

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

In the Matter of the First Prudence Review of )  
KCP&L Greater Missouri Operations )  
Company's ("GMO") Implementation of Its )  
Cycle 2 Energy Efficiency Programs in )  
Furtherance of the Missouri Energy Efficiency )  
Investment Act ("MEEIA"). )

**File No. EO-2018-0364**

**STAFF'S REPORT OF MEEIA PRUDENCE REVIEW**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *First Prudence Review Of Cycle 2 Costs Related To The Missouri Energy Efficiency Investment Act For The Electric Operations Of KCP&L Greater Missouri Operations Company* ("Report" or "Report of MEEIA Prudence Review"), respectfully states to the Missouri Public Service Commission ("Commission"):

**Background**

1. KCP&L Greater Missouri Operations Company's ("GMO") tariff provides that "Commission staff shall perform prudence reviews no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10)..."<sup>1</sup> This tracks the language of Commission Rule 4 CSR 240-20.093(11) as authorized under § 393.1075.3 and § 393.1075.11 RSMo as supplemented.

2. Rule 4 CSR 240-20.093(11), in part, sets a timeline for certain activities related to the prudence review. It also establishes the following schedule by which certain events are to take place based on the date the Staff starts its prudence review.

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<sup>1</sup> KCP&L Greater Missouri Operations Company, P.S.C. MO. No. 1, 1<sup>st</sup> Revised Sheet No. 138.6, "PRUDENCE REVIEWS:" *Note the tariff sheet citation of 4 CSR 240-20.093(10) regarding prudence reviews has not been updated to reflect the rule number change to 4 CSR 240-20.093(11) effective October 30, 2017.*

The Staff filed its notice and began its prudence review of the costs associated with GMO's Demand-Side Programs Investment Mechanisms ("DSIM") on June 4, 2018.

November 1, 2018	Submission of Staff Recommendation
November 11, 2018	Request for hearing
December 31, 2018	Commission Order, if no hearing requested

#### Results of MEEIA Prudence Review

3. In accordance with the above rule, Staff files its Report with the Commission regarding the results of its examination and analyses in this case. The Staff's Energy Resource Analysis Section was responsible for conducting the prudence review. Staff's Report is attached as Appendix A.

4. Staff reviewed and examined a variety of items including GMO's DSIM program costs, the throughput disincentive ("TD") costs, interest, and energy and demand savings.

5. Staff's first MEEIA Cycle 2 prudence review period ("Review Period") runs from April 1, 2016 through March 31, 2018. The Review Period includes two time periods: program year 2016 ("PY2016") beginning April 1, 2016 through March 31, 2017; and, program year 2017 ("PY2017") beginning April 1, 2017 through March 31, 2018.

6. In its Report, Staff identified certain improper entertainment/general expenses, promotional giveaway expenses, and erroneous TD costs recovered during

the Review Period as shown below in Table 1 (See Report, page 2, with detailed explanation of proposed disallowed costs on pages 13, 18, and 21):

<b>Table 1</b>				
<b>Costs</b>	<b>Explanation of Costs</b>	<b>Disallowed Cost</b>	<b>Interest</b>	<b>Recommended Disallowance</b>
<b>Entertainment and General</b>	Page 13	\$ 1,148	\$ 33	\$ 1,181
<b>Promotional Giveaways</b>	Page 20	\$ 39,769	\$ 886	\$ 40,655
<b>Throughput Disincentive</b>	Page 21	\$ 15,874	\$ 427	\$ 16,301
<b>Total</b>		<b>\$ 56,791</b>	<b>\$ 1,346</b>	<b>\$ 58,137</b>

As the result of Staff's examination of the above-described costs, Staff recommends the Commission approve an ordered adjustment ("OA") in the amount of \$58,137, including interest, in GMO's next Rider DSIM rate adjustment filing so that ratepayers are compensated for these disallowed costs.

7. In the course of Staff's prudence review, Staff identified a potential issue with GMO's Business Demand Response Incentive ("DRI") program during the Review Period. As the result of information in Navigant's draft PY2017 EM&V (evaluation, measurement, and verification) report, Staff will need to gather additional information regarding the realization rate achieved from GMO's DRI program. Staff will issue additional data requests as part of the current PY2017 EM&V stakeholder review process. Navigant's final PY2017 EM&V report is not due until December 25, 2018. Due to the need to gather additional information regarding the DRI program, some of which is not yet finalized, Staff reserves its right to address this issue in a future prudence review.

8. In conclusion, for this Review Period Staff has verified the reported 193,898,817 kWh of energy savings, 92,483 kW of demand savings

and \$7,495,996 of actual TD. During this Review Period GMO incurred program costs of \$39,256,934 for 16 MEEIA Cycle 2 programs.

**WHEREFORE**, in accordance with the Commission's Rules, the Staff prays the Commission accept its Report of MEEIA Prudence Review and order an adjustment in the amount of \$58,137<sup>2</sup> to be flowed back to ratepayers in GMO's next Rider DSIM rate adjustment filing.

Respectfully submitted,

**/s/ Robert S. Berlin**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1<sup>st</sup> day of November, 2018.

**/s/ Robert S. Berlin**

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<sup>2</sup> This OA amount includes interest through the period ending March 31, 2018.

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

**FIRST PRUDENCE REVIEW OF CYCLE 2 COSTS  
RELATED TO THE  
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT  
FOR THE ELECTRIC OPERATIONS  
OF  
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**April 1, 2016 through March 31, 2018**

**FILE NO. EO-2018-0364**

*Jefferson City, Missouri  
November 1, 2018*

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**April 1, 2016 through March 31, 2018**

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**STAFF REPORT**

**FIRST PRUDENCE REVIEW OF CYCLE 2 COSTS  
RELATED TO THE  
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**April 1, 2016 through March 31, 2018**

**FILE NO. EO-2018-0364**

**I. Executive Summary**

The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and analyzed a variety of items in examining whether KCP&L Greater Missouri Operations Company (“GMO” or “Company”) reasonably and prudently incurred costs associated with its demand-side programs and demand-side programs investment mechanism (“DSIM”) which were approved by the Commission’s *Order Approving Stipulation and Agreement Resolving GMO’s MEEIA Filing* in Case No. EO-2015-0241 (“Cycle 2 Plan”).

This prudence review report (“Report”) reflects Staff’s first prudence review for GMO’s Missouri Energy Efficiency Investment Act<sup>1</sup> (“MEEIA”) demand-side programs and DSIM Cycle 2 costs in File No. EO-2015-0241 which included the review period of April 1, 2016 through March 31, 2018 (“Review Period”). This report addresses prudence review costs for GMO’s Cycle 2 program costs (“Program Costs”), annual energy and demand savings, throughput disincentive (“TD”), and interest. The total Review Period is comprised of the two (2) time periods.

1. The first time period is also called Cycle 2 program year 1 (“PY1”) or program year 2016 (“PY2016”). This is the time period beginning April 1, 2016 through March 31, 2017. The total amount of program costs for PY1 was \$17,383,564, and the actual TD was \$1,486,908.

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<sup>1</sup> Section 393.1075, RSMo. 2016.

2. The second time period is April 1, 2017 through March 31, 2018 (“PY2”) or (“PY2017”). The total amount of program costs reported was \$21,873,370 and the actual TD amount was \$6,009,088.

Based on its review, Staff has identified a disallowance of entertainment/general expenses, promotional giveaway expenses and actual TD costs during the Review Period, identified in Table 1 below. Staff is recommending an ordered adjustment (“OA”) in the amount of \$58,137, including interest<sup>2</sup>, in GMO’s next Rider DSIM rate adjustment filing to adjust for these disallowed entertainment expenses, promotional giveaway expenses, and TD costs. The recommended OA amount is explained in detail later in this report.

Table 1				
Costs	Explanation of Costs	Disallowed Cost	Interest	Recommended Disallowance
Entertainment and General	Page 13	\$ 1,148	\$ 33	\$ 1,181
Promotional Giveaways	Page 18	\$ 39,769	\$ 886	\$ 40,655
Throughput Disincentive	Page 21	\$ 15,874	\$ 427	\$ 16,301
Total		\$ 56,791	\$ 1,346	\$ 58,137

In the course of Staff’s Prudence Review, Staff has identified a potential issue with GMO’s Business Demand Response Incentive (“DRI”) program during the Review Period. As a result of information in Navigant’s PY2017 EM&V draft report, Staff will need to gather additional information regarding the realization rate achieved from GMO’s DRI program based on preliminary PY2017 EM&V results. Staff will issue additional data requests as part of the current PY2017 EM&V stakeholder review process. Under the current PY2017 EM&V schedule, Navigant’s PY2017 EM&V final report is not due to be filed until December 25, 2018, after the filing date of this Report, November 1, 2018. Due to the need to gather additional information regarding the DRI program, some of which is not yet finalized, Staff reserves its right to address this issue in a future prudence review.

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<sup>2</sup> Interest calculated on disallowance through March 31, 2018.



## BACKGROUND

On August 28, 2015, GMO filed, in Case No. EO-2015-0241, its application under MEEIA and the Commission's MEEIA rules<sup>3</sup> for approval of GMO's second MEEIA application. On November 23, 2015, GMO, KCPL, Staff, Office of the Public Counsel, Missouri Division of Energy, Natural Resources Defense Council, National Housing Trust, Earth Island Institute, d/b/a Renew Missouri, United for Missouri, and West Side Housing Organization filed a *Non-Unanimous*<sup>4</sup> *Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* ("First Stipulation").

