&L/GMO's IEMF program. The following measures are indicative of what will be available for the whole building and common areas: heating, ventilation and air conditioning; domestic hot water; motors; envelope improvements; controls and EMS; and pump/fan/piping/duct improvements. Common area lighting retrofits will be included as prescriptive measures. Custom incentives provided to income-eligible multifamily buildings will be provided at a \$0.02 per kWh premium over Business Custom incentives.

e. Level 1 energy audits with information on savings, estimated cost, and typical payback range and aggregated whole-building electricity usage data will be offered to qualifying buildings at no cost. The Company shall develop a list of recommended measures that will provide savings for the building and provide information on available prescriptive and performance-based (e.g. business custom) incentives. Restrictions on the frequency of aggregated whole-building electricity usage data reports may be established by KCP&L/GMO. The cost to KCP&L/GMO to provide aggregated whole-building electricity usage data is considered a program cost. It is understood that the aggregated whole-building electricity usage data made available to owners (or their authorized agents) shall not provide data identifiable to any specific KCP&L/GMO customer in the building.

6. Identification of Additional Energy Savings.

a. KCP&L/GMO is performing a potential study which is expected to be completed during 2017. As a separate initiative, KCP&L/GMO agree to a collaborative process with Signatories, to address new, unserved, or underserved customer markets and identify cost-effective energy and demand savings strategies (a possible additional 200 GWh of savings) that could be considered for implementation for program years 2017 and 2018 if all customers within the customer class realize a benefit. The possible additional 200 GWh is neither a floor nor a cap. Although there may be disagreement among the Signatories to the Stipulation about whether or how easily additional savings could be achieved, the Signatories agree to work together to identify strategies to maximize savings in a cost effective manner and to determine the feasibility of implementing additional programs or savings. Cost effective strategies to be assessed will include, but are not limited to: expanding upstream programs to include additional lighting, HVAC and consumer electronics; using whole building benchmarking as a tool to

prioritize existing buildings over 50,000 square feet for delivery of a streamlined bundle of energy efficiency services (including retro-commissioning); refining target markets so as to reduce the potential for free riders; evaluating and re-evaluating incentive payment levels with a view to modifying them if appropriate; evaluating charging participants for program services at just and reasonable rates to be approved by the Commission; evaluating earnings opportunity in relationship to participant payments; using a single point of contact to increase participation rates and reduce customer acquisition costs; working with large employers in the service territory to market energy efficiency services to their employees; assistance with whole building deep energy savings for new construction and existing buildings; whole home approaches for new and existing homes, and co-delivery with gas utilities. The Signatories also agree to consider low-income approaches not already addressed in the multifamily program, which need not pass a cost effectiveness test, but should be implemented in a prudent manner. The Signatories agree to have these discussions between the fourth and sixth month after the effective date of the tariff sheets implementing MEEIA Cycle 2. The Signatories agree that the Company will develop and file in both dockets a report summarizing the collaborative discussions described above. The cost to the Company of the collaborative process and associated report will be recovered through the DSIM as part of the budget for Research & Pilot program.

b. The Company must seek and receive Commission approval prior to adding any new programs identified in the collaborative process. If Commission-approved new programs are added in years 2017 and 2018, the Company may seek Commission approval to have the targets for the utility cap and the total cap as referenced in Appendix B of the EO matrix scale proportionately to the increase in annual energy and demand savings targets. Any programs that are added will be added in accordance with the Commission's rule 4 CSR 240-20.094(4).

7. Energy and Demand Savings. The Plan has the following planned energy and demand savings:

36 Month Plan Period	Planned Energy Savings (kWh)	Planned Demand Savings (kW)
GMO	184,549,652	105,855
KCP&L	198,097,872	66,328

The energy and demand savings targets for each of the individual MEEIA Programs are included in Appendix A and in the program tariff sheets attached as Appendix D.

