BEFORE THE PUBLIC SERVICE
COMMISSION OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism	))))	File No. EO-2014-0095

KANSAS CITY POWER & LIGHT COMPANY'S RESPONSE TO ORDER DIRECTING FILING

COMES NOW Kansas City Power & Light Company ("KCP&L" or the "Company") and for its response ("Response") to the *Order Establishing Time To Respond To Public Counsel's Request For Order Directing Filing* ("*Order*") issued by the Missouri Public Service Commission ("Commission") on October 19, 2015 in the above-captioned proceeding, respectfully states as follows:

1. On October 16, 2015, the Office of the Public Counsel ("Public Counsel") filed a Request For Order ("Motion") requesting that the Commission issue an order directing KCP&L to either stop Missouri Energy Efficiency Investment Act ("MEEIA") program activity once it reaches 120 percent of its approved program (portfolio) budget, or alternatively, to require KCP&L to apply for approval to modify its MEEIA program (portfolio) budget to reflect the increased spending. For the reasons stated herein, Public Counsel's Motion should be denied.

2. On October 19, 2015, the Commission issued an *Order* directing any party wishing to respond to Public Counsel's Motion, to respond no later than October 26, 2015. The purpose of this Response is to comply with the Commission's *Order*.

3. Public Counsel's motion is based on a fundamental misunderstanding of the MEEIA rules. For example, Public Counsel states in paragraph 6 of its Motion, that without a Commission order requiring KCP&L to stop MEEIA activity once the Company reaches 120% of the approved program budget, the Company will illegally collect program costs. 4 CSR 240-

20.094(4) provides that **when** there is a variance of 20% or more in the approved three year budget[1], the Company shall file an application for modification of its demand-side programs. After that application is filed, the Commission has 30 days to review the application and either approve, reject or approve with modifications. Contrary to Public Counsel's claim, there is no cap of 120%; rather when the budget is exceeded by 20%, the Company files an application to begin a process for the Commission to review the demand-side programs. KCP&L is not illegally collecting program costs or operating its MEEIA program in a manner not authorized by the Commission.

4. KCP&L has monitored performance against its 18-month portfolio cost budget very closely since the implementation of its MEEIA programs on July 7, 2014 as approved by the Commission. KCP&L has shared this progress with all of the MEEIA stakeholders through its demand-side management ("DSM") quarterly reporting. As such, the Public Counsel's Motion correctly states that KCP&L's DSM quarterly report shows that portfolio program expenditures had not exceeded 120% of KCP&L's MEEIA portfolio program budget for its MEEIA Cycle 1 programs, as of June 30, 2015. In fact, KCP&L has not exceeded the MEEIA Cycle 1 program portfolio budget as of the date of this pleading. Therefore, it is under no requirement to file an application with the Commission to modify its MEEIA Cycle 1 program at this time.

5. Contrary to Public Counsel's assertions in paragraph 4 that the Company will not file the application until **<u>after</u>** it has collected portfolio costs in excess of 20% of the MEEIA budget, the Company plans to file its application under the terms of the rule, that is, **<u>when</u>** there is a 20% variance, the Company will make its filing.

[1] KCP&L's MEEIA plan does not have a three year budget as the entire plan only lasts 18 months.

6. KCP&L believes it would be inappropriate and unreasonable for the Commission to issue an Order directing KCP&L to stop MEEIA program activity once the Company reaches 120% of the approved budget for KCP&L's MEEIA Cycle 1 program portfolio. Such an order is contrary to the rules which require the Company to notify the Commission and would have an extremely adverse impact and disruptive effect upon KCP&L, its customers, and the trade allies that are participating in KCP&L's MEEIA programs. As in the case of KCP&L's business energy efficiency rebate program, applications for rebates have already been approved (but not yet paid) and need to be fully processed and honored by KCP&L. This program has nearly a six month lead time between customer application to project completion and KCP&L should not have to deny payment of an already approved project that occurred some time prior when the portfolio budget was well below the 120% level.

7. By the end of the first week of November, 2015, KCP&L will have monthly expenditure data which will indicate the total level of total portfolio costs, and whether the portfolio costs are near or exceeding the 120% level of the 18-month portfolio cost budget. Based on customer projects pre-approved and in progress, KCP&L expects to exceed its approved budget for the MEEIA Cycle 1 program portfolio costs by 120% or more and KCP&L intends to file, as required by the rules, an application explaining the reasons for the increased portfolio costs by program. KCP&L does not believe it will be necessary to seek any modifications of the approved programs themselves. However, as will be explained in more detail in the application, it appears that the increased portfolio costs are occurring because of the overall success of KCP&L's energy efficiency programs, and the fact that program costs per measure in certain programs are somewhat higher than originally assumed in the program cost budget developed over two years ago.

WHEREFORE, the KCP&L respectfully requests that the Commission deny Public Counsel's Motion filed on October 16, 2015.

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 26th day of October, 2015, to all parties of record.

/s/ Roger W. Steiner

Roger W. Steiner