PRUDENCE REVIEW OF COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
FOR THE ELECTRIC OPERATIONS
OF
KANSAS CITY POWER AND LIGHT GREATER MISSOURI OPERATIONS COMPANY

January 26, 2013 through December 31, 2014

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

FILE NO. EO-2015-0180

Jefferson City, Missouri
July 6, 2015

****Denotes Highly Confidential Information****

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MEEIA Prudence Review of Costs Report

I. Executive Summary

The Missouri Public Service Commission ("Commission") Staff ("Staff") reviewed and analyzed a variety of items in examining whether Kansas City Power & Light Greater Missouri Operations ("GMO" or "Company") prudently incurred costs associated with it demand-side programs and demand-side programs investment mechanism which were approved by the Commission in Case Nos. EO-2012-0009 and EO-2014-0355. Based on its review, Staff identified a minor concern[1] related to GMO's calculation of interest expense discussed in detail in this Report. As a result of its review and analyses as explained below, Staff found no imprudence on the part of GMO's decision makers for the period of January 26, 2013 through December 31, 2014.

On December 22, 2011, GMO filed, in Case No. EO-2012-0009, its application under the Missouri Energy Efficiency Investment Act[2] ("MEEIA") and the Commission's MEEIA rules[3] for approval of GMO's first MEEIA application. On October 29, 2012, GMO, Staff, Office of the Public Counsel, Missouri Department of Natural Resources, Natural Resources Defense Council, Sierra Club, Earth Island Institute d/b/a Renew Missouri, Missouri Industrial Energy Consumers, and Wal-Mart Stores East, L.P. and Sam's East, Inc. filed a *Non-Unanimous*[4] *Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* ("2012 Stipulation").

Through its November 15, 2012 *Order Approving Non-Unanimous Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* in Case No. EO-2012-0009, the Commission authorized GMO to implement its three-year[5] "Plan" including: 1) fifteen (15) demand-side programs ("MEEIA Programs") described in GMO's December 22, 2011 MEEIA Application and modified to reflect the terms and conditions contained in the 2012 Stipulation, and 2) a demand-side programs investment mechanism

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[1] A correction of $664.32 to the interest calculation related to GMO's demand-side program costs and a correction of $42.75 related to the interest calculation related to GMO's throughput disincentive cost recovery mechanism.
[2] Section 393.1075, RSMo, Supp. 2013.
[3] 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094.
[4] The Commission's order approving the 2012 Stipulation included: "MGE, Ameren Missouri, AG Processing and SIEUA did not sign the stipulation and agreement, but they did not object within seven days of its filing. Therefore, pursuant to Commission Rule 4 CSR 240-2.115, the Commission will treat the stipulation and agreement as unanimous."
[5] Starting January 26, 2013 and ending December 31, 2015.

("DSIM"). Through its January 23, 2013 *Order Granting Expedited Treatment, Overruling Objection, and Approving Compliance Tariffs*, the Commission approved rates[6] for the MEEIA DSIM Charge on customers' bills in Case No. ER-2012-0175 to recover: 1) estimated annual programs' costs[7], and 2) 90% of estimated Company TD-NSB Share. Throughput disincentive – net shared benefits ("TD-NSB") is the annualized value of a three-year annuity of 13.55% of the actual pre-tax NSB which GMO is allowed to recover to offset the TD associated with the MEEIA Programs.

GMO's DSIM tracks, with carrying costs, in a regulatory asset or regulatory liability, the differences between 1) the estimated programs' costs billed to customers through rates and the actual programs' costs, and 2) 90% of estimated annualized TD-NSB billed to customers through rates and the actual TD-NSB based upon actual programs' costs and energy efficiency measures installed and with deemed values for measure savings, measure lives and avoided costs.

The DSIM also allows for recovery of performance incentive award amounts through an amortization of the award amount included in GMO's rate base in a general electric rate case that concludes after the Performance Incentive Award amount is determined for the three-year Plan[8].

Paragraph 6 of the 2012 Stipulation provides the process for the DSIM to return to customers or recover from customers the over- or under-recovery of MEEIA Programs' costs, TD-NSB and performance incentive award by means of amortizations in future general electric rate cases. GMO has not yet filed a general electric rate case since its initial implementation of the Plan on January 26, 2013.

GMO has the opportunity to request a rider that would allow GMO to recover/return the cumulative differences between its actual and billed MEEIA DSIM Charges between general rate cases. On November 26, 2013, GMO filed its *Notice of Intended Case Filing* in File No. EO-2014-0159 announcing that it may file to implement a MEEIA rider; however, GMO has not yet sought such a rider.

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[6] The residential and non-residential rates for the MEEIA DSIM Charge approved in Case No. ER-2012-0175 are $0.00311 per kWh and $0.00202 per kWh, respectively.

[7] Programs' costs means program expenditures, including such items as program design, administration, delivery, end-use measures and incentive payments, evaluation, measurement and verification, market potential studies and work on the TRM.

[8] This award shall result from EM&V determination of 3-year annual energy savings (weighted 80%) and annual demand savings (weighted 20%) and 3-year annual net shared benefits and from application of the performance award mechanism described in paragraph 5.b.ii and Appendix B of the 2012 Stipulation. A performance incentive award amount for the GMO's approved energy efficiency Plan is not the subject of this Staff prudence review, because such an amount – if any - will not be determined until 2016.

The Commission's July 2, 2014 *Order Regarding Application* in File No. EO-2014-0355 approved GMO's proposed Residential Home Lighting Rebate program, and the program's cumulative annual energy and demand savings targets of 25,162,228 kWh and 2,673 kW, respectively and also modified and corrected the three-year Plan's cumulative annual energy and demand savings targets[9] to 161,280,888 kWh and 66,525 kW, respectively. The Residential Home Lighting Rebate program became GMO's sixteenth (16th) demand-side program on July 6, 2014. The July 2, 2014 order also "froze" the Plan's Multi-Family program and Energy Star New Homes program effective February 11, 2015.[10]

Commission Rule 4 CSR 240-20.093(10) requires that the Staff conduct prudence reviews of an electric utility's costs for its DSIM no less frequently than every twenty-four (24) months. This Report documents Staff's first review of the prudence of GMO's MEEIA Programs' costs, Company TD-NSB Share and interest for the period January 26, 2013 through December 31, 2014 ("Review Period"). To complete its review of Company TD-NSB Share, Staff must also review and verify the deemed annual energy (kWh) savings and deemed annual demand (kW) savings, avoided costs resulting from deemed annual energy and demand savings, and the monthly calculations of annual net shared benefits.