The total resource cost test (“TRC”) for the portfolio of MEEIA Programs is 1.68 and 1.81 for KCP&L and GMO, respectively. The TRCs and other cost effectiveness ratios for individual MEEIA Programs are included in Appendix E.

8. Evaluation Measurement and Verification (“EM&V”).

a. KCP&L and GMO agree to perform an annual EM&V process and impact evaluations, which will include both an ex-post gross and a net to gross (“NTG”) evaluation. NTG ratio equals 1 minus Free Ridership Rate plus Participant Spillover Rate plus Non-Participant Spillover Rate. Net Savings equals NTG Ratio times ex post gross savings. The EM&V plan and guidelines are attached in Appendix F.

(i) Annual ex-post gross by measure will be used to adjust the TRM annual kWh/kW. Throughput Disincentive (“TD”) will utilize the updated TRM on a prospective basis.

(ii) Program Plan Years 1 and 2 EM&V NTG will be utilized for planning purposes for Cycle 3 to the extent available.

(iii) The final EM&V in the program period will include a Cycle 2 NTG as determined by the Evaluator, reviewed by the Commission’s Auditor, and approved by the Commission.

b. KCP&L and GMO agree to provide stakeholders the EM&V evaluator request for proposal for review and comment prior to release.

c. KCP&L and GMO agree to increase the budget up to a 6% level of the Commission-approved⁴ program costs budget for the EM&V. This increase has been reflected in Appendix A.

9. DSIM. The Signatories agree to the DSIM described in this Stipulation and attached as tariff sheets in Appendix D. To the extent this Section 9 differs from tariff sheets, the tariff sheets govern.

a. The DSIM addresses recovery of KCP&L/GMO's MEEIA Programs' costs, KCP&L/GMO's TD that is intended to recover lost margin revenues, and any earned EO Award. The Company will begin recovery through a DSIM Rider beginning at the implementation of the Plan billing or as soon as practical thereafter. See Appendix G for an example of the TD calculation and the EO adjustments for TD. Program costs and TD will be recovered contemporaneously. Program costs and TD will begin recovery upon approval by the Commission and will continue until all program costs and TD are recovered.

Program Costs: The Plan includes MEEIA Programs cost of \$50,436,843 and \$52,640,451, respectively for KCP&L and GMO, which are based on the planned budgets for the MEEIA Programs to be delivered over the 36-month period following effective date of the tariff sheets. If Commission-approved new programs are added in years 2017 and 2018, program costs will also be included.

Throughput Disincentive: The kWh savings will be reflected in the TD by multiplying the kWh savings for each program for the respective month times the incremental rate for the respective class⁵. A NTG initial factor of 0.85 will be used for contemporaneous TD recovery. Annual kWh savings per measure will be updated prospectively in KCP&L/GMO's TRM no

⁴ The Signatories expressly acknowledge that the provisions of 4 CSR 240-20.094(4) govern the process to be used in the event MEEIA cycle 2 program costs exceed budgeted levels of 20% or more.

⁵ The loadshapes for the programs are attached as Appendix J.

later than 24 months after the commencement of the Plan based on EM&V ex-post gross adjustments determined for Year 1.

Earnings Opportunity Award:

a. KCP&L and GMO will perform a full EM&V including an ex post gross adjustment and NTG determination for EO with no NTG floor and no NTG cap. For purposes of the EO, the kWh and kW savings measurements will be determined through the annual EM&V including NTG with no floor or cap on the NTG factor, based on actual measures installed in that year annualized unless otherwise described in the EO matrix (Appendix B). The EO awarded will be adjusted as follows:

(i) **TD Ex Post Gross Adjustment** – At the end of the three-year cycle, the annual ex-post gross measures for each program determined through the annual EM&V will be used to recalculate the TD as described above for each of the annual evaluation periods. The difference between the recalculated TD using ex-post gross measures and the TD using the deemed numbers, whether an increase or a decrease will be adjusted in the EO by applying carrying costs at the AFUDC rate compounded semi-annually.

