

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

<b>In the Matter of the Application of</b>	)	
<b>Kansas City Power &amp; Light Greater</b>	)	
<b>Missouri Operations Company's Application</b>	)	
<b>For Approval of Demand-Side Management</b>	)	<b>EO-2012-0009</b>
<b>Programs and for Authority to Establish a</b>	)	
<b>Demand-Side Programs Investment Mechanism</b>	)	

**POSITION STATEMENT OF WALMART STORES EAST, L.P.  
AND SAM'S EAST, INC.**

COME NOW, Wal-Mart Stores East, L.P. and Sam's East, Inc. ("Wal-Mart") and for their Position Statement on each of the issues set forth in the June 7, 2012 List of Issues respectfully state as follows:

1. Should the Commission approve GMO's application for approval of demand-side program plan, approve it with modification acceptable to GMO, or reject it, as provided in Rule 4 CSR 240-20.094(3)?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- A. Is GMO's demand-side program plan achievable, realistic and specific? If not, should the Commission order GMO to file an achievable, realistic and specific demand-side program plan?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- B. What annual energy and demand savings targets should the Commission approve for each demand-side program? Should the annual energy and demand savings targets be based on assumed net-to-gross (NTG) ratios equal to 1.0 or should they be based on NTG from EM&V from Program Year 2 from GMO's prior cycle of programs (i.e., October 2009 to September 2010)? Should savings targets be "net savings" or "gross savings"? If the former, will it be necessary for GMO to increase its planned level of spending to achieve the annual energy savings levels on a net savings basis?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- i. Should the EM&V analysis and report be used to determine deemed energy and demand savings that will be applied on a prospective basis?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- C. Should the Commission approve the form of GMO's DSM programs' tariff sheets (frozen and original) as filed?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- i. Should the Commission order GMO to file compliance tariff sheets that would provide additional detail in its DSM programs' tariff sheets? If so, what detail?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- D. Should the Commission condition the approval of GMO's application upon GMO filing in this case a total resource cost test for its Appliance Turn-In program consistent with the definition in Rule 4 CSR 240-3.164(1)(X)?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- E. Should the Commission condition the approval of GMO's application upon GMO's commitment to conduct a careful and thorough review and analysis of demand response programs as part of its next DSM market potential study and subsequent Chapter 22 compliance filing and/or annual update filings?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- i. Should the Commission condition the approval of GMO's application upon GMO making a supplemental filing in this case that includes the program descriptions for the proposed MPower and Energy Optimizer programs the Company provided in their response to Staff's data requests 0028 and 0029?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- F. Should the Commission grant the variances requested by GMO that are necessary to approve GMO's demand-side program plan, as filed?

Position: Except to the extent addressed in issue 12 below regarding the availability of the Mpower and Optimizer tariffs, Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- G. Can the Commission order GMO to complete a new DSM Market Potential Study? If so, should it do so?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- H. Can the Commission order GMO to include in all future MEEIA filings the Realistic achievable potential portfolio of the Company's Demand-side management Market Potential Study? If so, should it do so?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- I. GMO's proposed Low Income Weatherization program has a TRC of less than one. Have the requirements in Rule 4 CSR 240-20.094(3)(B) been satisfied for this program?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

2. Should the Commission approve the establishment of GMO's proposed Demand-Side Programs Investment Mechanism (DSIM) as per Rule 4 CSR 240-20.093(2)(B)?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- A. How should program costs be collected?

- i. Should program costs be trued up for over- and under- collection?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- ii. Should carrying costs be applied to trued-up program costs? If so, at what rate?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- B. Should the Commission allow GMO to include in its revenue requirement in Case No. ER-2012-0175 a percentage of expected net shared benefits?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- i. Should GMO's percentage of expected net shared benefits be calculated as a percentage of annual net shared benefits (i.e., the utility's avoided costs less program costs) as per Rule 4 CSR 240-3.163(1)(J) or a percentage of gross benefits (i.e., the utility's avoided costs only) as proposed by GMO?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- ii. Should the annual percentage of shared benefits be based on net energy and demand savings taking into account net-to-gross factors such as free ridership and spillover as proposed by OPC and Staff or gross energy and demand savings as proposed by GMO?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- iii. Should the utility incentive component be based on net shared benefits (i.e. net of program costs) as proposed by OPC and Staff or gross shared benefits as proposed by GMO?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- C. Should the Commission allow GMO to collect a fixed dollar amount as an incentive after the three-year program plan is concluded, with that dollar amount dependent upon GMO meeting various savings (kWh/kW) thresholds? If so, are the thresholds and dollar amounts proposed by GMO appropriate?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- D. Should the Commission approve both the lost revenue component of a DSIM and GMO's proposed annual shared benefits incentive component of a DSIM?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

