

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

In the Matter of the First Prudence Review of)
Kansas City Power & Light Company's)
("KCPL") Implementation of its Cycle 2 Energy)
Efficiency Programs in Furtherance of the)
Missouri Energy Efficiency Investment Act)
(MEEIA).

File No. EO-2018-0363

STAFF'S REPORT OF MEEIA PRUDENCE REVIEW

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *First Prudence Review Of Cycle 2 Costs Related To The Missouri Energy Efficiency Investment Act For The Electric Operations Of Kansas City Power And Light Company* ("Report" or "Report of MEEIA Prudence Review"), respectfully states to the Missouri Public Service Commission ("Commission"):

Background

1. Kansas City Power & Light Company's ("KCPL" or "Company") tariff provides that "Commission staff shall perform prudence reviews no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10)..."¹ This tracks the language of Commission Rule 4 CSR 240-20.093(11) as authorized under § 393.1075.3 and § 393.1075.11 RSMo as supplemented.

2. The Staff's prudence review also complies with KCP&L's Demand Side Investment Mechanism Rider ("DSIM Rider") P.S.C. MO. No. 7, Original Sheet No. 49D Prudence Reviews paragraph which states in part "A prudence review shall be

¹ Kansas City Power & Light Company, P.S.C. MO. No. 7, Original Sheet No. 49D, "Prudence Reviews", Demand Side Investment Mechanism Rider, Schedule DSIM. Note the tariff sheet citation of 4 CSR 240-20.093(10) regarding prudence reviews has not been updated to reflect the rule number change to 4 CSR 240-20.093(11) effective October 30, 2017.

conducted no less frequently than at twenty-four (24) month intervals in accordance with 4 CSR 240-20.093(10)..."

3. Rule 4 CSR 240-20.093(11), in part, sets a timeline for certain activities related to the prudence review. It also established the following schedule by which certain events are to take place based on the date the Staff started its prudence review. The Staff filed its notice and began its prudence review of the costs associated with KCP&L's Demand-Side Programs Investment Mechanisms ("DSIM") on June 4, 2018.

November 1, 2018	Submission of Staff Recommendation
November 11, 2018	Request for hearing
December 31, 2018	Commission Order, if no hearing requested

Results of MEEIA Prudence Review and Recommendation

4. In accordance with 4 CSR 240-20.093(11)(B), Staff files its Report, including its recommendation, with the Commission regarding the results of its examination and analyses in this case.² The Staff's Energy Resources Department is responsible for conducting the prudence review. Staff's Report is attached as Appendix A.

5. Staff reviewed and examined a variety of items including the prudence of KCPL's DSIM program costs, annual energy and demand savings, the Company throughput disincentive ("TD"), and interest for the Review Period of April 1, 2016 through March 31, 2018. This Review Period includes the first program year 2016

² 4 CSR 240-20.093(11)(B) "The staff shall submit a recommendation regarding its examination and analysis to the commission...."

(“PY2016”) which ran from April 1, 2016 through March 31, 2017, and the second program year (“PY2017”) which ran from April 1, 2017 through March 31, 2018.

6. Based on its review, Staff has identified certain improper entertainment/general expenses and promotional giveaway expenses during the Review Period. Staff recommends that the Commission order an adjustment (“Ordered Adjustment” or “OA”) that will flow back to ratepayers an amount of \$48,481, including interest, in KCPL’s next Rider DSIM rate adjustment filing to compensate ratepayers for these improper MEEIA expenses. (See Report Section VII. Actual Program Costs, paragraph A. Administrative Cost (Table 4) and paragraph D. (Table 7) for a detailed explanation of the improper expenses that make up the proposed \$48,481 OA.

7. In conclusion, for this Review Period Staff has verified the reported 231,840,625 kWh of energy savings, 69,967 kW of demand savings and \$9,226,856 of actual TD for the MEEIA Cycle 2 Programs. During this review period KCPL incurred program costs of \$39,058,979 for its 16 MEEIA Cycle 2 programs.

WHEREFORE, in accordance with the Commission’s rules, the Staff recommends that the Commission approve and order an adjustment of \$48,481³ to be returned to KCPL’s customers in the Company’s next DSIM Rider filing and prays the Commission accept its Report of MEEIA Prudence Review.

³ This OA amount includes interest through March 31, 2018.

Respectfully submitted,

/s/ Robert S. Berlin

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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 1st day of November, 2018.

/s/ Robert S. Berlin

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**FIRST PRUDENCE REVIEW OF CYCLE 2 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
FOR THE ELECTRIC OPERATIONS
OF
KANSAS CITY POWER AND LIGHT COMPANY**

April 1, 2016 through March 31, 2018

FILE NO. EO-2018-0363

*Jefferson City, Missouri
November 1, 2018*

TABLE OF CONTENTS OF STAFF REPORT
FIRST PRUDENCE REVIEW OF CYCLE 2 COSTS
RELATED TO THE
MISSOURI ENERGY EFFICIENCY INVESTMENT ACT
FOR THE ELECTRIC OPERATIONS
OF
KANSAS CITY POWER AND LIGHT COMPANY

April 1, 2016 through March 31, 2018

FILE NO. EO-2018-0363

I.	EXECUTIVE SUMMARY	1
II.	MEEIA PROGRAMS.....	5
III.	PRUDENCE REVIEW PROCESS.....	6
IV.	PRUDENCE REVIEW STANDARD	6
V.	BILLED REVENUE.....	7
VI.	NEXANT TRACKING SOFTWARE.....	8
VII.	ACTUAL PROGRAM COSTS	10
	A. Administrative Cost	12
	B. Rebates and Incentives.....	14
	C. Implementation Contractors.....	15
	D. Marketing.....	17
	E. Evaluation, Measurement and Verification Contractors.....	20
VIII.	THROUGHPUT DISINCENTIVE.....	20
	A. Actual TD.....	20
	B. Gross Deemed Annual Energy and Demand Savings.....	22
IX.	EARNING OPPORTUNITY (“EO”)	23
X.	INTEREST COSTS	24

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FILE NO. EO-2018-0363

I. Executive Summary

The Missouri Public Service Commission (“Commission”) Staff (“Staff”) reviewed and analyzed a variety of items in examining whether Kansas City Power & Light (“KCPL” or “Company”) reasonably and prudently incurred costs associated with its demand-side programs and demand-side programs investment mechanism (“DSIM”) which were approved by the Commission’s *Order Approving Stipulation and Agreement Resolving KCPL’s MEEIA Filing* in Case No. EO-2015-0240 (“Cycle 2 Plan”).

This prudence review report (“Report”) reflects Staff’s first prudence review for KCPL’s Missouri Energy Efficiency Act¹ (“MEEIA”) demand-side programs and DSIM Cycle 2 costs in File No. EO-2015-0240 for the review period of April 1, 2016 through March 31, 2018 (“Review Period”). This report reflects prudence review costs for KCPL’s Cycle 2 program costs (“Program Costs”), annual energy and demand savings, throughput disincentive (“TD”), and interest. The total Review Period is comprised of the two (2) time periods.

1. The first time period is also called Cycle 2 program year 1 (“PY1”) or program year 2016 (“PY2016”). This is the time period beginning April 1, 2016 through March 31, 2017. The total amount of program costs for PY1 was \$17,816,194 and the actual TD was \$2,426,767.
2. The second time period is April 1, 2017 through March 31, 2018 (“PY2”) or (“PY2017”). The total amount of program costs reported was \$21,242,785 and the actual TD was \$6,800,089².

¹ Section 393.1075 RSMo 2016.

² Staff has identified that the March 31, 2018 Quarterly Surveillance Report, 12 month ending total is reported incorrectly. It appears that KCPL used 5 quarterly total and not 4 quarterly totals in the reporting of this balance.

Based on its review, Staff has identified a disallowance of entertainment/general expenses and promotional giveaway expenses during the Review Period, identified in Table 1 below. Staff is recommending an ordered adjustment (“OA”) in the amount of \$48,481, including interest³, in KCPL’s next Rider DSIM rate adjustment filing to adjust for these disallowed promotional and entertainment costs. The recommended OA amount is explained in detail later in this report.

Table 1				
Costs	Explanation of Costs	Disallowed Cost	Interest	Recommended Disallowance
Entertainment/General	Page 13	\$ 3,037	\$ 80	\$ 3,117
Promotional Giveaways	Page 18	\$ 44,356	\$ 1,008	\$ 45,364
Total		\$ 47,393	\$ 1,088	\$ 48,481

BACKGROUND

On August 28, 2015, KCPL filed, in Case No. EO-2015-0240, its application under the MEEIA and the Commission’s MEEIA rules⁴ for approval of KCPL’s second MEEIA application. On November 23, 2015, KCPL, GMO, Staff, Office of the Public Counsel, Missouri Division of Energy, Natural Resources Defense Council, National Housing Trust, Earth Island Institute, d/b/a Renew Missouri, United for Missouri, and West Side Housing Organization filed a *Non-Unanimous⁵ Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company’s MEEIA Filing* (“First Stipulation”).

Through its April 6, 2016 *Order Approving Non-Unanimous Stipulation And Agreement Resolving Kansas City Power and Light (“KCPL”) Company’s MEEIA Filing* in Case No. EO-2015-0240, the Commission authorized KCP&L to implement its three-year⁶ “Plan” including: 1) sixteen (16) demand-side programs (“MEEIA Programs”) described in KCP&L’s August 28, 2015 MEEIA application and modified to reflect the terms and conditions contained in the First Stipulation, 2) technical resource manual (“TRM”) and 3) a demand-side programs investment mechanism. In its March 23, 2016 *Order Approving Expedited Tariffs*, the

³ Interest calculated on disallowance through March 31, 2018.

⁴ 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094.

