

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 26th  
day of June, 1990.

In the matter of the application of Kansas City Power & )  
Light Company for variance from promotional practices rule )  
for good cause shown and for approval of promotional ) Case No. EO-90-251  
practices sheet. )  
)

ORDER APPROVING JOINT RECOMMENDATION

On March 3, 1990, Kansas City Power & Light Company (KCPL) filed an  
Application for Variance from Promotional Practices Rule. This application contained  
two requests for variance.

One request was to allow KCPL to provide market rate financing for weather-  
ization and heating and cooling equipment. The other request was for a modification  
to allow the development of a total electric new home market.

On May 11, 1990, the Commission established a procedural schedule with a  
hearing to be held on June 22, 1990.

On June 1, 1990, the Commission issued an order which established separate  
hearings on each application. The issue of allowing KCPL to provide market rate  
financing for weatherization and heating and cooling equipment was to be heard on the  
June 22, 1990 date. The other request, as to modification to allow KCPL the develop-  
ment of a total electric new home market, was set by order to be heard November 15,  
1990.

On June 18, 1990, KCPL filed a Joint Recommendation which contained an  
agreement among the parties of the market rate finance issue, concerning the request  
for a variance from 4 CSR 240-14. The approval of the agreement will allow KCPL to  
provide incentives to customers to replace faulty cooling equipment with high

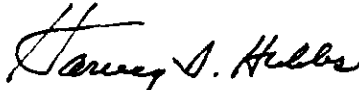
efficiency cooling equipment. The agreement is for a limited time and KCPL will provide information concerning the program to the Commission and parties.

The Commission has considered the agreement and finds it to be reasonable. The agreement would allow KCPL to offer reduced cost financing or direct cash payments for replacement of electric air conditioning equipment through March 15, 1991. The Joint Recommendation is attached to this order as Attachment A.

IT IS THEREFORE ORDERED:

1. That the Joint Recommendation filed in this case on June 18, 1990, be hereby adopted and Kansas City Power & Light Company be hereby granted a temporary variance from 4 CSR 240-14 as agreed to in the Joint Recommendation attached to this order.
2. That this order shall become effective on the date hereof.

BY THE COMMISSION

  
Harvey G. Hubbs  
Secretary

(S E A L)

Rauch, McClure and Letsch-Roderique, CC., Concur.  
Steinmeier, Chm., and Mueller, CC., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the application	)	
of Kansas City Power & Light	)	
Company for variance from	)	Case No. EO-90-251
promotional practices rule for	)	
good cause shown and for approval	)	
of promotional practices sheet.	)	

Joint Recommendation for Approval of Electric Cooling Equipment  
Reduced Cost Financing Promotional Practice Sheet

This Joint Recommendation is entered into this 15 day of June, 1990, by and among Kansas City Power & Light Company (KCPL), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel), The Kansas Power and Light Company (KPL) and Laclede Gas Company (Laclede).

Witnesseth:

Whereas, on March 21, 1990, KCPL filed with the Commission an Application for a variance from the promotional practices rule (4 CSR 240-14) and approval of a certain high efficiency electric cooling equipment reduced cost financing promotional practice sheet, bearing Sheet No. 1.08F.1. ("High Efficiency Equipment Practice"), and

Whereas, this Application was initially consolidated for hearing with an independent KCPL Application for variance concerning high efficiency all-electric home promotional practices, and

Whereas, hearings on said all-electric home promotional practices have been rescheduled to November 15, 1990, and

Whereas, the High Efficiency Equipment Practice proposes to provide reduced cost financing (equivalent to \$50 per installed ton of cooling capacity) for electric cooling equipment with a Seasonal Energy Efficiency Ratio (SEER) rating of 11 or more, and for heat pumps with a SEER of 10 or more and with a heating seasonal performance factor of 8, and

Whereas, KCPL has stated that the purpose of the High Efficiency Equipment Practice is to provide an incentive to customers to replace faulty cooling equipment with high efficiency cooling equipment, thereby reducing potential on-peak electrical demand and

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consumption, and

Whereas, KCPL has stated that, in light of certain Federal electrical equipment efficiency standards which will take effect in 1992, it is important to have the High Efficiency Equipment Practice in effect for the 1990 cooling season, especially for air conditioning equipment, to counteract possible lower-SEER equipment inventory reduction programs, and

Whereas, Staff, KPL, Laclede and Public Counsel do not object to the Commission approving the High Efficiency Equipment Practice with respect to replacement air conditioning equipment (the "Air Conditioning Practice") on a temporary, experimental basis and subject to the terms and conditions in this Joint Recommendation,