(ii) **TD NTG Adjustment** – At the end of the three-year cycle, if the portfolio EM&V NTG is greater or less than the initial factor of 0.85, the difference between TD at 0.85 NTG and the TD calculated using the EM&V NTG, subject to a NTG cap of 1.00 and a floor of 0.80, will be recovered through the EO, including carrying costs at the AFUDC rate compounded semi-annually.

b. The Signatories agree that the EO cannot go below zero. The EO target at 100% is \$7,429,296 million for KCP&L and \$10,383,855 for GMO. For KCP&L, the EO (before adjustments reflecting TD EM&V including NTG) cannot go above \$10,495,620. For GMO, the

EO (before adjustments reflecting TD EM&V including NTG) cannot go above \$14,290,195. For KCP&L, the EO (including adjustments reflecting TD EM&V including NTG) cannot go above \$15,500,000. For GMO, the EO (including adjustments reflecting TD EM&V including NTG) cannot go above \$20,000,000. The caps are based on the current program levels. If Commission-approved new programs are added in years 2017 and 2018, the Company may seek Commission approval to have the targets for the cap of the EO scale proportionately to the increase in savings targets.

(i) **Allocation of Program Costs, TD and EO:** In general, MEEIA programs are designated as either Residential or Non-Residential (Business) and will be recovered by Residential or Non-Residential customer classes, respectively. Commission-approved Program costs, TD and EO relating to the IEMF Program, Income-Eligible Weatherization Program and Income-Eligible Home Energy Report Program will be allocated 50/50 to Residential and Non-Residential customer classes for recovery. The Research costs will be allocated appropriately to the customer classes. The Pilot program costs will be assigned appropriately to the customer classes to which the Pilot program is offered.

(ii) **Recovery Mechanism:** It is the intent of the Signatories that KCP&L and GMO ultimately shall bill customers for an amount as close as reasonably practicable to the actual MEEIA Programs' costs incurred, the TD, and any earned EO Award as provided for herein.

The initial DSIM Rider illustrative tariff sheets are attached as Appendix D and reflect the recovery of Commission-approved MEEIA Program costs, TD and EO Award, including interest. The rate to be charged to residential and non-residential classes initially will be determined by including the estimated initial six month Program costs and the TD plus the unrecovered balances from Cycle 1 MEEIA programs for KCP&L and one-fourth of the

unrecovered balances from GMO (GMO unrecovered balances from Cycle 1 will be recovered over a 24 month period) as set out in the tariff sheets in Appendix D.

(iii) **Separate Item on the Bill:** Charges from the MEEIA Plan shall be reflected as “DSIM Charge” on a separate line item on customers’ bills.

10. Annualizations. Upon filing a rate case, the cumulative, annualized, normalized kWh and kW savings will be included in the unit sales and sales revenues used in setting rates as of an appropriate time (most likely two months prior to the true-up date) where actual results are known prior to the true-up period, to reflect energy and demand savings in the billing determinants and sales revenues used in setting the revenue requirements and tariffed rates in the case. Upon the adjustment for kWh and kW savings in a rate case, the collection of TD will be re-based.

a. Test period weather normalized kWh usage for each customer class by billing month will be adjusted by⁶:

(i) Adding back the monthly kWh energy savings by customer class incurred during the test period from all active MEEIA programs, excluding Home Energy Reports and Income-Eligible Home Energy Reports programs which have a one year measure life, determined using the same methodology as described in Tariff Sheet 49K and 49L (KCP&L) and in Tariff Sheet 138.4 and 138.5 (GMO) except that calendar month load shape percentages by program by month will be converted to reflect billing month load shape percentages by program by computing a weighted average of the current and succeeding month percentages.

