

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 20<sup>th</sup> day of  
July, 2016.

In the Matter of KCP&L Greater Missouri Operations)  
Company's Demand Side Investment Mechanism     )  
Rider Rate Adjustment and True-Up Required by     )  
4 CSR 240-3.163(8)   )

**File No. ER-2016-0327**  
Tariff No. JE-2016-0345

**ORDER REGARDING DEMAND SIDE INVESTMENT MECHANISM  
RIDER RATE ADJUSTMENT**

Issue Date: July 20, 2016

Effective Date: August 1, 2016

On June 1, 2016, KCP&L Greater Missouri Operations Company ("GMO") filed an application under the Missouri Energy Efficiency Investment Act ("MEEIA") to adjust its Demand Side Investment Mechanism ("DSIM") rider and submitted tariff sheets with an effective date of August 1, 2016, to implement the proposed adjustments. The Missouri Department of Economic Development – Division of Energy was the only party that filed a notice of its intention to participate in this matter under Commission Rule 4 CSR 240-3.163(9)(A).

Commission rules require GMO to make semi-annual adjustments of its DSIM rates to reflect the amount of revenue that have been over or under-collected.<sup>1</sup> The proposed adjustments to the DSIM rates are based upon actual and estimated performance in the six-month period ending June 2016 and forecasted performance through December 2016 for program costs and throughput disincentive. This six-month period is the first filing for

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<sup>1</sup> Commission Rules 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8).

cycle 2 under the GMO DSIM rider that was approved by the Commission in File No. EO-2015-0241 and effective on April 1, 2016. GMO's requested adjustment would result in an increase in the DSIM Rider rate of a typical residential customer of \$.069 per month and an increase in the DSIM Rider rate for non-residential customers of \$2.49 per month.

The Commission's Staff filed a recommendation regarding GMO's DSIM rider tariff on July 1, 2016, advising the Commission to reject the tariff sheets submitted by GMO. Staff states that in a recent audit of Kansas City Power & Light Company's ("KCPL") MEEIA programs, it discovered that both KCPL and GMO had incorrectly calculated the throughput disincentive-net shared benefit ("TD-NSB") for cycle 1 MEEIA programs, resulting in an under-recovery by the companies. To correct for this under-recovery from its customers, GMO proposes in this DSIM adjustment filing to include amounts for the TD-NSB share that it did not collect due to its improper calculation, but also to collect additional carrying costs, or interest, from its customers attributed to the amount of the under-collection that resulted from GMO's calculation error. This correction results in an increase in the unrecovered balance at the end of December 2015 of \$524,522, plus carrying costs of \$13,327, for a total of \$537,849. Staff argues that GMO should not be allowed to recover the interest portion from ratepayers due to its calculation error because that error, though inadvertent, results from GMO's failure to follow the required method of discounting MEEIA program costs prescribed by a stipulation and agreement approved by the Commission in File No. EO-2012-0009. Staff requests that the Commission reject the tariff sheets and order GMO to file a new tariff that excludes the interest amount.

GMO filed a response to Staff's recommendation on July 7, 2016.<sup>2</sup> GMO disagrees with Staff's request to disallow recovery of interest on amounts of the TD-NSB share that were under-recovered. GMO argues that its existing DSIM rider specifically provides that charges passed through the DSIM rider include reconciliations, with interest, to true-up for differences between the revenues billed under the DSIM rider and total actual monthly amounts for cycle 1 program costs and throughput disincentive. GMO also states that the DSIM rider tariff in effect prior to the existing tariff also provided for a true-up of the TD-NSB to be tracked with interest and trued-up for amortization in a future rate case. GMO argues that its inadvertent error in calculation does not change these tariffs, which prescribe recovery of carrying costs at the utility's short-term borrowing rate on all revenue that was under or over-recovered in the prior DSIM recovery period. Calculation errors are exactly the situation that DSIM adjustments are designed to address so that the utility or the ratepayers are made whole for either under or over-recovery. If GMO would be obligated to pay interest to its customers in the case of an over-recovery, then GMO is entitled under the tariff to receive interest in the case of an under-recovery. GMO also states that any carrying costs associated with the calculation error do not result in harm to its customers. GMO requests that the Commission approve the tariff sheets as submitted.

The Commission's rule regarding adjustment of DSIM rates between general rate proceedings states that if the proposed adjustments are in accordance with the rule, Section 393.1075, RSMo, and the previously-approved DSIM, the Commission shall issue an order approving the tariff sheets, and the adjustments shall take effect sixty days after

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<sup>2</sup> No other party filed a response by the filing deadline established by the Commission.

the tariff sheets were filed.<sup>3</sup> The Commission has reviewed GMO's tariff filings and Staff's verified recommendation and memorandum, and finds that the proposed tariff sheets implementing the DSIM rate adjustment are in compliance with GMO's existing DSIM tariffs and with all applicable statutes and regulations. Therefore, the Commission will approve GMO's proposed tariff.

**THE COMMISSION ORDERS THAT:**

1. KCP&L Greater Missouri Operations Company's tariff filing, assigned Tariff Tracking No. JE-2016-0345, is approved to be effective August 1, 2016, as an interim rate adjustment, subject to prudence review. The tariff sheets approved are:

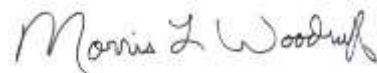
**P.S.C. MO. No. 1**

1<sup>st</sup> Revised Sheet No. 138.6, Canceling Original Sheet No. 138.6

1<sup>st</sup> Revised Sheet No. 138.7, Canceling Original Sheet No. 138.7

2. This order shall become effective on August 1, 2016.
3. This file shall close on August 2, 2016.

**BY THE COMMISSION**



Morris L. Woodruff  
Secretary



Hall, Chm., Kenney, Rupp,  
and Coleman, CC., concur.  
Stoll, C., dissents.

Bushmann, Senior Regulatory Law Judge

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<sup>3</sup> Commission Rule 4 CSR 240-20.093(4).

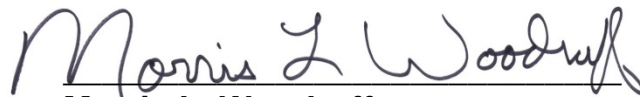
**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS** my hand and seal of the Public Service Commission,  
at Jefferson City, Missouri, this 20<sup>th</sup> day of July 2016.



  
Morris L. Woodruff  
Secretary

**MISSOURI PUBLIC SERVICE COMMISSION**

**July 20, 2016**

**File/Case No. ER-2016-0327**

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**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, prominent initial "M".

**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.