E. With regard to items B and C:

- i. Should the true-up of the shared benefits be based on the number of program participants or measures as proposed by GMO?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- ii. Should the Commission allow GMO to calculate net benefits as the net benefits from energy and demand saving measures estimated to accrue within 15 years of the first DSIM program year (i.e., use 15-year measure lives for measures installed in Year 1, 14-year measure lives in Year 2, 13-year measure lives in Year 3, etc.) or should another method be used?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- E. Should the Commission order interest/carrying cost to be paid on over- and under-recoveries? If so, should GMO's AFUDC rate or its short term interest rate apply?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

- F. Should the Commission grant the variances requested by GMO necessary to approve GMO's DSIM, as filed?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

3. Should the Commission approve any of the modifications to, or alternatives to, GMO's DSIM that have been proposed by other parties? If yes, then what specific modifications to, or alternatives to, the DSIM proposed by other parties should the Commission approve?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

4. Should the Commission approve a separate line item to appear on bills relating to charges for the DSM programs approved under MEEIA? If so, should the acronym "DSIM" as proposed by GMO, or the phrase "Energy Efficiency Pgm Charge" or "Demand-Side Investment Charge" as suggested by Staff be used?

Position: The Commission should require that any costs related to GMO's DSM programs be collected through a separate, explicit charge on the customers' bill. Consistent with its charge to protect the public, this separate charge should be labeled in a manner that the customers can identify the purpose and derivation of the charge. Recognizing that MEEIA is a term of art and is not known by most customers, the Commission should require that the charge be labeled as Energy Efficiency Program Charge as recommended by Staff.

- A. Should the Commission approve GMO's proposed language to disclose the change to customers' bills for the DSIM?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

5. Is it appropriate for the Commission to determine what, if any, impact this case has upon GMO's requested allowed return on equity in Case No. ER-2012-0175, or should any such determination be reserved for the rate case?

Position: 4 CSR 240-20.093(2) provides that "in addition to any other changes in business risk experienced by the electric utility, **the commission shall consider changes in the utility's business risk resulting from establishment, continuation, or modification of the DSIM in setting the electric utility's allowed return on equity in general rate proceedings.**" (emphasis added).

Currently, GMO has a rate case pending before the Commission. (Case No. ER-2012-0175). The Commission cannot quantify GMO's return on equity, or any reductions to that return on equity resulting from the implementation of a DSIM, in this case. Those specific decisions are reserved for the pending rate case.

That said, however, the Commission needs to be aware that the implementation of a DSIM results in a shift of risk from GMO to its customers. Along with this shift in risk comes the necessity for a reduction in the utility's return on equity. Recent decisions from other state utility commissions have reduced the utility's return on equity by as much as 50 basis points.

In its rate case, GMO has not considered the impact of the implementation of a DSIM mechanism on its proposed return on equity. In the event that the Commission approves a DSIM mechanism for GMO, it should order GMO to immediately update its return on equity testimony in Case No. ER-2012-0174 to reflect the shift in risk caused by the implementation of the DSIM. (Chriss Direct, pages 9-13).

6. Should the Commission approve GMO's Evaluation, Measurement and Verification plans?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

7. How should the costs for GMO's proposed Low Income Weatherization program be allocated among the different rate classes?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

8. Should the Commission grant the variances requested by GMO that are necessary to approve the Company's DSIM as filed, and any other variances necessary if the Commission approves and the Company accepts a DSIM proposal made by the Staff or other parties in this case?

