

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No. 7

Original

Sheet No. 49

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For Missouri Retail Service Area

DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM

APPLICABILITY:

This rider is applicable to all non-lighting kilowatt-hours (kWh) of energy supplied to customers under the Company's retail rate schedules, excluding kWh of energy supplied to "opt-out" customers.

Charges passed through this DSIM Rider reflect the charges approved to be collected from the implementation of the Missouri Energy Efficiency Investment Act (MEEIA) Cycle 1 Plan. Those charges include:

- 1) Program Costs, TD-NSB Share, and Performance Incentive Award (if any) for the MEEIA Cycle 1 Plan,
- 2) Reconciliations, with interest, to true-up for differences between the revenues billed under this DSIM Rider and total actual monthly amounts for:
 - i) Program Costs incurred,
 - ii) TD-NSB Share incurred, and
 - iii) Amortization of any Performance Incentive Award ordered by the Missouri Public Service Commission (Commission)
- 3) Any Ordered Adjustments. Charges under this DSIM Rider shall continue after the anticipated December 31, 2015 end of MEEIA Cycle 1 Plan until such time as the charges described in items i), ii) and iii) in the immediately preceding sentence have been billed.

Charges arising from the MEEIA Cycle 1 Plan that are the subject of this DSIM Rider shall be reflected in one "DSIM Charge" on customers' bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 1 Plan demand-side management programs approved under the MEEIA.

DEFINITIONS:

As used in this DSIM Rider, the following definitions shall apply:

"Company's TD-NSB Share" means 26.36% of the TD-NSB multiplied by the Time-Value Adjustment Factor.

"Effective Period" (EP) means the six (6) months beginning with the month of July 2014, and each six month period there-after.

"Evaluation Measurement & Verification - Net Shared Benefits" (EM&V-NSB) means the 2014 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the EM&V results determined pursuant to the Stipulation, less the 2014 present value of Program Costs.

"Incentive" means any consideration provided by the Company, including buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

"MEEIA Cycle 1 Plan" consists of the 12 demand-side programs and the DSIM described in the Stipulation as it may be hereafter amended by Commission-approved amendments to the Stipulation.

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DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM (Continued)

DEFINITIONS: (Cont'd.)

"kWh/kW Targets" over the MEEIA Cycle 1 Plan

	Targeted Annual Energy Savings (kWh)	Programmable Thermostat Annual Demand Savings (kW)	All Other MEEIA Programs' Annual Demand Savings (kW)	Targeted Annual Demand Savings (kW)
2014 (July 6 – Dec. 31)	33,872,024	17,590	6,751	24,341
2015 (Jan. – Dec.)	68,716,971	2,371	16,383	18,754
The Sum of the Incremental Annual Targets in 2014 and 2015	102,588,995	19,961	23,134	43,095

"Program Costs" means program expenditures, including such items as program design; administration; delivery; end-use measures and incentive payments; evaluation, measurement, and verification; market potential studies; and work on a statewide technical resource manual.

"Performance Incentive Award" means the sum of a eighteen month annuity (using the Time-Value Adjustment Factor, not discounting the first period) of a percentage of EM&V-NSB as described below.

Percent of kWh /kW Target (90%/10%)	Percent of EM&V NSB
Less than 70	0.00%
70	4.61%
80	5.47%
90	6.33%
100	7.20%
110	8.64%
120	10.07%
130	11.51%
Greater than 130	11.51%

*Includes income taxes (i.e. results in revenue requirement without adding income taxes).
The percentages are interpolated linearly between the performance levels.

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DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM (Continued)

"Recovery Period" (RP) means the six (6) months beginning with the billing month of August 2014, and each six month period thereafter.

"Stipulation" means the Non-Unanimous Stipulation and Agreement Resolving Kansas City Power & Light Company's MEEIA Filing approved by the Commission in File No. EO-2014-0095, as it may be amended further by subsequent Commission orders.

"Short-Term Borrowing Rate" means (i) the daily one-month USD LIBOR rate, using the last previous actual rate for weekends and holidays or dates without an available LIBOR rate, plus (ii) the Applicable Margin for Eurodollar Advances as defined in the Pricing Schedule of the current KCP&L Revolving Credit Agreement. A simple mathematical average of all the daily rates for the month is then computed.

"Throughput Disincentive - Net Shared Benefits" (TD-NSB) means the 2014 present value of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs) for the MEEIA Cycle 1 Plan using the deemed values, less the 2014 present value of Program Costs. Present values are determined using the Time-Value Adjustment Factor.

"Time-Value Adjustment Factor" means the factor used each month to convert amounts to present value. The factor is $[1.06961 ^ (\text{Calendar Year} - 2014)]$.

DETERMINATION OF DSIM RATES:

The DSIM during each applicable RP is a dollar per kWh rate for each rate schedule calculated as follows:

$$\text{DSIM} = [\text{NPC} + \text{NTD} + \text{NPI} + \text{NOA}] / \text{PE}$$

Where:

NPC = Net Program Costs for the applicable EP as defined below,

$$\text{NPC} = \text{PPC} + \text{PCR}$$

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP.

PCR = Program Costs Reconciliation is equal to the cumulative difference, if any, between the PPC revenues billed resulting from the application of the DSIM through the end of the previous RP and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP and RP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

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DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM (Continued)

DETERMINATION OF DSIM RATES: (Cont'd.)

