

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

In the Matter of KCP&L Greater Missouri Operations)
Company's Application for Approval of Modifications) **File No. EO-2014-0355**
To Its Demand-Side Programs) **Tariff No. JE-2014-0537**

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and for its recommendation to the Commission respectfully states:

1. On June 11, 2014¹, KCP&L Greater Missouri Operations Company ("GMO" or "Company") filed an application seeking expedited approval to modify its Demand-Side Programs together with supporting Direct Testimony of Tim M. Rush and certain implementing revised tariff sheets bearing an effective date of July 11;² however, GMO requested the Commission allow the tariff sheets to go into effect on July 6 to coincide with when Kansas City Power & Light Company's ("KCP&L") residential Home Lighting Rebate program starts.

2. In the accompanying Staff Recommendation Memorandum, which is incorporated herein by reference, Staff provides the background and its analysis for its recommendations that the Commission issue an order approving: (1) GMO's proposed residential Home Lighting Rebate program with GMO's proposed budget in the HIGHLY CONFIDENTIAL amount reflected in the Staff Recommendation Memorandum; (2) the Home Lighting Rebate program's cumulative annual energy and demand savings targets of 25,162,228 kWh and 2,673 kW, respectively; (3) the modified

¹ All dates herein are in 2014 unless otherwise noted.

² On June 20, GMO filed corrected Direct Testimony of Tim M. Rush. On June 24, after discussions with Staff, GMO filed additional corrected Direct Testimony of Tim M. Rush and substitute revised tariff sheets.

GMO MEEIA³ program plan's cumulative annual energy and demand savings targets of 161,280,888 kWh and 66,525 kW, respectively; and granting (4) all the variances to the Commission's Rules GMO requests in its application; and (5) expedited approval of the following tariff sheets, so that each becomes effective, with less than 30 days' notice, on July 6, 2014:

P.S.C. MO. No. 1

11th Revised Sheet No. R-3, Cancelling 10th Revised Sheet No. R-3

3rd Revised Sheet No. R-63, Cancelling 2nd Revised Sheet No. R-63

1st Revised Sheet No. R-63.01, Cancelling Original Sheet No. R-63.01

Original Sheet No. R-64.21

3. In its memorandum Staff explains that on June 5 the Commission approved a Non-Unanimous Stipulation and Agreement in KCP&L File No. EO-2014-0095 which provided, among other things, as follows:

Residential Lighting. KCP&L will target the sales points which reflect a close proximity to customers' residences in KCP&L-MO territory. GMO has informed the advisory group of its intent to file the same lighting program in GMO. **GMO will file by July 1, 2014, or sooner, under 4 CSR 240-20.094(4) to modify its MEEIA programs and file a tariff to adopt the same residential lighting rebate program as KCP&L to terminate December 2015.** This filing will require modification of the savings target of the GMO DSIM to reflect a net increase of 25,161 MWh and 2.7 MW to the savings targets for purposes of the performance incentive award, but will not modify any other GMO MEEIA programs, or modify the percentage used to calculate GMO's TD-NSB share. KCP&L and GMO will use a NTG value of "0.9" for 2014 CFL measures, and "0.7" for 2015 CFL measures. KCP&L and GMO will use a NTG value of 1.0 for all LED measures in 2014 and 2015. KCP&L and GMO will not offer any rebates or buy-downs for incandescent lamps. The measure life for the GMO residential lighting program will have the same measure life as the KCP&L residential lighting program. (Emphasis added)

³ Missouri Energy Efficiency Investment Act as codified in § 393.1075 RSMo.

GMO initiated this case to comply with the foregoing Non-Unanimous Stipulation and Agreement.

4. As set forth in the accompanying Staff Recommendation Memorandum, Rule 4 CSR 240-20.094(3) requires the Commission to approve demand-side programs or program plans, and annual demand and energy savings targets for each demand-side program it approves, provided that new demand-side programs have a total resource cost test of greater than one, are consistent with a goal of achieving all cost-effective demand-side savings, have reliable evaluation, measurement and verification (“EM&V”) plans, and are included in the electric utility’s preferred plan or have been analyzed through the integration process required by 4 CSR 240-22.060 to determine the impact of the demand-side programs and program plans on the net present value of revenue requirements of the electric utility. Based on the supplied work papers, the residential Home Lighting Rebate program is expected to have a TRC of 1.65, is consistent with a goal of achieving all cost-effective demand-side savings, and has a reliable EM&V plan. The residential Home Lighting Rebate program has not been analyzed through the integration process required by 4 CSR 240-20.094(3)(A)3 to determine the impact of the program on the net present value of revenue requirements of the electric utility and GMO has not yet included the program in its adopted preferred resource plan. According to Tim Rush’s direct testimony, this program does not have a material effect on the current preferred resource plan and will be added to GMO’s next Chapter 22 annual update filing in April 2015. GMO requested a variance from this requirement.

5. As discussed in greater detail in the accompanying Staff Recommendation Memorandum, on June 23rd Staff advised GMO that the current GMO cumulative annual energy and demand savings targets were incorrectly calculated in Case No. EO-2012-0009. GMO discussed this situation with Staff and concluded that for purposes of the GMO MEEIA program plan and demand-side programs investment mechanism (“DSIM”) in Case No. EO-2012-0009, the current cumulative annual energy savings target should be 136,118,660 kWh and that the current cumulative annual demand savings targets should be 63,852 kW. The errors in the cumulative annual energy and demand savings targets are corrected in the substitute revised tariff sheets filed by GMO on June 24.

6. In this case, GMO is requesting approval of the same variances contained in the Stipulation and Agreement approved in File No. EO-2012-0009. Generally speaking, these variances pertain to net shared benefits, tariff flexibility/promotional practices, integrated resource plan, and annual reporting. The requested variances are listed and discussed in detail in the accompanying Staff Recommendation Memorandum.

7. One of the tariff changes requested by GMO is a change in the Income Eligible Weatherization amount from “Up to \$3,500” to “Up to \$6,500”. This change was based on the Department of Energy (DOE) Weatherization Assistance Program Notice 14-1, effective February 25, 2014. See the accompanying Staff Recommendation Memorandum for further explanation of this change, which does not constitute a change to the design of the Income Eligible Weatherization program.

8. Staff has verified that GMO has filed its 2013 annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

9. Staff believes that good cause exists to approve the tariff sheets to become effective on less than 30 days' notice so that the tariff sheets for KCP&L's and GMO's residential Home Lighting Rebate programs will have the same effective date and the programs can be launched and marketed to the KCP&L and GMO Missouri customers beginning July 6, 2014.⁴

WHEREFORE Staff respectfully requests the Commission issue an order as set forth in paragraph 2 above and as set forth in the Staff Recommendation Memorandum, and making such additional orders as the Commission deems necessary.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
jeff.keevil@psc.mo.gov

⁴ GMO and KCP&L both present themselves to the general public by the service mark "KCP&L."

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel for all parties of record in this case on this 27th day of June, 2014.

/s/ Jeffrey A. Keevil