⁶ Step 1. Begin with Weather Normalized kWh per class provided by Company. Step 2. Compute Monthly Savings kWh (MS) per program in the same manner as used for TD calculation. Step 3. Weather Normalized kWh before application of Energy Efficiency (EE) adjustment. Step 4. Cumulative Annual Savings kWh (CAS) per program computed in the same manner as TD calculation as of Rebase Date. Step 5. Monthly Load Shape percentage per program converted to billing month equivalent by using a weighted average calendar month Load Shape percentage based on billing cycle information of the rate case. Step 6. Monthly EE Rebase Adjustment. Step 7. Weather Normalized kWh rebased for EE.

b. The Adjusted test period sales from above will be annualized for customers and additionally be adjusted further by:

(i) Subtracting the cumulative annual kWh energy savings from the first month of the test period through the month ending where actual results are available (most likely two months prior to the true-up date) by customer class from all active MEEIA programs, excluding Home Energy Reports and Income-Eligible Home Energy Reports, determined using the same methodology as described in Tariff Sheet 49K and 49L (KCP&L) and in Tariff Sheet 138.4 and 138.5 (GMO) except that calendar month load shape percentages by program by month are converted to reflect billing month load shape percentages by program by computing a weighted average of the current and succeeding month percentages.

c. Test period kW demand for each customer class will be adjusted by⁷:

(i) Adding back the monthly kW demand savings by customer class incurred during the test period from all active MEEIA programs, excluding Home Energy Reports, Income-Eligible Home Energy Reports and Demand Response Incentive programs, determined using the same methodology as described for kWh savings in Tariff Sheet 49K and 49L (KCP&L) and in Tariff Sheet 138.4 and 138.5 (GMO) and then:

(ii) Subtracting the cumulative annual kW demand savings from the first month of the test period through the month ending where actual results are available (most likely two months prior to the true-up date) by customer class from all active MEEIA programs, excluding Home Energy Reports, Income-Eligible Home Energy Reports and Demand Response Incentive

⁷ Step 1. Begin with kW demand per class provided by Company. Step 2. Compute Monthly kW demand per program in the same manner as used for TD calculation. Step 3. kW demand before application of Energy Efficiency (EE) adjustment. Step 4. Cumulative Annual kW demand per program computed in the same manner as TD calculation as of Rebase Date. Step 5. Monthly Load Shape percentage per program converted to billing month equivalent by using a weighted average calendar month Load Shape percentage based on billing cycle information of the rate case. Step 6. Monthly EE Rebase Adjustment. Step 7. kW demand rebased for EE.

programs, determined using the same methodology as described for kWh savings in Tariff Sheet 49K and 49L (KCP&L) and in Tariff Sheet 138.4 and 138.5 (GMO).

11. KCP&L/GMO shall each file a general rate case at some point before the end of year 5 of the Cycle 2 period to address the TD through the rebasing of revenues used to establish base rates, and if KCP&L/GMO fails to do so, the accrual and collection of the TD terminates beginning in year 6 of the Cycle 2 period. The Signatories agree that the filing of a rate case by each company utilizing an update or true-up period that ends between 30 months and 60 months after the effective date of the tariffs implementing MEEIA Cycle 2 satisfies this requirement.⁸

12. Transition Between MEEIA Cycles.

a. The last day to submit an application for the Cycle 1 C&I Custom Rebate program is December 15, 2015. The last day for approval of an application for the Cycle 1 C&I Custom Rebate program is January 31, 2016. The last day for completion of customer projects and submission of complete paperwork by customers is June 30, 2016. The final payment by KCP&L/GMO of rebates for all Cycle 1 projects is July 31, 2016.

b. KCP&L/GMO made a tariff filing, on November 12, 2015 to modify tariff sheets to reflect the agreement set forth in paragraph 12 a.