⁵ Brightergy was the only party that objected to the stipulation. A hearing was held on January 12, 2016.

⁶ Starting April 1, 2016 and ending March 31, 2019.

1 Commission approved rates⁷ for the Rider DSIM's⁸ and approved a DSIM Charge⁹ in Case No.
2 EO-2015-0240 to be effective on April 1, 2016.

3 The Commission's April 6, 2016 *Order Approving Second Stipulation and Agreement* in
4 Case No. EO-2015-0240 approved a *Non-Unanimous Stipulation and Agreement* ("Second
5 Agreement") that was filed March 17, 2016. The Second Agreement was agreed to by the
6 Company, Commission Staff, Office of the Public Counsel, Division of Energy, National
7 Housing Trust, West Side Housing Organization, Natural Resources Defense Council, Earth
8 Island Institute d/b/a Renew Missouri, and United for Missouri, Inc.¹⁰ The Second Agreement
9 replaced Appendix C of the First Agreement with a new Appendix 1 that modifies the incentive
10 ranges for two programs that were either not complete or inaccurate and it also replaced
11 Appendix I of the First Agreement with a new Appendix 2 that provides a complete list of DSM
12 measures for Cycle 2 programs that were inadvertently omitted in Appendix I.

13 Commission Rule 4 CSR 240-20.093(10) requires that the Staff conduct prudence
14 reviews of an electric utility's costs for its DSIM no less frequently than every twenty-four (24)
15 months approved DSIM Cycle 2. This report documents Staff's first review of the prudence of
16 KCP&L's Cycle 2 Program Costs, annual energy and demand savings, TD, and interest for the
17 Review Period.

18 Commission Rules 4 CSR 240-20.093(9) and 4 CSR 240-2.163(6) require that KCP&L
19 file quarterly a Surveillance Monitoring Report. Addendum A to this Report is Page 6 of KCPL's
20 Quarterly Surveillance Monitoring Reports ("QSMR") including status of the MEEIA Programs
21 and DSIM cost and savings for the quarter ended¹¹, and cumulative total ended March 31, 2018.

⁷ The residential and non-residential rates for the MEEIA DSIM Charge approved in Case No. EO-2015-0240 are \$0.00335 per kWh and \$0.00550 per kWh, respectively.

⁸ KCP&L Third Revised Sheet Nos 49 through Original Sheet No. 49P which all have an effective date of April 1, 2016.

⁹ From KCPL's Original Sheet No. 49F: Charges arising from the MEEIA Cycle 2 Plan that are the subject of this DSIM Rider shall be reflected in one "DSIM Charge" on customers' bills in combination with any charges arising from a rider that is applicable to post-MEEIA Cycle 2 Plan demand-side management programs approved under the MEEIA.

¹⁰ The Second Agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days passed and no party objected, therefore the Commission treated the Second Agreement as a unanimous stipulation and agreement.

¹¹ The 12 month ended total for Actual Program Costs on the March 31, 2018 QSMR was reported as \$29,559,402 but should be in the amount of \$21,242,785.

Table 2 identifies the line items and Review Period amounts from Addendum A which are the subject of Staff's prudence review.

Table 2		
Cumulative Totals for April 1, 2016 through March 31, 2018		
Category	Descriptor	Period Total
Total Program Costs (\$)	Billed	\$ 34,331,979
Total Program Costs (\$)	Actual	\$ 39,058,980
Total Program Costs (\$)	Variance	\$ 4,727,001
Total Program Costs (\$)	Interest	\$ 264,849
First Year Gross Annual Energy Savings (kWh)	Target	132,571,970
First Year Gross Annual Energy Savings (kWh)	Deemed Actual	231,840,625
First Year Gross Annual Energy Savings (kWh)	Variance	99,268,656
First Year Gross Annual Deemed Savings (kW)	Target	47,425
First Year Gross Annual Deemed Savings (kW)	Deemed Actual	69,967
First Year Gross Annual Deemed Savings (kW)	Variance	22,542
Throughput Disincentive Costs (\$)	Billed	\$ 7,392,767
Throughput Disincentive Costs (\$)	Actual	\$ 9,226,856
Throughput Disincentive Costs (\$)	Variance	\$ 1,834,089
Throughput Disincentive Costs (\$)	Interest	\$ 54,831

In evaluating prudence, Staff reviews whether a reasonable person making the same decision would find both the information the decision-maker relied on and the process the decision-maker employed to be reasonable based on the circumstances and information known at the time the decision was made, *i.e.*, without the benefit of hindsight. The decision actually made is disregarded; instead, the review evaluates the reasonableness of the information the decision-maker relied on and the decision-making process the decision-maker employed. If either the information relied upon or the decision-making process employed was imprudent, then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision resulted in harm to ratepayers, will Staff propose an adjustment. A more detailed discussion of the legal foundation for Staff's definition of imprudence is presented in the next section.

Staff Expert: Dana E. Eaves

II. MEEIA Programs

KCPL used various request for proposal (“RFP”) processes to contract: 1) implementers for its individual MEEIA Programs, 2) Evaluation, Measurement and Valuation (“EM&V”) contractor for its residential and business MEEIA Programs, and 3) comprehensive demand-side programs’ data management system Nexant, Inc. (“Nexant”).

Table 3 summarizes for each of the sixteen (16) MEEIA Programs: Commission-approved cumulative annual energy and demand savings targets, program implementers and program EM&V contractor:

Table 3				
2016-2018 KCPL Energy Efficiency Plan				
MEEIA Programs	3-Year MEEIA Target Savings Targets (kWh)	Annual Demand Savings Targets (kW)	Program Implementers	Program EM&V Contractors
Business - Standard	58,370,690	10,934	CLEAResult	Navigant
Business - Custom	44,361,460	12,128	CLEAResult	Navigant
Block Bidding	10,059,398	1,744	Overlay/CLEAResult	Navigant
Strategic Energy Management	9,027,253	2,021	CLEAResult	Navigant
Small Business Lighting	3,509,634	562	CLEAResult	Navigant
Business Programmable Thermostat	98,406	268	CLEAResult	Navigant
Business Online Energy Audit	-	-	Oracle	Navigant
Demand Response Incentive	-	15,000	CLEAResult/Oracle	Navigant
Home Lighting Rebate	24,692,870	2,498	ICF International	Navigant
Home Energy Report	13,861,941	2,866	Oracle	Navigant
Home Online Energy Audit	-	-	Oracle	Navigant
Residential Programmable Thermostat	4,388,076	11,967	Nest/CLEAResult	Navigant
Whole House Efficiency	17,468,256	4,322	ICF International	Navigant
Income-Eligible Home Energy Reports	1,682,756	474	Community Action Programs/DOE	Navigant
Income-Eligible Multifamily	10,577,132	1,543	ICF International	Navigant
Home Appliance Recycling				
KCPL Total	198,097,872	66,327		

Staff Expert: Dana E. Eaves

1 **III. Prudence Review Process**

2 On June 4, 2018, Staff initiated its second prudence review of costs of KCPL's DSIM¹²
3 in compliance with 4 CSR 240-20.093(10) as authorized under Sections 393.1075.3 and
4 393.1075.1, RSMo. This prudence review was performed by members of the Energy Resource
5 Department of the Staff. Staff obtained and analyzed a variety of documents, records, reports,
6 data request responses and work paper emails, and phone discussion with KCPL personnel to
7 complete its prudence review of costs for the Rider DSIM for the Review Period of April 1, 2016
8 through March 31, 2018. In compliance with 4 CSR 240-20.093(10), this prudence review was
9 completed within one-hundred-fifty (150) days of its initiation.

10 If the Commission were to order any disallowance of costs as a result of prudence
11 reviews and/or corrections, such a disallowance amount shall be returned to customers through
12 an OA in a Cycle 2 DSIM Rider rate adjustment filing.¹³

13 *Staff Expert: Dana E. Eaves*

14 **IV. Prudence Review Standard**

15 In *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*,
16 the Western District Court of Appeals stated the Commission defined its prudence standard
17 as follows:

18 [A] utility's costs are presumed to be prudently incurred.... However, the
19 presumption does not survive "a showing of inefficiency or improvidence...
20 [W]here some other participant in the proceeding creates a serious doubt as to
21 the prudence of expenditure, then the applicant has the burden of dispelling
22 these doubts and proving the questioned expenditure to have been prudent.

23 In the same case, the PSC noted that this test of prudence should not be based
24 upon hindsight, but upon a reasonableness standard: [T]he company's
25 conduct should be judged by asking whether the conduct was reasonable at
26 the time, under all the circumstances, considering that the company had to
27 solve its problem prospectively rather than in reliance on hindsight. In effect,
28 our responsibility is to determine how reasonable people would have
29 performed the tasks that confronted the company.

¹² The first and second prudence reviews are in File Nos. EO-2016-0183 and EO-2017-0209, respectively.

¹³ Kansas City Power & Light Company, P.S.C. MO. No. 7, Original Sheet No. 49D: OA = Ordered Adjustment is the amount of any adjustment to the DSIM ordered by the Commission as a result of prudence reviews and/or corrections under this DSIM Rider. Such amounts shall include monthly interest at the Company's monthly Short-Term Borrowing Rate.

954 S.W.2d 520, 528-29 (Mo. App. W.D., 1997) (citations omitted).

In reversing the Commission in that case, the Court did not criticize the Commission's definition of prudence, but held, in part, that to disallow a utility's recovery of costs from its ratepayers based on imprudence; the Commission must determine the detrimental impact of that imprudence on the utility's ratepayers. *Id.* at 529-30. This is the prudence standard Staff has followed in this review. Accordingly, Staff reviewed for prudence the areas identified and discussed below for KCPL's Rider DSIM.

