

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

In the Matter of Kansas City Power & Light)
Company's Application for Approval of Demand-Side)
Programs and For Authority to Establish A Demand-Side) Case No. EO-2014-0095
Programs Investment Mechanism)

**KANSAS CITY POWER & LIGHT COMPANY'S RESPONSE
TO STAFF'S MOTION FOR PRE-EVIDENTIARY HEARING ON THE RECORD,
REQUEST FOR RULING ON RECOMMENDATION TO SUSPEND TARIFFS**

COMES NOW Kansas City Power & Light Company ("KCP&L" or "Company"), and files its Response to the Motion For Pre-Evidentiary Hearing on the Record, Request for Ruling on Recommendation To Suspend Tariff Sheets, And Motion For Expedited Treatment ("Motion") filed by Staff on April 15, 2014:

1. On April 15, 2014, after the close of business (5:31 PM), the Commission Staff filed its Motion which recommended that "the Commission stay the filing of the issues list and statements of position in this case until further Order by the Commission, suspend the effective date of KCPL's tariff sheets assigned Tracking No. YE-2014-0288 to some date beyond June 6, 2014, and convene an on-the-record pre-evidentiary proceeding at its earliest convenience, but no later than April 18, 2014." (Motion, p. 4) For the reasons stated herein, the Staff's Motion should be denied.

2. There is absolutely no need to stay the filing of the issues list and statements of position in this case which, if granted, would also result in the need to substantially delay the hearings in this case. The Commission has already delayed the proceeding by four (4) weeks¹ and no further delay can be granted without jeopardizing the ability of the Company's proposed

¹ On February 25, 2014, the parties filed a *Joint Motion To Modify Procedural Schedule And Request For Variance* which requested that the Commission extend the deadline for rebuttal testimony and all subsequent dates by approximately four (4) weeks. In addition, the parties requested the Commission to grant a variance from that rule (4 CSR 240-20.094 (3)) to allow an extra thirty days for the issuance of the decision by the Commission. The Commission granted the requested variance and modified the procedural schedule as proposed by the parties.

MEEIA program to produce the expected level of benefits to consumers. KCP&L's proposed programs cannot be effectively implemented with any more delay in the procedural schedule. One of the purposes of KCP&L's application was to put KCP&L's MEEIA program and GMO's MEEIA program on the same schedule with a conclusion of both programs to occur on December 31, 2015. Any additional delays in this proceeding will put KCP&L in the position of needing to withdraw its application and delay offering of programs to KCP&L customers. This would be a very unfortunate result that should be avoided by the Commission. As indicated, such an action would be necessitated by the fact that a delay will result in KCP&L's inability to timely implement its MEEIA program and achieve the level of expected benefits to consumers before the conclusion of the proposed KCP&L MEEIA plan period

3. During the approximately ten (10) technical conferences held in this case², the Company presented a great deal of information to answer the questions and concerns of the parties, including Staff and Public Counsel. Typically, these technical conferences averaged 3-4 hours each, aggregating to approximately 38-48 meeting hours for the technical conferences. The Company answered over 100 questions (plus additional data requests) and provided additional documentation and analysis to aid the parties in better understanding the Company's MEEIA filing and the Demand Potential Study results. In order to accomplish this technical conference work, KCP&L had 7 personnel dedicated to the MEEIA effort over 7 weeks of technical conferences. The Company conservatively estimates that KCP&L personnel spent almost 1000 man-hours on this effort. As mentioned above, the Company also agreed to a four week extension of the 120 days allowed for a decision under the MEEIA rules in the hope of reaching an overall settlement. As a part of this effort, the Company agreed to extend the deadline for filing of rebuttal testimony by 30 days. Overall, the Company believes that the

² Technical conferences were held on January 22, 31, February 14, 21, 26, 28, March 5, 7, 13 and 14, 2014.

technical conferences were quite productive, and substantially resolved issues raised by other parties, with the exception of Staff and Public Counsel. Unfortunately, KCP&L was unable to achieve an overall settlement that was consistent with the agreement previously entered into by the Staff and Public Counsel, and approved by the Commission, in the GMO MEEIA case. Nevertheless the information exchanged during the technical conferences should be beneficial in the hearing process. However, if information discussed in the technical conferences cannot be used in the hearing process, then there is little reason to expend the time and effort necessary to conduct such extensive technical conferences. Instead, the parties should prepare for the hearing and dispense with the technical conferences.