⁸ For example, if the effective date of the tariffs implementing MEEIA Cycle 2 is January 1, 2016, then the filing of a rate case by each company with an update period ending within the period from July 1, 2018 through December 31, 2020 satisfies this requirement.

c. Cycle 1 EM&V calendar is:

Stipulation and Agreement in File Nos. EO-2012-0009 and EO-2014-0095

Stipulation Paragraph	Process Steps	Program Year Days	Cumulative Days	Date
10.b.i.	Draft EM&V Report Circulated to Stakeholders	120	120	4/30/16
10.b.ii.	Comments and Recommendations on Draft EM&V Report	60	180	6/29/16
10.b.iii.	Meeting to Discuss Comments Prior to Final Draft Report	0	180	6/29/16
10.b.iv.	Final Draft EM&V Report Issued	30	210	7/29/16
10.b.[first]iv.	Still Concerns – Comments on Final Draft Report	20	230	8/18/16
10.b.[first]iv.	Still Concerns – Conference Call to Attempt to Resolve Concerns	10	240	8/28/16
10.b.[first]iv.	Still Concerns – Final EM&V Report Issues	15	255	9/12/16
10.b[second]iv.	File a Change Request	21	276	
10.b[second]iv.	Conference Call on Procedural Schedule	2	278	
10.b[second]iv.	File Responses to Change Request	19	297	
10.b[second]iv.	Evidentiary Hearing Completed Not Later Than	39	336	
10.b[second]iv.	Commission Report and Order Not Later Than	30	366	

(i) The KCP&L/GMO Evaluator will include a section in its April 30, 2016 draft EM&V Report which will identify any C&I Custom Rebate projects which have been approved for Cycle 1, but which have not been included in the results of the April 30, 2016 draft EM&V Report (“Carryover Project”).

(ii) The KCP&L/GMO Evaluator will include a separate section of its July 29, 2016 final EM&V Report which will:

- List the Carryover Projects;
- Provide the EM&V results for the Carryover Project for which EM&V is complete and identify each Carryover Project for which EM&V is incomplete (“Incomplete Carryover Project”); and

- State when it expects to have the final EM&V results for Incomplete Carryover Projects.

(iii) Stakeholders can express concerns and provide comments by August 18, 2016 regarding the July 29, 2016 final EM&V Report including any concerns and comments regarding Incomplete Carryover Projects.

d. Recovery of all Cycle 1 DSIM costs including all program costs, all throughput disincentive and any performance incentive for Cycle 1 C&I Custom Rebate program projects will be achieved through the Cycle 1 DSIM subject to prudence review for Cycle 1 DSIM costs. As the result of the agreements in this Stipulation, KCP&L and GMO shall use their respective Cycle 1 2015 DSMore files to calculate the Cycle 1 gross benefits to determine the TD-NSB for projects completed under the C&I Custom Rebate program between January 1, 2016 and June 30, 2016. These projects will be modeled in DSMore with a completion date of December 31, 2015. The Cycle 1 performance incentive amounts will result from full retrospective EM&V.

e. The Signatories acknowledge that by including C&I Custom Rebate carryover projects that were approved under Cycle 1 and those paid out through July 31, 2016 will increase the GMO/KCP&L MEEIA Cycle 1 actual expenditures above the Commission-approved budget. Moreover, additional EM&V costs may be incurred by GMO/KCP&L to accommodate these carryover projects, which will also impact the allowable 5% EM&V budget. The Signatories agree that if the additional EM&V costs are less than \$100,000, Commission approval is not needed.

f. While the Stipulation does not include a specific transition plan for Cycle 2, the Signatories agree that such a plan will likely be needed for the Business Custom program or other programs with lead times longer than 30 days, whether or not there is a Cycle 3. Therefore, the Company will propose a transition plan to the Signatories at least one (1) year prior to the end of Cycle 2. The Signatories will use best efforts to agree on a transition plan at least nine (9) months prior to the end of Cycle 2. Any Cycle 2 transition plan will require application to and approval by the Commission in accordance with 4 CSR 240-20.094(4).