Commission Rules 4 CSR 240-20.093(9) and 4 CSR 240-2.163(6) require that GMO file quarterly a Surveillance Monitoring Report. Addendum A to this Report is Page 6 of GMO's highly confidential Surveillance Monitoring Report including status of the MEEIA Programs and DSIM costs for the quarter ended, 12-months ended and cumulative total ended December 31, 2014. Table 1 identifies the line items and amounts from Addendum A which are the subject of Staff's prudence review.

[9] KCP&L Greater Missouri Operations Company P.S.C. MO. No. 1, 2nd Revised Sheet No. R-63.01.

[10] On February 11, 2015, GMO stopped accepting new application for the Multi-Family program and for the Energy Star New Homes program because these programs were determined to be not cost-effective.

Table 1		
Cumulative Totals for January 26, 2013 through December 31, 2014		
Category	**Descriptor**	**Total for Prudence Review Period**
Total Programs' Costs ($)	Billed	$ 26,187,889
Total Programs' Costs ($)	Actual	$ 22,663,333
Total Programs' Costs ($)	Vanriance	$ 3,524,556
Total Programs' Costs ($)	Interest	$ 114,276*
Energy Savings (kWh)	Actual	88,336,548
Demand Savings (kW)	Actual	41,229
Net Shared Benefits ($)	Actual	$ 44,260,567
90% Company TD-NSB Share ($)	Billed	$ 9,048,889
Compay TD-NSB Share ($) (1)	Actual	$ 5,997,307
Compay TD-NSB Share ($)	Variance	$ 3,051,582
Compay TD-NSB Share ($)	Interest	$ 163,202**

* Denotes correction of interest calculation ($664.00) on over-collection of program costs as originally reported on GMO's Surveillance Monitoring Report for period ending 12/31/2014.

**Denotes correction of interest calculation ($43.00) on over-collection of TD-NSB Share as originally reported on GMO's Surveillance Monitoring Report for period ending 12/31/2014.

In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances at the time the decision was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded; instead, the review evaluates the reasonableness of the information the decision-maker relied on and the decision-making process the decision-maker employed. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff recommend a refund.

II. MEEIA Programs

A. MEEIA Programs

GMO used various request for proposal ("RFP") processes to contract: 1) implementers for its individual MEEIA Programs, 2) EM&V contractor for its residential and business MEEIA Programs, 3) demand-side management cost effectiveness software (DSMore® software by Integral Analytics), 4) comprehensive demand-side programs' data management system (Applied Energy Group's VisionDSM® Tracker and Reporting System ("VisionDSM®"), and 5) demand-side market potential study. Table 2 summarizes for each of the sixteen (16) MEEIA Programs: the current Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

Table 2

2013 - 2015 Energy Efficiency Plan

MEEIA Programs	Cumulative Annual Energy Savings Targets (kWh) (1)	Cumulative Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Res. Lighting & Appliance	6,439,487	3,275	APT	Navigant Consulting, Inc
Multi-Family	4,292,991	288	AEG/CLEAResults	Navigant Consulting, Inc
Energy Star New Homes	3,859,602	1,177	AEG/CLEAResults	Navigant Consulting, Inc
Air Conditioning Upgrade Rebate (Cool Homes)	19,921,194	11,661	Proctor Engineering	Navigant Consulting, Inc
Home Performance with Energy Star	6,432,670	2,964	MEC	Navigant Consulting, Inc
Income-Eligible Weatherization	1,286,533	91	Various CAP Agencies	Navigant Consulting, Inc
Appliance Recycling	2,060,635	121	JACO	Navigant Consulting, Inc
C&I Prescriptive Rebates	21,464,957	4,419	AEG/CLEAResults	Navigant Consulting, Inc
C&I Custom rebates	59,180,562	8,038	AEG/CLEAResults	Navigant Consulting, Inc
Energy Optimizer	0	8,461	Honeywell	Navigant Consulting, Inc
MPower	0	21,637	Ziphany	Navigant Consulting, Inc
Business Energy Analyzer	0	0	AEG/CLEAResults	Navigant Consulting, Inc
Home Energy Analyzer	0	0	AEG/CLEAResults	Navigant Consulting, Inc
Residential Reports	11,180,029	1,720	Opower	Navigant Consulting, Inc
Building Operator Certification	0	0	AEG/CLEAResults	Navigant Consulting, Inc
Home Lighting Rebate	25,162,228	2,673	AEG/CLEAResults	Navigant Consulting, Inc
Total	161,280,888	66,525		

Targets are based on savings at cutomers' meters (excluding transmission and distribution line losses).
Applied Energy Group (AEG) contract was terminated as 12/31/2014 and CLEAResults became the business program implementor beginning 11/10/2014.

The individual program implementers can record individual items of programs' costs and individual energy efficiency measures in real time (daily) into the VisionDSM® system as they incur programs' costs and deliver programs' services to customers and retail partners. Monthly, GMO downloads files from VisionDSM® model for input to the DSMore® model in order to calculate programs' benefits and then to calculate programs' net benefits[11] in compliance with

[11] Net benefits means the present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the Plan using the deemed values, less the 2013 present value of programs' costs as further described in paragraphs 5.b.i. and 6.b. of the 2012 Stipulation.

GMO's Annual Report required by 4 CSR 240-20.093(8) and 4 CSR 240-3.163(5)(A). Table 3 is a summary of each MEEIA Program's deemed annual energy savings, deemed annual demand savings, benefits, costs and net benefits for the Review Period. Also, included in Table 3 are Strategic Initiative Programs which consists for portfolio EM&V costs and portfolio overhead costs including general, education, marketing, potential study, data tracking, and communication.