Through its March 2, 2016 *Order Approving Non-Unanimous Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* in Case No. EO-2015-0241, the Commission authorized GMO to implement its three-year<sup>5</sup> "Plan" including: 1) sixteen (16) demand-side programs ("MEEIA Programs") described in GMO's August 28, 2015 MEEIA application and modified to reflect the terms and conditions contained in the First Stipulation, 2) technical resource manual ("TRM") and 3) a demand-side programs investment mechanism. Through its March 23, 2016 *Order Approving Expedited Tariffs*, the Commission approved rates<sup>6</sup> for the Rider DSIM's<sup>7</sup> and approved a DSIM Charge<sup>8</sup> in Case No. EO-2015-0241 to be effective on April 1, 2016.

The Commission's April 6, 2016 *Order Approving Second Stipulation and Agreement* in Case No. EO-2015-0241 approved a *Non-Unanimous Stipulation and Agreement* ("Second Agreement") that was filed March 17, 2016. The Second Agreement was agreed to by the Company, Commission Staff, Office of the Public Counsel, Division of Energy, National Housing Trust, West Side Housing Organization, Natural Resources Defense Council,

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<sup>3</sup> 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094.

<sup>4</sup> Brightergy was the only party that objected to the stipulation. A hearing was held on January 12, 2016.

<sup>5</sup> Starting April 1, 2016 and ending March 31, 2019.

<sup>6</sup> The residential and non-residential rates for the MEEIA DSIM Charge approved in Case No. EO-2015-0241 are \$(0.00218) per kWh and \$0.00138 per kWh, respectively.

<sup>7</sup> GMO Original Sheet Nos. 138 through Original Sheet No. 138.8 which all have an effective date of April 1, 2016.

<sup>8</sup> From GMO's Original Sheet No. 138: Charges arising from the MEEIA Cycle 2 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 2 Plan demand-side management programs approved under the MEEIA.

1 Earth Island Institute d/b/a Renew Missouri, and United for Missouri, Inc.<sup>9</sup> The Second  
2 Agreement replaced Appendix C of the First Agreement with a new Appendix 1 that modifies  
3 the incentive ranges for two programs that were either not complete or inaccurate and it also  
4 replaced Appendix I of the First Agreement with a new Appendix 2 that provides a complete  
5 list of DSM measures for Cycle 2 programs that were inadvertently omitted in Appendix I.

6 Commission Rule 4 CSR 240-20.093(10) requires that the Staff conduct prudence  
7 reviews of an electric utility's costs for its DSIM no less frequently than every twenty-four  
8 (24) months. This Report documents Staff's first review of the prudence of GMO's Cycle 2  
9 Program Costs, annual energy and demand savings, TD and interest for the Review Period.

10 Commission Rules 4 CSR 240-20.093(9) and 4 CSR 240-2.163(6) require that  
11 GMO file quarterly a Surveillance Monitoring Report. Attached as Addendum A to this Report  
12 is Page 6 of GMO's Surveillance Monitoring Report including status of the MEEIA Programs  
13 and DSIM costs for the quarter ended, and cumulative total ended March 31, 2018.

14 Table 2 below identifies the line items and amounts from Addendum A which are the  
15 subject of Staff's prudence review.

16  
17  
18  
19  
20  
21  
22 *continued on next page*

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<sup>9</sup> The Second Agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days passed and no party objected, therefore the Commission treated the Second Agreement as a unanimous stipulation and agreement.

Table 2		
Cumulative Totals for April 1, 2016 through March 31, 2018		
Category	Descriptor	Period Total
Total Program Costs (\$)	Billed	\$ 36,502,038
Total Program Costs (\$)	Actual	\$ 39,256,934
Total Program Costs (\$)	Variance	\$ 2,754,895
Total Program Costs (\$)	Interest	\$ 195,254
First Year Gross Annual Energy Savings (kWh)	Target	125,338,952
First Year Gross Annual Energy Savings (kWh)	Deemed Actual	193,898,817
First Year Gross Annual Energy Savings (kWh)	Variance	68,559,865
First Year Gross Annual Deemed Savings (kW)	Target	74,378
First Year Gross Annual Deemed Savings (kW)	Deemed Actual	92,483
First Year Gross Annual Deemed Savings (kW)	Variance	18,104
Throughput Disincentive Costs (\$)	Billed	\$ 6,850,051
Throughput Disincentive Costs (\$)	Actual	\$ 7,495,996
Throughput Disincentive Costs (\$)	Variance	\$ 645,945
Throughput Disincentive Costs (\$)	Interest	\$ 26,058

In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances at the time the decision was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded; instead, the review evaluates the reasonableness of the information the decision-maker relied on and the decision-making process the decision-maker employed. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff recommend a disallowance.

*Staff Expert: Dana E. Eaves*

## II. MEEIA Programs

GMO used various request for proposal (“RFP”) processes to contract: 1) implementers for its individual MEEIA Programs, 2) EM&V contractors for its residential and business MEEIA Programs, and 3) comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3 summarizes for each of the sixteen (16) MEEIA Programs: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

<b>Table 3</b>				
<b>2016-2018 GMO Energy Efficiency Plan</b>				
MEEIA Programs	Cumulative Annual Energy Savings Targets (kWh)	Cumulative Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Business - Standard	38,710,762	6,385	CLEAResult	Navigant
Business - Custom	30,079,932	7,758	CLEAResult	Navigant
Block Bidding	17,603,947	3,052	Overlay/CLEAResult <sup>10</sup>	Navigant
Strategic Energy Management	12,127,508	2,842	CLEAResult	Navigant
Small Business Lighting	3,569,963	592	CLEAResult	Navigant
Business Programmable Thermostat	79,002	215	CLEAResult	Navigant
Business Online Energy Audit	-	-	Oracle	Navigant
Demand Response Incentive	-	55,000	CLEAResult/Oracle	Navigant
Home Lighting Rebate	25,288,145	2,558	ICF International	Navigant
Home Energy Report	21,070,772	4,215	Oracle	Navigant
Home Online Energy Audit	-	-	Oracle	Navigant
Residential Programmable Thermostat	6,144,138	16,757	Nest/CLEAResult	Navigant
Whole House Efficiency	11,612,237	3,721	ICF International	Navigant
Income-Eligible Weatherization	143,458	53	Community Action Programs/DOE	Navigant
Income-Eligible Multifamily	10,014,278	1,357	ICF International	Navigant
GMO Total	176,444,142	104,505		

*Staff Expert: Dana E. Eaves*

<sup>10</sup> Overlay conducts the auctions and monitors winning projects’ progress through to completion. Similar to the other C&I programs, CLEAResult tracks completed projects and issues incentives.

1     **III.     Prudence Review Process**

2             On June 4, 2018, Staff initiated its third prudence review of costs of GMO's DSIM<sup>11</sup> in  
3 compliance with 4 CSR 240-20.093(10) as authorized under Sections 393.1075.3 and  
4 393.1075.1, RSMo. This prudence review was performed by members of the Energy Resources  
5 Department of the Commission Staff Division. Staff obtained and analyzed a variety of  
6 documents, records, reports and work papers, emails and phone discussions with GMO  
7 personnel to complete its prudence review of costs for the Rider DSIM for the Review Period  
8 of April 1, 2016 through March 31, 2018. In compliance with 4 CSR 240-20.093(10), this  
9 prudence review was completed within one-hundred-fifty (150) days of its initiation.

10            If the Commission were to order any disallowance of costs as a result of prudence  
11 reviews and/or corrections, such a disallowance amount shall be an OA in a future GMO Rider  
12 DSIM rate adjustment filing.<sup>12</sup>

13     *Staff Expert: Dana E. Eaves*

14     **IV.     Prudence Review Standard**

15            In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,  
16 the Western District Court of Appeals stated the Commission defined its prudence standard  
17 as follows:

18                   [A] utility's costs are presumed to be prudently incurred.... However, the  
19 presumption does not survive "a showing of inefficiency or improvidence...  
20 [W]here some other participant in the proceeding creates a serious doubt as  
21 to the prudence of expenditure, then the applicant has the burden of  
22 dispelling these doubts and proving the questioned expenditure to have been  
23 prudent.

24                   In the same case, the PSC noted that this test of prudence should not be  
25 based upon hindsight, but upon a reasonableness standard: [T]he company's  
26 conduct should be judged by asking whether the conduct was reasonable at  
27 the time, under all the circumstances, considering that the company had to  
28 solve its problem prospectively rather than in reliance on hindsight. In  
29 effect, our responsibility is to determine how reasonable people would have  
30 performed the tasks that confronted the company.

31                   954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

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<sup>11</sup> The first and second prudence reviews are in File Nos. EO-2015-0180 and EO-2017-0210, respectively.

<sup>12</sup> GMO Rider DSIM Original Sheet No. 138.3.

1 In reversing the Commission in that case, the Court did not criticize the Commission's  
2 definition of prudence, but held, in part, that to disallow a utility's recovery of costs from its  
3 ratepayers based on imprudence, the Commission must determine the detrimental impact of  
4 that imprudence on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff  
5 has followed in this review. Staff reviewed for prudence the areas identified and discussed  
6 below for GMO's Rider DSIM.

7 *Staff Expert: Dana E. Eaves*

## 8 **V. Billed Revenue**

### 9 **1. Description**

10 For the Review Period, GMO billed customers through a separate line item on  
11 customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs' costs  
12 and estimated Company TD. The "DSIM Charge" is based on the customer's monthly  
13 consumption and the applicable energy efficiency investment rates approved by the  
14 Commission initially in Case Nos. ER-2012-0175 and subsequently in Case Nos.  
15 EO-2015-0241, ER-2016-0327, ER-2017-0166, ER-2017-0317, ER-2018-0153 and  
16 ER-2018-0153.