13. Regulatory Flexibility.

a. For the purposes of settlement of Case Nos EO-2015-0240 and EO-2015-0241 only, the Signatories recommend the Commission waive 4 CSR 240-20.094(5) for good cause in light of future uncertainties and in recognition of the fact that the offering of MEEIA programs is voluntary at the election of the electric utility (section 393.1075.4 RSMo. and 4 CSR 240-20.094(3)(E)). KCP&L/GMO will not commit to implement MEEIA Cycle 2 portfolio for a three-year period, without the ability to discontinue all programs in the MEEIA 2 portfolio under appropriate conditions as defined by KCP&L/GMO. Therefore, KCP&L/GMO's MEEIA Cycle 2 tariff sheets shall include a reservation of rights provision reading as follows:

KCP&L/GMO reserves the right to discontinue the entire MEEIA Cycle 2 portfolio, if KCP&L/GMO determines that implementation of such programs is no longer reasonable due to changed factors or circumstances that have materially negatively impacted the economic viability of such programs as determined by KCP&L/GMO, upon no less than thirty days' notice to the Commission.

b. In the event of discontinuance, KCP&L/GMO shall provide notice in Case No. EO-2015-0240 and/or Case No. EO-2015-0241 no less than thirty (30) days prior to discontinuing the MEEIA Cycle 2 portfolio. KCP&L/GMO shall also provide written notice to the Signatories to this Agreement no less than thirty (30) days prior to the effective date of such discontinuance. KCP&L/GMO shall also advise customers of discontinuance by publication no less than thirty (30) days prior to the effective date of such discontinuance in newspaper(s) of general circulation in KCP&L/GMO service territory. KCP&L/GMO shall honor commitments made to MEEIA Cycle 2 program participants prior to the effective date of the discontinuance. In its notice, KCP&L/GMO shall (1) explain the reason(s) (e.g., changed circumstances) for the discontinuance of all MEEIA Cycle 2 programs in the portfolio); and (2) provide detailed workpapers that support its determination that continued implementation of the MEEIA Cycle 2

portfolio is unreasonable. Concurrent with its notice filing, KCP&L/GMO shall file a new tariff sheet(s) to indicate that the Company is no longer offering the MEEIA Cycle 2 portfolio.

c. In the event that KCP&L/GMO terminates all MEEIA Cycle 2 programs, KCP&L/GMO shall forfeit any recovery of the EO in connection with such programs but will continue to collect through the DSIM mechanism: (1) Program Costs incurred in delivering programs for commitments made by KCP&L/GMO to program participants prior to the effective date of the discontinuance and (2) Throughput Disincentive related to energy savings delivered through the discontinued MEEIA Cycle 2 programs through the date such savings have been “rebased” in a general rate case. The Company’s independent evaluator will perform a final EM&V to be reviewed by the Commission’s Auditor and approved by the Commission.

d. If any party has concerns regarding KCP&L’s/GMO’s discontinuance of all MEEIA Cycle 2 programs, it shall file a responsive pleading in Case No. EO-2015-0240 and/or Case No. EO-2015-0241 within fifteen (15) days of KCP&L/GMO’s written notification. Upon receipt of any such response, KCP&L/GMO shall promptly schedule a meeting, (providing reasonable advance notice of the meeting to all Signatories) where KCP&L/GMO will attempt in good faith to answer all questions regarding the discontinuance of all MEEIA Cycle 2 programs. In the event the Commission has questions or concerns, KCP&L/GMO agree to appear at a hearing or Agenda to address those concerns.

e. In the event all programs of KCPL and/or GMO are discontinued, Staff will continue to schedule and perform prudence reviews of the costs subject to the KCP&L/GMO DSIM.

f. KCP&L/GMO will take action as soon as reasonably practicable to adjust rates consistent with the discontinuance of the portfolio to ensure that KCP&L/GMO neither over- nor

under-recovers costs incurred in connection with KCP&L/GMO's MEEIA Cycle 2 portfolio. To the extent that KCP&L/GMO has over-recovered, such over-recoveries shall be returned to customers with interest at KCP&L/GMO's short-term borrowing rate. To the extent that KCP&L/GMO has under-recovered, such under-recoveries shall be recovered from customers with interest at KCP&L/GMO's short-term borrowing rate.

