

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

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| In the Matter of Kansas City Power & Light         | ) | <b><u>File No. EO-2019-0132</u></b> |
| Company's Application for Authority to Establish a | ) | Tariff No. JE-2019-0104             |
| Demand-Side Programs Investment Mechanism          | ) | Tariff No. YE-2019-0103             |
|  |   |                                     |
| In the Matter of KCP&L Greater Missouri Operations | ) |                                     |
| Company's Application for Authority to Establish a | ) | <b><u>File No. EO-2019-0133</u></b> |
| Demand-Side Programs Investment Mechanism          | ) | Tariff No. YE-2019-0102             |

**MISSOURI DIVISION OF ENERGY POST-HEARING BRIEF**

COMES NOW the Missouri Department of Natural Resources – Division of Energy (DE) and, pursuant to the Commission's August 17, 2019, *Order Granting Variance, Setting Procedural Schedule And Other Procedural Requirements*, respectfully offers the following *Post-Hearing Brief* on the Cycle 3 Missouri Energy Efficiency Investment Act (MEEIA) applications of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (KCP&L or Companies) in the above-styled matters.

Since DE's positions in the above-styled matters were limited in scope, DE's post-hearing brief will focus only on the issues upon which it offered testimony,<sup>1</sup> as laid out in the *List of Issues*,<sup>2</sup> and as provided in the *Division of Energy's Statement of Positions*.<sup>3</sup>

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<sup>1</sup> Exhibits 350 and 351.

<sup>2</sup> EFIS Item 88, *List of Issues, List and Order of Witnesses, Order of Opening Statements and Order of Cross-Examination*, p. 1-2.

<sup>3</sup> EFIS Item 96, *Division of Energy's Statement of Positions*.

**The Division of Energy supports the implementation of MEEIA Programs that meet statutory and Commission requirements.**

In general, DE supports the Companies' proposed programs and initiatives.<sup>4</sup> Section 393.1075.3, RSMo., states that, “[i]t shall be the policy of the state to value demand-side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs.”

The statute goes on to state that, “In support of this policy, the commission shall:”

- (1) Provide timely cost recovery for utilities;
- (2) Ensure that utility financial incentives are aligned with helping customers use energy more efficiently and in a manner that sustains or enhances utility customers' incentives to use energy more efficiently; and
- (3) Provide timely earnings opportunities associated with cost-effective measurable and verifiable efficiency savings.<sup>5</sup>

Demand-side programs create system cost savings opportunities<sup>6</sup> and provide utility customers with greater control over their energy consumption, enabling them to manage their bills in order to save money.<sup>7</sup> When a demand-side program is implemented and reduces system load requirements, particularly during peak usage periods, utility costs may also decline, thus creating savings opportunities for the Companies and customers alike.<sup>8</sup>

Given this mutual benefit to the Companies and customers, and because MEEIA programs are not simply implemented at the “flip of a switch,” continuity in MEEIA offerings is important. Enabling the Companies to continue offering MEEIA programs without interruption

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<sup>4</sup> Ex. 350, Hyman Rebuttal, 2:6-14.

<sup>5</sup> Section 393.1075.3(1)-(3), RSMo.

<sup>6</sup> Commission regulation 20 CSR 4240-20.092(1)(C) describes demand-side savings from demand-side programs as “energy savings and demand savings associated with generation, transmission, and distribution facilities, including avoided probable environmental costs. . . .”

<sup>7</sup> Ex. 350, Hyman Rebuttal, 3:10-12.

<sup>8</sup> *Id.*, at 3:13-15.

avoids disrupting the positive economic effects of MEEIA programs, the ability of KCP&L to achieve long-run savings, and potential customer confusion and uncertainty as to the availability of energy efficiency offerings.<sup>9</sup>

**DE’s recommendations for the proposed MEEIA programs.**

DE generally supports the proposed portfolio of MEEIA programs and initiatives and suggests three categories of minor recommended changes to the proposed programs. The proposed recommendations are (1) a name change for one of the programs, (2) a recommended revision to the Companies’ proposed tariff language, and (3) suggestions regarding the Companies’ continued combined heat and power (CHP) efforts.