17 GMO provided a random sample of customer actual bills<sup>13</sup> that Staff reviewed and  
18 determined GMO was charging the appropriate rates to its customers for the recovery of  
19 program and TD costs.

20 During PY2016, GMO billed customers \$12,731,146 to recover its estimated energy  
21 efficiency programs' costs. For the same period, GMO actually spent \$17,383,564 on its energy  
22 efficiency programs. Thus GMO under-collected \$4,652,418 from its customers for programs'  
23 costs during the PY2016. During PY2016 GMO billed customers \$1,508,631 for estimated  
24 Company TD. The actual Company TD for PY2016 was \$1,486,908. Thus, GMO  
25 over-collected \$21,723 from its customers for Company TD during PY2016.

26 During PY2017 GMO billed customers \$23,770,892 to recover its estimated energy  
27 efficiency programs' costs. During PY2017, GMO actually spent \$21,873,370 on its energy  
28 efficiency programs. Thus, GMO over-collected \$1,897,522 from its customers for programs'

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<sup>13</sup> GMO's response to Staff's Data Request No. 0010.

costs during the PY2017. During the PY2017, GMO billed customers \$5,341,420 for estimated Company TD. The actual Company TD for the PY2017 was \$6,009,105. Thus, GMO under-collected \$667,685 from its customers for Company TD during PY2017.

## **2. Summary of Cost Implications**

If GMO was imprudent in its decisions relating to the determination of the “DSIM Charge” for customers’ bills, ratepayer harm could result in an increase in billed revenue.

## **3. Conclusion**

Staff found no indication that GMO has acted imprudently regarding the determination of the “DSIM Charge” for customers’ bills.

## **4. Documents Reviewed**

- a. GMO’s 2016 - 2018 MEEIA Plan;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets;
- c. GMO’s Quarterly Surveillance Monitoring Reports, Page 6;
- d. GMO’s DSM Advisory Group Quarterly Reports; and
- e. Staff Data Requests; 0002, 0004, 0010, 0015, 0018, 0019 and 0026.

*Staff Expert: Dana E. Eaves*

# **VI. Nexant Tracking Software**

## **1. Description**

GMO contracted in January 2016 for an integrated software tracking system called Nexant to allow GMO to store, manage, and process data for its DSM portfolio over each programs’ life-cycles for GMO’s Cycle 2 Plan. Nexant specifically allowed GMO to develop operating rules for its approved energy efficiency programs, process customers’ applications, support processing and payment of incentives (rebates)<sup>14</sup>, and provide regulatory compliance and management reporting. Before GMO contracted with Nexant, it considered four vendors, and Nexant was selected based on the best overall score for the criteria of meeting core

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<sup>14</sup> Incentives that are paid by the utility can be in the form of a fixed amount rebate, either direct payment to customers or through a store buy-downs.

1 requirements, company experience and performance, growth opportunity, pricing, diversity  
2 participation, and KCP&L Information Technology involvement needed.

3 Staff reviewed the controls GMO has developed to assure demand-side program  
4 incentive payments are accounted for properly. Staff also reviewed the incentive amounts paid  
5 to customers to make sure they complied with incentive levels for individual measures  
6 approved for each energy efficiency program. Data management and recordkeeping is critical  
7 for the proper administration of Rider DSIM. Staff found during its review that while some  
8 programs in Nexant reporting did match the incentives reported in the general ledger from  
9 Table 3, other programs did not match total incentives reported. However, GMO provided in  
10 Data Request No. 0021, a reconciliation of incentives paid to residential and commercial  
11 customers for the Review Period.

12 The primary implementers that are able to directly interface with the Nexant tracking  
13 system are CLEAResult and ICF. CLEAResult uses Nexant for all of the business programs  
14 and the Thermostat programs, and ICF uses Nexant for Home Lighting, Whole House  
15 Efficiency, and Income Eligible Multi Family programs. For the low volume programs  
16 the incentive amounts and energy and demand savings amounts are manually put into the  
17 Nexant system.

18 GMO granted Staff remote on-line access to the Nexant system for Staff's use in  
19 conducting Staff's MEEIA prudence review. Staff reviewed a sample of customer data and  
20 incentive levels for all of GMO's approved energy efficiency programs. Staff also reviewed all  
21 of the annual energy and demand savings for all of GMO's approved energy efficiency  
22 programs. Staff found the Nexant system does not provide a complete auditable trail of costs  
23 from time of application to time of payment of incentives. Staff had to rely on GMO's general  
24 ledger to accurately review program costs. Nexant allowed Staff to verify deemed annual  
25 energy and demand savings at a total program level of detail. Staff had to request annual energy  
26 and demand savings detail for each program to verify savings reported in Nexant matched the  
27 savings in the Company's workpapers and Quarterly Surveillance Reports. Staff found there  
28 were two programs, Business Thermostat and Residential Thermostat, which did not report  
29 accurate savings in Nexant.

30 The Company stated it has not utilized Nexant as much as it had hoped, but it continues  
31 to use a method of tracking and accounting for the savings and incentives for the thermostat



1 programs. While the Company was able to verify and reconcile incentive levels and annual  
2 energy and demand savings for the programs, Staff recommends GMO continue to develop the  
3 Nexant tracking system in such a manner to allow for all data associated with installed  
4 measures to be tracked through Nexant. This will allow GMO to eliminate the current need of  
5 additional manual tracking processes outside of Nexant.

## 6 **2. Summary of Cost Implications**

7 If GMO was imprudent in its decisions relating to the administration and  
8 implementation of the Nexant system, ratepayer harm could result in an increase in  
9 future DSIM Charge amounts.

## 10 **3. Conclusion**

11 Staff found no indication that GMO has acted imprudently regarding the  
12 implementation and administration of the Nexant system.

## 13 **4. Documents Reviewed**

- 14 a. GMO's Cycle 2 Plan;
- 15 b. Approved MEEIA Energy Efficiency and Demand Side Management
- 16 Programs Tariff Sheets;
- 17 c. Staff Data Requests; 0008; 0021 and 0026; and
- 18 d. GMO MEEIA Vender and Implementer Contracts.

19 *Staff Expert: Brooke Mastrogianis*

## 20 **VII. Actual Program Costs**

21 GMO's programs' costs include incentive payments and program administration costs  
22 for residential and business programs and strategic initiative program costs for general,  
23 accounting, regulatory, administrative, implementation, and marketing costs.

24 Staff reviewed all actual program costs GMO is seeking to recover through its  
25 "DSIM Charge" to ensure only reasonable and prudently incurred costs are being recovered  
26 through the Rider DSIM. Staff reviewed and analyzed, for prudence, GMO's adherence to  
27 contractual obligations, adequacy of controls, and compliance with approved tariff sheets.  
28 GMO provided Staff accounting records for all programs' costs it incurred during the Review  
29 Period. Staff categorized these costs by program and segregated them between incentives  
30 payments and program administrative costs.

The results of Staff's categorization of programs' costs are provided in Table 4 shown below.

<b>Table 4</b> <b>Actual Rebate and Program Cost Totals</b> <b>Program Costs April 1, 2016 through March 31, 2018</b>			
	<b>TOTAL COSTS</b>	<b>REBATES</b>	<b>PROGRAM ADMINISTRATION</b>
<b>RESIDENTIAL:</b>			
Income-Eligible Weatherization	\$ 301,818	\$ 216,199	\$ 85,620
Income-Eligible Multi-Family <sup>15</sup>	\$ 1,114,252	*	\$ 1,114,252
Residential Programmable Thermostat	\$ 5,845,171	\$ 13,275	\$ 5,831,896
On-line Home Energy Audit	\$ 221,708		\$ 221,708
Home Energy Reports	\$ 2,306,363		\$ 2,306,363
Home Lighting Rebate	\$ 3,680,150	\$ 1,781,763	\$ 1,898,388
Whole House Efficiency	\$ 5,359,602	\$ 2,519,362	\$ 2,840,240
<b>Subtotal Residential Programs</b>	<b>\$ 18,829,065</b>	<b>\$ 4,530,598</b>	<b>\$ 14,298,467</b>
Strategic Initiative Program	\$ 12		\$ 12
R&P - Business Comms App	\$ 47,654		\$ 47,654
R&P - Water & Energy	\$ 20,454		\$ 20,454
Demand Response Incentive	\$ 3,080,025	\$ 1,908,474	\$ 1,171,552
Commercial Programmable Thermostat	\$ 204,427		\$ 204,427
Bus Programmable Thermostat <sup>16</sup>	\$ 3,675	*	\$ 3,675
On-line Business Energy Audit	\$ 38,414		\$ 38,414
Business Custom	\$ 2,562,612	\$ 643,666	\$ 1,918,946
Strategic Energy Management	\$ 721,770	\$ 95,559	\$ 626,211
Block Bidding	\$ 647,141	\$ 34,906	\$ 612,235
Small Business Direct Install	\$ 1,198,658	\$ 577,590	\$ 621,068
Business Standard	\$ 11,903,025	\$ 9,085,192	\$ 2,817,833
<b>Subtotal Business Programs</b>	<b>\$ 20,427,869</b>	<b>\$ 12,345,387</b>	<b>\$ 8,082,482</b>
<b>Grand Total--All Programs</b>	<b>\$ 39,256,934</b>	<b>\$ 16,875,985</b>	<b>\$ 22,380,948</b>
<b>COSTS BY SUBACCOUNTS:</b>			
Customer Rebates	\$ 16,875,985		
Implementation Contractors	\$ 16,603,717		
Evaluation, Measurement and Verification	\$ 1,505,551		
Marketing	\$ 1,881,417		
Administrative	\$ 2,390,264		
<b>Total Program Costs (Subaccounts)</b>	<b>\$ 39,256,934</b>		

<sup>15</sup> GMO did not provide the account information for this program with sufficient detail to breakout incentives paid.