14. Rider.

a. Initial rates for Residential and Non-Residential will be computed for estimated initial six month Program Costs and the TD plus the unrecovered balances from Cycle 1 MEEIA programs for KCP&L (GMO unrecovered balances from Cycle 1 will be recovered over a 24 month period) as set out in the tariff sheets in Appendix D. Over- or Under- recovery of Commission-approved Program Costs and TD will be tracked and included in Rider adjustment for each six-month period thereafter for estimated Programs Costs and TD. EO will be computed in 2019 and included in Rider over a two-year period thereafter. The Cycle 1 Performance incentive will be collected through the Rider.

b. GMO will initiate a rider mechanism as shown on the specimen tariff sheets to take effect January 1, 2016 with rates effective February 1, 2016. GMO reserve balances for Cycle 1 will be recovered over a two year period and will be included in the initial tariffs and trued up through the tariff process.

c. KCP&L reserve balances for Cycle 1 will be recovered over a six-month period and will be included in the initial tariffs and trued up through the tariff process.

15. Building Information.

a. KCP&L agrees to provide upon request to owners (or their authorized agents) of multi-tenant buildings with five or more tenants and over 50,000 square feet, aggregated whole-

building electricity usage data no later than January 1, 2017. Restrictions on the frequency of aggregated whole-building electricity usage data reports may be established by KCP&L/GMO. The cost to KCP&L/GMO to provide aggregated whole-building electricity usage data is considered a program cost for Business Energy Efficiency Rebate-Custom. It is understood that the aggregated whole-building electricity usage data made available to owners (a) shall be used solely for benchmarking purposes and (b) shall not provide data identifiable to any specific KCP&L/GMO customer in the building.

16. Other Items.

a. Customer Notice for Cycle 3 – KCP&L and GMO will provide customers a notification that the companies have filed for their next round of MEEIA programs. KCP&L and GMO will provide Staff and OPC with draft language for the customer notice prior to the MEEIA filing. KCP&L and GMO will review and consider suggested edits to the draft language from Staff and OPC prior to the filing. Distribution of this notice will begin once the filings have been made.

b. The Signatories agree that KCP&L does not need to make a December 1, 2015 DSIM rider tariff filing because the specimen tariff sheets set forth in Appendix D include the DSIM rider tariff (Sheet No. 49E) that KCP&L would file on December 1, 2015. The Signatories agree that if the Commission approves this Stipulation and orders the filing of compliance tariff sheets, Sheet No. 49E should take effect on February 1, 2016.

c. Variations. The Signatories agree that some of the terms and conditions in this Stipulation are inconsistent with the Commission's rules, and that good cause exists by the agreements made within this entire Stipulation to recommend the Commission grant

KCP&L/GMO variances from those rules.⁹ The specific variances requested by the Company are found in Appendix H.

III. GENERAL PROVISIONS

17. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein. Without limiting the foregoing, it is agreed that this Stipulation does not serve as a precedent for future MEEIA plans, and does not preclude a party from arguing whether the Plan has or does not have an impact on KCP&L/GMO's business risk in any pending or future proceeding.

18. This Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not unconditionally approve this Stipulation, or approves it with modifications or conditions to which a party objects, then this Stipulation shall be void and no signatory shall be bound by any of its provisions.

19. If the Commission does not unconditionally approve this Stipulation without modification, or approves it with modifications or conditions to which a party objects, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080

⁹ All rule references are to 4 CSR Division 240.

RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

20. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and, (4) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2012. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

21. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

22. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or

restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

23. The Signatories agree that this Stipulation resolves all issues raised in this case, and that the testimonies of all witnesses whose testimony was pre-filed in this case should be received into evidence without the necessity of the witnesses taking the witness stand.

Respectfully submitted,

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Council

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail, or mailed, First Class, postage prepaid, this 23rd day of November, 2015, to counsel for all parties on the Commission's service list in this case.

/s/ Roger W. Steiner

Roger W. Steiner