

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

In the Matter of KCP&L Greater Missouri Operations)	
Company's Application to Discontinue Certain)	<u>File No. ET-2015-0161</u>
Demand-Side Management Programs)	Tariff JE-2015-0237

STAFF RECOMMENDATION TO APPROVE PROPOSED TARIFF SHEETS

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

1. On January 12, 2015, KCP&L Greater Missouri Operations Company ("GMO" or "Company") filed an application to discontinue its Multi-Family Rebate Program and Energy Star® New Homes demand-side management ("DSM") programs. With the application, the company filed ten (10) proposed tariff sheets bearing an effective date of February 11, 2015.

2. On January 14, 2015, the Commission issued its Order directing Staff to file a recommendation no later than January 30, 2015.

3. On January 26, 2015, GMO filed seven (7) substitute tariff sheets to freeze, rather than discontinue, the tariff sheets in order to allow several pending projects to be completed but to prevent future applicants from being approved under the programs.

4. Staff's Memorandum, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order 1) approving the proposed revised tariff sheets GMO filed on January 12 and substituted on January 26, 2015 and 2) ordering GMO to notify Staff once final payment has been made for each of the frozen DSM programs.

5. 4 CSR 240-20.094(5) allows utilities to “file an application with the Commission to discontinue demand-side programs by filing information and documentation required by 4 CSR 240-3.164(5). The commission shall approve or reject such applications...within thirty (30) days of the filing of an application under this section only after providing an opportunity for a hearing.”

6. The information from the utility required by 4 CSR 240-3.164(5) consists of an explanation for GMO’s decision to request discontinuance of its demand-side program, EM&V reports for the demand-side program to be discontinued, and the date by which a final EM&V report for the program will be filed.

7. Staff has determined that GMO complies with Commission Rule 4 CSR 240-3.164(5). Staff has verified that GMO is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed tariff sheets, as filed on January 12 and substituted on January 26, 2015, to become effective on February 11, 2015, as requested by GMO:

P.S.C. MO. No. 1

13th Revised Sheet No. R-3 Cancelling 12th Revised Sheet No. R-3;

5th Revised Sheet No. R-63 Cancelling 4th Revised Sheet No. R-63;

3rd Revised Sheet No. R-63.01 Cancelling 2nd Revised Sheet No. R-63.01;

1st Revised Sheet No. R-63.04 Cancelling Original Sheet No. R-63.04;

1st Revised Sheet No. R-63.05 Cancelling Original Sheet No. R-63.05;

1st Revised Sheet No. R-63.06 Cancelling Original Sheet No. R-63.06;

3rd Revised Sheet No. R-64.05 Cancelling 2nd Revised Sheet No. R-64.05;

1st Revised Sheet No. R-64.06 Cancelling Original Sheet No. R-64.06;

1st Revised Sheet No. R-64.07 Cancelling Original Sheet No. R-64.07; and

1st Revised Sheet No. R-64.08 Cancelling Original Sheet No. R-64.08.

Staff further recommends the Commission order GMO to notify Staff once final payment has been made for the Multi-Family Rebate program and Energy Star® New Homes DSM programs.

Respectfully submitted,

/s/ Marcella L. Mueth

Marcella L. Mueth
Assistant Staff Counsel
Missouri Bar No. 66098

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 30th day of January, 2015.

/s/ Marcella L. Mueth

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ET-2015-0161, Tariff Tracking No. JE-2015-0237
KCP&L Greater Missouri Operations Company

FROM: Jason Huffman, Utility Regulatory Auditor II
Hojong Kang, Utility Regulatory Economist III
Curtis Gateley, Utility Policy Analyst II

/s/ John Rogers 1/30/2015
Energy Resource Analysis Unit / Date

/s/ Robert S. Berlin 1/30/2015
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation for Approval of Company's Application to Freeze Certain Demand-Side Management Programs and for Approval of Revisions to Tariff Sheets

DATE: January 30, 2015

On January 12, 2015, KCP&L Greater Missouri Operations Company ("GMO") filed ten (10) proposed tariff sheets bearing an effective date of February 11, 2015, and its application to discontinue its Multi-Family Rebate and Energy Star New Homes demand-side management programs based on GMO's evaluation, measurement and verification ("EM&V") final reports for program year 2013 ("PY2013"). The Commission assigned the tariff sheets Tariff Tracking No. JE-2015-0237. On January 14, 2015, the Commission directed that its Staff file a recommendation in this case no later than January 30, 2015.