<sup>16</sup> GMO did not provide the account information for this program with sufficient detail to breakout incentives paid.

1 GMO incurs administrative costs that are directly related to the implementation of its  
2 approved energy efficiency programs. Staff uses the term “administrative” to mean all costs  
3 other than incentives.<sup>17</sup> Staff reviewed each administrative category of cost to determine the  
4 reasonableness of each individual item of cost and if the costs being sought for recovery were  
5 directly related to energy efficiency programs and recoverable from customers through the  
6 “DSIM Charge”.

7 GMO provides incentive payments to its customers as part of its approved energy  
8 efficiency programs. Incentive payments are an important instrument for encouraging  
9 investment in energy efficient technologies and products by lowering higher upfront costs for  
10 energy efficiency measures compared to the cost of standard measures. Incentive payments can  
11 also complement other efficiency policies such as appliance standards and energy codes to help  
12 overcome market barriers for cost-effective technologies.

13 GMO has also developed internal controls that allow for review and approval at various  
14 stages of the accounting of costs for its energy efficiency programs. GMO has developed  
15 internal procedures that provide program managers and other reviewers a detailed and approved  
16 method for reviewing invoices. GMO provided a flowchart to explain the invoice receipt,  
17 approval, and payment process. GMO also provided Staff with their policies related to  
18 reimbursement of employee-incurred business expenses and approval authority for business  
19 transactions.

## 20 **A. Administrative Costs**

### 21 **1. Description**

22 Staff requested the Company provide invoices related to travel costs and  
23 promotional expenses. After reviewing these paid invoices, Staff finds that invoices and  
24 reimbursements which total \$1,147.48, as identified in the Table 5 below, were not related to  
25 the implementation of MEEIA programs and should not be recoverable through the GMO  
26 Rider DSIM.

---

<sup>17</sup> Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as a part of a program.

Table 5				
DATE ON INVOICE	VENDOR NAME	INVOICE AMOUNT	PURPOSE/DESCRIPTION OF INVOICE	GMO ALLOCATION
6/9/2016	Hudson News (Lambert airport)	\$ 37.48	"Mixit Home" (charger)	\$ 37.48
8/25/2017	Edible Arrangements	\$ 60.38	thank you to Corrine for going above & beyond on thermostat program items (12 chocolate dipped strawberries)	\$ 60.38
8/25/2016	Worlds of Fun/Oceans of Fun	\$ 437.75	8 single day admissions	\$ 203.00
9/6/2016	Athletics at Royals	\$ 257.60	4 Craft and Draft Royals tickets for winner of Zombie Night	\$ 128.75
6/2/2017	Target	\$ 802.39	2 Ipad and 2 Ipad covers	\$ 401.19
1/16/2017	Cosentinos Fine Foods	\$ 97.77	catering--coffee and water-for 1-17-17 meeting--30 people	\$ 97.77
1/16/2017	Cosentinos Fine Foods	\$ 195.53	catering-food	\$ 195.53
1/17/2017	Costco Overland Park	\$ 23.38	snacks for 4DX lunches--20 to 40 attendees	\$ 23.38
	TOTAL	\$ 1,912.28		\$ 1,147.48

## 2. Summary of Cost Implications

If GMO was imprudent in its decisions relating to the administration and implementation of the Residential and Business Energy Efficiency Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

## 3. Conclusion

Staff has identified entertainment/general expenses that are non-MEEIA related (i.e., Royals tickets, iPad, etc.) and should not be recoverable through the DSIM Charge. Staff is proposing a disallowance of \$1,147.48 plus interest of \$33.24 on the disallowance through October 31, 2018, for a total disallowance of \$1,180.72.

## 4. Documents Reviewed

- a. GMO's Cycle 2 Plan;
- b. Approved MEEIA Energy Efficiency and Demand Side Management Programs Tariff Sheets; and
- c. Staff Data Requests; 0001, 0009, 0013, 0017 and 0018.

*Staff Expert: Lisa Wildhaber*

1       **B. Rebates and Incentives**

2       **1. Description**

3       GMO provides rebates and incentive payments based upon the type and nature of  
4       measures installed by customers to promote the adaption of energy efficiency measures. Staff  
5       reviewed the rebate and incentive amounts to ensure GMO was providing the proper incentive  
6       level agreed to in its MEEIA plan.

7       **2. Summary of Cost Implications**

8       If GMO was imprudent in providing the wrong level of rebates or incentives to its  
9       customers, ratepayer harm could result in customers not receiving the full benefit of the energy  
10      efficiency plan or paying increased costs from failing to achieve the target level of savings.

11      **3. Conclusion**

12      Staff found no indication that GMO has acted imprudently regarding paying out plan  
13      rebates or incentives.

14      **4. Documents Reviewed**

- 15           a. GMO's Cycle 2 Plan;  
16           b. Approved MEEIA Energy Efficiency and Demand Side Management  
17           Programs Tariff Sheets; and  
18           c. Staff Data Requests; 0006, 0018, 0021, 0029 and 0032.

19      *Staff Expert: Dana E. Eaves*

20      **C. Implementation Contractors**

21      **1. Description**

22      GMO hired business partners for design, implementation and delivery of its portfolio of  
23      residential and business energy efficiency programs to customers. Contracting with competent,  
24      experienced and reliable program implementers is extremely important to the success of  
25      GMO's energy efficiency programs and for affording GMO's customers the greatest benefits.

26      GMO issued RFPs for program implementers to directly administer one or more of  
27      GMO's energy efficiency programs. GMO selected and contracted with the organization  
28      identified in Table 2 to implement individual MEEIA Programs. All of the implementers

1 identified on Table 2 are nationally recognized contractors that have solid histories of energy  
2 efficiency programs' design and implementation.

3 Staff reviewed GMO's relationship with its implementers to gauge if GMO acted  
4 prudently in the selection and oversight of its program implementers. Staff examined the  
5 contracts between GMO and the implementers in an effort to determine if the terms of the  
6 contract were followed during the implementation of the residential and business programs.  
7 Staff also reviewed a large sample of over 400 invoices paid to the implementers identified in  
8 Table 2, and reconciled these costs to the general ledger, program costs in Data Request  
9 No. 0018.

10 Comparing actual cumulative deemed annual energy and demand savings relative to the  
11 planned cumulative annual energy and demand savings for the same period is important to  
12 understanding the overall performance of GMO's energy efficiency programs and its  
13 implementation contractors.

14 Table 6 below provides a comparison of achieved energy and demand savings and  
15 planned deemed energy and demand savings for GMO's residential and business programs for  
16 the Review Period. If GMO was unable to achieve its planned energy and demand savings  
17 levels, that could be an indication the programs were not being prudently administered by the  
18 implementers and by GMO. Although some of GMO's individual programs did not meet  
19 energy savings targets, the programs total achieved performance allowed GMO to meet and  
20 exceed its overall energy efficiency portfolio annual energy saving and demand savings targets.

21  
22  
23  
24  
25 *continued on next page*

1

<b>Table 6</b>						
<b>April 1, 2016 through March 31, 2018</b>						
<b>MEEIA Programs</b>	<b>Achieved Annual Energy Savings (kWh)</b>	<b>Planned Annual Energy Savings (kWh)</b>	<b>Variance</b>	<b>Achieved Annual Demand Savings (kW)</b>	<b>Planned Annual Demand Savings (kW)</b>	<b>Variance</b>
Business - Standard	98,858,653	25,781,050	73,077,603	17,477	4,256	13,221
Business - Custom	6,607,365	19,842,723	(13,235,358)	1,107	5,118	(4,011)
Block Bidding	436,324	10,059,398	(9,623,074)	55	1,744	(1,689)
Strategic Energy Management	5,863,545	8,085,005	(2,221,460)	-	1,894	(1,894)
Small Business Lighting	4,410,196	2,135,516	2,274,680	747	355	392
Business Programable Thermostat	170,016	52,668	117,348	466	144	322
Business Online Energy Audit	-	-	-	-	-	-
Demand Response Incentive	-	-	-	37,697	40,000	(2,303)
Home Lighting Rebate	25,901,019	15,344,856	10,556,163	2,594	1,543	1,051
Home Appliance Recycling Rebate		5,206,043			868	
Home Energy Report	21,054,242	20,975,197	79,045	3,905	4,215	(310)
Home Online Energy Audit	-	-	-	-	-	-
Residential Programable Thermostat	7,836,444	4,096,092	3,740,352	21,402	11,171	10,231
Whole House Efficiency	14,998,442	6,734,548	8,263,894	6,049	2,170	3,879
Income-Eligible Weatherization	304,972	143,458	161,514	226	53	173
Income-Eligible Multi-family	7,457,599	6,882,398	575,201	756	848	(92)
GMO Total	193,898,817	125,338,952	68,559,865	92,481	74,379	18,102

\*Home Energy Report was adjusted for PY2 totals only, reported on an incremental basis

2

3

## **2. Summary of Cost Implications**

4

If GMO was imprudent in its decisions related to the selection and supervision of its program implementers, ratepayer harm could result in an increase in the future DSIM Charge amounts.

6

1           **3. Conclusion**

2           Staff found no indication that GMO has acted imprudently regarding the selection and  
3 supervision of its program implementers.

4           **4. Documents Reviewed**

- 5           a. GMO's Cycle 2 Plan;  
6           b. Approved MEEIA Energy Efficiency and Demand Side Management  
7 Programs Tariff Sheets; and  
8           c. Staff Data Requests; 0006, 0018, 0021, 0029 and 0032.

