

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

In the Matter of Kansas City Power & Light)	
Company’s Notice of Intent to File an)	
Application for Authority to Establish a Demand-)	<u>File No. EO-2015-0240</u>
Side Programs Investment Mechanism)	

In the Matter of KCP&L Greater Missouri Operations)	
Company’s Notice of Intent to File an)	
Application for Authority to Establish a Demand-)	<u>File No. EO-2015-0241</u>
Side Programs Investment Mechanism)	

**STAFF RECOMMENDATION FOR APPROVAL OF MODIFICATIONS TO
TECHNICAL RESOURCE MANUAL AND PROGRAM INCENTIVE RANGE
CHANGES**

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and hereby recommends that the Commission approve the proposed revisions to the Technical Resource Manual (“TRM”) and the demand-side program incentive range changes sought by Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company (“GMO”) in its February 10, 2017 filing. In further support Staff states as follows:

1. On February 10, 2017 KCPL and GMO filed an application to revise their TRM and to add new program measure incentive ranges and to change some previously approved program measures incentive ranges. These proposed modifications require Commission approval because they represent modifications to Appendix 1 and Appendix 2 of the Commission-approved Non-Unanimous Stipulation and Agreement (“March 2016 Stipulation”) filed on March 17, 2016 in Case Nos. EO-2015-0240 and EO-2015-0241.

2. As more fully discussed in Staff's Memorandum, attached hereto as Appendix A, the Staff has reviewed the proposed modifications contained in the application and is of the opinion that these modifications are reasonable and should be approved by the Commission with the following reservations:

A) KCPL and GMO inappropriately cited Commission rule 4 CSR 240-20.094(4). This rule does not apply to the changes proposed in the application because the proposed changes do not change the program budgets and do not involve program design modifications that would require changes to the approved tariff sheets for the programs.

B) Because the proposed modifications make certain measure and incentive range changes to Appendix 1 and Appendix 2 of the March 2016 Stipulation, the Commission should, with its order approving these changes, order KCPL and GMO to file with the Commission an Amended Appendix 1 and Amended Appendix 2 to the March 2016 Stipulation so that the amended appendices reflect the most current Commission-approved measures and incentive ranges and TRM to prevent confusion in the case file.

3. Both KCPL and GMO also request that the Commission grant them a variance to Commission rule 4 CSR 240-20.093(8) that would allow the companies to provide their required Demand-Side Program Annual Reports in line with the current MEEIA Cycle 2 program years that run from April 1 to March 31. The report would summarize the full twelve month period and would be submitted 90 days following the March 31 end-date of each MEEIA program year. Granting this variance will also align

reporting of the evaluation, measurement and verification (“EM&V”) of programs on a full twelve month basis.

4. Commission rule 4 CSR 240-20.093(13) allows the Commission to grant the companies’ requested variance for good cause shown. Staff is of the opinion that the alignment of the MEEIA Cycle 2 program years and each program year’s EM&V final report with submission of the Demand-Side Program Annual Reports serves the interest of administrative efficiency and therefore constitutes good cause for the approval of the requested variance.

WHEREFORE, the Staff respectfully requests the Commission accept its recommendation and issue an order that:

- Approves the new and modified program measures and incentive ranges and TRM requested by KCPL and GMO in its application; and,
- Directs KCPL and GMO to file with the Commission an Amended Appendix 1 and Amended Appendix 2 to the Commission-approved March 2016 Non-Unanimous Stipulation and Agreement that reflects all currently approved measure and range changes and TRM, including those approved by the Commission in the instant application; and,
- Grants KCPL and GMO its requested variance to 4 CSR 240-20.093(8) for good cause shown.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

Deputy Staff Counsel

Missouri Bar No. 51709

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

Phone (573) 526-7779

Facsimile (573) 751-9285

bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been electronically mailed this 1st day of March, 2017 to all counsel of record in this proceeding.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case Files
File No. EO-2015-0240 Kansas City Power & Light Company and
File No. EO-2015-0241 KCP&L Greater Missouri Operations Company

FROM: J Luebbert, Utility Engineering Specialist III
Brad J. Fortson, Regulatory Economist III
Kory Boustead, Rate and Tariff Examiner II