Staff Expert: Dana E. Eaves

V. Billed Revenue

1. Description

For the Review Period, KCPL billed customers through a separate line item on customers' bills titled "DSIM Charge" to recover estimated energy efficiency programs' costs and estimated Company TD. The "DSIM Charge" is based on the customer's monthly consumption and the applicable energy efficiency investment rates approved by the Commission initially in Case Nos. EO-2015-0240, ER-2015-0141, ER-2015-0318, ER-2016-0147, ER-2016-0325, ER-2017-0167, ER-2017-0316, ER-2018-0152 and ER-2018-0357.

KCPL provided a random sample of customer actual bills¹⁴ that Staff reviewed and determined the appropriate rates were being charged to its customer for the recovery of program and TD costs.

During PY2016 KCPL billed customers \$11,461,121 to recover its estimated energy efficiency programs' costs. For the same period, KCPL actually spent \$17,816,194 on its energy efficiency programs. Thus KCPL under-collected \$6,355,073 from its customers for programs' costs during the PY2016 with interest on the under-collected amount in the amount of \$27,210. During PY2016 KCPL billed customers \$1,871,681 for estimated Company TD. The actual Company TD for PY2016 was \$2,426,767. Thus, KCPL under-collected \$555,085 from its customers for Company TD during PY2016.

During the PY2017 KCPL billed customers \$22,870,857 to recover its estimated energy efficiency programs' costs. During PY2017, KCPL actually spent \$21,242,785 on its energy

¹⁴ KCPL's response to Staff's Data Request No. 0010.

1 efficiency programs. Thus, KCPL over-collected \$1,628,785 from its customers for programs'
2 costs during the PY2017. During the PY2017, KCPL billed customers \$5,521,086 for estimated
3 Company TD. The actual Company TD for the PY2017 was \$6,800,120. Thus, KCPL under-
4 collected \$1,834,120 from its customers for Company TD during PY2017.

5 **2. Summary of Cost Implications**

6 If KCPL was imprudent in its decisions relating to the determination of the
7 “DSIM Charge” for customers’ bills, ratepayer harm could result in an increase in billed revenue.

8 **3. Conclusion**

9 Staff found no indication that KCPL has acted imprudently regarding the determination
10 of the “DSIM Charge” for customers’ bills.

11 **4. Documents Reviewed**

- 12 a. KCPL’s 2016 - 2018 MEEIA Plan;
- 13 b. Approved MEEIA Energy Efficiency and Demand Side Management
- 14 Programs Tariff Sheets;
- 15 c. KCPL’s Quarterly Surveillance Monitoring Reports, Page 6;
- 16 d. KCPL’s DSM Advisory Group Quarterly Reports; and
- 17 e. Staff Data Requests; 0002, 0004, 0010, 0015, 0020, 0030 and 0032.

18 *Staff Expert: Dana E. Eaves*

19 **VI. Nexant Tracking Software**

20 **1. Description**

21 KCPL contracted in January 2016 for an integrated software tracking system called
22 Nexant to allow KCPL to store, manage and process data for its DSM portfolio over each
23 programs’ life-cycles for KCPL’s Cycle 2 Plan. Nexant specifically allowed KCPL to develop
24 operating rules for its approved energy efficiency programs, process customers’ applications,
25 support processing and payment of incentives (rebates)¹⁵ and provide regulatory compliance and
26 management reporting. Before KCPL contracted with Nexant it considered four vendors, and
27 Nexant was selected based on the best overall score for the criteria of meeting core requirements,

¹⁵ Incentives that are paid by the utility can be in the form of a fixed amount rebate, either direct payment to customers or through a store buy-downs.

1 company experience and performance, growth opportunity, pricing, diversity participation, and
2 KCPL Information Technology involvement needed.

3 Staff reviewed the controls KCPL has developed to assure demand-side program
4 incentive payments are accounted for properly. Staff also reviewed the incentive amounts paid to
5 customers to make sure they complied with incentive levels for individual measures approved for
6 each energy efficiency program. Data management and recordkeeping is critical for the proper
7 administration of Rider DSIM. Staff found during its review that while some programs in Nexant
8 reporting did match the incentives reported in the general ledger from Table 3, other programs
9 did not match total incentives reported. However, KCPL provided in Data Request No. 0022
10 a reconciliation of incentives paid to residential and commercial customers for the
11 Review Period.

12 The primary implementers that are able to use this tracking system are CLEAResult and
13 ICF. CLEAResult uses all of the business programs and the Thermostat Programs, and ICF uses
14 Home Lighting, Whole House Efficiency, and Income Eligible Multi Family Programs. For the
15 low volume programs the incentive amounts and energy and demand savings amounts are
16 manually put into the Nexant system.

17 KCPL granted Staff remote on-line access to the Nexant system for Staff's use in
18 conducting Staff's MEEIA prudence review. Staff reviewed a sample of customer data, incentive
19 levels, and annual energy and demand savings for all of KCPL's approved energy efficiency
20 programs. Staff found the Nexant system does not provide a complete auditable trail of costs
21 from time of application to time of payment of incentives. Staff had to rely on KCPL's general
22 ledger to accurately review program costs. Nexant allowed Staff to verify deemed annual energy
23 and demand savings at a total program level of detail. Staff had to request annual energy and
24 demand savings detail for each program to verify savings reported in Nexant matched the
25 savings in the Company's workpapers and Quarterly Surveillance Reports. Staff found there
26 were two programs, Business Thermostat and Residential Thermostat, which did not report
27 accurate savings in Nexant.

28 The Company has stated it has not utilized Nexant as much as it had hoped, but it
29 continues to use a method of tracking and accounting for the savings and incentives for the
30 thermostat programs. While the Company was able to verify and reconcile incentive levels and
31 annual energy and demand savings for the programs, Staff recommends KCPL continue to

1 develop the Nexant tracking system in such a manner to allow for all data associated with
2 installed measures to be tracked through Nexant so KCPL can eliminate the current need of
3 additional manual tracking processes outside of Nexant.

4 **2. Summary of Cost Implications**

5 If KCPL was imprudent in its decisions relating to the administration and implementation
6 of the Nexant system, ratepayer harm could result in an increase in future DSIM Charge
7 amounts.

8 **3. Conclusion**

9 Staff found no indication that KCP&L has acted imprudently regarding the
10 implementation and administration of the Nexant system.

11 **4. Documents Reviewed**

- 12 a. KCPL's Cycle 2 Plan;
- 13 b. Approved MEEIA Energy Efficiency and Demand Side Management
- 14 Programs Tariff Sheets;
- 15 c. Staff Data Requests; 0008, 0012, 0022 and
- 16 d. KCPL MEEIA Vender and Implementer Contracts.

17 *Staff Expert: Brooke Mastrogiannis*

18 **VII. Actual Program Costs**

19 KCPL's program costs include incentive payments; program administration costs for
20 residential and business programs; and strategic initiative program costs for general, accounting,
21 regulatory, administrative, implementation, and marketing costs.

22 Staff reviewed all actual program costs KCPL is seeking to recover through its
23 "DSIM Charge" to ensure only reasonable and prudently incurred costs are being recovered
24 through the Rider DSIM. Staff reviewed and analyzed for prudence KCPL's adherence to
25 contractual obligations, adequacy of controls, and compliance with approved tariff sheets. KCPL
26 provided Staff with accounting records for all programs' costs it incurred during the Review
27 Period. Staff categorized these costs by program and segregated them between incentive
28 payments and program administrative costs. The results are depicted in Table 4 shown below.

Table 3 Actual Rebate and Program Cost Totals Programs' Costs April 1, 2016 through March 31, 2018			
	TOTAL COSTS	REBATES	PROGRAM ADMINISTRATION
RESIDENTIAL:			
Income Eligible Multi Family	\$ 1,262,209	\$ 1,085	\$ 1,261,123
Res Programmable Thermostat	\$ 5,661,759	\$ 22,550	\$ 5,639,209
On-line Home Energy Audit	\$ 223,927		\$ 223,927
Home Energy Reports	\$ 1,248,296		\$ 1,248,296
Income Eligible Home Energy Reports	\$ 406,030		\$ 406,030
Home Lighting Rebate	\$ 3,540,662	\$ 1,724,926	\$ 1,815,737
Whole House Efficiency	\$ 3,959,224	\$ 1,774,072	\$ 2,185,152
Home Appliance Recycling			
Subtotal Residential Programs	\$ 16,302,106	\$ 3,522,633	\$ 12,779,473
R&P - Business Comms App*	\$ 50,226		\$ 50,226
R&P - Water & Energy*	\$ 20,396		\$ 20,396
Demand Response Incentive	\$ 1,126,724	\$ 791,898	\$ 334,826
Bus Programmable Thermostat	\$ 145,439		\$ 145,439
On-line Business Energy Audit	\$ 37,164		\$ 37,164
Business Custom	\$ 3,413,305	\$ 1,013,607	\$ 2,399,698
Strategic Energy Management	\$ 882,899	\$ 322,472	\$ 560,426
Block Bidding	\$ 458,164	\$ 11,549	\$ 446,615
Small Bus Direct Install	\$ 1,246,769	\$ 624,461	\$ 622,308
Business Standard	\$ 15,375,788	\$ 11,905,421	\$ 3,470,367
Subtotal Business Programs	\$ 22,756,874	\$ 14,669,408	\$ 8,087,465
Total Program Costs	\$ 39,058,980	\$ 18,192,042	\$ 20,866,938
COSTS BY SUBACCOUNTS:			
Customer Rebates	\$ 8,192,042		
Program Delivery	\$ 5,165,369		
Evaluation, Measurement and Verification	\$ 1,433,186		
Marketing	\$ 1,794,693		
Administrative	\$ 2,473,690		
Accounting/Regulatory	0		
Implementation	0		
Total Program Costs	\$ 39,058,980		
*Research and development budget as detailed in Stipulation and Agreement			

1 KCPL incurs administrative costs that are directly related to the implementation of its
2 approved energy efficiency programs. Staff uses the term “administrative” to mean all costs
3 other than incentives¹⁶. Staff reviewed each administrative category of cost to determine the
4 reasonableness of each individual item of cost and if the costs being sought for recovery were
5 directly related to energy efficiency programs and recoverable from customers through the
6 “DSIM Charge”.