9           *Staff Expert: Brooke Mastrogianis*

10          **D. Marketing**

11          **1. Description**

12          GMO provided Staff with its general ledger of all MEEIA related program costs for  
13 April 1, 2016 – March 31, 2018, and Staff reviewed these costs for prudence. Staff was able to  
14 sort costs by program. GMO also provided Staff with invoices to support marketing payments.  
15 From these invoices, Staff reviewed GMO's marketing related expenses from April 2016  
16 through March 2018. During the Review Period, GMO spent a total of \$1,881,416.57 on  
17 marketing related to its MEEIA Programs. The Company used various media sources and third  
18 party vendors to promote its MEEIA Programs. GMO's advertising vendors included Global  
19 Prairie, ICF Resources, Harvest Graphics, and CLEAResult Consulting. For the determination  
20 of prudence in this case the Staff utilized the Kansas City Power and Light advertising standard  
21 that was adopted by the Commission in Case No. EO-85-185 et al. The Commission has  
22 recognized the following five categories to determine the treatment of allowing or disallowing  
23 advertising expenses:

- 24           1. General: informational advertising that is useful in the provision of adequate  
25 service;  
26           2. Safety: advertising which covers the ways to safely use electricity and to  
27 avoid accidents;  
28           3. Promotional: advertising used to encourage or promote the use of electricity;  
29           4. Institutional: advertising used to improve the company's public image; and  
30           5. Political: advertising associated with political issues.



The Commission utilized these categories of advertising expenses to explain that a utility's revenue requirement should always include the reasonable and necessary cost of general and safety advertisements; never include the cost of institutional or political advertisements; and include the cost of promotional advertisements only to the extent the utility can provide cost-justification for the advertisements.

Based on Staff's application of the Commission's past treatment of advertising in previous general rate cases, Staff is proposing a disallowance of costs contained in Table 7 as they appear to be institutional and non-MEEIA related.

**Table 7**

<b>INVOICE NUMBER</b>	<b>VENDOR NAME</b>	<b>INVOICE AMOUNT</b>	<b>PURPOSE/DESCRIPTION OF INVOICE</b>	<b>GMO PORTION</b>
2DP1904383	Davidson Promotional Products	\$ 443.93	"25 Deluxe Executive Padfolio" + setup charge, Deboss mold	\$ 295.96
2DP1905864	Davidson Promotional Products	\$ 479.27	"25 Leeman Tuscany Executive Chargers" + setup charge	\$ 319.52
2DP1906377	Davidson Promotional Products	\$ 583.70	250 laser pointer metal pens	\$ 373.56
2DP1923631	Davidson Promotional Products	\$ 487.84	250 sugarless peppermint chewing gum	\$ 229.28
2DP1924650	Davidson Promotional Products (AIA Services)	\$ 1,568.48	1,050 "GoodValue Silver Shine Ballpoint Pen"	\$ 737.19
2DP1951193	Davidson Promotional Products (AIA Services)	\$ 7,855.79	5,000 BOLT LED Wristband	\$ 3,927.89
2DP2074696	Davidson Promotional Products (AIA Services)	\$ 819.20	250 adult coloring books and 6 color pencil set to go	\$ 819.20
2DP2082541	Davidson Promotional Products (AIA Services)	\$ 1,243.39	1,000 sugar free peppermint gum	\$ 1,243.39
2DR2074699	Davidson Promotional Products (AIA Services)	\$ 4,327.92	400 Adrian Vacuum Tumblers 20 oz	\$ 2,163.96
2DP2087793	Davidson Promotional Products (AIA Services)	\$ 11,245.50	10,000 Mini Cellphone fan and Android 2-in-1 USB Mobilephone Fan	\$ 5,622.75
2DP2095786	Davidson Promotional Products (AIA Services)	\$ 566.91	50 Bustle Bluetooth Earbuds	\$ 283.45
2DP2095916	Davidson Promotional Products (AIA Services)	\$ 1,512.06	1,015 Coolie 24 oz	\$ 756.03
2DP2096229	Davidson Promotional Products (AIA Services)	\$ 1,064.76	200 "PopSocket Phone Accessory"	\$ 532.38
2DP2097335	Davidson Promotional Products (AIA Services)	\$ 798.75	500 Ruberized Mirrored Sunglasses	\$ 399.38
2DP2098073	Davidson Promotional Products (AIA Services)	\$ 1,086.33	500 Anti-Stress Spinners	\$ 543.17
2DP2108865	Davidson Promotional Products (AIA Services)	\$ 8,482.32	8,000 "Tres' Chic Softy Pen"	\$ 4,241.16
2DP2124784	Davidson Promotional Products (AIA Services)	\$ 877.15	250 spotlight keychain flashlights	\$ 438.57

INVOICE NUMBER	VENDOR NAME	INVOICE AMOUNT	PURPOSE/DESCRIPTION OF INVOICE	GMO PORTION
2DP2107548	Davidson Promotional Products (AIA Services)	\$ 4,636.70	8,134 Pocket Coolie	\$ 2,318.35
2DP2108272	Davidson Promotional Products (AIA Services)	\$ 14,142.56	8,000 anti-stress spinner	\$ 7,071.28
2DP2110103	Davidson Promotional Products (AIA Services)	\$ 7,893.27	8,000 GoodValue Ultra Clip	\$ 3,946.64
126501	G & G Outfitters	\$ 727.42	12 Nike Dri Fit Micro Sport shirt "artwork title: KCP&L/Chiefs lockup"	\$ 363.71
2DP2122068	Davidson Promotional Products (AIA Services)	\$ 1,263.64	200 Chester Journal Book Sets	\$ 631.82
2DP2107745	Davidson Promotional Products (AIA Services)	\$ 5,021.25	4,000 Maxi Mini Fans	\$ 2,510.62
	TOTAL	\$ 77,128.14		\$39,769.26

## 2. Summary of Cost Implications

If GMO was imprudent in its decisions related to management of its marketing for the MEEIA Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

## 3. Conclusion

Staff finds that some promotional giveaway expenses are non-MEEIA related (i.e., promotional give-away items and should be disallowed: wristbands, pens, mini-fans, anti-stress spinners). Costs of these items should not be recoverable through the DSIM Charge. Therefore Staff is proposing an adjustment of \$39,769.26 plus interest of \$885.69 through October 31, 2018, for a total proposed disallowance of \$40,654.95.

## 4. Documents Reviewed

- Case No. ER-2014-0258 Cost of Service Report pages 113-115;
- MEEIA Program Costs April 2016 – March 2018; and
- Staff Data Requests; 0018 and 0033.

*Staff Expert: Lisa Wildhaber*

## E. Evaluation, Measurement and Verification (“EM&V”) Contractors

### 1. Description

GMO is required to hire independent contractor(s) to perform and report EM&V of each Commission-approved demand-side program. Commission rules allow GMO to spend

1 approximately 5% of its total program costs budget for EM&V.<sup>18</sup> Navigant Consulting, Inc.  
2 (“Navigant”) conducted and reported the EM&V results for GMO’s Cycle 2 demand-side  
3 programs.

4 During the Review Period, GMO expended \$1,505,550 for EM&V, which represents  
5 3.99% of the \$39,256,933 total programs’ costs. Thus, the costs associated with the EM&V  
6 did not exceed the 5% maximum cap.

## 7 **2. Summary of Cost Implications**

8 If GMO was imprudent in its decisions relating to the selection and supervision of  
9 its EM&V contractors then ratepayer harm could result in an increase in future  
10 DSIM Charge amounts.

## 11 **3. Conclusion**

12 Staff found no indication that GMO has acted imprudently regarding the selection and  
13 supervision of its EM&V contractors.

## 14 **4. Documents Reviewed**

- 15 a. GMO’s Cycle 2;
- 16 b. Approved MEEIA Energy Efficiency and Demand Side Management
- 17 Programs Tariff Sheets; and
- 18 c. Staff Data Requests; 0001, 0002, 0005, 0009, 0019 and 0021.

19 *Staff Expert: Dana E. Eaves*

## 20 **VIII. Throughput Disincentive (“TD”)**

### 21 **A. Actual TD**

#### 22 **1. Description**

23 For a utility that operates under a traditional regulated utility model, a “throughput  
24 incentive” is created when a utility’s increase in revenues is linked directly to its increase in  
25 sales. This relationship between revenues and sales creates a financial disincentive for the  
26 utility to engage in any activity that would decrease sales, such as utility sponsored energy  
27 efficiency programs.

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<sup>18</sup> 4 CSR 240-20.094(7)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

1 The TD allows the utility to recover its lost margin revenues associated with the  
2 successful implementation of the MEEIA programs. The TD calculation is described in  
3 GMO's tariff sheet nos. 138.2 through 138.5 and sheet no. 138.8 (for the net margin revenue  
4 rates). Generally, the TD for each program is determined by multiplying the monthly energy  
5 savings<sup>19</sup> by the net margin revenue rates (tariff sheet no. 138.8) and by the initial net to gross  
6 factor of 0.85 for contemporaneous TD recovery.

7 Staff has verified each component of the TD calculation that was provided by GMO in  
8 the Quarterly Surveillance Reports, Page 6. Staff has also verified the TD calculation  
9 workpapers, and compared the kWh savings impact and TD with the MEEIA rate adjustment  
10 filings, along with the Quarterly Surveillance Reports. Staff found a discrepancy in the  
11 reconciliation between GMO's TD calculation workpapers, Quarterly Surveillance Reports,  
12 and the MEEIA rate adjustment filings. The MEEIA rate adjustment filings demonstrate the TD  
13 that customers have paid for as \$7,511,870. However, the Quarterly Surveillance Reports and  
14 Company's TD calculation workpapers demonstrate that the TD should have been \$7,495,996.