On January 26, 2015, as a result of discussion it had with the Commission's Staff, GMO filed seven (7) substitute tariff sheets (Sheet Nos. R-63.04 through R-63.06, and 64.05 through R-64.08) to freeze – and not to discontinue – the seven tariff sheets in order to allow several pending projects to be completed and to not allow any future applicants to be approved under the Multi-Family Rebate and Energy Star New Homes programs.

Staff has completed its review of the application and filed materials and recommends the Commission: 1) approve the tariff sheets to go into effect on February 11, 2015, and 2) order GMO to notify the Commission's Staff once final payment has been made for each of the frozen DSM programs. The filing requirements of 4 CSR 240-3.164(5)¹ were satisfied by GMO.

¹When an electric utility files to discontinue a demand-side program as described in 4 CSR 240-20.094(5), the electric utility shall file the following information. All models and spreadsheets shall be provided as executable versions in native format with all formulas intact.

- (A) Complete explanation for the utility's decision to request to discontinue a demand-side program.
- (B) EM&V reports for the demand-side program in question.
- (C) Date by which a final EM&V report for the demand-side program will be filed.

With this tariff filing and pursuant to Section 393.1075, RSMo, 4 CSR 240-20.094(5)² and 4 CSR 240-3.164(5), GMO proposes to freeze two (2) programs from its Missouri Energy Efficiency Investment Act ("MEEIA") portfolio³ of demand-side programs: (1) Multi-Family Rebate program, and (2) Energy Star New Homes program. If the Commission determines that this filing is likely to become a contested case, GMO has also requested a waiver of the sixty (60) day notice requirement by Rule 4 CSR 240-4.020(2)(B), because it is in the best interest of ratepayers that the two (2) programs be frozen as soon as possible, since the programs are not cost effective. As of this date, the Commission has made no such determination.

GMO is requesting to freeze the Multi-Family Rebate Program (currently described on 2nd Revised Sheet No. R-64.05 and Original Sheet Nos. R-64.06, R-64.07, and R-64.08) due to the program not being cost effective as a result of a low level of program participation since inception. This program overlaps with GMO's Business Energy Efficiency Rebate Program and only applies to retrofits of existing facilities. Because owners are not responsible for renters' energy costs, they may not perceive a direct benefit from investing in energy efficiency. Additionally, this market segment is hard to reach. There was one participant in 2013, and in 2014 GMO received only one application for participation in 2014. GMO's EM&V contractor, Navigant Consulting, Inc. ("Navigant"), evaluated this program for PY2013 and determined that this program was not cost effective with a total resource benefit cost (TRC)⁴ test of 0.06. As agreed upon in the Stipulation and Agreement for Case No. EO-2014-0095, GMO will work with its Demand-Side Management Advisory Group to address multi-family dwellings in its next MEEIA filing to review best practice programs and to offer a multi-family program if it is expected to be cost effective. The Multi-Family Rebate Program has one project currently pending, and GMO is requesting that the Commission allow GMO to freeze the program so that GMO can honor obligations to customers with pre-approved projects.

