

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

In the Matter of the First Prudence Review of)
KCP&L Greater Missouri Operations)
Company's Implementation of Energy)
Efficiency Programs in Furtherance of the)
Missouri Energy Efficiency Investment Act)
(MEEIA).)

File No. EO-2015-0180

STAFF'S REPORT OF FIRST MEEIA PRUDENCE AUDIT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Report of First MEEIA Prudence Audit* ("Report"), respectfully states to the Missouri Public Service Commission ("Commission"):

Background

1. KCP&L Greater Missouri Operations Company's ("GMO") 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(10) as authorized under § 393.1075.3 and § 393.1075.11 RSMo Supp. 2013.

2. The Staff's prudence audit also complies with the *Non-Unanimous Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* approved by the Commission in File No. EO-2012-0009, which states in part (paragraph) "22. Prudence Review. A prudence review in accordance with 4 CSR 240-20.093(10) shall be conducted..."²

¹ KCP&L Greater Missouri Operations Company, MO.P.S.C. , Original Sheet No. R-63.01.2, "E. Prudency Review."

² "The Non-Unanimous Stipulation and Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing is approved." P. 3, *Order Approving Non-Unanimous Stipulation And Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing*, effective November 25, 2012.

3. Rule 4 CSR 240-20.093(10), in part, requires: “The Staff shall file notice within ten (10) days of starting its prudence audit.” It also establishes the following schedule by which certain events are to take place based on the date the Staff starts its prudence audit. The Staff filed its *Notice of Start of First MEEIA Prudence Audit* on February 3, 2015.

Monday, July 6, 2015 ³	Submission of Staff Recommendation
Monday, July 13, 2015	Request for hearing
Tuesday, September 1, 2015	Commission Order, if no hearing requested

4. Staff initiated its first prudence audit of the costs associated with GMO’s Demand-Side Programs Investment Mechanisms (“DSIM”) on February 3, 2015.

Results of Prudence Audit

5. In accordance with the above rule, Staff files its Report with the Commission regarding the results of its examination and analyses in this case. The Staff’s Energy Resource Analysis Section was responsible for conducting the prudence audit. Staff’s Report is attached as Appendix A, in both Highly Confidential “HC” and public formats.

6. Staff reviewed and examined a variety of items including GMO’s DSIM program costs, the Company TD-NSB Share⁴ and interest associated with the 2013-

³ The 150 day period falls on Friday, July 3, 2015, a legal holiday. Pursuant to Commission Rule 4 CSR 240-2.050(1) the deadline is extended until the following workday, Monday, July 6, 2015.

⁴ “TD-NSB” is GMO’s “throughput disincentive-net shared benefits” and represents the 2013 present values of the lifetime avoided costs (i.e., avoided energy, capacity, transmission and distribution, and probable environmental compliance costs for the 2013-2015 Energy Efficiency Plan using deemed values.

2015 Energy Efficiency Plan. As a result of the audit performed for the review period of January 26, 2013 through December 31, 2014, the Staff found no imprudence on the part of GMO's decision makers as explained in detail in Staff's Report.

WHEREFORE, in accordance with the Commission's Rules, the Staff prays the Commission accept its Report of First MEEIA Prudence Audit.

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 6th day of July, 2015.

/s/ Robert S. Berlin