7 KCPL provides incentive payments to its customers as part of its approved energy
8 efficiency programs. Incentive payments are an important instrument for encouraging investment
9 in energy efficient technologies and products by lowering higher upfront costs for energy
10 efficiency measures compared to the cost of standard measures. Incentive payments can also
11 complement other efficiency policies such as appliance standards and energy codes to help
12 overcome market barriers for cost-effective technologies.

13 KCPL has also developed internal controls that allow for review and approval at various
14 stages of the accounting of costs for its energy efficiency programs. KCPL has developed
15 internal procedures that provide program managers and other reviewers a detailed and approved
16 method for reviewing invoices. KCPL provided a flowchart to explain the invoice receipt,
17 approval, and payment process. KCPL also provided Staff with their policies related to
18 reimbursement of employee-incurred business expenses and approval authority for business
19 transactions.

20 **A. Administrative Cost**

21 **1. Description**

22 Staff requested the Company provide invoices related to travel costs and promotional
23 expenses. After reviewing these paid invoices, Staff finds that invoices and reimbursements
24 which total \$3,036.97, as identified in the table below, were not related to the implementation of
25 MEEIA programs and should not be recoverable through the KCPL’s Rider DSIM.

¹⁶ Incentives are program costs for direct and indirect incentive payments to encourage customer and/or retail partner participation in programs and the costs of measures which are provided at no cost as part of a program.

Table 4				
Date on Invoice	Vendor Name	Invoice Amount	Purpose/Description of Invoice	Amount Allocated to KCPL
4/27/2016	StubHub	\$ 383.21	4 KC Royals game tickets for 5-13-16 (no purpose on receipt)	\$ 383.21
8/25/2016	Worlds of Fun/Oceans of Fun	\$ 437.75	8 single day admissions	\$ 234.75
9/6/2016	Athletics at Royals	\$ 257.60	4 Craft and Draft Royals tickets for winner of Zombie Night	\$ 128.85
3/3/2017	Amazon	\$ 17.01	Book: "Dream Home: The Property Brothers' Ultimate guide to Finding & Fixing Your Perfect House" by Jonathan Scott.	\$ 17.01
3/11/2017	Party City Independence	\$ 185.90	candy	\$ 185.90
6/2/2017	Target	\$ 802.39	2 Ipads and 2 Ipad covers	\$ 401.20
7/6/2017	Stubhub	\$ 147.89	6 royals tickets (7/21)and parking for all who worked MEEIA event: 6/30, 7/21, 8/7	\$ 147.89
7/6/2017	Stubhub	\$ 113.11	5 royals tickets (7/21) and parking for all who worked MEEIA event: 6/30, 7/21, 8/7	\$ 113.11
7/19/2017	Kansas City Royals	\$ 325.00	23 parking passes-Royals game-for all who worked MEEIA event: 6/30, 7/21, 8/7	\$ 325.00
8/2/2017	Kansas City Royals	\$ 707.00	tickets/parking so volunteers can work the royals Activation for MEEIA.	\$ 707.00
8/4/2017	Kansas City Royals	\$ 12.00	1 parking fee so volunteers can work the royals Activation for MEEIA.	\$ 12.00
1/16/2017	Cosentinos Fine Foods	\$ 283.15	catering--food for 1-17-17 meeting--30 people	\$ 283.15
1/14/2017	Costco Overland Park	\$ 42.47	snacks for 4DX lunches--20 to 40 attendees 1/17-1/19	\$ 42.47
11/9/2016	Feelings Gift Shop Chicago	\$ 16.42	no details on receipt	\$ 16.42
12/22/2016	Christopher Elbow Chocolates KC	\$ 39.01	"16 pc Holiday Collection" (no purpose on receipt)	\$ 39.01
	TOTAL	\$3,769.91		\$ 3,036.97

2. Summary of Cost Implications

If KCPL was imprudent in its decisions relating to the administration and implementation of the residential and business energy efficiency programs, ratepayers could be harmed due to potential increased future DSIM Charge amounts.

1 **3. Conclusion**

2 Staff has identified entertainment/general expenses which are non-MEEIA related and
3 should not be recoverable through the DSIM Charge. Staff is proposing the Commission order an
4 Ordered Adjustment (“OA”) for Staff’s proposed disallowance of \$3,036.97 plus interest of
5 \$79.80 through October 31, 2018, for a total disallowance of \$3,116.77.

6 **4. Documents Reviewed**

- 7 a. 2016 Stipulation;
8 b. DSIM Rider;
9 c. Approved MEEIA Energy Efficiency and Demand Side Management
10 Programs Tariff Sheets; and
11 d. Staff Data Requests; 0001, 0009, 00014, 0018 and 0019.

12 *Staff Expert: Lisa Wildhaber*

13 **B. Rebates and Incentives**

14 **1. Description**

15 KCPL provides rebates and incentive payments based upon the type and nature of
16 measures installed by customers to promote the adaption of energy efficiency measures. Staff
17 reviewed the rebate and incentive amounts to ensure KCPL was providing the proper incentive
18 level agreed to in its MEEIA plan.

19 **2. Summary of Cost Implications**

20 If KCPL was imprudent in providing the wrong level of rebates or incentives to its
21 customers, ratepayer harm could result from increased future DSIM Charge amounts.

22 **3. Conclusion**

23 Staff found no indication that KCPL has acted imprudently regarding paying out plan
24 rebates or incentives.

25 **4. Documents Reviewed**

- 26 a. KCPL’s Cycle 2 Plan;
27 b. Approved MEEIA Energy Efficiency and Demand Side Management
28 Programs Tariff Sheets; and
29 c. Staff Data Requests; 0006, 0018, 0021, 0029 and 0032.

30 *Staff Expert: Dana E. Eaves*

C. Implementation Contractors

1. Description

KCPL hired business partners for design, implementation and delivery of its portfolio of residential and business energy efficiency programs to customers. Contracting with competent, experienced and reliable program implementers is extremely important to the success of KCPL's energy efficiency programs and for affording KCPL's customers the greatest benefits.

KCPL issued RFPs for program implementers to directly administer one or more of KCPL's energy efficiency programs. KCPL selected and contracted with the organization identified in Table 2 to implement individual MEEIA Programs. All of the implementers identified on Table 2 are nationally recognized contractors that have credible histories of energy efficiency programs' design and implementation.

Staff reviewed KCPL's relationship with its implementers to gauge if KCPL acted prudently in the selection and oversight of its program implementers. Staff examined the contracts between KCPL and the implementers in an effort to determine if the terms of the contract were followed during the implementation of the residential and business programs. Staff also reviewed a large sample of over 400 invoices paid to the implementers identified in Table 2, and reconciled these costs to the general ledger, program costs in Data Request No. 0018.

Comparing actual cumulative deemed annual energy and demand savings relative to the planned cumulative annual energy and demand savings for the same period is important to understanding the overall performance of KCPL's energy efficiency programs and its implementation contractors.

Table 6 below provides a comparison of achieved energy and demand savings and planned deemed energy and demand savings for KCPL's residential and business programs for the Review Period. If KCPL was unable to achieve its planned energy and demand savings levels, that could be an indication the programs were not being prudently administered by the implementers and by KCPL. Although some of KCPL's individual programs did not meet energy savings targets, the programs total achieved performance allowed KCPL to meet and exceed its overall energy efficiency portfolio annual energy saving and demand savings targets.

Table 6						
April 1, 2016 through March 31, 2018						
MEEIA Programs	Achieved Annual Energy Savings (kWh)	Planned Annual Energy Savings (kWh)	Variance	Achieved Annual Demand Savings (kW)	Planned Annual Demand Savings (kW)	Variance
Business - Standard	132,721,811	38,892,115	93,829,696	23,249	7,289	15,960
Business - Custom	11,311,976	29,335,804	(18,023,828)	1,551	8,020	(6,469)
Block Bidding	225,771	5,029,699	(4,803,928)	19	872	(853)
Strategic Energy Management	16,267,234	6,018,169	10,249,065	-	1,348	(1,348)
Small Business Lighting	4,812,628	2,101,096	2,711,532	813	337	476
Business Programmable Thermostat	137,676	65,604	72,072	375	179	196
Business Online Energy Audit	-	-	-	-	-	-
Demand Response Incentive	-	-	-	13,768	13,000	768
Home Lighting Rebate	24,024,914	14,992,100	9,032,814	2,406	1,508	898
Home Appliance Recycling Rebate	-	4,119,560	(4,119,560)	-	688	(688)
Home Energy Report	14,538,221	13,504,463	1,033,758	3,462	2,866	596
Income-Eligible Home Energy Report	3,899,215	1,820,541	2,078,674	319	474	(155)
Home Online Energy Audit	-	-	-	-	-	-
Residential Programmable Thermostat	7,195,650	2,925,384	4,270,266	19,679	7,978	11,701
Whole House Efficiency	9,104,132	6,556,808	2,547,324	3,549	1,911	1,638
Income-Eligible Weatherization	-	-	-	-	-	-
Income-Eligible Multi-family	7,601,397	7,210,627	390,770	778	956	(178)
KCPL Total	231,840,625	132,571,970	99,268,655	69,968	47,426	22,542

2

3

2. Summary of Cost Implications

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6

If KCPL was imprudent in its decisions related to the selection and supervision of its program implementers, ratepayer harm could result in an increase in the future DSIM Charge amounts.