Position: Wal-Mart takes no position on the necessity of certain variances, whether expressly requested or implicitly sought by the utility of another party. That said, however, as reflected in issue 12 and 12A, the

Commission does not have the authority to grant a variance from Section 393.1075.10. Furthermore, granting such a variance would undermine the potential benefits sought by the interruptible / curtailable tariffs like Mpower. For these reasons, the Commission should deny any request by GMO to limit the availability of interruptible / curtailable tariffs as sought by certain GMO variance requests.

9. To implement the decision in this case, should separate rates be established for residential customers and for commercial / industrial customers?

Position: Yes. It is well recognized that utility ratemaking should attempt to reflect the notion that rates follow costs. For this reason, GMO should be required to track the expenditures and benefits underlying its DSM programs on both a customer basis as well as a service area basis. In this way, those customers that cause costs to be incurred and benefit from DSM programs will pay the rates that reflect the costs of that participation.

In its testimony, GMO proposes to charge all customer classes the same DSIM rates. Such a position assumes that all customer classes will participate to the same degree from all DSM programs. The fact is, however, that certain DSM programs will be tailored specifically to residential customers and others targeted solely at commercial and industrial customers. GMO should be required to track the costs and benefits of these programs so that they are collected from the customer class at which the program is targeted. (Chriss Direct, pages 3-9).

10. Should GMO track program expenditures and load reductions arising from GMO's DSM programs separately by L&P and MPS, and by cost of service classes, i.e., residential, SGS, LGS and LP?

Position: See the response to issue 9 above.

11. Should the Commission order the establishment of a statewide and/or GMO collaborative(s) that would provide input regarding the possible expansion of GMO programs, program design (possibly including co-delivery of programs with gas/water utilities), EM&V, and a state Technical Reference Manual?

Position: Wal-Mart takes no position on this issue at this time, but reserves the right to take a position and file a brief once the evidence is received.

12. Does the Commission have the authority to waive or grant a variance from the statutory requirements in Section 393.1075.10 RSMo?

Position: No, unless the statute expressly provides such authority, the Commission does not have the authority to waive the requirements of a statute. [To be more fully addressed in post-hearing brief].

- A. If yes, should the Commission grant GMO a variance from Section 393.1075.10?

Position: Even if it could grant such a waiver, the Commission should not waive the requirements of this statute. Section 393.1075 recognizes that, prior to the implementation of utility demand side management / energy efficiency programs, many large industrial and commercial customers were already implementing their own energy efficiency programs. It would be inequitable to require these large customers to pay

utility DSM costs after already investing in their own programs. For this reason, Section 393.1075.7 allows certain customers to opt-out of the utility's DSM programs.

That said, however, the statute also recognizes that these opt-out customers are, in many cases, the same customers that cause interruptible and curtailable tariffs to be successful. For this reason, Section 393.1075.10 expressly provides that "customers electing not to participate in an electric corporation's demand-side programs under this section shall still be allowed to participate in interruptible or curtailable rate schedules or tariffs offered by the electric corporation."

Clearly, any Commission action to preclude opt-out customers from participating in the curtailable / interruptible programs like Mpower would be contrary to the express dictates of the statute. Moreover, because interruptible / curtailable tariffs rely upon the participation of large commercial and industrial customers to be successful, any decision to waive the requirements of Section 393.1075.10 would undermine the effectiveness of the interruptible / curtailable tariffs and therefore limit the very purpose of the MEEIA statute. (Baker Direct, pages 7-12).

13. In the alternative to issue 12, does Section 393.1075 RSMo require that customers who have opted-out of participating in GMO's DSM programs be allowed to participate in interruptible or curtailable rate schedules or tariffs offered by GMO, including GMO's Energy Optimizer and Mpower programs?

Position: Yes. Section 393.1075.10 requires GMO to allow opt-out customers to participate in interruptible / curtailable programs like Mpower and Energy Optimizer. See Wal-Mart's response to the alternate version of this issue at 12 above.

- A. If yes, should the Commission grant GMO a variance from Section 393.1075.10?

Position: No. See Wal-Mart's response to the alternative version of this issue at 12A above.



Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have that the foregoing pleading has been served by electronic means on all parties of record as reflected in the records maintained by the Secretary of the Commission through the EFIS system.

/s/ David Woodsmall  
David Woodsmall

Dated: June 13, 2012