Table 3
Highly Confidential
January 26, 2013 through December 31, 2014

MEEIA Programs	Cumulative Annual Energy Savings (kWh)	Cumulative Annual Demand Savings (kW)	Programs' Benefits (2013 $)	Programs' Costs (Nominal $)	Programs' Costs (2013 $)	Programs' Net Benefits (2013 $)
Res. Lighting & Appliance	**Program Level Data Is Deemed Highly Confidential**					
Multi-Family						
Energy Star New Homes						
Air Conditioning Upgrade Rebate (Cool Homes)						
Home Performance with Energy Star						
Income-Eligible Weatherization						
Appliance Recycling						
C&I Prescriptive Rebates						
C&I Custom Rebates						
Energy Optimizer						
MPower						
Business Energy Analyzer						
Home Energy Analyzer						
Residential Reports						
Building Operator Certification						
Home Lighting Rebate						
All Program Costs						
Total	88,336,000	41,229	65,909,163	22,663,333	21,648,597	44,260,566

III. Prudence Review Process

On February 3, 2015, Staff initiated this first prudence review of costs of GMO's DSIM in compliance with 4 CSR 240-20.093(10) as authorized under Sections 393.1075.3. and 393.1075.1, RSMo, Supp. 2013. This prudence review was performed by members of the Energy Resource Analysis Section of the Staff. Staff obtained and analyzed a variety of documents, records, reports and work papers and used face-to-face meetings, emails and phone calls with GMO personnel to complete its prudence review of costs for the MEEIA cost tracker for the Review Period of January 26, 2013 through December 31, 2014. In compliance with 4 CSR 240-20.093(10), this prudence review was completed within one-hundred-fifty (150) days of its initiation.

If the Commission were to order any disallowance of costs as a result of prudence reviews and/or corrections, such a disallowance amount shall be a reduction to GMO's revenue requirement in the first general electric rate case occurring after a Commission order specifying such a refund; provided, that if a rider mechanism is in place for the DSIM, then the rider mechanism will be used to effectuate the results of the prudence review.[12]

IV. Prudence Review Standard

In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo*., the Western District Court of Appeals stated the Commission defined its prudence standard as follows:

> [A] utility's costs are presumed to be prudently incurred.... However, the presumption does not survive "a showing of inefficiency or improvidence... [W]here some other participant in the proceeding creates a serious doubt as to the prudence of expenditure, then the applicant has the burden of dispelling these doubts and proving the questioned expenditure to have been prudent.
>
> In the same case, the PSC noted that this test of prudence should not be based upon hindsight, but upon a reasonableness standard: [T]he company's conduct should be judged by asking whether the conduct was reasonable at the time, under all the circumstances, considering that the company had to solve its problem prospectively rather than in reliance on hindsight. In effect, our responsibility is to determine how reasonable people would have performed the tasks that confronted the company.
>
> 954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

In reversing the Commission in that case, the Court did not criticize the Commission's definition of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers based on imprudence; the Commission must determine the detrimental impact of that imprudence on the utility's ratepayers. *Id*. at 529-30. This is the prudence standard Staff has followed in this review. Staff reviewed for prudence the areas identified and discussed below for GMO's DSIM.

V. Billed Revenue

A. Recovery of Program Costs and 90% of Company TD-NSB Share

1. Description

For the Review Period, GMO billed customers through a separate line item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs' costs and 90% of estimated Company TD-NSB Share. The "DSIM Charge" is based on the customer's monthly consumption and the applicable energy efficiency investment rates approved by the Commission in Case No. ER-2012-0175. During the Review Period of January 26, 2013 through

[12] Paragraph 22 of 2012 Stipulation.

December 31, 2014, GMO billed customers $26,187,889 to recover its estimated energy efficiency programs' costs. For the same period, GMO actually spent $22,663,333 on its energy efficiency programs. Thus, GMO over-collected $3,524,557 from its customers for programs' costs during the Review Period. During the same period, GMO billed customers $9,048,889 for 90% of estimated Company TD-NSB Share. The actual Company TD-NSB Share for the period was $5,997,307. Thus, GMO over-collected $3,051,582 from its customers for Company TD-NSB Share during the Review Period. The monthly amounts that are either over- or under-collected from customers are tracked in a regulatory asset or a regulatory liability, along with monthly interest, until GMO files for rate adjustments in its general rate case preceding the conclusion of its three-year Plan and new rates for the MEEIA DSIM Charge are approved by the Commission.

Staff obtained through its Data Request No. 0015 sample billing data from each customer class[13] for the "DSIM Charge" bill line item to determine the correctness of these charges.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the determination of the "DSIM Charge" for customers' bills, ratepayer harm could result in an increase in billed revenue.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the determination of the "DSIM Charge" for customers' bills.

4. Documents Reviewed

a. GMO's *2013 - 2015 MEEIA Plan*;
b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
c. GMO's Quarterly Surveillance Monitoring Reports, Page 6;
d. GMO's DSM Advisory Group Quarterly Reports;
e. Staff Data Requests; 0001, 0002, 0003, 0005, 0014, 0015, 0021, 0023 and 0024; and
f. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves

[13] of participation in the MEEIA programs under 4 CSR 240-20.094(6).

VI. Software Systems Costs

A. Applied Energy Group VisionDSM® Software

1. Description

Staff reviewed the controls GMO has developed to help assure demand-side program incentive payments are accounted for properly. Staff also reviewed the incentive amounts paid to customers to make sure they complied with incentive levels for individual measures approved for each energy efficiency program. Data management and recordkeeping is critical for the proper administration of the DSIM tracker mechanism. GMO contracted with Applied Energy Group ("AEG") to provide an integrated software tracking system called VisionDSM® that allows GMO to store, manage and process data for its entire DSM portfolio over each programs' life-cycles. VisionDSM® specifically allows GMO to develop operating rules for its approved energy efficiency programs, process customers' applications, support processing and payment of incentives and provide regulatory compliance and management reporting.

GMO granted Staff remote on-line access to the VisionDSM® system for Staff's use in conducting Staff's MEEIA prudence review. Staff independently sampled customer data, incentive levels, customer applications and annual energy and demand savings for all of GMO's approved energy efficiency programs. As more fully discussed in section VII. B. of this Report, Staff found the VisionDSM® system to be suitable and that VisionDSM® provides Staff with an auditable trail of costs from time of application to time of payment of incentives. Through VisionDSM®, Staff is able to verify deemed annual energy and demand savings at a measure level.

The costs incurred by GMO associated with the VisionDSM® software are being treated differently for the purpose of the three-year Plan than similar software would be treated under traditional ratemaking cost recovery. Under traditional ratemaking principles, costs associated with long-lived assets (assets that provide GMO with a future economic benefits beyond the current year) would be included on its balance sheet and the cost of the asset would be recovered over time through depreciation expense. The characteristics of the VisionDSM® software would certainly qualify as a long-lived asset. However, GMO chose to expense the entire VisionDSM® software cost to customers when the expense was incurred. Guidance for cost recovery of demand-side program assets is provided under 4 CSR 240-20.093(1)(M):

(M); Demand-side programs investment mechanism, or DSIM, means a mechanism approved by the commission in a utility's filing for demand-side program approval to encourage investments in demand-side programs. The DSIM may include, in combination and without limitation:

1. **Cost recovery of demand-side program costs through capitalization of investments in demand-side programs;**
2. **Cost recovery of demand-side program costs through a demand-side program cost tracker;**
3. **Accelerated depreciation on demand-side investments;**
4. Recovery of lost revenues; and
5. Utility incentive based on the achieved performance level of approved demand-side programs [Emphasis added.]