7

3. Conclusion

8

9

Staff found no indication that KCPL has acted imprudently regarding the selection and supervision of its program implementers.

1 **4. Documents Reviewed**

- 2 a. KCPL's Cycle 2 Plan;
- 3 b. Approved MEEIA Energy Efficiency and Demand Side Management
- 4 Programs Tariff Sheets; and
- 5 c. Staff Data Requests; 0006, 0018, 0021, 0029 and 0032.

6 *Staff Expert: Brooke Mastrogiannis*

7 **D. Marketing**

8 **1. Description**

9 KCPL provided Staff with its general ledger of all MEEIA related program costs for

10 April 1, 2016 – March 31, 2018, and Staff reviewed these costs for prudence. Staff was able to

11 sort costs by program. KCPL also provided Staff with invoices to support marketing payments.

12 From these invoices, Staff reviewed KCPL's marketing related expenses from April 2016

13 through March 2018. During the Review Period, KCPL spent a total of \$1,794,693.45 on

14 marketing related to its MEEIA Programs. The Company used various media sources and third

15 party vendors to promote its MEEIA Programs. KCPL's advertising vendors included

16 Global Prairie, ICF Resources, Harvest Graphics, and Clearesult Consulting. For the

17 determination of prudence in this case the Staff utilized the Kansas City Power and Light

18 advertising standard that was adopted by the Commission in Case No. EO-85-185 et al.

19 The commission has recognized the following five categories to determine the treatment of

20 allowing or disallowing advertising expenses:

- 21 1. General: informational advertising that is useful in the provision of adequate
- 22 service;
- 23 2. Safety: advertising which covers the ways to safely use electricity and to avoid
- 24 accidents;
- 25 3. Promotional: advertising used to encourage or promote the use of electricity;
- 26 4. Institutional: advertising used to improve the company's public image; and
- 27 5. Political: advertising associated with political issues.

28 The Commission utilized these categories of advertising expenses to explain that a utility's

29 revenue requirement should always include the reasonable and necessary cost of general and

30 safety advertisements; never include the cost of institutional or political advertisements; and

include the cost of promotional advertisements only to the extent the utility can provide cost-justification for the advertisements.

The Commission utilized these categories of advertising expenses to explain that a utility's revenue requirement should always include the reasonable and necessary cost of general and safety advertisements; never include the cost of institutional or political advertisements; and include the cost of promotional advertisements only to the extent the utility can provide cost-justification for the advertisements.

Based on Staff's application of the Commission's past treatment of advertising in previous general rate cases, Staff is proposing a disallowance of costs contained in Table 7 because they fall into the Institutional category and are non-MEEIA related.

Table 7

DATE ON INVOICE	INVOICE NUMBER	VENDOR NAME	INVOICE AMOUNT	PURPOSE/DESCRIPTION OF INVOICE	KCPL PORTION
5/27/2016	2DP1904383	Davidson Promotional Products	\$ 443.93	"25 Deluxe Executive Padfolio" + setup charge, Deboss mold	\$ 147.97
5/31/2016	2DP1905864	Davidson Promotional Products	\$ 479.27	"25 Leeman Tuscany Executive Chargers" + setup charge	\$ 159.75
6/6/2016	2DP1906377	Davidson Promotional Products	\$ 583.70	250 laser pointer metal pens	\$ 210.14
7/15/2016	2DP1923631	Davidson Promotional Products	\$ 487.84	250 sugarless peppermint chewing gum	\$ 258.56
7/11/2016	2DP1924650	Davidson Promotional Products (AIA Services)	\$ 1,568.48	1,050 "GoodValue Silver Shine Ballpoint Pen"	\$ 831.29
7/28/2016	2DP1926444	Davidson Promotional Products (AIA Services)	\$ 679.82	1,050 "GoodValue Ultra Clip"	\$ 679.82
9/2/2016	2DP1951193	Davidson Promotional Products (AIA Services)	\$ 7,855.79	5,000 BOLT LED Wristband	\$ 3,927.90
3/23/2017	2DP2046639	Davidson Promotional Products (AIA Services)	\$ 1,242.37	1,000 sugar free peppermint gum	\$ 1,242.37
5/5/2017	533794	Clayman Promotional Group	\$ 42.84	1 Cutter & Buck dress shirt with KCP&L on left chest	\$ 42.84
5/19/2017	2DP2074700	Davidson Promotional Products (AIA Services)	\$ 3,213.00	2,500 "Tres' Chic Softy Pen"	\$ 3,213.00
6/2/2017	2DP2074697	Davidson Promotional Products (AIA Services)	\$ 444.75	25 PEVA Lined Backpack Coolers	\$ 444.75
6/13/2017	2DP2074699	Davidson Promotional Products (AIA Services)	\$ 4,327.92	400 Adrian Vacuum Tumblers 20 oz	\$ 2,163.96
6/14/2017	2DP2087793	Davidson Promotional Products (AIA Services)	\$ 11,245.50	10,000 Mini Cellphone fan and Android 2-in-1 USB Mobilephone Fan	\$ 5,622.75
6/29/2017	2DP2095786	Davidson Promotional Products (AIA Services)	\$ 566.91	50 Bustle Bluetooth Earbuds	\$ 283.46
6/29/2017	2DP2095916	Davidson Promotional Products (AIA Services)	\$ 1,512.06	1,015 Coolie 24 oz	\$ 756.03
6/29/2017	2DP2096229	Davidson Promotional Products (AIA Services)	\$ 1,064.76	200 "PopSocket Phone Accessory"	\$ 532.38
6/29/2017	2DP2097335	Davidson Promotional Products (AIA Services)	\$ 798.75	500 Ruberized Mirrored Sunglasses	\$ 399.37
6/29/2017	2DP2098073	Davidson Promotional	\$ 1,086.33	500 Anti-Stress Spinners	\$ 543.16

DATE ON INVOICE	INVOICE NUMBER	VENDOR NAME	INVOICE AMOUNT	PURPOSE/DESCRIPTION OF INVOICE	KCPL PORTION
		Products (AIA Services)			
7/24/2017	2DP2108865	Davidson Promotional Products (AIA Services)	\$ 8,482.32	8,000 "Tres' Chic Softy Pen"	\$ 4,241.16
8/28/2017	2DP2124784	Davidson Promotional Products (AIA Services)	\$ 877.15	250 spotlight keychain flashlights	\$ 438.58
7/24/2017	2DP2107548	Davidson Promotional Products (AIA Services)	\$ 4,636.70	8,134 Pocket Coolie	\$ 2,318.35
7/24/2017	2DP2108272	Davidson Promotional Products (AIA Services)	\$ 14,142.56	8,000 anti stress spinner	\$ 7,071.28
7/27/2017	2DP2110103	Davidson Promotional Products (AIA Services)	\$ 7,893.27	8,000 GoodValue Ultra Clip	\$ 3,946.63
9/27/2017	126501	G & G Outfitters	\$ 727.42	12 Nike Dri Fit Micro Sport shirt "artwork title: KCP&L/Chiefs lockup"	\$ 363.71
11/15/2017	2DP2122068	Davidson Promotional Products (AIA Services)	\$ 1,263.64	200 Chester Journal Book Sets	\$ 631.82
8/31/2017	2DP2107745	Davidson Promotional Products (AIA Services)	\$ 5,021.25	4,000 Maxi Mini Fans	\$ 2,510.63
6/30/2016	597225	G & G Outfitters	\$ 866.16	24 Easy Care Shirts X-Large	\$ 866.16
2/6/2018	2DP2199030	Davidson Promotional Products (AIA Services)	\$ 508.07	5 Dri Duck cheyenne Hooded Boulder cloth Jacket w/ Tricot Quilt Lining	\$ 508.07
		TOTAL	\$82,062.56		\$44,355.89

2. Summary of Cost Implications

If KCPL was imprudent in its decisions related to management of its marketing for the MEEIA Programs, ratepayer harm could result in an increase in future DSIM Charge amounts.

3. Conclusion

Staff finds that some promotional giveaway expenses are non-MEEIA related (i.e., promotional give-away items and should be disallowed: wristbands, pens, mini-fans, anti-stress spinners). Costs of these items should not be recoverable through the DSIM Charge. Therefore, Staff is proposing an adjustment of \$44,355.89 plus interest of \$1,008.38 through October 31, 2018, for a total proposed disallowance of \$45,364.27.

4. Documents Reviewed

- Case No. EO-85-185, Case No. ER-2008-0318 and Case No. and ER-2014-0258 Cost of Service Report pages 113-115;
- MEEIA Program Costs April 2016 – March 2018; and
- Staff Data Requests; 0019 and 0033.

Staff Expert: Lisa Wildhaber

1 **E. Evaluation, Measurement and Verification Contractors**

2 **1. Description**

3 KCPL is required to hire independent contractor(s) to perform and report EM&V of each
4 Commission-approved demand-side program. Commission rules allow KCPL to spend
5 approximately 5% of its total program costs budget for EM&V.¹⁷ Navigant Consulting, Inc.
6 (“Navigant”) conducted and reported the EM&V results for KCPL’s Cycle 2 demand-side
7 programs.

8 During the Review Period, KCPL expended \$1,433,186 for EM&V, which represents
9 3.67% of the \$39,058,980 total programs’ costs. Thus, the costs associated with the EM&V did
10 not exceed the 5% maximum cap.

11 **2. Summary of Cost Implications**

12 If KCPL was imprudent in its decisions relating to the selection and supervision of its
13 EM&V contractors then ratepayer harm could result in an increase in future DSIM Charge
14 amounts.

15 **3. Conclusion**

16 Staff found no indication that KCPL has acted imprudently regarding the selection and
17 supervision of its EM&V contractors.