DATE: /s/ John Rogers 03/01/2017 /s/ Bob Berlin 03/01/2017
Energy Resources Department / Date Staff Counsel Department / Date

SUBJECT: Staff Recommendation For Approval Of Modification to Kansas City Power &
Light Company (“KCPL”) and KCP&L Greater Missouri Operations Company
(“GMO”) Demand-Side Programs

DATE: March 1, 2017

Summary

On February 10, 2017, KCPL and GMO filed an *Application for Approval of Modification to Its Demand-Side Programs* (“Application”)¹ to revise their Technical Resource Manual (“TRM”) and to add new program measure incentive ranges and change some previously approved program measures’ incentive ranges in accordance with rule 4 CSR 240-20.094(4). Also, the Application requested a MEEIA rule variance on the submission of the Demand-Side Program Annual Report required by 4 CSR 240-20.093(8). On February 15, 2017, the Commission ordered Staff to file a recommendation regarding the Application no later than February 22, 2017. On February 22, 2017, the Commission granted an extension of the date for Staff’s recommendation to no later than March 1, 2017.

The proposed changes in the Application are not program modifications as defined in 4 CSR 240-20.094(4). The proposed changes do not change the program budgets and are not program design modifications which are no longer covered by the approved tariff sheets for the program.

¹ On February 28, 2017, KCPL and GMO filed a *Notice of Update to Application for Approval of Modification to its Demand-Side Programs* (“Updated Application”). KCPL and GMO request the Commission to consider the Application filed on February 10, 2017, amended and corrected by the requested changes contained in the Updated Application filed on February 28, 2017. For the purpose of this Memorandum, Application refers to the February 10, 2017, filing and corrected TRM as filed on February 28, 2017.

Therefore, 4 CSR 240-20.094(4) does not apply to the changes proposed in the Application. The modifications do require Commission approval because they represent modifications to Appendix 1 and Appendix 2² of the *Non-Unanimous Stipulation and Agreement* (“Stipulation”) filed on March 17, 2016 in Case Nos. EO-2015-0240 and EO-2015-0241 and approved by the Commission on April 6, 2016. Staff has completed its review and recommends that the Commission approve the Application. Within this memorandum, Staff will also make a recommendation for future filings for changes similar to those proposed in the Application.

Staff Review

In the Application, KCPL and GMO propose to modify their TRM and program incentive ranges. The modifications to the TRM represent an update of Appendix 2 of the Stipulation to include description changes to measures, updating measure deemed annual energy and demand savings and to remove and add measures. The changes to the efficiency values (energy and demand savings) for residential LED lighting measures are a result of feedback from the program implementer. The Application proposes to update Appendix 1 of the Stipulation by modifying some measures’ incentive ranges and to eliminate the middle incentive of the incentive range for all of the measures as well as decrease the low incentive for several measures. Also in the Application, KCPL and GMO request a MEEIA rule variance on the Demand-Side Program Annual Report in Section 4 CSR 240-20.093(8). The Company would like to provide the Demand-Side Program Annual Report in line with the current MEEIA Cycle 2 program years that run from the period of April 1 to March 31. The report would summarize that 12-month period and would be submitted 90 days following March 31 of each program year. This annual report variance will align with the Evaluation, Measurement and Verification to report on a full twelve month basis.

The modification of the measures within the TRM and modification of program incentive ranges are intended to improve the accuracy of savings associated with each measure, allow for greater overall residential and business participation, and improve the efficiency of existing program budgets. KCPL and GMO are not asking for any modification to the budgets or savings targets

² Appendices 1 and 2 of the *Non-Unanimous Stipulation and Agreement* filed on March 17, 2016 in Case Nos. EO-2015-0240 and EO-2015-0241 and approved by the Commission on April 6, 2016 replaced appendices I and C respectively of *Non-Unanimous Stipulation and Agreement* filed on November 23, 2015 and approved by the Commission on March 2, 2016.

associated with Appendix A or Appendix B of the Stipulation. Because these proposed modifications represent improvements to the existing programs, Staff recommends that the Commission approve the modifications to Appendix 1 and Appendix 2 of the Stipulation filed on March 17, 2016 in Case Nos. EO-2015-0240 and EO-2015-0241 and approved by the Commission on April 6, 2016. Staff further recommends that the Commission approve the MEEIA rule variance for the Demand-Side Program Annual Report in Section 4 CSR 240-20.093(8).

