

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

In the Matter of Kansas City Power & Light)
Company's Application for Approval of Demand-)
Side Programs and for Authority to Establish a) **File No. EO-2014-0095**
Demand-Side Programs Investment Mechanism)

ISSUES LIST

COME NOW the Staff of the Missouri Public Service Commission, Office of the Public Counsel ("OPC") and Midwest Energy Consumers' Group ("MECG") known collectively herein as "the Parties," and hereby submit this *Issues List* to jointly state as follows:

1. On February 26, 2014,¹ the Commission issued its *Order Modifying Procedural Schedule and Granting Variance* which, inter alia, ordered the parties to file a List of Issues, Order of Cross-Examination (List of Issues) by April 16.

2. By motion from Staff filed April 15, an on the record pre-evidentiary proceeding was held on April 18, in which Staff requested that the hearing be extended a month to allow for Staff to adequately analyze Kansas City Power & Light Company's ("KCPL") new testimony and the Non-unanimous Stipulation and Agreement² filed in the case. By Commission Order filed that same day, the Commission denied Staff's motion to continue the evidentiary hearing to allow Staff to provide a complete recommendation for the Commission's use and directed Staff to file its Lists of Issues by April 21.

3. Pursuant to the Commission's Order, Staff, OPC and MECG jointly file the following List of Issues. However, the parties provide the caveat that this may not be a

¹ All dates herein refer to 2014 unless otherwise state.

² "Surrebuttal" testimony was filed by witness Kim Winslow, Kevin Bryant and Tim Rush on April 14; April 17 Non-unanimous stipulation and agreement filed by KCPL, KCP&L Greater Missouri Operations Company ("GMO"), Missouri Division of Energy, Natural Resources Defense Council and Earth Island Institute d/b/a Renew Missouri.

complete list of issues required for the Commission's decision. Staff intends to file a timely objection to the Non-Unanimous Stipulation and Agreement, in effect, making it a new joint position statement of the signatories. While Staff has worked diligently since KCPL's April 14 and 17 filings, KCPL has not yet provided the DSMore files that are necessary to fully evaluate the positions contained in the filings.

4. The Commission's February 26 procedural Order states that issues not listed will be considered uncontested. This is Staff's best attempt to develop an issue list on the changing positions and information provided by KCPL and the stipulation's signatories. Thus, Staff is not sponsoring this list as all inclusive of the decision points the Commission must address in any Report and Order approving, or approving with modification, KCPL's program plan.

I. Issues List

1. What are the current demand-side management ("DSM") programs in KCPL's demand-side program plan?
2. What are the current demand-side programs investment mechanism ("DSIM") associated with the demand-side program plan?
3. What are the appropriate tariffs to implement each program and DSIM recovery mechanism?
4. Has KCPL provided adequate notice to inform customers of the expected bill impacts from KCPL's MEEIA filing?
5. Should the Commission approve KCPL's current application, as determined in issues 1 through 3 above, for approval of demand-side program plan, approve it with modification acceptable to KCPL, or reject it, as provided in Rule 4 CSR 240-20.094(3)?
 - A. If the program plan is approved or modified, what, if any, variances are necessary and reasonable?
 - B. If the program plan is approved or modified, what are the Commission's findings for the Air Conditioning Upgrade Rebate program:
 - i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

C. If the program plan is approved or modified, what are the Commission's findings for the Home Appliance Recycling Rebate program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets
- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

D. If the program plan is approved or modified, what are the Commission's findings for the Home Energy Analyzer program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff details and form
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

E. If the program plan is approved or modified, what are the Commission's findings for the Home Energy Improvements Program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets
- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

F. If the program plan is approved or modified, what are the Commission's findings for the Home Energy Reports Pilot program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

G. If the program plan is approved or modified, what are the Commission's findings for the Home Lighting Rebate program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets
- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

H. If the program plan is approved or modified, what are the Commission's findings for the Income-Eligible Weatherization program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
 - iii. Tariff
 - iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
 - v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques
- I. If the program plan is approved or modified, what are the Commission's findings for the Programmable Thermostat program:
- i. Projected and gross annual energy savings targets and cumulative energy savings targets
 - ii. Projected and gross annual demand savings targets and cumulative demand savings targets
 - iii. Tariff
 - iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
 - v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques
- J. If the program plan is approved or modified, what are the Commission's findings for the Business Energy Analyzer program:
- i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

K. If the program plan is approved or modified, what are the Commission's findings for the Building Operator Certification program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets
- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

L. If the program plan is approved or modified, what are the Commission's findings for the Business Energy Efficiency Rebates – Custom program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets

- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

M. If the program plan is approved or modified, what are the Commission's findings for the Business Energy Efficiency Rebates – Standard program:

- i. Projected and gross annual energy savings targets and cumulative energy savings targets
- ii. Projected and gross annual demand savings targets and cumulative demand savings targets
- iii. Tariff
- iv. Any market transformation elements included in the program and an EM&V method to isolate those elements
- v. Demonstration of cost-effectiveness
 - 1. Annual revenue requirement impact based on Chapter 22 analysis and the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility
 - 2. Customers targeted
 - 3. Measures included
 - 4. Customer incentives
 - 5. Proposed promotional techniques

N. If the Commission approves, or approves with modification acceptable to the utility, a program portfolio, should the Commission approve the establishment of KCPL's proposed Demand-Side Programs Investment Mechanism (DSIM) as per Rule 4 CSR 240-20.093(2)(B)?