4. Staff and Public Counsel filed the rebuttal testimony on March 28, 2014. Both Staff and Public Counsel recommended that the Commission reject KCP&L's application and MEEIA program.

5. Following the filing of Staff and Public Counsel rebuttal testimony, the Company presented in its surrebuttal testimony the changes to the MEEIA programs due to the correction of errors identified by the Company and suggestions from the parties in the technical conferences as well as suggested changes by Staff and Public Counsel in rebuttal testimony. The changes were discussed in the technical conferences and further explained in the surrebuttal testimony of Tim M. Rush in some detail (Rush Surrebuttal, pp. 5-6). The changes include modifications to the lighting program computations, the Analyzer budget changes, the estimated savings related to the Energy Reports Program, demand savings for the Demand Response Incentive Program, and other technical points related to the revenue calculations, the average rate and the net present value of revenues used in the Net Shared Benefits calculation. The Company has made a good faith effort to address the various technical concerns raised in the technical conferences related to

its program designs. However, its proposed changes to the programs do not constitute a new MEEIA program. It is substantially the same as originally proposed, with the exceptions discussed herein which are directly responsive to the issues raised by Staff and Public Counsel in their rebuttal testimony and technical conferences.

6. For example, in response to the Staff and Public Counsel rebuttal testimony, KCP&L in its surrebuttal testimony adopted several of the Staff suggestions, and accepted some of their criticisms of KCP&L's MEEIA portfolio of DSM programs. In the surrebuttal testimony of Kimberly H. Winslow (Winslow Surrebuttal, p. 10), KCP&L withdraws its request for approval of the Home Energy Improvement Program. This withdrawal is in response to the criticism of Staff witness Michael Stahlman where he stated:

Staff is generally concerned with the limited scope of the Home Energy Improvement Program. This program has a limited number of incentives and includes measures, such as windows, that can reduce the overall program effectiveness. There are a number of ways to package measures, work with trade allies, and market this program that could make it more attractive. This is an example of why Staff recommends the Commission reject KCP&L's MEEIA filing. KCPL needs to continue to work on all of the small scale programs and discuss modifications with the stakeholders to determine how to better design and promote these programs. (Stahlman Rebuttal, p. 24)

The Company decided to remove the Home Energy Improvement Program from the portfolio in response to Staff's suggestion that the program should be further redesigned in order to make this program more cost-effective and attractive to customers and industry partners. (Winslow Surrebuttal, p. 10)

7. In response to the concerns of Staff witness Michael Stahlman that the Company was spending substantial sums on the Home Energy Analyzer and Business Energy Analyzer Programs (Stahlman Rebuttal, p. 25), the Company in the surrebuttal testimony of Kimberly H. Winslow has also reduced the Home and Business Energy Analyzer program budgets by

approximately two-thirds to more accurately reflect the cost that the Company is paying for these programs today. (Winslow Surrebuttal, pp. 2, 7-9)

8. Modifying the schedule to accommodate the technical conferences and settlement discussions resulted in changing the time period in which the programs could go into effect. This delay also resulted in changing the overall impact on energy and demand savings because the start date of programs would be delayed and the overall plan period would be shortened. The impact of these changes has been addressed in the Company's surrebuttal testimony.

9. Contrary to the arguments of Staff, the surrebuttal testimony filed by the Company is appropriate surrebuttal testimony which addresses the issues raised by the seven (7) witnesses filed by Staff and one (1) witness filed by the Office of the Public Counsel. The Company's surrebuttal testimony is directly responsive to the rebuttal testimony filed by Staff and Public Counsel and is therefore appropriate surrebuttal. See 4 CSR 240-2.130(7)(D). Likewise, it is very common to make corrections or provide updated numbers in the course of filing surrebuttal testimony before the Commission. This commonly occurs in rate cases and all proceedings before the Commission.

10. While KCP&L has properly made changes to its original position in response to the issues raised by Staff, Public Counsel and other parties in the technical conferences and in their rebuttal testimony, the original Demand Side Investment Mechanism (DSIM) still remains the same, and is consistent with the GMO MEEIA plan approved by the Commission in Case No. EO-2012-0009. It is also consistent with the approach approved for Ameren Missouri. Contrary to Staff's suggestion, KCP&L has not presented "a new program plan and a new DSIM for Commission approval." (Motion, p. 2) The Company has updated the savings numbers to be consistent with the expected shortened period of the DSM plan (i.e. 18 months rather than 20

months). However, there is no need for another “redo” as Staff seems to be continuing to request in its motion. (Motion, p. 2)

11. Contrary to the assertions of Staff, KCP&L has not used or disclosed any confidential settlement positions in its surrebuttal testimony. KCP&L’s position does take into account the concerns that were raised in the rebuttal testimony of Staff and Public Counsel and discussions that have occurred among the parties in the technical conferences. However, KCP&L did not disclose any privileged settlement proposals of Staff, Public Counsel, or any other party in its surrebuttal testimony. This argument by Staff should be summarily rejected.