18 **4. Documents Reviewed**

- 19 a. KCPL’s Cycle 2 Plan;
20 b. Approved MEEIA Energy Efficiency and Demand Side Management
21 Programs Tariff Sheets; and
22 c. Staff Data Requests; 0001, 0002, 0005, 0009, 0019 and 0021.

23 *Staff Expert: Dana E. Eaves*

24 **VIII. Throughput Disincentive**

25 **A. Actual TD**

26 **1. Description**

27 For a utility that operates under a traditional regulated utility model a “throughput
28 incentive” is created when a utility’s increase in revenues is linked directly to its increase in

¹⁷ 4 CSR 240-20.094(7)(A) Each utility’s EM&V budget shall not exceed five percent (5%) of the utility’s total budget for all approved demand-side program costs.

1 sales. This relationship between revenues and sales creates a financial disincentive for the utility
2 to engage in any activity that would decrease sales, such as utility sponsored energy efficiency
3 programs.

4 The TD allows the utility to recover its lost margin revenues associated with the
5 successful implementation of the MEEIA programs. The TD calculation is described in KCPL's
6 tariff Sheet Nos. 49I through 49L and tariff Sheet No. 49P (for the net margin revenue rates).
7 Generally the TD for each program is determined by multiplying the monthly energy savings¹⁸
8 by the net margin revenue rates and by the initial net to gross factor of 0.85 for contemporaneous
9 TD recovery.

10 Staff has verified each component of the TD calculation that was provided by KCPL in
11 the Quarterly Surveillance Reports, Page 6. Staff has also verified the TD calculation
12 workpapers, and compared the kWh savings impact and TD with the MEEIA rate adjustment
13 filings, along with the Quarterly Surveillance Reports. Staff found no discrepancies in the
14 reconciliation between KCPL's TD calculation workpapers, Quarterly Surveillance Reports, and
15 the MEEIA rate adjustment filings. The MEEIA rate adjustment filings and the Quarterly
16 Surveillance Reports both demonstrate TD that customers are responsible for paying is
17 \$9,226,856.

18 **2. Summary of Cost Implications**

19 If KCPL was imprudent in its reporting and/or calculating the Company TD, ratepayer
20 harm could result in an increase DSIM Charge amounts.

21 **3. Conclusion**

22 Staff found no indication that KCPL has acted imprudently regarding the calculation of
23 its TD.

24 **4. Documents Reviewed**

- 25 a. KCPL's Cycle 2 Plan;
- 26 b. 2016 Stipulation and Agreement- approved 11-23-15;
- 27 c. Tariff sheets 49-49P and Appendix J;
- 28 d. KCP&L work papers included in Case No. ER-2017-0167, ER-2017-0316,
29 ER-2018-0152, and ER-2018-0357; and

¹⁸ Monthly savings are obtained by taking annual savings and applying annual loadshapes contained in Appendix J of the First Stipulation.

1 e. Staff Data Requests; 0012 and 0012S.

2 *Staff Expert: Brooke Mastrogiannis*

3 **B. Gross Deemed Annual Energy and Demand Savings**

4 **1. Description**

5 Staff reviewed the monthly calculation of kWh savings from KCPL's MEEIA Programs
6 calculated with the Nexant software. KCPL provided Staff its Nexant software program files to
7 show how the kWh savings were calculated during the Review Period. Staff chose a sample of
8 monthly measure counts actually installed for each program. From this sampling Staff was able
9 to verify KCPL's actual gross deemed annual energy savings calculations for the Review Period.

10 To begin its review of KCPL's calculations of its monthly kWh savings for the Review
11 Period, Staff reviewed the version of Nexant that KCPL provided to Staff to verify that it is the
12 same version of the TRM specified in the First Stipulation. The version used in the Nexant
13 software does agree to the TRM values used in the First Stipulation¹⁹.

14 The Company provided tab "TRM comparison" which supports the kWh savings based
15 on standard measures. This tab has a pivot table of the detail project savings pulled from Nexant
16 with a calculation of the kWh and kW savings per measure set alongside a pivot of measures
17 from the TRM. Staff was able to match every line of measure savings reported to the TRM.

18 To review the usage of the same values for calculated kWh savings, Staff compared the
19 "TRM comparison" tabs in each Nexant's programs' batch files located in the CD provided for
20 supplemental Data Request No. 0012. The programs' batch files provided was only for the
21 programs based on standard measures. Staff did not find any incorrect values for kWh savings
22 for the programs with standard measures. However, Staff did find different values for the
23 Thermostat programs when reconciling the Data Request No. 0012 TD calculation and Nexant.
24 The Company told Staff the Nexant data is not complete for the Thermostat programs, and the
25 TD calculation workpapers are correct.

26 Then, Staff performed KCPL's monthly programs benefits calculations using Nexant
27 software the Company provided in Data Request No. 0012 supplemental response. In these files,
28 Staff was provided with the kWh per unit, kW per unit, the library measure name, and the
29 quantity installed. Staff was able to calculate the kWh calculated savings by using this

¹⁹ The TRM was updated April 7, 2017.

1 information. Staff was then able to verify this information to the original Data Request
2 No. 0012, TD calculation kWh savings at the meter. Staff was also able to verify the kWh per
3 unit and kW per unit, for each measure, with the updated TRM the Company also provided on
4 the CD for supplemental Data Request No. 0012.

5 To calculate an aggregated deemed energy and demand savings for the MEEIA
6 programs, Staff followed the procedures as detailed for each program in the First Stipulation.
7 With these procedures, Staff was able to verify the reported 231,840,625 kWh of energy savings
8 and 69,967 kW of demand savings for the MEEIA Programs during the Review Period. Staff
9 was able to verify this by reconciling the Quarterly Surveillance Reports, the Nexant data base,
10 and the Company's workpapers provided.

11 **2. Summary of Cost Implications**

12 If KCP&L was imprudent in its decisions related to calculating the gross energy and
13 demand savings of each program, ratepayer harm could result in an increase in future DSIM
14 Charge amounts.

15 **3. Conclusion**

16 Staff found no indication that KCPL has acted imprudently regarding the calculation of
17 the gross energy and demand savings.

18 **4. Documents Reviewed**

- 19 a. KCPL's Cycle 2 Plan;
- 20 b. Quarterly Surveillance Reports
- 21 c. First Stipulation;
- 22 d. Technical Resource Manual updated 4-7-17; and
- 23 e. Staff Data Requests; 0008, 0012 and 0012S.

24 *Staff Expert: Brooke Mastrogiannis*

25 **IX. Earning Opportunity ("EO")**

26 **1. Description**

27 KCPL's EO is designed to provide a substitute for earnings lost on physical plant that
28 was not built by KCPL because of KCPL's MEEIA DSM programs. In KCPL's First Stipulation,
29 EO will be determined at the conclusion of the current MEEIA cycle and upon full retrospective
30 EM&V. Also, KCPL's Original Sheet No. 49H defines EO as:

“Cycle 2 Earnings Opportunity” (EO) means the incentive ordered by the Commission based on actual performance verified through EM&V against planned targets. The Company’s EO will be \$7.4M if 100% of the planned targets are achieved. EO is capped at \$15.5M, which reflects adjustment for TD verified by EM&V. Potential Earnings Opportunity adjustments are described on Sheet No. 49M. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found in 49P.

For this review period an EO has not been awarded, therefore a review of the EO component was not performed.

2. Summary of Cost Implications

If KCPL was imprudent in its reporting and/or calculating of the EO ratepayer harm could result in an increase in future DSIM Charge amounts.

3. Conclusion

Staff has verified that KCPL is not seeking any recovery of an earnings opportunity in this Review Period.

4. Documents Reviewed

- a. KCPL’s Cycle 2 Plan;
- b. KCPL’s Quarterly Surveillance Monitoring Report, Page 6; and
- c. Staff Data Requests; 0002, 0019, 0020 and 0022.

Staff Expert: Dana E. Eaves

X. Interest Costs

1. Description

During the Review Period KCPL reported the interest amount accrued for the Company’s Cycle 2 program costs and TD as reported on Page 6 of KCPL’s March 31, 2018 QSMR had a cumulative balance of \$264,849 and \$54,831²⁰, respectively. Because KCPL under-recovered program costs and TD from customers, the cumulative interest amount as of March 31, 2018 would be included by KCPL in its DSIM Rider.

²⁰ Staff found that ending interest balance March 31, 2018 balance was correct, however some period totals were not reported correctly or did not contain the appropriate footnote describing the error and subsequent correction in KCPL’s Quarterly Surveillance Monitoring reports.

1 The First Stipulation provides that for program costs and TD: “To the extent that
2 KCP&L/GMO has over-recovered, such over-recoveries shall be returned to customers with
3 interest at KCP&L/GMO’s short-term borrowing rate. To the extent that KCP&L/GMO has
4 under-recovered, such under-recoveries shall be recovered from the customers with interest at
5 KCP&L/GMO’s short-term borrow rate”²¹

6 Because KCPL under-recovered program costs and TD from customers, the interest
7 amount as of March 31, 2018 would be included in regulatory liability balance (with interest) as
8 of the end of the last period used to update or true-up the test year used for setting new electric
9 rates in such a general electric rate proceeding shall be amortized over three years and the
10 resulting annual amount included in the revenue requirement used to determine base rates in that
11 general electric rate proceeding.

12 **2. Summary of Cost Implications**

13 If KCPL was imprudent in its reporting and/or calculating of the interest associated to
14 over- or under-recovery of energy efficiency programs’ costs and/or Company TD, ratepayer
15 harm could result in an increase in future DSIM Charge amounts.

16 **3. Conclusion**

17 Staff has verified that KCPL interest calculations and interest amounts for inclusion in its
18 March 31, 2018, SMR are correct and are calculated properly on a monthly basis as provided in
19 the response provided in Staff Data Request No. 0004 for the review period.

