

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

In the Matter of Kansas City Power)	
& Light Company's Third Demand Side)	<u>File No. ER-2016-0147</u>
Investment Mechanism Rider Rate)	Tracking No. JE-2016-0153
Adjustment and True-Up)	

STAFF RECOMMENDATION

COMES NOW Staff of the Missouri Public Service Commission, by and through counsel, and submits this Staff Recommendation to the Missouri Public Service Commission ("Commission") recommending that the Commission approve the tariff sheet filed by Kansas City Power & Light Company ("KCPL") on December 11, 2015, bearing an effective date of February 1, 2016, and proposing a Missouri Energy Efficiency Investment Act ("MEEIA") Rider Energy Efficiency Investment Charge ("Rider EEIC") rate change. The new Rider EEIC rate will reduce overall revenue collected through rates by approximately \$4.5 million, reduce a typical residential customer's bill by \$1.10 per month on average and reduce a non-residential customer's bill by approximately \$0.92 for every 1,000 kWh used. In support thereof, Staff states as follows:

1. On June 5, 2014, and December 22, 2015, the Commission approved stipulations and agreements ("Stipulations")¹ outlining the terms, conditions and rates by residential and non-residential service classes for 1) the estimated and actual MEEIA Programs' costs; 2) estimated and actual TD-NSB² Share amounts; and 3) a Performance Incentive Award for KCPL's portfolio of MEEIA Programs. The

¹ *Order Approving Stipulation and Agreement* issued on June 5, 2014, in File No. EO-2014-0095 and *Order Approving Stipulation and Agreement* issued on December 22, 2015, in File No. EO-2014-0095.

² "TD" is throughput disincentive; "NSB" is net shared benefit.

Stipulations also allowed KCPL cost recovery through a DSIM³ Rider beginning August 2014. Pursuant to Rule 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), KCPL is required to make semi-annual adjustments of DSIM rates to reflect projected costs, incentives, and the amount of revenue that has been over/under collected. On December 11, 2015, KCPL filed a tariff sheet revising its EEIC Rider.

2. On December 17, 2015, the Commission issued its *Order Directing Notice and Establishing Intervention Date* directing any party wishing to intervene to do so no later than January 4, 2016, and for the Staff to file its recommendation no later than January 11, 2016.

3. The Staff has reviewed the revised tariff sheet and has determined for reasons more fully explained in Staff's *Memorandum* (attached as Appendix A) that the tariff sheet complies with the Stipulations approved on June 5, 2014, and December 22, 2015, and recommends its approval by the Commission. Staff's recommendation for its approval is solely based on the accuracy of KCPL's calculations.

4. Staff has verified that KCPL has filed its Annual Report, is not delinquent on any assessment, and is current on its submission of its Quarterly Surveillance Monitoring Reports as required by Rule 4 CSR 240-20.090(10).

WHEREFORE, Staff prays the Commission accept its Recommendation and issue an order approving the following tariff sheet as filed on December 11, 2015, for service rendered on and after February 1, 2016.

P.S.C. MO. No. 7
3rd Revised Sheet No. 49E, Cancelling 2nd Revised Sheet No. 49E

³ "DSIM" is demand side investment mechanism.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne

Legal Counsel

Missouri Bar No. 64078

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8706 (Telephone)

(573) 751-9285 (Fax)

whitney.payne@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 7th day of January, 2016 to all counsel of record.

/s/ Whitney Payne

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2016-0147 and Tariff Tracking No. JE-2016-0153
Kansas City Power & Light Company

FROM: Michael L. Stahlman, Regulatory Economist III

/s/ Michael Scheperle 1/7/16
Manager, Tariff/Rate Design Unit / Date

/s/ Robert S. Berlin 1/7/16
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve Kansas City Power & Light Company's ("KCPL" or "Company") Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM") Rider Rate of Kansas City Power & Light Company effective February 1, 2016.