## 15 **2. Summary of Cost Implications**

16 If GMO was imprudent in its reporting and/or calculating the Company TD, ratepayer  
17 harm could result in an increase of DSIM Charge amounts.

## 18 **3. Conclusion**

19 Staff found that GMO had reported TD of \$7,511,870 in the MEEIA rate adjustment  
20 filings, but only shows calculations in its workpapers and reported TD in its Quarterly  
21 Surveillance Reports of \$7,495,996. GMO agrees that the amounts used in the Rate Adjustment  
22 filing were linked to a preliminary version of the TD Calculation and were not updated for final  
23 revisions in monthly kWh savings from February through April 2017. Staff has not identified  
24 any imprudence in GMO's calculation of its TD; however Staff is recommending an OA in the  
25 amount of \$15,874 plus interest in GMO's next Rider DSIM rate adjustment filing to correct  
26 the errors made in the calculations of GMO's TD during the review period.

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<sup>19</sup> Monthly savings are obtained by taking annual savings and applying annual loadshapes contained in Appendix J of the First Stipulation.

1       **4. Documents Reviewed**

- 2           a. GMO's Cycle 2 Plan;
- 3           b. First Stipulation;
- 4           c. GMO tariff Sheets Nos. 138 through 138.8;
- 5           d. Appendix J of the First Stipulation;
- 6           e. GMO work papers included in Case Nos. ER-2017-0166, ER-2017-0317,
- 7                 ER-2018-0153, and ER-2018-0358; and
- 8           f. Staff Data Requests; 0026 and 0026S.

9       *Staff Expert: Brooke Mastrogianis*

10       **B. Gross Deemed Annual Energy and Demand Savings**

11       **1. Description**

12       Staff reviewed the monthly calculation of kWh savings from GMO's MEEIA Programs  
13       calculated with the Nexant software. GMO provided Staff its Nexant software program files to  
14       show how the kWh savings were calculated during the Review Period. Staff chose a sample of  
15       monthly measure counts actually installed for each program. From this sampling Staff was  
16       able to verify GMO's actual gross deemed annual energy savings calculations for the  
17       Review Period.

18       To begin its review of GMO's calculations of its monthly kWh savings for the Review  
19       Period, Staff reviewed the version of Nexant that GMO provided to Staff to verify that it is the  
20       same version of the TRM specified in the First Stipulation. The version used in the Nexant  
21       software does agree to the TRM values used in the First Stipulation<sup>20</sup>.

22       The Company provided tab "TRM comparison" which supports the kWh savings based  
23       on standard measures. This tab has a pivot table of the detail project savings pulled from  
24       Nexant with a calculation of the kWh and kW savings per measure set alongside a pivot of  
25       measures from the TRM. Staff was able to match every line of measure savings reported to  
26       the TRM.

27       To review the usage of the same values for calculated kWh savings, Staff compared the  
28       "TRM comparison" tabs in each Nexant's programs' batch files located in the CD provided for  
29       supplemental Data Request No. 0026. The programs' batch of files provided was only for the  
30       programs based on standard measures. Staff did not find any incorrect values for kWh savings

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<sup>20</sup> The TRM was updated April 7, 2017.

1 for the programs with standard measures. However, Staff did find different values for the  
2 Thermostat programs when reconciling the Data Request No. 0026 TD calculation and Nexant.  
3 The Company told Staff the Nexant data is not complete for the Thermostat programs, and the  
4 TD calculation workpapers are correct.

5 Then, Staff performed GMO's monthly programs benefits calculations using Nexant  
6 software the Company provided in Data Request No. 0026 supplemental response. In these  
7 files, Staff was provided with the kWh per unit, kW per unit, the library measure name, and the  
8 quantity installed. Staff was able to calculate the kWh calculated savings by using this  
9 information. Staff was then able to verify this information to the original Data Request  
10 No. 0026, TD calculation kWh savings at the meter. Staff was also able to verify the kWh per  
11 unit and kW per unit, for each measure, with the updated TRM the Company also provided on  
12 the CD for supplemental Data Request No. 0026.

13 To calculate an aggregated deemed energy and demand savings for the MEEIA  
14 programs, Staff followed the procedures as detailed for each program in the First Stipulation.  
15 With these procedures, Staff was able to verify the reported 193,898,817 kWh of energy  
16 savings and 92,483 kW of demand savings for the MEEIA Programs during the Review Period.  
17 Staff was able to verify this by reconciling the Quarterly Surveillance Reports, the Nexant data  
18 base, and the Company's workpapers provided.

## 19 **2. Summary of Cost Implications**

20 If GMO was imprudent in its decisions related to calculating the gross energy and  
21 demand savings of each program, ratepayer harm could result in an increase in DSIM Charge  
22 amounts in future.

## 23 **3. Conclusion**

24 Staff found no indication that GMO has acted imprudently regarding the calculation of  
25 the gross energy and demand savings.

## 26 **4. Documents Reviewed**

- 27 a. GMO's Cycle 2 Plan;
- 28 b. Quarterly Surveillance Monitoring Reports
- 29 c. First Stipulation;
- 30 d. Technical Resource Manual updated 4-7-17; and

e. Staff Data Requests; 0008, 0026, 0026S and 0032.

*Staff Expert: Brooke Mastrogianis*

## **IX. Earnings Opportunity (“EO”)**

### **1. Description**

GMO’s EO is designed to provide a substitute for earnings lost on physical plant that was not built by GMO because of the energy and demand savings achieved by GMO’s MEEIA DSM programs. In GMO’s First Stipulation, EO will be determined at the conclusion of the current MEEIA cycle and upon full retrospective EM&V. Also GMO’s tariff sheet defines EO as:

“Cycle 2 Earnings Opportunity” (EO) means the incentive ordered by the Commission based on actual performance verified through EM&V against planned targets. The Company’s EO will be \$10.4M if 100% achievement of the planned targets are met. EO is capped at \$20.0M, which reflects adjustment for TD verified by EM&V. Potential Earnings Opportunity adjustments are described on Sheet No. 138.6. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found in 138.8.

For this review period an EO has not been awarded, therefore a review of the EO component was not performed.

### **2. Summary of Cost Implications**

If GMO was imprudent in its reporting and/or calculation of the EO, ratepayer harm could result in an increase in future DSIM Charge amounts.

### **3. Conclusion**

Staff has verified that GMO is not seeking any recovery of an earnings opportunity in this Review Period as none has been awarded.

### **4. Documents Reviewed**

- a. GMO’s Cycle 2 Plan;
- b. GMO’s Quarterly Surveillance Monitoring Report, Page 6; and
- c. Staff Data Requests; 0002, 0019, 0020 and 0022.

*Staff Expert: Dana E. Eaves*

1     **X.     Interest Costs**

2             **1.     Description**

3             Staff reviewed the interest calculations for program costs and throughput disincentive,  
4     provided in Data Request No. 0004 for the review period of April 1, 2016 through March 31,  
5     2018. Staff verified the company’s monthly short-term borrowing rate was applied correctly.

6             During the Review Period GMO reported the interest amount accrued for the  
7     Company’s program costs as reported on Page 6 of GMO’s December 31, 2016 Quarterly  
8     Surveillance Monitoring Report was \$195,254 for the over-billing of program costs and  
9     \$26,058 for the over-billing of TD.

10            The First Stipulation provides that for programs costs and TD: “To the extent that  
11   KCP&L/GMO has over-recovered, such over-recoveries shall be returned to customers with  
12   interest at KCP&L/GMO’s short-term borrowing rate. To the extent that KCP&L/GMO has  
13   under-recovered, such under-recoveries shall be recovered from the customers with interest at  
14   KCP&L/GMO’s short-term borrow rate”<sup>21</sup>

15            Because GMO over-recovered program costs and TD from customers, the interest  
16   amount as of December 31, 2016 would be included in the “regulatory asset balance (with  
17   interest) as of the end of the last period used to update or true-up the test year used for setting  
18   new electric rates in such a general electric rate proceeding shall be amortized over three years  
19   and the resulting annual amount included in the revenue requirement used to determine base  
20   rates in that general electric rate proceeding”.<sup>22</sup>

21            The MEEIA DSIM Charge on GMO’s customers’ bills did not include recovery of  
22   interest until GMO’s unrecovered regulatory asset balances were included in GMO’s Cycle 2  
23   Rider DSIM in accordance with paragraph 14 of the 2015 Stipulation.

24                   **14.   Rider.**

25                   a. Initial rates for Residential and Non-Residential will be computed for  
26                   estimated initial six month Program Costs and the TD plus the  
27                   unrecovered balances from Cycle 1 MEEIA programs for KCP&L

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<sup>21</sup> EO-2015-0241 *In the Matter of KCP&L Greater Missouri Operations Company’s Notice of Intent to File an Application for Authority to Establish a demand-Side Programs Investment Mechanism, NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING MEEIA FILINGS.*

<sup>22</sup> EO-2012-0009 *In the Matter of KCP&L Greater Missouri Operations Company’s Application for Approval of Demand-Side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism, pages 9-10.*



(GMO unrecovered balances from Cycle 1 will be recovered over a 24 month period) as set out in the tariff sheets in Appendix D. Over- or Under- recovery of Commission-approved Program Costs and TD will be tracked and included in Rider adjustment for each six-month period thereafter for estimated Programs Costs and TD. EO will be computed in 2019 and included in Rider over a two-year period thereafter. The Cycle 1 Performance incentive will be collected through the Rider.

b. GMO will initiate a rider mechanism as shown on the specimen tariff sheets to take effect January 1, 2016 with rates effective February 1, 2016. GMO reserve balances for Cycle 1 will be recovered over a two year period and will be included in the initial tariffs and trued up through the tariff process.