20 **4. Documents Reviewed**

- 21 a. KCPL’s Cycle 2 Plan;
- 22 b. KCPL’s Annual DSM Report;
- 23 c. KCPL’s Quarterly Surveillance Monitoring Report; and
- 24 d. Staff Data Requests; 0004 and 0009.

25 *Staff Expert: Kory J. Boustead*

²¹ EO-2015-0240 *In the Matter of Kansas City Power & Light Company’s Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs investment Mechanism, NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING MEEIA FILINGS.*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review)
of Kansas City Power and Light Company's)
("KCPL") Implementation of its Cycle 2)
Energy Efficiency Programs in Furtherance)
of the Missouri Energy Efficiency)
Investment Act ("MEEIA"))

File No. EO-2018-0363

AFFIDAVIT OF KORY J. BOUSTEAD

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW KORY J. BOUSTEAD and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

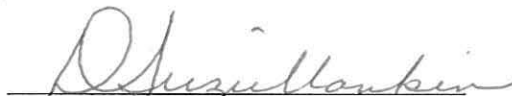
Further the Affiant sayeth not.


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 31st day of October 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

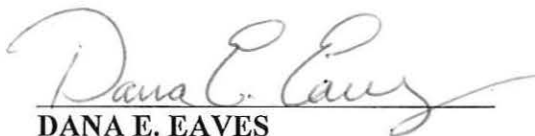
In the Matter of the First Prudence Review)	
of Kansas City Power and Light Company's)	File No. EO-2018-0363
("KCPL") Implementation of its Cycle 2)	
Energy Efficiency Programs in Furtherance)	
of the Missouri Energy Efficiency)	
Investment Act ("MEEIA"))	

AFFIDAVIT OF DANA E. EAVES

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

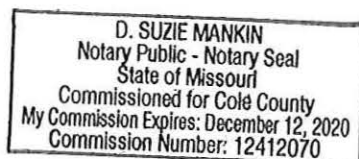
COMES NOW DANA E. EAVES and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to his best knowledge and belief.

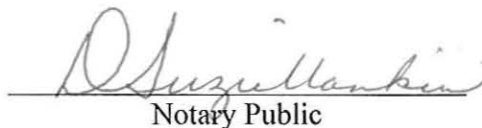
Further the Affiant sayeth not.


DANA E. EAVES

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 31st day of October 2018.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review)
of Kansas City Power and Light Company's)
("KCPL") Implementation of its Cycle 2)
Energy Efficiency Programs in Furtherance)
of the Missouri Energy Efficiency)
Investment Act ("MEEIA"))

File No. EO-2018-0363

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
)
COUNTY OF COLE)

ss.

COMES NOW BROOKE MASTROGIANNIS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

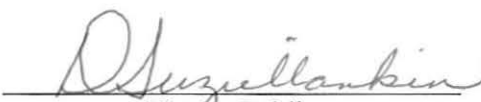
Further the Affiant sayeth not.


BROOKE MASTROGIANNIS

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 31st day of October 2018.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the First Prudence Review)	
of Kansas City Power and Light Company's)	File No. EO-2018-0363
("KCPL") Implementation of its Cycle 2)	
Energy Efficiency Programs in Furtherance)	
of the Missouri Energy Efficiency)	
Investment Act ("MEEIA"))	

AFFIDAVIT OF LISA WILDHABER

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW LISA WILDHABER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report - First Prudence Review of Cycle 2 Costs*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

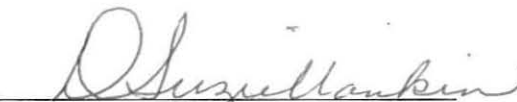


LISA WILDHABER

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 31st day of October 2018.





Notary Public

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2016
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 1,613,180	\$ 1,613,180	\$ 1,613,180
Total Program Costs (\$)	(1) Actual	\$ 2,558,281	\$ 2,558,281	\$ 2,558,281
Total Program Costs (\$)	(6) Variance	\$ 945,100	\$ 945,100	\$ 945,100
Total Program Costs (\$)	(7) Interest	\$ 3,896	\$ 3,896	\$ 3,896
First Year Gross Annual Energy Savings (kWh)	(2) Target	14,873,885	14,873,885	14,873,885
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	4,499,750	4,499,750	4,499,750
First Year Gross Annual Energy Savings (kWh)	Variance	(10,374,135)	(10,374,135)	(10,374,135)
First Year Gross Annual Demand Savings (kW)	(3) Target	13,247	13,247	13,247
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	10,679	10,679	10,679
First Year Gross Annual Demand Savings (kW)	Variance	(2,567)	(2,567)	(2,567)
Throughput Disincentive Costs (\$)	Billed	\$ 194,132	\$ 194,132	\$ 194,132
Throughput Disincentive Costs (\$)	(5) Actual	\$ 296,227	\$ 296,227	\$ 296,227
Throughput Disincentive Costs (\$)	(6) Variance	\$ 102,094	\$ 102,094	\$ 102,094
Throughput Disincentive Costs (\$)	(7) Interest	\$ 215	\$ 215	\$ 215

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2016
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,386,111	\$ 4,999,291	\$ 4,999,291
Total Program Costs (\$)	(1) Actual	\$ 4,091,191	\$ 6,649,472	\$ 6,649,472
Total Program Costs (\$)	(6) Variance	\$ 705,081	\$ 1,650,181	\$ 1,650,181
Total Program Costs (\$)	(7) Interest	\$ 2,414	\$ 6,310	\$ 6,310
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,430,158	30,304,043	30,304,043
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	18,444,446	22,944,195	22,944,195
First Year Gross Annual Energy Savings (kWh)	Variance	3,014,287	(7,359,848)	(7,359,848)
First Year Gross Annual Demand Savings (kW)	(3) Target	6,736	19,982	19,982
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	7,845	18,440 (8)	18,440
First Year Gross Annual Demand Savings (kW)	Variance	1,110	(1,542)	(1,542)
Throughput Disincentive Costs (\$)	Billed	\$ 530,454	\$ 724,586	\$ 724,586
Throughput Disincentive Costs (\$)	(5) Actual	\$ 798,258	\$ 1,098,198 (9)	\$ 1,098,198
Throughput Disincentive Costs (\$)	(6) Variance	\$ 267,804	\$ 373,612	\$ 373,612
Throughput Disincentive Costs (\$)	(7) Interest	\$ 1,059	\$ 1,279 (9)	\$ 1,279

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2016
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 2,940,667	\$ 7,939,958	\$ 7,939,958
Total Program Costs (\$)	(1) Actual	\$ 3,910,071	\$ 9,499,578	\$ 9,499,578
Total Program Costs (\$)	(6) Variance	\$ 969,403	\$ 1,559,619	\$ 1,559,619
Total Program Costs (\$)	(7) Interest	\$ 4,789	\$ 11,099	\$ 11,099
First Year Gross Annual Energy Savings (kWh)	(2) Target	20,419,471	50,723,514	50,723,514
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	21,627,033	44,542,283	44,542,283
First Year Gross Annual Energy Savings (kWh)	Variance	1,207,562	(6,181,231)	(6,181,231)
First Year Gross Annual Demand Savings (kW)	(3) Target	4,246	24,228	24,228
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	4,684	23,152	23,152
First Year Gross Annual Demand Savings (kW)	Variance	437	(1,076)	(1,076)
Throughput Disincentive Costs (\$)	Billed	\$ 459,699	\$ 1,184,285	\$ 1,184,285
Throughput Disincentive Costs (\$)	(5) (10) Actual	\$ 497,133	\$ 1,592,849	\$ 1,592,849
Throughput Disincentive Costs (\$)	(6) Variance	\$ 37,434	\$ 408,564	\$ 408,564
Throughput Disincentive Costs (\$)	(7) (10) Interest	\$ 1,830	\$ 3,107	\$ 3,107

Footnotes:

- (1) Actual program costs incurred.
(2) Target energy savings (kWh) savings.
(3) Target demand savings (kW) savings.
(4) Actual demand and energy savings.
(5) Throughput disincentive on kWh savings at NTG Factor of 85%.
(6) Under- or (over) collection.
(7) Carrying costs on under- or over-collection at short-term borrowing rate.
(8) 2nd Quarter kWh savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 2,865 kWh and Small Business Direct Install decreased by 31,810 kWh.
(9) 1st and 2nd Quarter kW savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 2 kW and 37 kW, respectively, and Small Business Direct Install decreased by 0 and 11 kW, respectively.
(10) 2nd Quarter TD and Interest were slightly revised: Actual Company TD at NTG Factor of 85% decreased \$2,483 and Interest for Company TD Recovery decreased \$2.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2017
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,521,163	\$ 11,461,121	\$ 11,461,121
Total Program Costs (\$)	(1) Actual	\$ 8,316,617	\$ 17,816,194	\$ 17,816,194
Total Program Costs (\$)	(6) Variance	\$ 4,795,454	\$ 6,355,073	\$ 6,355,073
Total Program Costs (\$)	(7) Interest	\$ 16,111	\$ 27,210	\$ 27,210
First Year Gross Annual Energy Savings (kWh)	(2) Target	20,048,622	70,772,136	70,772,136
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	66,907,786	111,450,069	111,450,069
First Year Gross Annual Energy Savings (kWh)	Variance	46,859,164	40,677,933	40,677,933
First Year Gross Annual Demand Savings (kW)	(3) Target	4,142	28,370	28,370
First Year Gross Annual Demand Savings (kW)	(4) (9) Deemed Actual	13,334	36,485	36,485
First Year Gross Annual Demand Savings (kW)	Variance	9,192	8,115	8,115
Throughput Disincentive Costs (\$)	Billed	\$ 687,396	\$ 1,871,681	\$ 1,871,681
Throughput Disincentive Costs (\$)	(5) (10) Actual	\$ 833,918	\$ 2,426,767	\$ 2,426,767
Throughput Disincentive Costs (\$)	(6) Variance	\$ 146,522	\$ 555,085	\$ 555,085
Throughput Disincentive Costs (\$)	(7) (10) Interest	\$ 2,348	\$ 5,454	\$ 5,454