The parties make the following recommendations:

1. The Commission should grant a temporary variance from the provisions of 4 CSR 240-14 and approve the Practice, Sheet No. 1.08.F.1, subject, however, to the following amendments and conditions:

a. Section 1 of said Sheet is amended to read as follows:

Provide reduced cost financing or direct cash payment for replacement electric air conditioning equipment with a SEER (seasonal Energy Efficiency Ratio) rating of 11 or more. The term "electric air conditioning equipment" does not include heat pumps. The reduction in financing cost, or direct cash payment, is limited to \$50 per ton of installed cooling capacity.

b. The effective term of this Sheet shall extend to March 15, 1991. The Sheet shall expire on March 15, 1991, unless the Commission before that time extends the Sheet's effective term.

c. On or before February 15, 1991, KCPL shall provide to Staff, KPL, Laclede and Public Counsel the following information based on the preceding calendar year:

i. Surveys of customers purchasing replacement air conditioning equipment who did, and did not, take advantage of the Air Conditioning Practice. The survey information will be analyzed in a manner similar to Union Electric's analyses for its air conditioner rebate program.

ii. Surveys of cooling equipment dealers regarding their marketing practices and to determine the SEER distribution of electric air conditioners sold each year.

iii. Results of those portions of focus group programs involving customers who did, and did not, take advantage of the Air Conditioning Practice, and electric air conditioner

dealers which pertain to the subject matter of the Air Conditioning Practice.

KCPL shall provide Staff, KPL, Laclede and Public Counsel, on or before October 1, 1990, the most current information then available on the above matters.

KCPL will make all reasonable efforts to accommodate Staff's, KPL's, Laclede's and Public Counsel's requests for additional or supplemental information in the above matters.

KCPL reserves the right to seek confidentiality safeguards for the above information; provided that nothing in this Joint Recommendation impairs or prejudices the rights of any party hereto to oppose, object or otherwise contest KCPL's assertion of confidentiality or its seeking of confidentiality safeguards.

2. The issues of (a) whether KCPL should be allowed to offer the same reduced cost financing for heat pumps of 10 SEER, with a heating seasonal performance factor of 8 (as proposed in KCPL's Application) and (b) whether the Air Conditioning Practice should be modified, extended or terminated, should be consolidated with KCPL's proposed energy-efficient total electric home promotional practice for purposes of testimony filings, hearings, briefings and decision. Nothing contained in this Joint Recommendation shall in any way impair or prejudice the right of any party hereto to take any position in or with regard to any of the issues to be raised in the proceedings in this Case now scheduled for hearing on November 15, 1990.

3. None of the parties to this Joint Recommendation shall be deemed to have approved or acquiesced in any question of Commission authority (except the authority of the Commission to approve said Air Conditioning Practice pursuant to this Joint Recommendation), ratemaking principle, value methodology, method of cost of service methodology, or cost allocation underlying any of the terms or conditions of said Air Conditioning Practice. Commission approval of the specific terms of this Joint Recommendation does not amount to approval by the Commission for ratemaking purposes of the costs associated with KCPL's Air Conditioning Practice.

4. None of the parties to this Joint Recommendation shall be prejudiced, bound by, or in any way affected by, the terms of this Joint Recommendation in the event the Commission does not approve this Joint Recommendation in this proceeding.

5. In the event the Commission accepts the specific terms of this Joint Recommendation, the parties hereto waive their respective rights to judicial review with respect to all matters addressed in this Joint Recommendation. This waiver applies only to judicial review of a Commission Order issued in this proceeding relating to the temporary approval of said Sheet No. 1.08.F.1., and does not apply to any matters raised in any subsequent commission proceeding or to any matters not explicitly addressed by the Joint Recommendation.

6. Nothing herein shall limit the rights of KCPL to propose subsequent modifications to

the terms and conditions of the Air Conditioning Practice (including its duration), or the rights of Staff, KPL, Laclede and Public Counsel subsequently to complain against the Air Conditioning Practice or to take a position on any subsequent modification of the Air Conditioning Practice proposed by KCPL.

Respectfully submitted,

Kansas City Power & Light Company

By MSGLS

Office of the Public Counsel

By John R. Mjell

Laclede Gas Company

By Not Hand by MSGLS

Staff of the Missouri Public Service Commission

By Robert J. Hark

The Kansas Power and Light Company

By Mike Pendergast  
by RJH