DATE: January 7, 2016

KCPL Filing

On December 11, 2015, KCPL filed with the Commission one (1) tariff sheet bearing an issue date of December 11, 2015, and an effective date of February 1, 2016, proposing to adjust charges related to the Company's DSIM Rider. KCPL's filing also included the Direct Testimony of Tim M. Rush and work papers consisting of electronic worksheets showing the utility's calculation of the proposed rates. Consistent with the approved Non-Unanimous Stipulation and Agreements in KCPL's last case for Approval of Demand-Side Programs and for Authority To Establish a Demand-Side Programs Investment Mechanism, File No. EO-2014-0095¹, the proposed rates are based upon actual and estimated performance in the six-month period through September 2015, and projected performance through June 2016 for Program Costs ("PC") and KCPL's Throughput Disincentive – Net Share Benefits ("TD-NSB") share. KCPL's DSIM Rider also includes provisions for collecting any Ordered Adjustments ("OA") and a Performance Incentive Award ("PIA"), although currently neither of these are in effect.

The DSIM Rider rate change decreases overall revenue collected through rates by approximately \$4.5 million. Specifically, the proposed change will reduce residential customers' DSIM Rider rate from \$0.00132 to \$0.00022 per kWh and decrease non-residential customers' rate from \$0.00450 to \$0.00358 per kWh. For a residential customer using 1,000 kilowatt-hours (kWh), this would mean a decrease of \$1.10 per month. For a non-residential customer, this would mean a decrease of \$0.92 for every 1,000 kWh's used. These rate decreases are largely due to the forthcoming end of MEEIA Cycle 1.

The Commission in its Order Directing Notice and Establishing Intervention Date in this case directed Staff to file a recommendation no later than January 11, 2016.²

¹ Order Approving Stipulation and Agreement issued on June 5, 2014, in File No. EO-2014-0095 and Order Approving Stipulation and Agreement issued on December 22, 2015, in File No. EO-2014-0095.

² Order Directing Notice and Establishing Intervention Date issued on December 17, 2015, in File No. ER-2016-0147.

Background

On January 7, 2014, KCPL filed in File No. EO-2014-0095 an application, under the Missouri Energy Efficiency Investment Act (“MEEIA”) statute and the Commission’s MEEIA Rules, requesting Commission approval of demand-side programs and for authority to establish a DSIM.

On June 5, 2014, the Commission approved a Stipulation and Agreement with an effective date of June 15, 2014. The Stipulation outlined the terms, conditions, and rates by residential and non-residential service classes for 1) the estimated and actual MEEIA Programs’ costs; 2) estimated and actual TD-NSB Share amounts; and 3) a Performance Incentive Award for KCPL’s portfolio of MEEIA Programs. The Stipulation allowed KCPL cost recovery through a DSIM Rider beginning in the August 2014 billing month. The Stipulation allows for True-up, Prudence Reviews, and Variances from certain Commission Rules. The Stipulation requires KCPL to include a separate line item on customer bills labeled “DSIM Charge”.

Change in KCPL’s DSIM Rates

Per 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), KCPL is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected. This is KCPL’s third filing since the DSIM Rider was originally established in File No. EO-2014-0095.

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills. The amount is based on six months of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates and the proposed new MEEIA rates for the DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under the Company’s retail rate schedules, excluding kWh of energy supplied to "opt-out" customers.

For a residential customer using 1,000 kWh, this would mean a decrease of \$1.10 per month. Conversely, for a non-residential customer, this would mean a decrease of \$0.92 for every 1,000 kWh used.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential Service	\$0.00132	\$0.00022
Non-Residential Service	\$0.00450	\$0.00358

Staff Recommendation

The Commission Staff’s Tariff/Rate Design Unit has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on December 11, 2015, for service on and after February 1, 2016, the requested effective date.

P.S.C. MO. No. 7

3rd Revised Sheet No. 49E, Cancelling 2nd Revised Sheet No. 49E

The Staff has verified that KCPL is not delinquent on any assessment and has filed its Annual Report. KCPL is current on its submission of its Quarterly Surveillance Monitoring reports as required in 4 CSR 240-20.090(10). The Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff’s recommendation for approval of the DSIM Rider rate change in this case is solely based on the accuracy of KCPL’s calculations and is not indicative of prudence.

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In the Matter of Kansas City Power)
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Investment Mechanism Rider Rate)
Adjustment and True-Up) **File No. ER-2016-0147**

AFFIDAVIT OF MICHAEL STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


COMES NOW, Michael Stahlman, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Michael Stahlman

Subscribed and sworn before me on this 7th day of January, 2016.



Notary Public

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434