However, under the terms and conditions of the 2012 Stipulation, no provision or agreement was made to treat VisionDSM® costs differently than any other item of program costs, i.e., expense. Staff will consider the issue of capitalization of long-lived assets associated with program costs during its review of GMO's next MEEIA application.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the administration and implementation of the AEG VisionDSM®, ratepayer harm could result in an increase in future rates.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the implementation and administration of the AEG VisionDSM® software.

4. Documents Reviewed

a. GMO's three-year Plan;

b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

c. Staff Data Requests 0002 and 0023;

d. GMO MEEIA Vender and Implementer Contracts; and

e. March 30, 2015 in-person meeting with GMO.

Staff Expert: Jason Huffman

B. DSMore® Software

1. Description

GMO used DSMore® software to screen all measures and programs for cost-effectiveness and to calculate GMO's monthly Company TD-NSB Share for its MEEIA application and throughout the Review Period. The costs related to DSMore® program are not MEEIA Program costs because they are being treated under traditional ratemaking cost recovery.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the implementation and administration of DSMore® program, ratepayer harm could result in an increase in future increases in revenue requirements under traditional ratemaking cost recovery.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the implementation and administration of the DSMore® software.

4. Documents Reviewed

a. GMO's 2013 – 2015 Approved Energy Efficiency Plan;
b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
c. Staff Data Requests: 0003, 0012 and 0013; and
d. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves.

VII. Actual Program Costs

A. Total Program Costs

1. Description

GMO's programs' costs include incentive payments and program administration costs for residential and business programs and strategic initiative program costs for general, accounting, regulatory, administrative, general, implementation, and marketing costs. Costs that are in the Strategic Initiative Programs accounting code are allocated to individual programs on a weighted basis of $ per program (with Marketing costs allocated to only Residential programs on a weighted basis).

Staff reviewed all actual program costs GMO is seeking to recover through its "DSIM Charge" to ensure only prudently incurred costs are being recovered through the DSIM tracker mechanism. Staff reviewed and analyzed for prudency GMO's adherence to contractual obligations, resolutions of problems, adequacy of controls, and compliance with approved tariff sheets. GMO provided Staff accounting records for all programs' costs it incurred during the Review Period. Staff categorized these costs by program and segregated them between incentives payments and program administrative costs. The results of Staff's categorizing of programs' costs are provided in Table 4.

<table>
<tr><th colspan="4">Table 4</th></tr>
<tr><th colspan="4">Highly Confidential</th></tr>
<tr><th colspan="4">Programs' Costs January 26, 2013 through December 31, 2014</th></tr>
<tr><th></th><th>Total Costs</th><th>Incentives</th><th>Program Administration</th></tr>
<tr><td>Air Conditioning Upgrade Rebate</td><td colspan="3" rowspan="27">Program Level Data
Is Deemed
Highly Confidential</td></tr>
<tr><td>Mpower</td></tr>
<tr><td>Energy Star New Homes</td></tr>
<tr><td>Appliance Recycling</td></tr>
<tr><td>Home Energy Analyzer</td></tr>
<tr><td>Residential Reports</td></tr>
<tr><td>Home Lighting Rebate</td></tr>
<tr><td>Home Performance with Energy Star</td></tr>
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<tr><td>Energy Optimizer</td></tr>
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<tr><td>Subtotal Residential Programs</td></tr>
<tr><td></td></tr>
<tr><td>Building Operator Certification</td></tr>
<tr><td>C&I Prescriptive Rebates</td></tr>
<tr><td>C&I Custom Rebates</td></tr>
<tr><td>Business Energy Analyzer</td></tr>
<tr><td>Subtotal Business Programs</td></tr>
<tr><td></td></tr>
<tr><td>Accounting/Regulatory</td></tr>
<tr><td>Administrative</td></tr>
<tr><td>General</td></tr>
<tr><td>Implementation</td></tr>
<tr><td>Marketing</td></tr>
<tr><td>Subtotal Strategic Initiative Programs</td></tr>
<tr><td></td></tr>
<tr><td>Total Programs' Costs</td><td>$ 22,663,333</td><td>$ 2,895,880</td><td>$ 19,767,452</td></tr>
</table>

GMO incurs administrative costs that are directly related to the implementation of its approved energy efficiency programs. Staff uses the term "administrative" to mean all costs other than incentives.[14] Staff reviewed each administrative category of cost to determine the

[14] Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as a part of a program.

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reasonableness of each individual item of cost and if the costs being sought for recovery were directly related to energy efficiency programs and recoverable from customers through the "DSIM Charge".

GMO provides incentive payments to its customers as part of its approved energy efficiency programs. Incentive payments are an important instrument for encouraging investment in energy efficient technologies and products by lowering higher upfront costs for energy efficiency measures compared to the cost of standard measures. Incentive payments can also complement other efficiency policies such as appliance standards and energy codes to help overcome market barriers for cost-effective technologies.

GMO has also developed internal controls that allow for review and approval at various stages of the accounting of costs for its energy efficiency programs. During the in-person meeting held March 30, 2015, between Staff and GMO personnel at GMO's Kansas City office, a presentation was given to Staff detailing accounting controls developed specifically for its energy efficiency programs. GMO made available each of its program managers for Staff questions and each program manager provided detailed actions they take to confirm the accuracy of the information provided by each of its implementers and business partners. GMO has developed internal procedures that provide program managers and other reviewers a detailed and approved method for reviewing invoices. Also, each program manager provided Staff samples and a walk-through of how they complete their invoice reviews. GMO's program managers provided its review procedures at the March 30, 2015 in-person meeting in the response to Staff's Data Request 0021.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the administration and implementation of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future rates.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the costs associated with its Energy Efficiency Programs.

4. Documents Reviewed

a. GMO's three-year Plan;

b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

c. Staff Data Requests; 0001, 0002, and 0023; and

d. March 30, 2015 in-person meeting with GMO.

