

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

In the Matter of the Tariff Filing of Kansas City Power    )  
& Light Company Regarding Its Low-Income            )  
Affordable New Homes Tariff Sheet.                                )    Case No. EO-2007-0268

**STAFF'S RECOMMENDATION TO APPROVE TARIFF SHEET**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its recommendation the Commission approve a Tariff Sheet Kansas City Power & Light Company filed on January 12, 2007, states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends the Missouri Public Service Commission approve the tariff sheet Kansas City Power & Light Company filed on January 12, 2007, to initiate a new voluntary five-year program designed to provide incentives to builders of new homes for low-income customers for the installation of Energy Star® rated lighting fixtures and refrigerators, high-efficiency central cooling equipment, and increased R-factor insulation in the home's attic, floor and crawlspace.

2. A description of the program is set out in Appendix A. The five-year budget for the program is \$295,500 (Missouri and Kansas) of which \$270,000 is targeted for program incentives. Kansas City Power & Light estimates eighty-three and 9/10s percent of the budgeted amounts will be used in Missouri.

3. The tariff sheet complies with the Stipulation and Agreement the Commission approved in its Report And Order in Case No. EO-2005-0329. The Customer Programs Advisory Group, of which Staff is a member, has reviewed the program. Therefore, the Staff recommends the Commission issue an order approving the proposed tariff sheet to become effective February

12, 2007, as requested by Kansas City Power & Light Company, or permit the tariff sheets to go into effect by operation-of-law.

WHEREFORE, the Staff of the Missouri Public Service Commission recommends the Commission approve the Tariff Sheet Kansas City Power & Light Company filed on January 12, 2007, to become effective February 12, 2007, or allow it to become effective February 12, 2007, by operation of law, to wit:

P.S.C. MO. No. 7  
Original Sheet No. 43P

Respectfully submitted,

/s/ Nathan Williams  
Nathan Williams  
Deputy General Counsel  
Missouri Bar No. 35512

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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 31<sup>st</sup> day of January, 2007.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2007-0268, File No. YE-2007-0473  
Kansas City Power & Light Company

FROM: James Watkins, Manager, Economic Analysis  
Tom Imhoff, Rate & Tariff Examination Supervisor  
Henry Warren, Regulatory Economist II  
Mack McDuffey, Rate & Tariff Examiner II

/s/ James Watkins 01/31/07  
Energy Department / Date

/s/ Nathan Williams 01/31/07  
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** of Tariff Sheet Filed To Implement A Low-Income AFFORDABLE NEW HOMES Program

DATE: January 30, 2007

On January 12, 2007, Kansas City Power & Light Company (KCPL or Company) of Kansas City, Missouri, filed with the Commission one (1) tariff sheet with a proposed effective date of February 12, 2007. This sheet describes the Low-Income Affordable New Homes Program, Schedule ANH (Program). It is a voluntary program designed to provide incentives to builders of new homes for low-income customers for the installation of Energy Star® rated lighting fixtures and refrigerators, high-efficiency central cooling equipment, and increased R-factor insulation in the home's attic, floor and crawlspace.

This filing is made pursuant to the Demand Response, Efficiency and Affordability Programs section of Appendix C of the Stipulation and Agreement which comprises the Experimental Regulatory Plan approved by the Commission in its July 28, 2005 Report And Order in Case No. EO-2005-0329. The Customer Programs Advisory Group (CPAG) has reviewed the Program.

### Description of Program

The Program will establish a partnership between KCPL and non-profit organizations, including Habitat for Humanity and local government community development organizations constructing new homes for low-income customers in the Company's service area. It will focus upon reducing the economic constraints typically associated with upgrading to Energy Star® rated equipment, thus making the cost of becoming more energy-efficient affordable to low-income home owners.

The Program is available to builders of new homes, within KCPL's service territory, for purchasers having household earnings at or below 185% of the present Federal Poverty Level guidelines or 60% of the present State median income, whichever is greater.

The Program will be administrated by KCPL. Agreements will be established with builders, who

will then invoice KCPL and will be paid the incentives stated below:

- \$100 for installing Energy Star® rated lighting fixtures
- \$200 for installing an Energy Star® refrigerator
- \$800 for installing high-efficiency central cooling equipment (14 SEER or greater)
- \$400 for upgrading to at least one of the following:
  - R42 attic insulation
  - R25 floor insulation
  - R19 crawlspace insulation

Energy saving tips will be given to low-income purchasers moving into these newly constructed homes. Utilizing these tips will allow them to save additional money on their energy bills while positively impacting the future of their community.

#### Marketing

1. Target audience: Program is targeted toward organizations constructing qualified, new homes for low-income households and encourages the implementation of energy efficiency to help make the cost of becoming more energy-efficient affordable to low-income home owners within KCPL's service territory.
2. Organization communication: Direct communication with the organizations will be the Company's primary mode of marketing the Program. The primary objective will be to create awareness among organizations of what KCPL has to offer and how KCPL can help low-income households through energy efficiency.
3. Direct marketing: Once the customers move into their new homes, KCPL will send information in the form of direct mailings to the customer. This includes, but not limited too, energy saving tips.
4. Website: The Company's website will provide a description of the Program in order to inform its customers that KCPL is participating in the Program. The partner organizations will be listed on the KCPL Community Connections page.

#### Costs

The costs and benefits were input into a cost-benefit model along with other inputs such as avoided energy and capacity costs. The customer incentive budget is based upon 100% of the homes receiving refrigerator and lighting incentives, 25% of the homes receiving high efficiency air conditioners, and 25% of the homes receiving high efficiency heat pumps. KCPL has estimated the following annual costs for program delivery, administration, marketing, and customer incentives:

#### Estimated Program Cost

<u>Missouri and Kansas</u>		<u>Missouri (83.9%)</u>
2007	\$32,000	\$26,848
2008	\$64,000	\$53,696
2009	\$71,500	\$59,989
2010	\$64,000	\$53,696
2011	\$64,000	\$53,696

This Program is being submitted for approval in both the Missouri and Kansas jurisdictions. KCPL estimates that a total of 180 homes will receive incentives over the five-year duration of the Program. KCPL has budgeted a total of \$295,500 for this program, of which \$270,000 is targeted for program incentives. KCPL will set annual budgets that will serve to cap the incentives paid each year. To the extent there are excess funds for a given year, the amount of excess shall be “rolled over” to be utilized for the Program in the succeeding year.

#### Evaluation

Impacts associated with this program will be estimated based upon engineering analysis; however, if a control group can be identified, a billing analysis may be conducted after the homes have been occupied for at least one (1) full year.

#### Staff Recommendation

The Commission’s Energy Department Staff (Staff) has reviewed the filed tariff sheet, and is of the opinion that it was filed in a timely manner and remains in compliance with the Stipulation and Agreement approved by the Commission’s Report And Order in Case No. EO-2005-0329. The Staff therefore recommends that the Commission issue an order approving the following proposed tariff sheet, as filed on January 12, 2007, to become effective on February 12, 2007, as requested by KCPL, or permit the tariff sheet to go into effect by operation-of-law:

P.S.C. MO. No. 7  
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The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

My commission expires \_\_\_\_\_