

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 10th
day of August, 2016.

In the Matter of the First Prudence Review of)
Kansas City Power & Light Company)
Implementation of Energy Efficiency Programs in)
Furtherance of the Missouri Energy Efficiency)
Investment Act (MEEIA).)

File No. EO-2016-0183

ORDER APPROVING STAFF'S MEEIA PRUDENCE AUDIT

Issue Date: August 10, 2016

Effective Date: August 31, 2016

On January 15, 2016, the Commission's Staff filed a notice indicating that it started its first Missouri Energy Efficiency Investment Act ("MEEIA")¹ Prudence Audit of the costs associated with Kansas City Power and Light Company's ("KCP&L") Demand-Side Investment Mechanisms (DSIM).² Upon completion of its audit, Staff filed its report on June 13.

Staff evaluated KCP&L's DSIM costs during the period of June 6, 2014, through December 31, 2015 (Cycle 1). Staff reported 126,126,686 kWh of energy savings, 42,657 kW of demand savings, and \$10,558,858 of actual throughput disincentive for KCP&L's MEEIA Cycle 1 Program. Staff's audit identified \$6,000 of non-MEEIA solar-based training seminar costs that Staff recommends be disallowed from KCP&L's

¹ Section 393.1075, RSMo. (Cum.Supp. 2013).

² The Commission approved KCP&L's demand-side programs and DSIM in File No. EO-2014-0095.

program costs. Staff argues that the training for solar measures does not reduce demand for or the amount of electricity consumed on the customer's side of the meter, as required by the MEEIA statute. Since solar measures do not reduce demand on the customer's side of the meter and the seminar was not part of the company's approved MEEIA plan, Staff recommends the Commission order an adjustment of \$6,000 plus interest be returned to KCP&L's customers.³

On June 23, KCP&L filed a response to Staff's audit. KCP&L asserted that Staff mischaracterized as a solar-based training seminar costs for a research study. KCP&L stated the research study's costs should be considered MEEIA-eligible since it provided insight on customers' interest in combined heat and power, storage, and distributed generation options that may assist the company in developing future MEEIA programs. Although KCP&L argued that the study was a prudent MEEIA cost, undertaken to gain data from customers, the company did not request a hearing on the issue.

In evaluating prudence, the Commission will determine if KCP&L's conduct was reasonable at the time, under all circumstances, and without reliance on hindsight.⁴ The MEEIA statute authorizes the implementation of Commission-approved demand-side programs with a goal of achieving cost-effective demand-side savings. For recovery to be permitted, the program must result in energy or demand savings that are beneficial to all customers in the customer class in which the programs are proposed. KCP&L failed to show how the disputed seminar costs are part of its Commission approved MEEIA programs or how they result in demand savings that benefit all customers in the

³ Staff's audit also identified

⁴ *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*, 954 S.W.2d 520 (Mo. App. W.D. 1997).

class. The Commission finds that the inappropriate inclusion of the seminar training costs would detrimentally impact customers through higher rates.

The Commission finds Staff's report and recommendation regarding KCP&L's first MEEIA prudence review to be reasonable and will approve it. Because no one requested a hearing on Staff's recommendation, and because the regulation sets a deadline for the Commission to issue an order, the Commission will make this order effective in less than thirty days.

THE COMMISSION ORDERS THAT:

1. Staff's Report of First MEEIA Prudence Audit of KCP&L's energy efficiency program is approved.
2. In the company's next DSIM Rider filing, KCP&L shall include \$6,000 plus interest be returned to its customers.
3. This order shall be effective on August 31, 2016.
4. This file shall be closed on September 1, 2016.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, and Rupp, CC., concur;
Coleman, C., absent.

Burton, Senior Regulatory Law Judge.


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 10th day of August 2016.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 10, 2016

File/Case No. EO-2016-0183

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

James Owen
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

**Kansas City Power & Light
Company**

Robert Hack
1200 Main, 19th Floor
P.O. Box 418679
Kansas City, MO 64141-9679
rob.hack@kcpl.com

**Kansas City Power & Light
Company**

Roger W Steiner
1200 Main Street, 19th Floor
P.O. Box 418679
Kansas City, MO 64105-9679
roger.steiner@kcpl.com

Missouri Division of Energy

Alexander Antal
301 West High St.
P.O. Box 1157
Jefferson City, MO 65102
Alexander.Antal@ded.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.