Staff Expert: Jason Huffman

B. Implementation Contractors

1. Description

GMO hired business partners for design, implementation and delivery of its portfolio of residential and business energy efficiency programs to customers. Contracting with competent, experienced and reliable program implementers is extremely important to the success of GMO's energy efficiency programs and for affording GMO's customers the greatest benefits.

In 2012, GMO issued RFPs for program implementers to directly administer one or more of GMO's energy efficiency programs. GMO selected and contracted with the organization identified in Table 2 to implement individual MEEIA Programs. All of the implementers identified on Table 2 are nationally recognized contractors that have solid histories of energy efficiency programs' design and implementation.

Staff reviewed GMO's relationship with its implementers to gauge if GMO acted prudently in the selection and oversight of its program implementers. Staff and GMO held in-person meetings on March 30, 2015, at which a wide array of topics were discussed. During these discussions a very open dialogue occurred related to GMO's overall working relationship with its program implementers, problems that arose during the course of the deployment of specific programs and program implementer responsiveness and ability to solve problems and address issues as they arose. Staff is satisfied with GMO's ability to form a good working partnership with the implementers.

Staff also examined the contracts between GMO and the implementers in an effort to determine if the terms of the contract were followed during the implementation of the residential and business programs.

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Achieved cumulative deemed annual energy and demand savings relative to the planned cumulative annual energy and demand savings for the same period is important to understanding the overall performance of GMO's energy efficiency programs. Table 5 provides a comparison of achieved savings and planned savings for GMO's residential and business programs for the Review Period. If GMO was unable to achieve its planned energy and demand savings levels, that could be an indication the programs were not being prudently administered by the implementers and by GMO. The results in Table 5 indicate that GMO fell short of its plan for cumulative deemed annual energy savings by 12.4% during the Review Period. This fact alone is not a strong indicator of the ability of GMO and its program implementers to design and deliver effective demand-side programs. However, it is an area that will need to be monitored closely by GMO and its program implementers to ensure targets are met at the end of the three-year Plan period.

Table 5

Highly Confidential

January 26, 2013 through Deceber 31, 2014

MEEIA Programs	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
Res. Lighting & Appliance	Program Level Data Is Deemed Highly Confidential					
Multi-Family						
Energy Star New Homes						
Air Conditioning Upgrade Rebate (Cool Homes)						
Home Performance with Energy Star						
Income-Eligible Weatherization						
Appliance Recycling						
Residential Reports						
Programable Thermostat						
Home Energy Analyzer						
Home Lighting Rebate						
Total Residential Programs						
C&I Prescriptive Rebates						
C&I Custom rebates						
Energy Optimizer						
Mpower						
Building Operator Certificate						
Demand Response Incentive						
Business Energy Analyzer						
Total Business Programs						
Total Portfolio	**88,336,000**	**100,888,821**	**(12,552,821)**	**41,229**	**47,200**	**(5,971)**

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the selection and supervision of its program implementers, ratepayer harm could result in an increase in the future rates.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the selection and supervision of its program implementers.

4. Documents Reviewed

a. GMO's *2013 – 2015 Approved Energy Efficiency Plan*;

b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

c. GMO's DSM Advisory Group Quarterly Report;

d. Staff Data Requests: 0001, 0002, 0003, 0004, and 0015; and

e. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves

C. Marketing

1. Description

GMO provided Staff with its general ledger of all MEEIA related program costs for January 2013 – December 2014, and Staff reviewed these costs for prudency. Staff was able to sort costs by program. From this sort, Staff viewed and checked all of GMO's marketing related expenses from January 2013 through December 2014. During the Review Period, GMO spent a total of ** _______ ** on marketing related to its MEEIA programs. The Company used various media sources and third party vendors to promote its MEEIA programs. GMO's advertising vendors included Global Prairie, Honeywell, Power Direct Marketing, E-Source Companies, Proctor Engineering Group, Harvest Graphics, Bank of Nova Scotia, and Applied Proactive Technologies. For the determination of prudence in this case the Staff utilized the KCPL advertising standard that was adopted by the Commission in Case No. EO-85-185 et al. The commission has recognized the following five categories to determine the treatment of allowing or disallowing advertising expenses:

1. General: informational advertising that is useful in the provision of adequate service;
2. Safety: advertising which covers the ways to safely use electricity and to avoid accidents;
3. Promotional: advertising used to encourage or promote the use of electricity;
4. Institutional: advertising used to improve the company's public image; and
5. Political: advertising associated with political issues.

The Commission utilized these categories of advertisements to explain that a utility's revenue requirement should always include the reasonable and necessary cost of general and safety advertisements; never include the cost of institutional or political advertisements; and include the cost of promotional advertisements only to the extent the utility can provide cost-justification for the advertisements.

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In Ameren Missouri Case No. ER-2008-0318, the Commission decided that the standards for advertising announced in the KCPL case should be imposed on a "campaign" basis rather than an "ad-by-ad" basis:

> In the future, Staff would do well to examine advertisements on a campaign basis rather than becoming ensnared in the effort to evaluate individual ads within a larger campaign. If on a balance, a campaign is acceptable then the cost should be recoverable in rates. If the campaign is unacceptable under the Commission's standards, then the cost of all advertisements within the larger campaign should be disallowed.

Based on Staff's application of the Commission's past treatment of advertising in previous general rate cases, GMO's MEEIA advertisements would be allowable and prudent, because they would be classified as general and promotional with the related costs being reasonable. GMO's MEEIA advertising campaign, as a whole, would also be acceptable under the Commission's ruling in Case No. ER-2008-0318.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to management of its education and communications for the MEEIA programs, ratepayer harm could result in an increase in future rates.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding their education and communication for the MEEIA programs.

4. Documents Reviewed

a. Case No. EO-85-185, Case No. ER-2008-0318 and Case No ER-2014-0258 Cost of Service Report pages 113-115;

b. MEEIA Program Costs January 2013 – June 2014;

c. Various GMO MEEIA Advertisements and Related Invoices; and

d. Staff Data Requests: 0002 and 0023.

Staff Expert: Jason Huffman

D. Evaluation, Measurement and Verification Contractors

1. Description

GMO is required to hire independent contractor(s) to perform and report EM&V of each commission-approved demand-side programs. Commission rules allow GMO to spend approximately 5% of its total budget for EM&V for all approved demand-side program costs.[15] The Navigant Consulting, Inc. ("Navigant") conducted and reported the EM&V results for GMO's demand-side programs. Navigant provided EM&V final reports for GMO's MEEIA programs for the 2013 program year to GMO and stakeholders on October 9, 2014.

