

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

In the Matter of KCP&L Greater Missouri	)	
Operations Company's Demand Side	)	<b><u>File No. ER-2017-0317</u></b>
Investment Mechanism Rider Rate	)	Tracking No. JE-2017-0253
Adjustment and True-Up Required by	)	
4 CSR 240.3.163(8)	)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEETS**

**COMES NOW** Staff of the Missouri Public Service Commission, by and through counsel, and submits its Recommendation to the Missouri Public Service Commission ("Commission") recommending that the Commission issue an order approving P.S.C. MO. No. 1, 3<sup>rd</sup> Revised Sheet No. 138.7<sup>1</sup> and 2<sup>nd</sup> Revised Sheet No. 138.8<sup>2</sup> as filed by KCP&L Greater Missouri Operations Company ("GMO" or "Company") on June 1, 2017, and substituted on June 23, 2017, bearing an effective date of August 1, 2017 ("Tariff Sheets")<sup>3</sup>. Staff explains its reasons supporting approval of the Tariff Sheets in Staff's Memorandum attached hereto as Appendix A and incorporated herein, further stating as follows:

1. GMO filed its Tariff Sheets for the purpose of modifying the Company's DSIM ("Demand Side Investment Mechanism") rates under the Missouri Energy Efficiency Investment Act ("MEEIA") and Commission rules 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8) .

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<sup>1</sup> Canceling 2<sup>nd</sup> Revised Sheet No. 138.7.

<sup>2</sup> According to the direct testimony of Mr. Tim Rush filed on June 1 in support of these revised tariff sheets, GMO is also including 2<sup>nd</sup> Revised Sheet No. 138.8 with this DSIM Rider filing for the purpose of making a minor adjustment of GMO's MEEIA margin rates that were effective February 22, 2017 in GMOs rate case ER-2016-0156. During the KCPL rate case ER-2016-0285, the MEEIA margin rates were recalculated for purposes of rebasing the calculation of the TD (throughput disincentive) in compliance with the MEEIA stipulation and agreement filed on November 23, 2015. This adjustment for GMO allows for greater precision in the margin rate and aligns with the methodology used in the KCPL-MO jurisdiction.

<sup>3</sup> Both tariff sheets were substituted by GMO on June 23, 2017 to revise some calculations. GMO submitted further revised calculations on June 28, 2017 but were not significant enough to alter the rates calculated from the June 23, 2017 substitute tariff sheets.

2. The DSIM Rider rate change increases residential customers' DSIM Rider rate from \$0.00139 to \$0.00372 per kWh (kilowatt hour) and increases non-residential customers' rate from \$0.00751 to \$0.00995 per kWh. For a residential customer using 1,000 kWhs, this change increases a bill by \$2.33/month. For a non-residential customer, this change increases a bill by \$2.44 for every 1,000 kWhs used.

3. As further explained in its Memorandum, Staff notes that this DSIM filing includes: (1) continued recognition of the earned performance incentive award that is the result of evaluation, measurement, and verification ("EM&V") for GMO's MEEIA program performance in Cycle 1, (2) corrections for errors that were present in GMO's measure installation reporting in past DSIM rate calculations, (3) corrections for errors in calculating GMO's Net Margin Revenue Rates by Rate Class by Month that occurred in GMO's last rate cast (ER-2016-0156), and (4) a "rebasement adjustment" as permitted on tariff Sheet 138.4 which reduces the amount collected for throughput disincentive.

**WHEREFORE**, for the reasons discussed above and further explained in Staff's Memorandum, Staff recommends the Commission issue an order approving the following tariff sheets as filed on June 1, 2017 and substituted on June 23, 2017 for service on and after August 1, 2017:

P.S.C. MO. No. 1

3<sup>rd</sup> Revised Sheet No. 138.7, Canceling 2<sup>st</sup> Revised Sheet No. 138.7 and

2<sup>nd</sup> Revised Sheet No. 138.8, Canceling 1<sup>st</sup> Revised Sheet No. 138.8

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin

Deputy Staff Counsel

Missouri Bar No. 51709

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526-7779 (Telephone)

(573) 751-9285 (Fax)

[bob.berlin@psc.mo.gov](mailto:bob.berlin@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served electronically on this 30<sup>th</sup> day of June, 2017 to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

**/s/ Robert S. Berlin**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. ER-2017-0317 and Tariff Tracking No. JE-2017-0253  
KCP&L Greater Missouri Operations

**FROM:** Michael L. Stahlman, Regulatory Economist III  
Brad Fortson, Regulatory Economist III

/s/ Robin Kliethermes 6/30/17      /s/ Robert S. Berlin 6/30/17  
Manager, Tariff/Rate Design Unit/ Date      Staff Counsel Division / Date

**SUBJECT:** Staff Recommendation to Approve KCP&L Greater Missouri Operations' ("GMO")  
Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM")  
Rider and Net Margin Revenue Rates effective August 1, 2017.

**DATE:** June 30, 2017

### **GMO Filing**

On June 1, 2017, GMO filed with the Commission two (2) tariff sheets bearing an issue date of June 1, 2017, and an effective date of August 1, 2017, proposing to adjust charges related to GMO's DSIM Rider and its Net Margin Revenue Rates. GMO's initial filing also included the Direct Testimony of Tim M. Rush and work papers consisting of electronic worksheets showing its calculation of the proposed rates. On June 2, 2017, the Commission issued its Order Directing Notice, Establishing Intervention Date, and Directing Filing of Staff Recommendation which directed Staff to file its recommendation no later than July 3, 2017. On June 23, 2017, GMO filed two (2) substitute tariff sheets which incorporated some revised calculations.<sup>1</sup>

The DSIM Rider rate change increases overall revenue collected through rates by approximately \$9.1 million. Specifically, the proposed change will increase residential customers' DSIM Rider rate from \$0.00139 to \$0.00372 per kWh and increase non-residential customers' rate from \$0.00751 to \$0.00995 per kWh. For a residential customer using 1,000 kilowatt-hours (kWh), this would mean an increase of \$2.33 per month. For a non-residential customer, this would mean an increase of \$2.44 for every 1,000 kWh's used.

