

APPENDIX A

**CALCULATION OF NINETY PERCENT OF GMO TD-NSB Share**

**Calculation of Net Shared Benefits:**

NPV Program Costs	\$39,053,053
NPV Benefits	\$149,244,770
NPV Net Benefits	\$110,191,717

NPV Throughput Disincentive (\$MM) \$14.93

Sharing Percentage 13.55%

Net Benefit (PV)	\$110.19		
Initial Sharing Percent	13.55%		
Initial Sharing Amount (PV)	\$14.93		
Class	RES	BUS	
MWh (3-Year Cum.)	69,701	80,646	150,347
Percent Allocation*	44.8%	55.2%	100.0%
Before-Tax Rev. Req. (PV)	\$6.69	\$8.24	\$14.93
Revenue Requirement (3-Year Annuity)	\$2.39	\$2.94	\$5.32
Percent in Rates	90.0%	90.0%	
Final Revenue Requirement (ER-2012-0175)	\$2.15	\$2.64	\$4.79

Discount Rate 7.06%

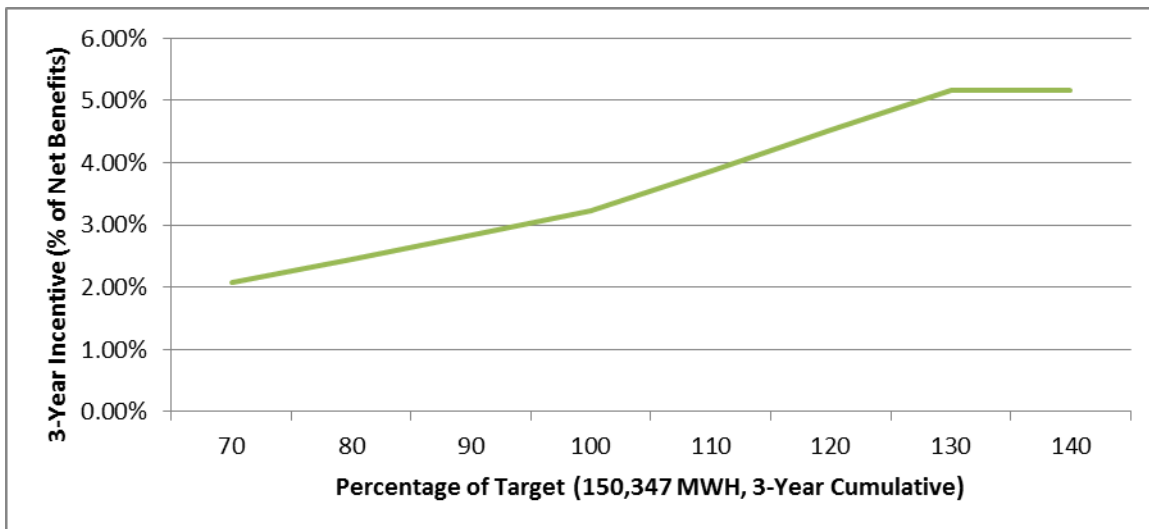
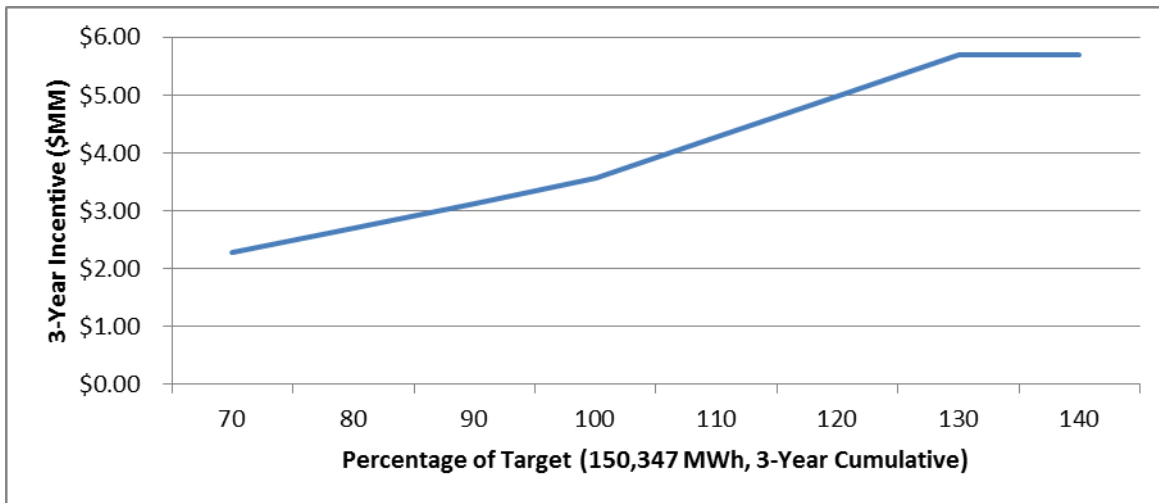
*\*Allocation based on %age of Retail Sales (Kwh) in GMO's last rate case update (3/31/2012)*

**Throughput Disincentive Check**

	Total	100% TD
2013	\$1.39	\$5.32
2014	\$3.93	\$5.32
2015	\$6.13	\$5.32
2016	\$3.64	0
2017	\$2.00	0
2018	\$0.05	0
2019	\$0.00	
<b>Total</b>	<b>\$17.14</b>	<b>\$15.96</b>
NPV	\$14.93	\$14.93
check	0.00	(0.00)

Performance Incentive		
Percent of KWh/Kw Target	3 Year Total (\$MM)	Percent of Net Benefits
<70	\$0.00	0.00%
70	\$2.27	2.06%
80	\$2.70	2.45%
90	\$3.13	2.84%
100	\$3.55	3.23%
110	\$4.27	3.87%
120	\$4.98	4.52%
130	\$5.69	5.16%
>130		5.16%

\*Includes income taxes (i.e. results in revenue requirements without adding income taxes). Dollar figures shown in the table above are for initial design purposes only. The performance incentive awarded will be based upon percent of net benefits. The percentages are interpolated linearly between the performance levels.