During the Review Period, GMO expended ** _________ ** for EM&V, which represents ** ____ ** of the $22,663,333 total programs' costs. Thus, the costs associated with the EM&V exceed the 5% maximum. It is Staff's understanding that this variance is not unexpected during the startup of a multi-year EM&V plan and that the total EM&V expenditures for the entire three-year Plan period are expected to be within the 5% maximum.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the selection and supervision of its EM&V contractor's ratepayer harm could result in an increase in future rates.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the selection and supervision of its EM&V contractors.

4. Documents Reviewed

a. GMO's three-year Plan;
b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
c. Staff Data Requests: 0001, 0002, 0015, and 0018; and
d. March 30, 2015 in-person meeting with GMO.

Staff Expert: Jason Huffman

E. Potential Study Contractors

1. Description

Prior to the initiation of GMO's MEEIA programs Kansas City Power & Light Company ("KCPL") contracted with Navigant to perform a demand-side management market potential study ("Potential Study") to aid KCPL and GMO in assessing the various categories of energy

[15] 4 CSR 240-20.094(7)(A) Each utility's EM&V budget shall not exceed five percent (5%) of the utility's total budget for all approved demand-side program costs. The 2012 Stipulation includes in its paragraph 11. EM&V a. Approximately five percent of the three-year MEEIA Programs' costs budget will be spent for EM&V. Ameren Missouri will consider input from the stakeholder group, as described in paragraph 14, in its determination of how best to allocate and utilize the EM&V budget.

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efficiency, demand response and distributed generation/combined heat and power potentials in the residential, commercial and industrial sectors for the KCPL and GMO service areas in the State of Missouri. The cost of the entire Potential Study was ** __________ **, which was allocated between KCPL (51.2%) and GMO (48.8%). GMO incurred costs of ** ________ ** for its assigned portion of the Potential Study, and ** ________ ** of this amount was included in rate base in Case No. ER-2012-0175, and is being amortized over a six- (6-) year period. The remaining portion of the Potential Study costs (** ________ **) will be included in GMO's next rate case and receive similar treatment.

2. Summary of Cost Implications

If GMO was imprudent in its selection and supervision of Navigant and the costs related to performance of the Potential Study, ratepayer harm could result in an increase in future rates.

3. Conclusion

The Potential Study expenditures occurred before the implementation of GMO's MEEIA programs and are treated as Pre-MEEIA costs.

4. Documents Reviewed

a. GMO's three-year Plan;

b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

c. Staff Data Requests: 0001, 0002, 0019, and 0023; and

d. 2012 Stipulation.

Staff Expert: Jason Huffman

VIII. Throughput Disincentive – Net Shared Benefits (TD-NSB)

A. TD-NSB

1. Description

For a utility that operates under a traditional regulated utility model a "throughput incentive" is created when a utility's increase in revenues is linked directly to its increase in sales. This relationship between revenues and sales creates a financial disincentive for the utility to engage in any activity that would decrease sales, such as utility sponsored energy efficiency programs.

Annual net shared benefits are a determination of benefits that are expected to result from energy efficiency programs through net present value ("NPV") of benefits (avoidance of costs of energy, capacity, transmission and distribution and probable environmental costs) less the NPV of costs for approved energy efficiency programs.

The sharing of annual net shared benefits between the customers and the utility is needed to offset the throughput disincentive GMO is expected to incur as a result of its approved three-year Plan. A sharing percentage of 13.55% was agreed to in the 2012 Stipulation.

Table 6 TD-NSB Share and Interest Cost for January 26, 2014 through December 31, 2014					
Category			Cumulative Total for the Period	Corrected Total for the Period	Variance
Company TD-NSB Share ($)		Planned	$ 9,577,018	$ 9,577,018	$ -
Company TD-NSB Share ($)		Disincentive	$ 5,997,307	$ 5,997,307	$ -
Company TD-NSB Share ($)		Variance	$ 3,579,711	$ 3,579,711	$ -
					$ -
90 % Company TD-NSB Share ($)		Billed	$ 9,048,889	$ 9,048,889	$ -
Company TD-NSB Share ($)		Disincentive	$ 5,997,307	$ 5,997,307	$ -
Company TD-NSB Share ($)		Variance	$ 3,051,582	$ 3,051,582	$ -
Company TD-NSB Share ($)		Interest	$ 163,245	$ 163,202	$ 42.75

Staff has verified each component of the TD-NSB calculation that was provided by GMO in the Quarterly Surveillance Report, Page 6. Staff will address a misstatement of interest costs in the Interest Cost section of this Report.

2. Summary of Cost Implications

If GMO was imprudent in its reporting and/or calculating the Company TD-NSB Share, ratepayer harm could result in an increase in rates in future general electric rate cases.

3. Conclusion

Staff found that GMO did perform the TD-NSB calculations correct and correctly reported the results.

4. Documents Reviewed

a. GMO's 2013 – 2015 Approved Energy Efficiency Plan;

b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

c. Staff Data Requests: 0002, 0015,0017 and 0021; and

d. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves

B. Gross Deemed Annual Energy and Demand Savings

1. Description

Staff reviewed the monthly calculation of NPV of the benefits from GMO's MEEIA Programs calculated with DSMore® software[16]. GMO provided Staff its DSMore® software program files to show how the NPV of the programs' benefit were calculated during the Review Period. Staff chose a sample of monthly measure counts actually installed for each program measure. From this sampling Staff was able to verify GMO's calculations for the Review Period. Staff determined that GMO used the same values for avoided costs, deemed energy and demand savings for measures, incentive payments for measures, discount rate, and version of DSMore® software as agreed to in the Stipulation and agreement.

To begin its review of GMO's calculations of its monthly Company TD-NSB Share for the Review Period, Staff reviewed the version of DSMore® software that GMO used to calculate the monthly NPV of benefits from its programs during the Review Period to verify that it is the same version of DSMore® specified in 2012 Stipulation[17]. The version of DSMore® that GMO used to calculate the monthly Company TD-NSB is XLS Version 6.0.1, GCG Version 6.0.6 which is the version agreed to in the 2012 Stipulation.

To review the usage of the same values for avoided costs and discount rate, Staff compared the "Utility Input" tabs in DSMore® program's Batch files located in the CD provided for the 2012 Stipulation to those in DSMore® program's Batch files for this prudence review. Staff did not find any different values for avoided costs and discount rate used to calculate the NPV of benefits from the programs.