## **2. Summary of Cost Implications**

If GMO was imprudent in its reporting and/or calculation of the interest associated to over- or under-recovery of energy efficiency program costs and/ or the TD, ratepayer harm could result in an increase in future DSIM Charge amounts.

## **3. Conclusion**

Staff found no evidence GMO imprudently determined the monthly interest amount that was applied to the over-recovered program cost and TD.

## **4. Documents Reviewed**

- a. GMO's Cycle 2 Plan;
- b. GMO's Annual DSM Reports;
- c. GMO's Quarterly Surveillance Monitoring Reports; and
- d. Staff Data Requests; 0002, 0004, 0006, 0018 and 0021.

*Staff Expert: Kory J. Boustead*

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the First Prudence Review     )  
of KCP&L Greater Missouri Operations     )     File No. EO-2018-0364  
Company's ("GMO") Implementation of its     )  
Cycle 2 Energy Efficiency Programs in     )  
Furtherance of Missouri Energy Efficiency     )  
Investment Act ("MEEIA")     )

**AFFIDAVIT OF KORY J. BOUSTEAD**

STATE OF MISSOURI     )  
   )     ss.  
COUNTY OF COLE     )

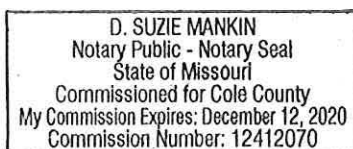
**COMES NOW KORY J. BOUSTEAD** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

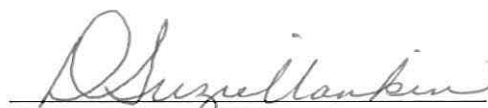
Further the Affiant sayeth not.

  
**KORY J. BOUSTEAD**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31<sup>st</sup> day of October 2018.



  
Notary Public

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

In the Matter of the First Prudence Review     )  
of KCP&L Greater Missouri Operations     )  
Company's ("GMO") Implementation of its     )  
Cycle 2 Energy Efficiency Programs in     )  
Furtherance of Missouri Energy Efficiency     )  
Investment Act ("MEEIA")     )

File No. EO-2018-0364

**AFFIDAVIT OF DANA E. EAVES**

STATE OF MISSOURI     )  
                                      )  
COUNTY OF COLE     )     ss.

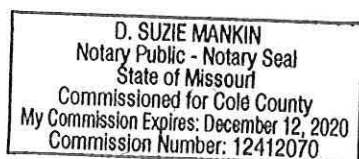
**COMES NOW DANA E. EAVES** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to his best knowledge and belief.

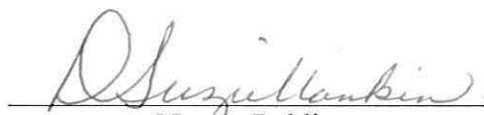
Further the Affiant sayeth not.

  
**DANA E. EAVES**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31<sup>st</sup> day of October 2018.



  
Notary Public

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

In the Matter of the First Prudence Review	)	
of KCP&L Greater Missouri Operations	)	File No. EO-2018-0364
Company's ("GMO") Implementation of its	)	
Cycle 2 Energy Efficiency Programs in	)	
Furtherance of Missouri Energy Efficiency	)	
Investment Act ("MEEIA")	)	

**AFFIDAVIT OF BROOKE MASTROGIANNIS**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

**COMES NOW BROOKE MASTROGIANNIS** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

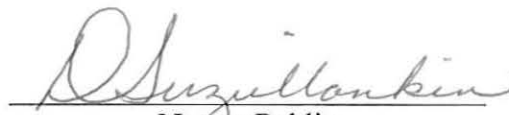
Further the Affiant sayeth not.

  
**BROOKE MASTROGIANNIS**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31<sup>st</sup> day of October 2018.



  
Notary Public

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

In the Matter of the First Prudence Review     )  
of KCP&L Greater Missouri Operations     )     File No. EO-2018-0364  
Company's ("GMO") Implementation of its     )  
Cycle 2 Energy Efficiency Programs in     )  
Furtherance of Missouri Energy Efficiency     )  
Investment Act ("MEEIA")     )

**AFFIDAVIT OF LISA WILDHABER**

STATE OF MISSOURI     )  
                                      )     ss.  
COUNTY OF COLE     )

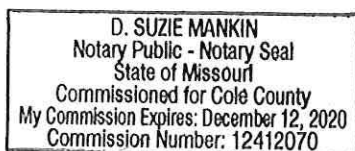
**COMES NOW LISA WILDHABER** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

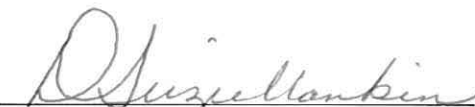
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**LISA WILDHABER**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31<sup>st</sup> day of October 2018.



  
\_\_\_\_\_  
Notary Public

KCP&L Greater Missouri Operations Company - For All Territories Served As MPS and L&P  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2016  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 2,020,155	\$ 2,020,155	\$ 2,020,155
Total Program Costs (\$)	(1) Actual	\$ 3,255,723	\$ 3,255,723	\$ 3,255,723
Total Program Costs (\$)	(6) Variance	\$ 1,235,568	\$ 1,235,568	\$ 1,235,568
Total Program Costs (\$)	(7) Interest	\$ 3,982	\$ 3,982	\$ 3,982
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,658,657	13,658,657	13,658,657
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	5,244,259	5,244,259	5,244,259
First Year Gross Annual Energy Savings (kWh)	Variance	(8,414,398)	(8,414,398)	(8,414,398)
First Year Gross Annual Demand Savings (kW)	(3) Target	22,967	22,967	22,967
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	21,459	21,459	21,459
First Year Gross Annual Demand Savings (kW)	Variance	(1,508)	(1,508)	(1,508)
Throughput Disincentive Costs (\$)	Billed	\$ 203,591	\$ 203,591	\$ 203,591
Throughput Disincentive Costs (\$)	(5) Actual	\$ 207,865	\$ 207,865	\$ 207,865
Throughput Disincentive Costs (\$)	(6) Variance	\$ 4,274	\$ 4,274	\$ 4,274
Throughput Disincentive Costs (\$)	(7) Interest	\$ (29)	\$ (29)	\$ (29)

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

KCP&L Greater Missouri Operations Company - For All Territories Served As MPS and L&P  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2016  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,814,445	\$ 5,834,600	\$ 5,834,600
Total Program Costs (\$)	(1) Actual	\$ 3,126,776	\$ 6,382,498	\$ 6,382,498
Total Program Costs (\$)	(6) Variance	\$ (687,669)	\$ 547,899	\$ 547,899
Total Program Costs (\$)	(7) Interest	\$ 3,576	\$ 7,558	\$ 7,558
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,245,641	27,904,299	27,904,299
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	12,559,920	17,804,179	17,804,179
First Year Gross Annual Energy Savings (kWh)	Variance	(1,685,721)	(10,100,120)	(10,100,120)
First Year Gross Annual Demand Savings (kW)	(3) Target	6,679	29,647	29,647
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	4,675	26,022 (8)	26,022
First Year Gross Annual Demand Savings (kW)	Variance	(2,005)	(3,625)	(3,625)
Throughput Disincentive Costs (\$)	Billed	\$ 497,078	\$ 700,669	\$ 700,669
Throughput Disincentive Costs (\$)	(5) Actual	\$ 389,918	\$ 602,202 (9)	\$ 602,202
Throughput Disincentive Costs (\$)	(6) Variance	\$ (107,160)	\$ (98,467)	\$ (98,467)
Throughput Disincentive Costs (\$)	(7) Interest	\$ (156)	\$ (184) (9)	\$ (184)

**Footnotes:**

- (1) Actual program costs incurred.  
(2) Target energy savings (kWh) savings.  
(3) Target demand savings (kW) savings.  
(4) Actual demand and energy savings.

**KCP&L Greater Missouri Operations Company - For All Territories Served As MPS and L&P**  
**Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2016**  
**SURVEILLANCE MONITORING REPORT**  
**Missouri Energy Efficiency Investment Act of 2009 (MEEIA)**  
**Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism**  
**For MEEIA Cycle 2 Started April 1, 2016**

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,188,948	\$ 9,023,547	\$ 9,023,547
Total Program Costs (\$)	(1) Actual	\$ 4,294,849	\$ 10,677,347	\$ 10,677,347
Total Program Costs (\$)	(6) Variance	\$ 1,105,901	\$ 1,653,800	\$ 1,653,800
Total Program Costs (\$)	(7) Interest	\$ 5,542	\$ 13,100	\$ 13,100
First Year Gross Annual Energy Savings (kWh)	(2) Target	20,916,282	48,820,581	48,820,581
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	19,447,848	37,387,068	37,387,068
First Year Gross Annual Energy Savings (kWh)	Variance	(1,468,434)	(11,433,513)	(11,433,513)
First Year Gross Annual Demand Savings (kW)	(3) Target	4,319	33,966	33,966
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	4,652	30,744	30,744
First Year Gross Annual Demand Savings (kW)	Variance	333	(3,221)	(3,221)
Throughput Disincentive Costs (\$)	Billed	\$ 397,332	\$ 1,098,001	\$ 1,098,001
Throughput Disincentive Costs (\$)	(5) (10) Actual	\$ 315,212	\$ 917,160	\$ 917,160
Throughput Disincentive Costs (\$)	(6) Variance	\$ (82,120)	\$ (180,840)	\$ (180,840)
Throughput Disincentive Costs (\$)	(7) (10) Interest	\$ (651)	\$ (836)	\$ (836)

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) 1st and 2nd Quarter kWh savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 0 and 133,550 kWh, respectively, and Small Business Direct Install decreased by 10,943 kWh in the 1st quarter and increased by 12,434 kWh in the 2nd quarter.
- (9) 1st and 2nd Quarter kW savings were slightly revised for three programs: Business Energy Efficiency Rebate - Standard increased by 3 and 42 kW, respectively, Small Business Direct Install decreased by 2 and 9 kW, and Income-Eligible Weatherization increased by 50 kW in the 1st quarter and decreased by 12 kW in the 2nd quarter.
- (10) 1st and 2nd Quarter Throughput Disincentive and Interest were slightly revised: Actual Company TD at NTG Factor of 85% decreased \$116 and \$37, respectively, and Interest for Company TD Recovery decreased \$0.11 and \$1.18, respectively.



