

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

In the Matter of Kansas City Power & Light)	
Company's Demand Side Investment Mechanism)	<u>File No. ER-2016-0325</u>
Rider Rate Adjustment and True-Up Required)	Tracking No. JE-2016-0343
by 4 CSR 240-3.163(8))	

**APPLICATION FOR REHEARING AND/OR MOTION FOR RECONSIDERATION OF
KANSAS CITY POWER & LIGHT COMPANY**

Kansas City Power & Light Company ("KCP&L" or "Company"), pursuant to Section 386.500¹ and 4 CSR 240-2.160, files its application for rehearing and/or reconsideration of the Commission's Order ("Order") issued July 20, 2016. In support of its application for rehearing and/or reconsideration the Company states:

I. The 6 month recovery period will have an adverse customer impact and should be changed to 18 months.

1. While the Company appreciates the Commission's Order which allowed recovery of carrying costs per the Company's tariffs, KCP&L believes that the Commission may not have focused on the recovery period issue. Indeed, the Order only devotes one paragraph to this issue. As explained in its July 7, 2016 response, KCP&L's DSIM tariff filing proposed an adjustment to the non-residential DSIM rate by extending the upcoming recovery period from a 6-month period to an 18-month period as a result of extremely high participation in one of the programs and the resulting high costs that have incurred in the first half of 2016. These extraordinarily high costs are not expected to occur again due to the one time circumstances (a variable Custom program incentive, LED technology changes, end of Cycle 1 uncertainty) that precipitated the costs. The DSIM rate for non-residential customers should be relatively level for the 3 year Cycle 2 MEEIA program.

¹ All references to the Missouri Revised Statutes (2000), as amended.

2. Under the Company's proposal, the next DSIM rate adjustment to take effect in February 2017 would be for a 12 month period and then would return to a 6 month recovery period beginning in August 2017. This adjustment is reasonable, appropriate and necessary so that non-residential customers would not experience a sudden large rate increase due to the unprecedented increased participation in KCP&L's Business Energy Efficiency Rebates-Custom program. As explained in the Direct Testimony of Tim Rush, the increased participation results in an increase of over 100% in the DSIM rate, or over one cent per kWh, if the 6-month recovery period is applied. KCP&L calculates that a non-residential customer's bill would increase by 5.0-6.6 percent depending on usage during the 6-month recovery period (August 2016 through January 2017). For example, large customers that qualify and are able to opt-out of MEEIA will see an increase in their DSIM charge above what they would have experienced under the Company's proposal during the August, 2016 to January, 2017 time frame of a range between approximately \$19,000 to \$710,000 . These increases are on top of the expected costs for the Company's proposed DSIM for that same 6 month time period.

3. By spreading this increase over a period of 18 months, the impact on the customer is mitigated significantly and the recovery period is similar to the GMO Cycle 1 recovery period of 24 months. If the increase is not spread over an 18 month period, the Company anticipates that large customers that are eligible will choose to "opt-out" of MEEIA. This increase in non-participation in MEEIA of large customers will adversely impact the Company's goal of increasing participation and savings from energy efficiency programs while potentially spreading the costs over fewer customers even though all customers benefit. In addition, unforeseen spikes in DSIM rates can have an adverse effect on customers budgeting and business models. While the Company has been communicating with Staff since January on the need to mitigate the

increases, Customers will have less than one week to plan for an increase of over 5 percent that will last for a 6 month period. This large increase is unprecedented under MEEIA. The Company's proposal to spread the increase over 18 months is considerate of customers and will help to maintain a positive customer experience with energy efficiency.

4. The Commission's Order did not address the Company's concern regarding the increased potential for opt outs due to the increase under the 6 month recovery period. The Commission only addressed the "pancaking" issue in its Order. Page 5 of the Commission's Order states that the 6 month recovery period mitigates pancaking of Cycle 1 and Cycle 2 cost recoveries. KCP&L does not believe that the pancaking should be a concern for the Commission in this case, since Cycle 1 and Cycle 2 always anticipated the pancaking of cycles. The MEEIA Stipulation and Agreement contemplates overlapping recovery in the transition from Cycle 1 to Cycle 2.

5. The Company is filing compliance tariff sheet no. 49O and a motion for expedited treatment contemporaneously with this Application so that it can comply with the Commission's Order. The Company requests that the Commission rule on this Application for rehearing/reconsideration in a timely manner so that it can refile the tariff sheets which would enable it to extend the recovery period to 18 months as outlined above.

WHEREFORE, Kansas City Power & Light Company respectfully requests that the Commission grant rehearing and/or reconsideration of its July 20, 2016 Order, as more fully described herein.

Respectfully submitted,

/s/ Roger W. Steiner

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, this 22nd day of July, 2016, to all parties of record.

/s/ Roger W. Steiner

Roger W. Steiner