Then, Staff performed GMO's monthly programs' benefits calculations using DSMore® software. Staff was provided the information that contained monthly costs, measures delivered information, and new measures delivered information with descriptions to start the calculation procedure. Staff was also able to independently verify this information at a measure level with access provided by GMO to VisionDSM®.

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[16] DSMore® software is a financial analysis tool designed to evaluate the costs, benefits, and risks of demand side management (DSM) programs and services. This tool, built by Integral Analytics, is the industry-leading DSM cost-effectiveness model and is used in more than 27 states for DSM program planning. The power of DSMore lies in its ability to process millions of calculations resulting in thousands of cost effectiveness results that vary with weather and/or market prices.

[17] Page 11 of the 2012 Stipulation.

To calculate an aggregated deemed energy and demand savings from the MEEIA Programs, Staff followed the procedures as detailed for each program in the Stipulation[18]. With these procedures, Staff is able to verify the reported 88,336 MWh of energy savings and 41.23 MW of demand savings and annual net shared benefits from the savings for the MEEIA Programs during the Review Period.

2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to calculating the NPV of the program benefits, ratepayer harm could result in an increase in rates in future general electric rate cases.

3. Conclusion

Staff found no indication that GMO has acted imprudently regarding the calculation of the NPV of the program benefits when using the DSMore® software.

4. Documents Reviewed

a. GMO's 2013 – 2015 Approved Energy Efficiency Plan;

b. GMO's Approved Non-Unanimous Stipulation and Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing;

c. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

d. Staff Data Requests: 0002, 0010, 0011, and 0012; and

e. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves.

IV. Interest Costs

1. Description

The 2012 Stipulation provides that for programs' costs: "Interest shall be applied monthly at GMO's short-term borrowing rate to the cumulative differences between the billed amount of monthly MEEIA Programs' costs and the monthly MEEIA Programs' costs actual incurred". During the Review Period GMO reported the interest amount accrued for the Company's program costs as reported on Page 6 of GMO's December 31, 2014 Quarterly Surveillance Monitoring Report was $114,940. However, this amount was reported incorrectly as a correction to the actual program costs was not reflected in the calculation. The corrected interest amount for the program costs is $114,276. Because GMO over-recovered program costs from

[18] Pages 12-18 of the 2012 Stipulation.

customers, the interest amount as of December 31, 2014 would be included in "the regulatory asset or regulatory liability balance (with interest) as of the end of the last period used to update or true-up the test year used for setting new electric rates in such a general electric rate proceeding shall be amortized over three years and the resulting annual amount included in the revenue requirement used to determine base rates in that general electric rate proceeding."[19]

During the Review Period, GMO billed customers an estimated amount for its Company TD-NSB Share compared to the amount of Company TD-NSB Share actually incurred, based on the actual programs' costs and measures installed, on a monthly basis. It was agreed to in the 2012 Stipulation that;

> If the regulatory asset or regulatory liability balance is not being recovered from/returned to customers via a rider, then in each GMO general electric rate proceeding that occurs after new general electric rates become effective in Case No. ER-2012-0175 and concludes prior to when the entire difference between the amount billed and the amount of GMO's actual TD-NSB Share (separately for the residential and non-residential customer classes) has been recovered/returned, the regulatory liability balance (plus accrued carrying costs at GMO's AFUDC rates) at the end of the last period used to update or true-up the test year used for setting new general electric rates in such a general electric rate proceeding shall be amortized over three years and the resulting annual amount included in the revenue requirement used to determine base rates in that general electric rate proceeding. The unamortized balance of any regulatory asset or regulatory liability will be included in rate base. If such a general electric rate proceeding during the three-year Plan period, the true-up will only be partial, meaning at least one more true-up will occur (separately for the residential and non-residential customer classes) in later general electric rate proceedings concluding after the three-year Plan concludes.

During the Review Period GMO reported the interest amount accrued for the Company TD-NSB Share as reported on Page 6 of GMO's December 31, 2014 Quarterly Surveillance Monitoring Report was $163,245. However, this amount was reported incorrectly as a correction to the TD-NSB amount was not reflected in the calculation. The corrected interest amount for the TD-NSB Share should have been $163,202. Because GMO over-recovered its TD-NSB Share from customers, this corrected interest amount as of December 31, 2014 is included in the regulatory liability account.

[19] Pages 9-10 of the 2012 Stipulation.

2. Summary of Cost Implications

If GMO was imprudent in its reporting and/or calculating of the interest associated to over- or under-recovery of energy efficiency programs' costs and/or Company TD-NSB Share ratepayer harm could result in an increase in future rates.

3. Conclusion

In June 11, 2015, Staff recommended to GMO that it correct the interest associated with the Company TD-NSB Share in its accounting records and its Surveillance Monitoring Reports. Staff has verified that GMO corrected its accounting records to reflect the correct interest calculations and interest amounts for inclusion in its Surveillance Monitoring Reports.

4. Documents Reviewed

a. GMO's 2013 – 2015 Approved Energy Efficiency Plan;

b. GMO's Approved Non-Unanimous Stipulation and Agreement Resolving KCP&L Grater Missouri Operations Company's MEEIA Filing;

c. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;

d. GMO's Quarterly Surveillance Monitoring Report;

e. Staff Data Requests 0003 and 0005; and

f. March 30, 2015 in-person meeting with GMO.

Staff Expert: Dana Eaves

KCP&L Greater Missouri Operations Company - For All Territories Served As MPS and L&P
Quarter Ended, Year to Date Ended and Cumulative Total Ended December 31, 2014
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of Demand-Side Programs and Demand-Side Programs Investment Mechanism

DSM Program Name	Start Date	Planned End Date	Actual End Date
Residential Lighting & Appliance	01/26/2013	12/31/2015	
Multi-Family	01/26/2013	12/31/2015	Frozen 02/11/2015
Energy Star New Homes	01/26/2013	12/31/2015	Frozen 02/11/2015
Cool Homes	01/26/2013	12/31/2015	
Home Performance with Energy Star	01/26/2013	12/31/2015	
Low Income Weatherization	01/26/2013	12/31/2015	
Appliance Recycling	01/26/2013	12/31/2015	
C&I Prescriptive Rebates	01/26/2013	12/31/2015	
C&I Custom Rebates	01/26/2013	12/31/2015	
Energy Optimizer	01/26/2013	12/31/2015	
MPower	01/26/2013	12/31/2015	
Business Energy Analyzer	01/26/2013	12/31/2015	
Home Energy Analyzer	01/26/2013	12/31/2015	
Residential Reports	01/26/2013	12/31/2015	
Building Operator Certification	01/26/2013	12/31/2015	
Home Lighting Rebate	07/06/2014	12/31/2015	