KCP&L Greater Missouri Operations Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2017  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,707,599	\$ 12,731,146	\$ 12,731,146
Total Program Costs (\$)	(1) Actual	\$ 6,706,217	\$ 17,383,564	\$ 17,383,564
Total Program Costs (\$)	(6) Variance	\$ 2,998,618	\$ 4,652,418	\$ 4,652,418
Total Program Costs (\$)	(7) Interest	\$ 12,695	\$ 25,795	\$ 25,795
First Year Gross Annual Energy Savings (kWh)	(2) Target	20,524,959	69,345,540	69,345,540
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	52,964,551	90,351,618	90,351,618
First Year Gross Annual Energy Savings (kWh)	Variance	32,439,591	21,006,078	21,006,078
First Year Gross Annual Demand Savings (kW)	(3) Target	4,198	38,163	38,163
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	10,862	41,606	41,606
First Year Gross Annual Demand Savings (kW)	Variance	6,664	3,443	3,443
Throughput Disincentive Costs (\$)	Billed	\$ 410,630	\$ 1,508,631	\$ 1,508,631
Throughput Disincentive Costs (\$)	(5) (10) Actual	\$ 580,923	\$ 1,498,083	\$ 1,498,083
Throughput Disincentive Costs (\$)	(6) Variance	\$ 170,293	\$ (10,548)	\$ (10,548)
Throughput Disincentive Costs (\$)	(7) (10) Interest	\$ (845)	\$ (1,681)	\$ (1,681)

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) 1st and 2nd Quarter kWh savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 0 and 133,550 kWh, respectively, and Small Business Direct Install decreased by 10,943 kWh in the 1st quarter and increased by 12,434 kWh in the 2nd quarter.
- (9) 1st and 2nd Quarter kW savings were slightly revised for three programs: Business Energy Efficiency Rebate - Standard increased by 3 and 42 kW, respectively, Small Business Direct Install decreased by 2 and 9 kW, and Income-Eligible Weatherization increased by 50 kW in the 1st quarter and decreased by 12 kW in the 2nd quarter.
- (10) 1st and 2nd Quarter Throughput Disincentive and Interest were slightly revised: Actual Company TD at NTG Factor of 85% decreased \$116 and \$37, respectively, and Interest for Company TD Recovery decreased \$0.11 and \$1.18, respectively.

KCP&L Greater Missouri Operations Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2017  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category		Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)		Billed	\$ 3,492,540	\$ 14,203,531	\$ 16,223,686
Total Program Costs (\$)	(1)	Actual	\$ 6,981,303	\$ 21,109,145	\$ 24,364,867
Total Program Costs (\$)	(6)	Variance	\$ 3,488,763	\$ 6,905,614	\$ 8,141,181
Total Program Costs (\$)	(7)	Interest	\$ 40,149	\$ 61,962	\$ 65,944
First Year Gross Annual Energy Savings (kWh)	(2)	Target	18,206,378	73,893,261	224,489,285
First Year Gross Annual Energy Savings (kWh)	(4)	Deemed Actual	45,718,868	130,837,170	136,070,486
First Year Gross Annual Energy Savings (kWh)		Variance	27,512,490	56,943,909	(88,418,799)
First Year Gross Annual Demand Savings (kW)	(3)	Target	43,707	58,903	81,870
First Year Gross Annual Demand Savings (kW)	(4)	Deemed Actual	49,237	69,446	90,843
First Year Gross Annual Demand Savings (kW)		Variance	5,530	10,544	8,973
Throughput Disincentive Costs (\$)		Billed	\$ 315,190	\$ 1,620,230	\$ 1,823,821
Throughput Disincentive Costs (\$)	(5)	Actual	\$ 1,231,288	\$ 2,517,203	\$ 2,729,371
Throughput Disincentive Costs (\$)	(6)	Variance	\$ 916,098	\$ 896,973	\$ 905,550
Throughput Disincentive Costs (\$)	(7)	Interest	\$ 2,197	\$ 545	\$ 516

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

KCP&L Greater Missouri Operations Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2017  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,677,431	\$ 17,066,517	\$ 22,901,117
Total Program Costs (\$)	(1) Actual	\$ 5,860,163	\$ 23,842,532	\$ 30,225,030
Total Program Costs (\$)	(6) Variance	\$ (817,268)	\$ 6,776,015	\$ 7,323,913
Total Program Costs (\$)	(7) Interest	\$ 51,126	\$ 109,512	\$ 117,070
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,379,127	78,767,856	97,189,936
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	19,025,708	140,651,975	151,526,949
First Year Gross Annual Energy Savings (kWh)	Variance	4,646,581	61,884,120	54,337,012
First Year Gross Annual Demand Savings (kW)	(3) Target	4,693	60,446	66,563
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	9,346	76,349	79,526
First Year Gross Annual Demand Savings (kW)	Variance	4,653	15,902	12,962
Throughput Disincentive Costs (\$)	Billed	\$ 1,374,177	\$ 2,497,329	\$ 3,197,998
Throughput Disincentive Costs (\$)	(5) Actual	\$ 2,056,384	\$ 4,183,806	\$ 4,785,755
Throughput Disincentive Costs (\$)	(6) Variance	\$ 682,207	\$ 1,686,478	\$ 1,587,757
Throughput Disincentive Costs (\$)	(7) Interest	\$ 8,667	\$ 9,368	\$ 9,183

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) Per discussion with MPSC Staff, kWh and kW savings for the quarter ended 06/30/2017 previously reported were reduced 3,569,246 kWh's and 20,664 kW's to report savings from the Home Energy Report and Demand Response Incentive programs on an incremental basis.

KCP&L Greater Missouri Operations Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2017  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,425,711	\$ 20,303,281	\$ 29,326,829
Total Program Costs (\$)	(1) Actual	\$ 5,238,084	\$ 24,785,768	\$ 35,463,115
Total Program Costs (\$)	(6) Variance	\$ (1,187,627)	\$ 4,482,486	\$ 6,136,286
Total Program Costs (\$)	(7) Interest	\$ 46,128	\$ 150,098	\$ 163,198
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,379,127	76,971,809	111,569,063
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	26,808,856	151,942,983	178,335,804
First Year Gross Annual Energy Savings (kWh)	Variance	12,429,729	74,971,174	66,766,741
First Year Gross Annual Demand Savings (kW)	(3) Target	4,008	60,135	70,571
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	9,790	81,487	89,316
First Year Gross Annual Demand Savings (kW)	Variance	5,782	21,352	18,744
Throughput Disincentive Costs (\$)	Billed	\$ 1,503,833	\$ 3,603,830	\$ 4,701,831
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,284,356	\$ 5,152,950	\$ 6,070,110
Throughput Disincentive Costs (\$)	(6) Variance	\$ (219,478)	\$ 1,549,120	\$ 1,368,279
Throughput Disincentive Costs (\$)	(7) Interest	\$ 9,589	\$ 19,608	\$ 18,772

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) Per discussion with MPSC Staff, kWh and kW savings for the quarter ended 06/30/2017 previously reported were reduced 3,569,246 kWh's and 20,664 kW's to report savings from the Home Energy Report and Demand Response Incentive programs on an incremental basis.

KCP&L Greater Missouri Operations Company  
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2018  
**SURVEILLANCE MONITORING REPORT**  
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)  
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism  
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Income-Eligible Weatherization	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 7,175,210	\$ 27,478,491	\$ 36,502,038
Total Program Costs (\$)	(1) Actual	\$ 3,793,819	\$ 28,579,587	\$ 39,256,934
Total Program Costs (\$)	(6) Variance	\$ (3,381,391)	\$ 1,101,096	\$ 2,754,895
Total Program Costs (\$)	(7) Interest	\$ 32,057	\$ 182,154	\$ 195,254
First Year Gross Annual Energy Savings (kWh)	(2) Target	13,769,888	95,482,807	125,338,952
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	15,563,012	172,911,995	193,898,817
First Year Gross Annual Energy Savings (kWh)	Variance	1,793,124	77,429,188	68,559,865
First Year Gross Annual Demand Savings (kW)	(3) Target	3,807	63,942	74,378
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	3,167	84,654	92,483
First Year Gross Annual Demand Savings (kW)	Variance	(640)	20,712	18,104
Throughput Disincentive Costs (\$)	Billed	\$ 2,148,220	\$ 5,752,050	\$ 6,850,051
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,425,885	\$ 6,578,835	\$ 7,495,996
Throughput Disincentive Costs (\$)	(6) Variance	\$ (722,334)	\$ 826,785	\$ 645,945
Throughput Disincentive Costs (\$)	(7) Interest	\$ 7,286	\$ 26,894	\$ 26,058

**Footnotes:**

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.
- (8) Per discussion with MPSC Staff, kWh and kW savings for the quarter ended 06/30/2017 previously reported were reduced 3,569,246 kWh's and 20,664 kW's to report savings from the Home Energy Report and Demand Response Incentive programs on an incremental basis.