Staff Interpretation of 4 CSR 240-20.094(4) and the Change Process in the Tariff Sheets

The Application, as filed by KCPL and GMO, refers to 4 CSR 240-20.094(4) which states:

Pursuant to the provisions of this rule, 4 CSR 240-2.060, and section 393.1075, RSMo, an electric utility shall file an application with the commission for modification of demand-side programs by filing information and documentation required by 4 CSR 240-3.164(4) when there is a variance of twenty percent (20%) or more in the approved demand-side plan three (3)-year budget and/or any program design modification which is no longer covered by the approved tariff sheets for the program.

The proposed changes in the Application are not program modifications as defined in the referenced rule. The proposed changes do not change the program budgets and do not involve program design modifications that would require changes to the approved tariff sheets for the program. Therefore, 4 CSR 240-20.094(4) does not apply to the changes proposed in the Application.

Also, within KCPL and GMO current tariff sheets is a change process³ that is to be used to make changes to program detail that would affect the interaction between KCPL or GMO and program administrators and participants, but excludes changes to the Commission-approved ranges of

³ Kansas City Power & Light Company, P.S.C.MO. No. 2, Original Sheet No. 2.22 and KCP&L Greater Missouri Operations Company, P.S.C.MO. No. 1, Original Sheet Nos. R-75 and R-98.

incentive amounts for each measure. The proposed changes in the Application change the Commission-approved ranges of incentive amounts and add measures which are excluded by the change process contained in the companies' tariff sheets.

As discussed above, the proposed changes in the Application modify certain values contained in Appendices 1 and 2 of the *Non-Unanimous Stipulation and Agreement* (Stipulation) filed on March 17, 2016 and approved by the Commission on April 6, 2016. Therefore, Staff recommends that the Commission, with its order approving the requested changes, also direct KCPL and GMO to file an Amended Appendix 1 and Amended Appendix 2 to the March 2016 Non-Unanimous Stipulation and Agreement which reflects all current measures and ranges and revised TRM, respectively.

For proposing similar future changes which are not subject to 4 CSR 240-20.094(4) or the change process set out in the tariff sheets, Staff recommends that the companies make a filing with the Commission requesting its approval of the specific modifications sought to the applicable portions of the Stipulation.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light)
Company's Notice of Intent to File)
Application for Authority to Establish a Demand-) File No. EO-2015-0240
Side Programs Investment Mechanism)

In the Matter of KCP&L Greater Missouri Operations)
Company's Notice of Intent to File an)
Application for Authority to Establish a Demand-) File No. EO-2015-0241
Side Programs Investment Mechanism)

AFFIDAVIT

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 attached Staff Memorandum; 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 1st day of March, 2017.

JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434



NOTARY PUBLIC

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

In the Matter of Kansas City Power & Light)
Company's Notice of Intent to File)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)
File No. EO-2015-0240

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)
File No. EO-2015-0241

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Brad Fortson and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

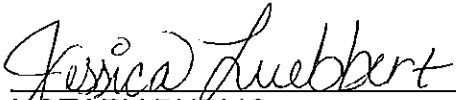


Brad Fortson

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 1st day of March, 2017.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434



NOTARY PUBLIC

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

In the Matter of Kansas City Power & Light)
Company's Notice of Intent to File)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)
File No. EO-2015-0240

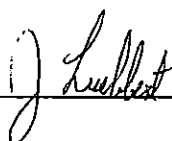
In the Matter of KCP&L Greater Missouri Operations)
Company's Notice of Intent to File an)
Application for Authority to Establish a Demand-)
Side Programs Investment Mechanism)
File No. EO-2015-0241

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW J Luebbert and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




J Luebbert

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 1st day of March, 2017.

JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434



NOTARY PUBLIC