- i. If a lost margin approach is approved:

1. should the annual energy and demand savings targets be based on assumed net-to-gross (NTG) ratios equal to 1.0 or some other value?
 2. What are reasonable margin rates for residential winter, C&I summer, and C&I winter?
 - i. Is it reasonable to include all revenues associated with all demand related charges in the margin rate calculation?
 3. Should off-system sales margins be included to determine the amount of lost margins?
 4. What level of interest/carrying cost should the Commission order to be paid on over- and under-recoveries of lost margin if any?
 5. Whether the level of lost margin revenues should be based on a net present value basis?
 6. Should gained margins be truncated from the calculation of lost margins?
 7. How should lost margins be apportioned between residential and non-residential revenue requirements?
 8. If a tracker is approved for lost margins, are there financial reporting restrictions that would prevent reflection of deferred lost margins on KCPL's financial statements?
- ii. How should program costs be collected and treated?
1. Should income tax benefits associated with deferral of program costs be reflected in any balances?
 2. What level of interest/carrying cost should the Commission order to be paid on over- and under-recoveries of program costs, if any?
- O. If the Commission approves, or approves with modification acceptable to the utility, a program portfolio, should the Commission allow KCPL to collect a fixed dollar amount as an incentive after the 18-month program plan is concluded, with that dollar amount dependent upon KCPL meeting various savings (kWh/kW) thresholds? If so, are the thresholds and dollar amounts proposed by KCPL appropriate?
- P. If the Commission approves, or approves with modification acceptable to the utility, a program portfolio, what acronym should the Commission approve to designate a separate line item to appear on bills relating to charges for the DSM programs approved under MEEIA; "DSIM Charge" as proposed by KCPL, or the phrase "Energy Efficiency Program Charge" or "Energy Efficiency Investment Charge" as suggested by Staff?
6. Are there fundamental defects in the KCPL Application, as modified by the Non-Unanimous Stipulation and Agreement?

- A. Is there a specific “locked down” procedure for determining the level of net-shared benefits for recovery through the TD-NSB.
- B. What is the procedure for a true-up as discussed in the “TD-NSB” section on page 4 of the non-unanimous stipulation and agreement?
- C. What is the tariff that the non-unanimous stipulation and agreement will use to implement its terms of the DSIM?
- D. What is the tariff that the non-unanimous stipulation and agreement will use to implement its terms of the program portfolio?
- E. What is the present value of the lifetime avoided costs for the Plan, as defined in the non-unanimous stipulation and agreement, for the beginning of the MEEIA Plan period through February 28, 2015, less program costs, plus carrying costs and projected TD-NSB as calculated by multiplying 33.20% times the projected net shared benefits for the period from March 1, 2015 through December 31, 2015?
- F. Has KCPL provided aDSIM tariff sheets to describe:
 - i. The components of KCPL’s MEEIA revenue requirement. For example:
 - a. Program Costs
 - b. Throughput Disincentive
 - c. Performance Incentive
 - d. Interest
 - e. Ordered Adjustments
 - ii. Definition of the components of the MEEIA Revenue Requirement.
 - iii. Timing of accumulation and recovery of costs and charges accrued. including:
 - 1. The Accumulation Periods used to determine the magnitude of each component of the MEEIA revenue requirement.
 - 2. The Recovery Periods over which the MEEIA revenue requirement will be collected from customers.
 - 3. The gap between accumulation and recovery to allow time for KCPL accountants to determine the applicable amounts, a tariff rate to be calculated, a tariff sheet or sheets to be filed with the Commission bearing that rate, review of the rate and its determination, and a Commission order on the tariff sheet or sheets bearing the new MEEIA rates.
 - 4. Timing for conduct of prudence reviews.
 - 5. Timing for conduct of true-ups.
 - 6. Timing for implementing prudence reviews and true-ups.
 - iv. The method for reconciling budgeted and forecasted amounts with actual amounts.
 - v. The method of determining the Residential versus Non-Residential Split.

- vi. Timing of MEEIA rate adjustments pursuant to the DSIM.
 - vii. Method for incorporating changes in DSIM programs into the MEEIA revenue requirement.
7. Is KCPL allowed to request, prior to June 1, 2015, a rider associated with a Commission approved MEEIA program plan beginning June 1, 2015?
 8. Once the Commission reaches its findings on each of the above issues, is a “redo” of KCPL’s calculations and modeling necessary prior to the Commission having the ability to make the findings necessary for a final Report and Order in this case other than (1) rejection, or (2) a tracker based on lost revenue recovery as defined by the Commission’s rules?
 - A. If so, when and how should the analysis be performed?
 - B. Should the Commission afford the parties an opportunity to review and comment on KCPL’s redone analysis prior to the Commission’s final Report and Order in this case?

WHEREFORE, the signatory parties submit their *Issues List* for consideration by the Commission.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all counsel of record this 21st day of April, 2014.

/s/ Jennifer Hernandez _____