First, DE recommends changing the names of the Companies’ proposed residential “Heating, Cooling & Weatherization” programs to the “Heating, Cooling and Home Comfort” programs (or another alternative that avoids the use of the term “weatherization”).<sup>10</sup> DE administers the federal Low-Income Weatherization Assistance Program in Missouri,<sup>11</sup> and the Companies provide support for weatherization programs in their respective territories through their base rates.<sup>12</sup> Using the word “weatherization” in the titles for these MEEIA-based programs could create confusion among income-eligible customers and community action agencies.<sup>13</sup> Such

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<sup>9</sup> Ex. 350, Hyman Rebuttal, 3:20-4:12.

<sup>10</sup> *Id.*, at 6:10-13.

<sup>11</sup> The Low-Income Weatherization Assistance Program (LIWAP) is a federally funded, DE-administered program that provides measures to qualifying households that enable them to lower energy costs and improve home comfort. Apart from LIWAP, which is funded and overseen by the U.S. Department of Energy and supplemented by Low Income Home Energy Assistance Program funds, many Missouri utilities provide additional dollars to support weatherization for low-income customers. Generally, the term “weatherization” is used, often interchangeably (if confusingly), in reference to both of these two differently funded low-income weatherization approaches.

<sup>12</sup> Ex. 350, Hyman Rebuttal, 6:4-6.

<sup>13</sup> *Id.*, at 6:6-8.

confusion could result in weatherization-qualified households paying more or potentially being directed away from the most affordable programs available to them.<sup>14</sup>

Second, DE recommends removing from the tariffs accompanying the Companies' applications the prohibition on receipt of many of the proposed MEEIA incentives by recipients of the Missouri Low-Income Housing Tax Credit (Sections 135.350 through 135.362, RSMo.) or the Historic Structures Rehabilitation Tax Credit (Sections 253.545 through 253.561, RSMo.).<sup>15</sup> The prohibition on participation in MEEIA programs by recipients of these tax credits was removed from MEEIA through CCS#2/HCS/SCS/SB 112 (2017).<sup>16</sup> To DE's knowledge, no party has presented testimony in opposition to these recommendations.

Finally, DE supports the Companies' continued inclusion of CHP as an eligible Business Custom measure in the proposed MEEIA Cycle 3 portfolio. Since MEEIA Cycle 2, cost-effective CHP projects have been eligible under the Business Custom effort.<sup>17</sup> Unfortunately, while a number of custom projects have been considered by industrial customers in the past, no CHP projects have been submitted to KCP&L for consideration.<sup>18</sup> The Companies have stated that they, "would consider additional efforts for developing awareness of this [CHP] technology."<sup>19</sup> DE looks forward to working with the Companies after the present MEEIA case on the development and implementation of simple, practical steps that would aid with education and awareness. DE's goals for such awareness development would be:

- Within one year of case completion, assisting the Companies with completing CHP-

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<sup>14</sup> Ex. 350, Hyman Rebuttal, 6:8-13.

<sup>15</sup> *Id.*, at 7:3-5

<sup>16</sup> *Id.*, at 6:14-7:5.

<sup>17</sup> Ex. 3, KCP&L Surrebuttal Report, 63:9-10.

<sup>18</sup> *Id.*, at 63:10-11.

<sup>19</sup> *Id.*, at 63:11-12.

specific program guidance using DE's current materials;<sup>20</sup>

- Providing collaboratively-developed CHP-specific program guidance to registered contractors, business development representatives, and customers (via website);<sup>21</sup> and,
- Adopting the goal of successfully assisting one customer to complete a CHP installation within three years of case completion.<sup>22</sup>

DE supports the Companies continuing their momentum and improving the depth and quality of the CHP option in the Custom Business Rebate Program.

### **Remaining Issues**

On the remaining issues presented in the *List of Issues* and identified at hearing,<sup>23</sup> DE takes no position.

**WHEREFORE**, the Division of Energy respectfully submits its *Post-Hearing Brief* in the above-styled matters.

Respectfully submitted,

/s/ Jacob Westen

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<sup>20</sup> Ex. 351, Epperson Rebuttal, 12:1-10; 12:13-17.

<sup>21</sup> *Id.*, at 12:1-10; 12:17-19.

<sup>22</sup> *Id.*, 12:20-21.

<sup>23</sup> EFIS Item 88, *List of Issues*, p. 1-2; Hrg Tr. Vol. II, 531:14-534:1.

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been delivered by hand, postage prepaid mail, or email, to the service list this 11<sup>th</sup> day of October, 2019.

/s/ Jacob Westen