**Energy/Demand Performance Incentive Plan Calculation Example**

**KCP&L-GMO MEEIA Filing EO-2012-0009**

80/20 Weighting Example

Period Covered 2013-2015

**EXAMPLE 1**

Net Benefit (PV)	\$105.58	
Percent of Savings earned	3.00%	
Initial Sharing Amount (PV)	\$3.16	
Class	RES	BUS
Percent Allocation*	44.8%	55.2%
Before-Tax Rev. Req (PV)	\$1.42	\$1.75
Revenue Requirement (2-Year Recovery)	\$0.73	\$0.90

7.06%

\$1.64 +

+This amount will be recovered over 2 years (i.e. 1.64+1.64=3.28)

\*Allocation based on %age of Retail Sales (Kwh) in GMO's last rate case update (3/31/2012)

**EXAMPLE 1-Detailed Calculation**

	Savings Targets	Savings Results from EM&V **	Ratio - Results to Target	Weighting	Incentive Threshold
Annual Energy 80 % weighted	Kwh 150,346,739	Kwh 143,000,000	0.95	80%	0.76
Annual Demand* 20 % weighted	Kw 37,521	Kw 37,000	0.99	20%	0.20
Overall Performance					0.96

$2.84 + ((100 - 96) / 10) * (3.23 - 2.84) = 3.00$  % of actual net benefits

\*Note-Demand Savings include all demand savings associated with both EE and DR programs for 3rd year only.

\*\*Savings results reflect actual savings achieved with adjustments made for actual NTG factors realized.

Assumes Net Benefits	\$105.58
Actual energy savings from EM&V of 143,000,000 KWh	
Actual demand savings from EM&V of 37000 KW	
Net to gross from EM&V .95	
Weighted performance incentive award 96 percent of KWh/KW target	
Results in 3.0% award of Net Benefits of \$105.58M or \$3.16 million award	

<b>EXAMPLE 2</b>				
	Net Benefit (PV)	\$118.48		
	Percent of Savings earned	3.74%		
	Initial Sharing Amount (PV)	\$4.43		
	Class	RES	BUS	
	Percent Allocation*	44.8%	55.2%	
	Before-Tax Rev. Req (PV)	\$1.99	\$2.45	
7.06%	Revenue Requirement (2-Year Recovery)	\$1.03	\$1.26	\$2.292

\*Allocation based on %age of Retail Sales (Kwh) in GMO's last rate case update (3/31/2012)

<b>EXAMPLE 2</b>					
	Savings Targets	Savings Results from EM&V **	Ratio - Results to Target	Weighting	Incentive Threshold
	Kwh	Kwh			
Annual Energy 80 % weighted	150,346,739	160,000,000	1.06	80%	0.85
	Kw	Kw			
Annual Demand* 20 % weighted	37,521	42,000	1.12	20%	0.22
Overall Performance					1.08

$$3.23 + ((108 - 100) / 10) * (3.87 - 3.23) = 3.74 \text{ \% of actual net benefits}$$

\*Note-Demand Savings include all demand savings associated with both EE and DR programs for 3rd year only.

\*\*Savings results reflect actual savings achieved with adjustments made for actual NTG factors realized.

Assumes Net Benefits	\$118.48			
Actual energy savings from EM&V of 160,000,000 KWh				
Actual demand savings from EM&V of 42000 KW				
Net to gross from EM&V 1.05				
Weighted performance incentive award 108 percent of KWh/KW target				
Results in 3.74% award of Net Benefits of \$118.48M or \$4.43 million award				

APPENDIX C

<b>Sample Calculation of Rate</b>					
	<b>Residential</b>	<b>Non-Residential</b>	<b>Total</b>		
DSIM Program Costs	\$8,921,297	\$5,023,069	\$13,944,367		
DSIM TD-NSB	\$2,146,558	\$2,641,950	\$4,788,509		
Total Revenue Requirement	\$11,067,856	\$7,665,019			
Total KWH*	3,535,010,543	4,350,835,387	7,885,845,930		
<b>DSIM Rate</b>	<b>\$ 0.00313</b>	<b>\$ 0.00176</b>			

**EM&V SCHEDULE**

	<b>12/31/2013</b>	<b>Program Year Ends</b>
<b># Days</b>	<b>1/1/2014</b>	<b>EM&amp;V Analysis Starts</b>
120	4/30/2014	EM&V Draft Completed
60	6/29/2014	Stakeholder comments due
	TBD	Stakeholder meeting
30	7/29/2014	Final Draft Report Due
20	8/18/2014	Stakeholder comments to Final Draft Report are due to GMO, all participating stakeholders, EM&V Auditor and EM&V contractor
10	8/28/2014	EM&V contractor initiated conference call with stakeholder group and EM&V auditor regarding stakeholder comments
15	9/12/2014	Final EM&V Report due
21	10/3/2014	Grace period to file with Commission to request impact change
5 after change request	10/8/2014	Conference Call if needed
21 after change request	10/24/2014	Stakeholder responses to impact change requests to Commission are due
60 after change request	12/2/2014	Evidentiary hearings complete
30	1/1/2015	Commission order resolving change requests
<b><u>365</u></b>	<b>1/1/2015</b>	<b>EM&amp;V Results Final</b>