### **Change in GMO's DSIM Rates**

Per 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), GMO is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected.

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<sup>1</sup> GMO submitted further revised calculations on June 28, 2017, but these revisions were not significant enough to alter the rates calculated on the June 23, 2017 substitute tariff sheets.

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on six months of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest.

Among other things, this adjustment to the DSIM rates continues to include the performance incentive for GMO's MEEIA Cycle 1.

This adjustment also incorporates a correction to the number, timing, and customer class of certain measure installations. GMO has indicated that certain errors were present in GMO's measure installation reporting used in prior DSIM rate calculations. This filing also corrects for errors in calculating GMO's Net Margin Revenue Rates by Rate Class by Month that occurred in GMO's last general rate case, Case No. ER-2016-0156.

This adjustment also incorporates a "rebasement adjustment" as described on Sheet 138.4 and consistent with the Non-Unanimous Stipulation and Agreement approved by the Commission on September 28, 2016 in Case No. ER-2016-0156. This adjustment reduces collection of the "Throughput Disincentive Dollars" ("TD\$") by the cumulative energy savings associated with the MEEIA Cycle 2 billing determinants normalization. Beginning with the February 2017 TD\$ calculation (the date that rates went into effect for ER-2016-0156), the level of savings as of June 2016 (the date used to normalize billing determinants in the general rate case) was netted out of the TD\$ calculation.

Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under GMO's retail rate schedules, excluding kWh of energy supplied to "opt-out" customers.

<b>Rate Class</b>	<b>Current MEEIA Rate/kWh</b>	<b>Proposed MEEIA Rate/kWh</b>
Residential Service	\$0.00139	\$0.00372
Non-Residential Service	\$0.00751	\$0.00995

The DSIM Rider rate change increases overall revenue collected through rates by approximately \$9.1 million. Specifically, the proposed change will increase residential customers' DSIM Rider rate from \$0.00139 to \$0.00372 per kWh and increase non-residential customers' rate from \$0.00751 to \$0.00995 per kWh. For a residential customer using 1,000 kilowatt-hours (kWh), this would mean an increase of \$2.33 per month. For a non-residential customer, this would mean an increase of \$2.44 for every 1,000 kWh's used.

For both residential and non-residential customers, this increase in the DSIM charge is largely associated with the level of measure installations performed during the period of February 2017 – July 2017 being higher than was projected at the time of GMO’s calculation of DSIM rates to be in effect during that period. Staff’s recommendation to approve this Third Revised Sheet 138.7, as substituted, does not constitute a review of the prudence of GMO’s actions in relation to these measures or GMO’s record keeping related to these measures.

The adjustments included in this DSIM filing are not affected by any adjustments that may be proposed by Staff in the second MEEIA prudence review Case No. EO-2017-0210 pending before the Commission, which concerns portions of GMO’s MEEIA Cycle 1 and Cycle 1 Carryover. Should the Commission order an adjustment in EO-2017-0210, the Company will include that adjustment in its next DSIM filing. The prudence of Cycle 2, including the time periods covered by this DSIM filing, will be reviewed in a separate case to be filed in the future.

**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 sheets, as filed on June 1, 2017 and substituted on June 23, 2017, for service on and after August 1, 2017, the requested effective date.

P.S.C. MO. No. 1

3rd Revised Sheet No. 138.7, Cancelling 2nd Revised Sheet No. 138.7  
2nd Revised Sheet No. 138.8, Cancelling 1st Revised Sheet No. 138.8

The Staff has verified that GMO is not delinquent on any assessment and has filed its Annual Report. GMO 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 GMO’s calculations and is not indicative of prudence.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

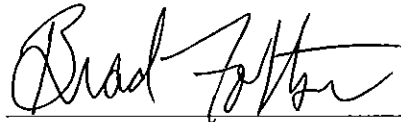
In the Matter of KCP&L Greater Missouri )  
Operations Company's Demand Side Investment ) File No. ER-2017-0317  
Mechanism Rider Rate Adjustment and True-Up )  
Required by 4 CSR 240-3.163(8) )

**AFFIDAVIT OF BRAD FORTSON**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )


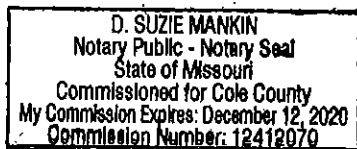
**COMES NOW, BRAD FORTSON** and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



**BRAD FORTSON**

Subscribed and sworn to be this 30<sup>th</sup> day of June, 2017.

  
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri )  
Operations Company's Demand Side Investment ) File No. ER-2017-0317  
Mechanism Rider Rate Adjustment and True-Up )  
Required by 4 CSR 240-3.163(8) )

**AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

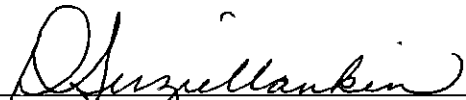
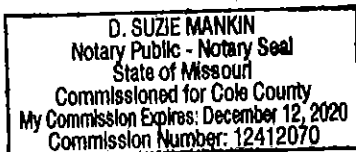
COMES NOW, MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



MICHAEL L. STAHLMAN

Subscribed and sworn to be this 30th day of June, 2017:



Notary Public