NTD = Net Throughput Disincentive for the applicable EP as defined below,

$$\text{NTD} = \text{PTD} + \text{TDR}$$

PTD = Projected Throughput Disincentive is the Company's TD-NSB Share projected by the Company to be incurred during the applicable EP.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed during the previous RP resulting from the application of the DSIM and the Company's TD-NSB Share through the end of the previous EP calculated pursuant to the Stipulation, (which will reflect projections through the end of the previous EP and RP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

NPI = Net Performance Incentive for the applicable EP as defined below,

$$\text{NPI} = \text{PI} + \text{PIR}$$

PI = Performance Incentive is equal to the Performance Incentive Award monthly amortization multiplied by the number of billing months in the applicable RP.

The monthly amortization shall be determined by dividing the Performance Incentive Award by the number of billing months from the billing month of the first DSIM after the determination of the Performance Incentive Award and 18 billing months following the end of the EP in which the Performance Incentive Award is determined. The PI shall be divided evenly among the 3 applicable EPs, and carrying costs shall not accrue on the PI.

PIR = Performance Incentive Reconciliation is equal to the cumulative difference, if any, between the PI revenues billed during the previous RP resulting from the application of the DSIM and the monthly amortization of the Performance Incentive Award through the end of the previous EP (which will reflect projections through the end of the previous EP and RP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

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DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM (Continued)

DETERMINATION OF DSIM RATES: (Cont'd.)

NOA = Net Ordered Adjustment for the applicable EP as defined below,

$$\text{NOA} = \text{OA} + \text{OAR}$$

OA = Ordered Adjustment is the amount of any adjustment to the DSIM ordered by the Commission as a result of prudence reviews and/or corrections under this DSIM Rider. Such amounts shall include monthly interest at the Company's monthly Short-Term Borrowing Rate.

OAR = Ordered Adjustment Reconciliation is equal to the cumulative difference, if any, between the OA revenues billed during the previous RP resulting from the application of the DSIM and the actual OA ordered by the Commission through the end of the previous EP (which will reflect projections through the end of the previous EP and RP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

PE = Projected Energy, in kWh, forecasted to be delivered to the customers to which the DSIM Rider applies during the applicable RP.

The DSIM components and total DSIM applicable to the individual rate schedules shall be rounded to the nearest \$0.00001.

Allocation of costs for each rate schedule for the MEEIA Cycle 1 Plan will be made in accordance with the Stipulation.

This DSIM Rider shall not be applicable to customers that have satisfied the opt-out provisions contained in Section 393.1075.7, RSMo.

FILING:

After the initial DSIM Rider rate adjustment filing, the Company shall make a DSIM Rider rate adjustment filing to take effect each August and February under the Term of this MEEIA Rider. DSIM Rider rate adjustment filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS:

A prudence review shall be conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10). Any costs, which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this DSIM Rider, shall be returned to customers through an adjustment in the next DSIM Rider rate adjustment filing and reflected in factor OA above.

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DEMAND SIDE INVESTMENT MECHANISM RIDER Schedule DSIM (Continued)

DEMAND SIDE INVESTMENT MECHANISM CHARGE:

Applicable to determination of DSIM Charge for the billing months of August 2014 through January 2015:

DSIM Components and Total DSIM

Rate Schedule	NPC/PE (\$/kWh)	NTD/PE (\$/kWh)	NPI/PE (\$/kWh)	NOA/PE (\$/kWh)	Total DSIM (\$/kWh)
Residential Service	\$0.00248	\$0.00150	\$0.00000	\$0.00000	\$0.00398
Non- Residential Service	\$0.00140	\$0.00075	\$0.00000	\$0.00000	\$0.00215

OPT-OUT PROVISIONS (Non-Residential Customers):

Pursuant to Missouri Rule 4 CSR 240-20.094(6)(A): Any customer meeting one (1) or more of the following criteria shall be eligible to opt-out of participation in utility-offered demand side programs:

1. The customer has one (1) or more accounts within the service territory of the electric utility that has a demand of the individual accounts of five thousand (5,000) kW or more in the previous twelve (12) months;
2. The customer operates an interstate pipeline pumping station, regardless of size; or
3. The customer has accounts within the service territory of the electric utility that have, in aggregate across its accounts, a coincident demand of two thousand five hundred (2,500) kW or more in the previous twelve (12) months, and the customer has a comprehensive demand side or energy efficiency program and can demonstrate an achievement of savings at least equal to those expected from utility-provided programs.
 - A. For utilities with automated meter reading and or advanced metering infrastructure capability, the measure of demand is the customer coincident highest billing demand of the individual accounts during the twelve (12) months preceding the opt-out notification.

A customer electing to opt-out under requirements 1 and 2 above must provide written notice to the electric utility no earlier than September 1 and not later than October 30 to be effective for the following calendar year. Customers electing to opt-out under requirement 3 above must provide notice to the utility and the manager of the energy resource analysis section of the commission during the stated timeframe. Customers electing to opt-out shall still be allowed to participate in interruptible or curtailable rate schedules or tariffs offered by the electric utility.

Customers who have satisfied the opt-out provisions of 4 CSR 240-20.094(6) to opt-out of both the DSIM Charge and the Non-MEEIA rate will not be charged the DSIM Charge and receive an offset of the Non-MEEIA rate amount on the same bill, based on their actual usage. The current Non-MEEIA rate is found in Section 8.09 of the Rules and Regulations, Sheet 1.28.

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