Category	Descriptor		Quarter Ended December 31, 2014	YTD December 31, 2014	Cumulative Total Ended
Total Programs' Costs ($)	Planned	(1)	$ 3,532,942	$ 14,521,786	$ 27,837,237
Total Programs' Costs ($)	Actual	(6)	$ 5,043,205	$ 14,355,871	$ 22,663,333
Total Programs' Costs ($)	Variance		$ (1,510,263)	$ 165,915	$ 5,173,904
Total Programs' Costs ($)	Billed		$ 3,033,972	$ 14,045,283	$ 26,187,889
Total Programs' Costs ($)	Actual	(6)	$ 5,043,205	$ 14,355,871	$ 22,663,333
Total Programs' Costs ($)	Variance		$ (2,009,233)	$ (310,587)	$ 3,524,557
Total Programs' Costs ($)	Interest		$ 16,759	$ 76,861	$ 114,940
Energy Savings (kWh)	Planned	(2)	16,839,198	61,602,846	100,888,822
Energy Savings (kWh)	Actual	(7)	28,960,171	57,639,237	88,336,548
Energy Savings (kWh)	Variance		(12,120,973)	3,963,609	12,552,274
Demand Savings (kW)	Planned	(3)	4,995	20,133	47,200
Demand Savings (kW)	Actual	(7)	4,634	20,656	41,229
Demand Savings (kW)	Variance		361	(523)	5,971
Net Benefits ($)	Planned	(4)	$ 9,742,460	$ 38,969,841	$ 66,682,545
Net Benefits ($)	Estimated		$ 9,929,318	$ 24,522,287	$ 44,260,567
Net Benefits ($)	Variance		$ (186,857)	$ 14,447,554	$ 22,421,978
90% Company TD-NSB Share ($)	Planned	(5)	$ 1,308,944	$ 4,788,509	$ 9,577,018
Company TD-NSB Share ($)	Disincentive	(8)	$ 1,345,423	$ 3,322,770	$ 5,997,307
Company TD-NSB Share ($)	Variance		$ (36,479)	$ 1,465,739	$ 3,579,711
90 % Company TD-NSB Share ($)	Billed		$ 1,097,812	$ 4,879,106	$ 9,048,889
Company TD-NSB Share ($)	Disincentive	(8)	$ 1,345,423	$ 3,322,770	$ 5,997,307
Company TD-NSB Share ($)	Variance		$ (247,611)	$ 1,556,336	$ 3,051,582
Company TD-NSB Share ($)	Interest		$ 46,638	$ 148,323	$ 163,245

Footnotes:

(1) Total planned program costs have been adjusted to reflect $13,315,451 for program year 1, $14,521,786 for program year 2 and $16,106,835 for program year 3 to include the Home Lighting Rebate program budget for 2014 and 2015.

(2) Total planned energy savings (kWh) are based on 61,602,845 annual 2014 kWh savings. Q1/Q2 2014 were updated to reflect reflect revised target for Residential Reports program. Home Lighting Rebate program targets were added in Q3 2014.

(3) Total planned demand savings (kW) are based on 20,133 annual 2014 kW savings. Q1/Q2 2014 were updated to reflect reflect revised targets for Residential Reports and MPower programs. Home Lighting Rebate program targets were added in Q3 2014.

(4) Total 2014 planned net benefits for first and second quarter are based on 25% each quarter of total full year net shared benefits.

(5) 90% Company TD-NSB Share ($) are based on $4,788,509 collected in base rates.

(6) Q1 2014 Actual Program Costs include a true up from 2013 of $116,933. This was the result of entries excluded from the over-under calculation of program costs at 12/31/13 that were used to record the regulatory liability to the general ledger. Therefore, YTD 2013 and Q1 2014 will have a difference of $116,933 individually to the DSM Schedule. The cumulative $22,663,333 is reflective of the total Program costs.

(7) Actual demand and energy savings are reported at the meter. Q1 2014 kWh and kW savings were revised to include a true up of 13,398 kWh and (741) kW to reflect corrected calculations of savings.

(8) Disincentive amounts have been adjusted to reflect the 13.55% share applied to the Net Shared Benefits @ 100%.

(9) In Q4 2014, the allocation of billed revenue between program costs and TD-NSB Share was recomputed and a cumulative adjustment of $44,888.85 decrease in program costs billed revenue and corresponding increase in TD-NSB Share billed revenue was included in the period.

Notes for Descriptors:

1. **Planned = amounts which are consistent with and included in the Company's Commission-approved MEEIA Plan**
2. **Billed = amounts billed to customers for recovery of Programs' Costs or 90% of Company TD-NSB Share**
3. **Actual = amounts (prior to evaluation, measurement and verification (EM&V)) used to determine Estimated Net Benefits**
4. **Estimated = net benefits amounts calculated monthly using DSMore model and prior to EM&V**
5. **Disincentive = Commission-approved percentage of pre-tax Estimated Net Benefits calculated using a combined federal/state tax rate specified in the utility's Commission-approved DSIM**
6. **Variance = Planned less Actual, Billed less Actual, Planned less Estimated, Planned less Disincentive, or Billed less Disincentive**
7. **Interest = amounts of interest determined through the methodology specified in the utility's Commission-approved DSIM**

Addendum A

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review of KCP&L Greater Missouri Operations company's Implementation of Energy Efficiency Programs in Furtherance of the Missouri Energy Efficiency Investment Act (MEEIA).	))))))	Case No. EO-2015-0180

AFFIDAVIT OF DANA E. EAVES

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

COMES NOW, Dana E. Eaves and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached MEEIA Prudence Review Report; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Dana E. Eaves

Dana E. Eaves

Subscribed and sworn to before me this 6th day of July, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Susan L. Sundermeyer

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review of KCP&L Greater Missouri Operations company's Implementation of Energy Efficiency Programs in Furtherance of the Missouri Energy Efficiency Investment Act (MEEIA).	))))))	Case No. EO-2015-0180

AFFIDAVIT OF JASON HUFFMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

COMES NOW, Jason Huffman and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached MEEIA Prudence Review Report; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Jason Huffman

Subscribed and sworn to before me this 6th day of July, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Susan L. Sundermeyer
Notary Public