12. Staff’s allegation that KCP&L advised Staff that it should file rebuttal testimony only on KCP&L’s application is not accurate. Staff was advised that it could also address the issues raised at the technical conferences. In fact Schedule JAR-6, attached to Staff witness John Rogers rebuttal testimony contains KCP&L’s responses to Staff’s and other parties’ informal data request provided during the technical conferences. According to Mr. Rogers’ testimony (p. 23, ll. 14-15), Staff used these responses to assist in the development of its rebuttal testimony. This statement reveals that Staff has been aware of the changes to the MEEIA programs well before the Company filed its surrebuttal testimony.

13. Staff argues that “For the Commission to have the benefit of not only Staff’s analysis on KCPL’s new program and new DSIM, but also that of other interested parties, Staff requests that the Commission suspend the current procedural schedule and allow thirty-days from the Commission’s Order for Staff to file supplement rebuttal testimony.” (Motion, pp. 2-3) There is no need for additional delay in the proceeding for the Staff to provide additional analysis. Staff has already provided its input into the process in its rebuttal testimony. In addition, the parties have identified the issues in their testimony, and there is no reason to delay the filing of a List of Issues and the Position Statements.

14. The Commission Staff and other parties have the ability to conduct additional discovery upon the Company to clarify any relevant information needed by the Staff. Like any other case, the procedural schedule specifically contemplates that such discovery would be conducted after the filing of surrebuttal testimony. The parties, including the Commissioners and the Regulatory Law Judge, have the opportunity to question all witnesses at the hearing. Contrary to the arguments of Staff, the Commission has already received the “benefit” of Staff’s analysis of KCP&L’s MEEIA program and DSIM proposal.

15. There is also no need for a pre-evidentiary proceeding since the Commission Staff is able to file motions to strike or otherwise respond to the surrebuttal testimony at the previously scheduled hearing on April 28-29. The Commission may consider such requests at the time of the previously scheduled hearings, without the need to convene a special on-the-record pre-evidentiary proceeding, as requested by the Staff.

16. With regard to the tariff extension raised by Staff, the Company agrees that the existing MEEIA tariffs should not go into effect on May 7 as originally proposed by the Company. In its February 26 order, the Commission indicated that rather than immediately suspending the tariffs until June 6 as contemplated by the modified procedural schedule, the Commission first will allow KCP&L an opportunity to extend the effective date of the tariffs. KCP&L has not yet extended the date of the tariffs but will modify the tariff effective date to reflect a June 6 Report and Order issue date pursuant to the revised procedural schedule.

17. In conclusion, KCP&L’s MEEIA proposal in this case is consistent with previously approved MEEIA plans for GMO and Ameren Missouri. It would be very unfortunate if the Commission allows Staff’s purported desire for more time to complete its technical analysis to thwart the consumer benefits that are already being achieved for customers

of GMO and Ameren Missouri. KCP&L desires to have a MEEIA program that is consistent with GMO's approved MEEIA program. However, as stated above, any further delay in the procedural schedule will likely result in the unfortunate need for KCP&L to withdraw its application and delay offering of programs to KCP&L customers. A delay in the procedural schedule would make it impossible for the Company to timely implement the MEEIA program and achieve the level of expected benefits to consumers before the conclusion of the KCP&L MEEIA plan period.

WHEREFORE, KCP&L requests that the Commission deny the Staff's Motion requesting (1) a substantial delay in the procedural schedule to allow Staff to file supplemental rebuttal testimony, (2) a stay in the filing of the issues list and statements of position in this case until further Order by the Commission, and (3) the convening an on-the-record pre-evidentiary proceeding. Instead, the Commission should maintain its previously approved procedural schedule.

Respectfully submitted,

/s/ Roger W. Steiner

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**ATTORNEYS FOR
KANSAS CITY POWER & LIGHT COMPANY**

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, to all parties of record this 16th day of April, 2014.

/s/ Roger W. Steiner

Roger W. Steiner