Footnotes:

- (1) Actual program costs incurred.
(2) Target energy savings (kWh) savings.
(3) Target demand savings (kW) savings.
(4) Actual demand and energy savings.
(5) Throughput disincentive on kWh savings at NTG Factor of 85%.
(6) Under- or (over) collection.
(7) Carrying costs on under- or over-collection at short-term borrowing rate.
(8) 2nd Quarter kWh savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 2,865 kWh and Small Business Direct Install decreased by 31,810 kWh.
(9) 1st and 2nd Quarter kW savings were slightly revised for two programs: Business Energy Efficiency Rebate - Standard increased by 2 kW and 37 kW, respectively, and Small Business Direct Install decreased by 0 and 11 kW, respectively.
(10) 2nd Quarter TD and Interest were slightly revised: Actual Company TD at NTG Factor of 85% decreased \$2,483 and Interest for Company TD Recovery decreased \$2.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended June 30, 2017
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 3,371,779	\$ 13,219,720	\$ 14,832,901
Total Program Costs (\$)	(1) Actual	\$ 8,066,002	\$ 23,323,916	\$ 25,882,196
Total Program Costs (\$)	(6) Variance	\$ 4,694,223	\$ 10,104,195	\$ 11,049,296
Total Program Costs (\$)	(7) Interest	\$ 55,960	\$ 79,273	\$ 83,169
First Year Gross Annual Energy Savings (kWh)	(2) Target	18,473,787	74,372,038	89,245,923
First Year Gross Annual Energy Savings (kWh)	(4) Deemed Actual	57,779,593	164,729,913	169,229,662
First Year Gross Annual Energy Savings (kWh)	Variance	39,305,806	90,357,875	79,983,739
First Year Gross Annual Demand Savings (kW)	(3) Target	16,855	31,978	45,225
First Year Gross Annual Demand Savings (kW)	(4) Deemed Actual	27,374	53,263	63,860
First Year Gross Annual Demand Savings (kW)	Variance	10,520	21,285	18,635
Throughput Disincentive Costs (\$)	Billed	\$ 731,578	\$ 2,409,127	\$ 2,603,259
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,554,528	\$ 3,681,354	\$ 3,981,295
Throughput Disincentive Costs (\$)	(6) Variance	\$ 822,950	\$ 1,272,227	\$ 1,378,035
Throughput Disincentive Costs (\$)	(7) Interest	\$ 5,613	\$ 10,848	\$ 11,068

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended September 30, 2017
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 5,938,336	\$ 15,771,946	\$ 20,771,237
Total Program Costs (\$)	(1) Actual	\$ 5,324,083	\$ 25,616,773	\$ 31,206,279
Total Program Costs (\$)	(6) Variance	\$ (614,253)	\$ 9,844,827	\$ 10,435,043
Total Program Costs (\$)	(7) Interest	\$ -	\$ 76,859	\$ 83,169
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,827,024	78,320,625	101,521,226
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	18,572,303	171,687,715	184,338,872
First Year Gross Annual Energy Savings (kWh)	Variance	2,745,279	93,367,089	82,817,646
First Year Gross Annual Demand Savings (kW)	(3) Target	4,132	32,708	39,357
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	7,193	56,770	61,019
First Year Gross Annual Demand Savings (kW)	Variance	3,061	24,063	21,662
Throughput Disincentive Costs (\$)	Billed	\$ 1,308,924	\$ 3,187,597	\$ 3,912,183
Throughput Disincentive Costs (\$)	(5) Actual	\$ 2,205,474	\$ 5,091,053	\$ 6,186,769
Throughput Disincentive Costs (\$)	(6) Variance	\$ 896,550	\$ 1,903,456	\$ 2,274,586
Throughput Disincentive Costs (\$)	(7) Interest	\$ 11,680	\$ 21,471	\$ 22,748

Footnotes:

(1) Actual program costs incurred.

(2) Target energy savings (kWh) savings.

(3) Target demand savings (kW) savings.

(4) Actual demand and energy savings.

(5) Throughput disincentive on kWh savings at NTG Factor of 85%.

(6) Under- or (over) collection.

(7) Carrying costs on under- or over-collection at short-term borrowing rate.

(8) Per discussion with MPSC Staff, kWh and kW savings for the quarter ended 06/30/2017 previously reported were reduced 3,463,093 kWh's and 10,034 kW's to report savings from the Home Energy Report, Income-Eligible Home Energy Reports and Demand Response Incentive programs on an incremental basis.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended December 31, 2017
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 6,482,727	\$ 19,314,005	\$ 27,253,963
Total Program Costs (\$)	(1) Actual	\$ 4,733,407	\$ 26,440,109	\$ 35,939,687
Total Program Costs (\$)	(6) Variance	\$ (1,749,319)	\$ 7,126,104	\$ 8,685,723
Total Program Costs (\$)	(7) Interest	\$ 64,652	\$ 207,003	\$ 218,102
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,827,024	77,279,900	117,348,251
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	23,669,472	178,182,154	208,008,344
First Year Gross Annual Energy Savings (kWh)	Variance	7,842,448	100,902,254	90,660,093
First Year Gross Annual Demand Savings (kW)	(3) Target	4,124	32,586	43,481
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	6,087	58,173	67,106
First Year Gross Annual Demand Savings (kW)	Variance	1,963	25,588	23,625
Throughput Disincentive Costs (\$)	Billed	\$ 1,283,361	\$ 4,011,258	\$ 5,195,543
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,466,694	\$ 6,060,614	\$ 7,653,463
Throughput Disincentive Costs (\$)	(6) Variance	\$ 183,334	\$ 2,049,356	\$ 2,457,919
Throughput Disincentive Costs (\$)	(7) Interest	\$ 15,491	\$ 35,132	\$ 38,239

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.

Kansas City Power & Light Company
Quarter Ended, 12 Months Ended and Cumulative Cycle 2 Total Ended March 31, 2018
SURVEILLANCE MONITORING REPORT
Missouri Energy Efficiency Investment Act of 2009 (MEEIA)
Status of MEEIA Demand-Side Programs and Demand-Side Programs Investment Mechanism
For MEEIA Cycle 2 Started April 1, 2016

DSM Program Name	Start Date	Planned End Date	Actual End Date
Business Energy Efficiency Rebate - Standard	04/01/16	3/31/2019	
Business Energy Efficiency Rebate - Custom	04/01/16	3/31/2019	
Strategic Energy Management	04/01/16	3/31/2019	
Block Bidding	04/01/16	3/31/2019	
Small Business Direct Install	04/01/16	3/31/2019	
Business Programmable Thermostat	04/01/16	3/31/2019	
Demand Response Incentive	04/01/16	3/31/2019	
Online Business Energy Audit	04/01/16	3/31/2019	
Home Lighting Rebate	04/01/16	3/31/2019	
Home Appliance Recycling Rebate	04/01/16	3/31/2019	5/11/2016
Home Energy Report	04/01/16	3/31/2019	
Income-Eligible Home Energy Report	04/01/16	3/31/2019	
Whole House Efficiency	04/01/16	3/31/2019	
Income-Eligible Multi-Family	04/01/16	3/31/2019	
Residential Programmable Thermostat	04/01/16	3/31/2019	
Online Home Energy Audit	04/01/16	3/31/2019	

Category	Descriptor	Quarter Ended	12 Months Ended	Cumulative Total
Total Program Costs (\$)	Billed	\$ 7,078,015	\$ 26,392,020	\$ 34,331,979
Total Program Costs (\$)	(1) Actual	\$ 3,119,293	\$ 29,559,402	\$ 39,058,980
Total Program Costs (\$)	(6) Variance	\$ (3,958,722)	\$ 3,167,382	\$ 4,727,001
Total Program Costs (\$)	(7) Interest	\$ 46,748	\$ 253,751	\$ 264,849
First Year Gross Annual Energy Savings (kWh)	(2) Target	15,223,719	96,055,340	132,571,970
First Year Gross Annual Energy Savings (kWh)	(4) (8) Deemed Actual	23,832,281	206,241,435	231,840,625
First Year Gross Annual Energy Savings (kWh)	Variance	8,608,562	110,186,095	99,268,656
First Year Gross Annual Demand Savings (kW)	(3) Target	3,944	36,530	47,425
First Year Gross Annual Demand Savings (kW)	(4) (8) Deemed Actual	2,861	61,035	69,967
First Year Gross Annual Demand Savings (kW)	Variance	(1,083)	24,505	22,542
Throughput Disincentive Costs (\$)	Billed	\$ 2,197,224	\$ 6,208,482	\$ 7,392,767
Throughput Disincentive Costs (\$)	(5) Actual	\$ 1,573,393	\$ 7,634,007	\$ 9,226,856
Throughput Disincentive Costs (\$)	(6) Variance	\$ (623,831)	\$ 1,425,525	\$ 1,834,089
Throughput Disincentive Costs (\$)	(7) Interest	\$ 16,592	\$ 51,724	\$ 54,831

Footnotes:

- (1) Actual program costs incurred.
- (2) Target energy savings (kWh) savings.
- (3) Target demand savings (kW) savings.
- (4) Actual demand and energy savings.
- (5) Throughput disincentive on kWh savings at NTG Factor of 85%.
- (6) Under- or (over) collection.
- (7) Carrying costs on under- or over-collection at short-term borrowing rate.