

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 5th day of June, 2014.

In the Matter of Kansas City Power & Light)	<u>File No. EO-2014-0095</u>
Company's Filing for Approval of Demand-Side)	Tariff Nos. YE-2014-0286
Programs and for Authority to Establish A)	YE-2014-0287
Demand-Side Programs Investment Mechanism)	YE-2014-0288

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: June 5, 2014

Effective Date: June 15, 2014

On January 7, 2014, Kansas City Power & Light Company (KCP&L) applied to the Commission for approval of Demand-Side Programs, and for authority to establish a Demand-Side Investment Mechanism (DSIM) as contemplated by the Missouri Energy Efficiency Investment Act (MEEIA) and the Commission's implementing regulations. The Commission provided notice of KCP&L's application and the following parties were allowed to intervene: Earth Island Institute d/b/a Renew Missouri; Union Electric Company d/b/a Ameren Missouri; Missouri Department of Economic Development – Division of Energy; The Empire District Electric Company; Sierra Club; Natural Resources Defense Council (NRDC); Brightergy, LLC; MC Power Companies, Inc.; Missouri Industrial Energy Consumers (MIEC); and Midwest Energy Consumers' Group (MECG). The Commission adopted a procedural schedule with the intent to conduct a hearing to take evidence about KCP&L's application.

On May 27, the Staff of the Commission, KCP&L, KCP&L Greater Missouri Operations Company (GMO), the Division of Energy, NRDC, Sierra Club, and Renew Missouri filed a non-unanimous stipulation and agreement to resolve all issues before the Commission. Empire, Ameren Missouri, MEEG, MIEC, MC Power, Brightergy, and Public Counsel are also parties to this case and did not sign the stipulation and agreement. Public Counsel filed a statement on May 28 indicating it supports the stipulation and agreement. The other non-signatory parties have not acted to oppose the stipulation and agreement within seven days of its filing. Therefore, pursuant to Commission Rule 4 CSR 240-2.115(2), the Commission will treat the stipulation and agreement as unanimous.

The stipulation and agreement asks the Commission to approve twelve demand-side (MEEIA) programs for KCP&L's implementation. The stipulation and agreement also establishes a \$19,175,842 budget for the MEEIA programs and establishes annual energy and demand savings targets. In addition, the stipulation and agreement would allow KCP&L to recover the cost of the MEEIA programs by establishing a DSIM that would begin with the company's August 2014 billing. KCP&L's MEEIA plan would begin on July 6, 2014, or on the effective date of the implementing tariffs, and would run until December 31, 2015. After completion of the MEEIA plan, evaluation, measurement, and verification (EM&V) of the success of the plan will be conducted by an independent consultant.

As previously indicated, the stipulation and agreement provides that KCP&L's DSIM is to go into effect in August 2014. That provision is inconsistent with a stipulation and agreement that the Commission approved in 2005. That stipulation and agreement, which was approved in File No. EO-2005-0329, would prevent KCP&L from seeking to use any single-issue rate mechanism, which would include the proposed DSIM, until June 1, 2015.

Many of the signatories to the 2005 stipulation and agreement are also parties to this case and have either signed, or have not opposed, the stipulation and agreement. The stipulation and agreement represents that Staff and KCP&L have contacted the signatories to the 2005 stipulation and agreement that are not parties to this case and states that Praxair, the City of Kansas City, and the Missouri Joint Municipal Electric Utility Commission do not oppose allowing KCP&L to implement its DSIM before June 1, 2015. No party to the 2005 stipulation and agreement has voiced any opposition to early implementation of the DSIM.¹

The Commission approved the 2005 stipulation and agreement because it independently found there was competent and substantial evidence in the record to determine the agreement was in the public interest. The parties in this case are essentially asking the Commission to modify the 2005 agreement, and the Commission must determine whether doing so is in the public interest. Because the Commission has a duty to respond to changing circumstances to effectively regulate the utilities within its statutory charge, and based on the record in this case, the Commission specifically finds and concludes that allowing KCP&L to implement the proposed DSIM before June 1, 2015 is appropriate.

When KCP&L filed its application in January, 2014, it also filed implementing tariffs. Two of those tariffs currently carry an effective date of July 6, 2014, and the third was proposed to be effective on June 1, 2015. The stipulation and agreement does not

¹ The stipulation and agreement in this case, at page 13, states: “Staff and KCP&L have contacted all signatories to the Stipulation and Agreement (“CEP”) in File No. EO-2005-0329 (“CEP Signatories”), explained the rider that Staff and KCP&L have agreed to as part of this settlement, and inquired of the CEP Signatories as to their position to allow for the DSIM Rider to begin before June 1, 2015. The following CEP Signatories, not parties to this case, have indicated they are not opposed to a DSIM Rider that begins before June 1, 2015; Praxair, City of Kansas City, Missouri, and Missouri Joint Municipal Electric Utility Commission.”

explicitly state what is to be done with those tariffs. However, the stipulation and agreement sets forth sample tariffs that appear to be inconsistent with the previously filed tariffs. Therefore, the Commission will reject the tariffs that were issued on January 7, 2014, and KCP&L may file new tariffs consistent with the stipulation and agreement.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that such stipulation and agreement is in the public interest and should be approved. Since this stipulation and agreement is not opposed by any party and because some of the provisions of the stipulation and agreement are time-sensitive, the Commission will make this order effective in ten days.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement filed on May 27, 2014, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order, and is incorporated herein by reference.
2. The tariff sheets issued by Kansas City Power & Light Company under Tariff Nos. YE-2014-0286, YE-2014-0287, and YE-2014-0288 are rejected.
3. Kansas City Power & Light Company may issue new tariffs consistent with the approved stipulation and agreement.
4. The testimony of all witnesses whose testimony was pre-filed in this case is received into evidence.

5. This order shall become effective on June 15, 2014.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Woodruff, Chief Regulatory Law Judge