GMO is also requesting to freeze the Energy Star New Homes program (currently described on Original Sheet Nos. R-63.04, R-63.05, and R-63.06) due to the program not being cost effective as a result of a low level of program participation. The builders in the GMO service territory have not fully recognized the value in the incremental cost for Energy Star certification. Another barrier to the participation in this program has been the transition from Version 2 to Version 3 Energy Star requirements. The new Energy Star requirements have resulted in more rigorous

²Applications for Approval to Discontinue Electric Utility Demand-Side Programs. Pursuant to the provisions of this rule, 4 CSR 240-2.060, and Section 393.1075, RSMo, an electric utility may file an application with the commission to discontinue demand-side programs by filing information and documentation required by 4 CSR 240-3.164(5). The commission shall approve or reject such applications for discontinuation of utility demand-side programs within thirty (30) days of the filing of an application under this section only after providing an opportunity for a hearing.

³The Commission November 15, 2015 *Order Approving Non-unanimous Stipulation and Agreement Resolving KCP&L Greater Missouri Operations Company's MEEIA Filing* in Case No. EO-2012-0009 authorized GMO to implement on January 26, 2013, thirteen (13) demand-side programs and a demand-side programs investment mechanism were approved by Case No. EO-2014-0095.

⁴Total resource cost test, or TRC, means the test of the cost-effectiveness of demand-side programs that compares the avoided utility costs to the sum of all incremental costs of end-use measures that are implanted due to the program (including both utility and participant contributions), plus utility costs to administer, deliver, and evaluate each demand-side program. For a program to be deemed cost effective by the TRC test, the result needs to be equal to or greater than 1.0.

building standards and made it more difficult and costly for builders to obtain the program's rebates. Missouri's lack of statewide building codes has also made it difficult for GMO to ascertain the standards builders are using, resulting in the need for added builder education. In the most recent KCP&L-Missouri jurisdiction MEEIA program filing,⁵ this program was not included, as it did not pass the TRC test due to the program's low avoided cost in earlier years and its high cost to implement and/or qualify for the program. In the 2013 Navigant EM&V report for GMO, the Energy Star New Homes program was found to not be cost effective with a total resource benefit cost (TRC) test of 0.04.

While GMO is requesting that the Multi-Family Rebate and Energy Star New Homes programs be frozen, it is not proposing to change its cumulative annual energy and demand savings targets contained in proposed 3rd Revised Sheet No. R-63.01. GMO is planning to accomplish the savings that would have been generated by these programs through the remaining programs in its MEEIA portfolio.

STAFF RECOMMENDATION

As a result of its review, Staff has determined that the filing requirements of 4 CSR 240-3.164(5) were satisfied by GMO. Staff has reviewed the tariff sheets, as filed on January 12, 2015, and the Navigant 2013 EM&V Report, and recommends the Commission approve the following tariff sheets to go into effect on February 11, 2015:

P.S.C. MO. No. 1, 13th Revised Sheet No. R-3 Cancelling P.S.C. MO. No. 1, 12th Revised Sheet No. R-3;
P.S.C. MO. No. 1, 5th Revised Sheet No. R-63 Cancelling P.S.C. MO. No. 1, 4th Revised Sheet No. R-63;
P.S.C. MO. No. 1, 3rd Revised Sheet No. R-63.01 Cancelling P.S.C. MO. No. 1, 2nd Revised Sheet No. R-63.01;
P.S.C. MO. No. 1, 1st Revised Sheet No. R-63.04 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-63.04;
P.S.C. MO. No. 1, 1st Revised Sheet No. R-63.05 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-63.05;
P.S.C. MO. No. 1, 1st Revised Sheet No. R-63.06 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-63.06;
P.S.C. MO. No. 1, 3rd Revised Sheet No. R-64.05 Cancelling P.S.C. MO. No. 1, 2nd Revised Sheet No. R-64.05;
P.S.C. MO. No. 1, 1st Revised Sheet No. R-64.06 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-64.06;
P.S.C. MO. No. 1, 1st Revised Sheet No. R-64.07 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-64.07; and
P.S.C. MO. No. 1, 1st Revised Sheet No. R-64.08 Cancelling P.S.C. MO. No. 1, Original Sheet No. R-64.08.

Tariff Tracking No. JE-2015-0237

Company's Application to Freeze Certain Demand-Side Management Programs

KCP&L Greater Missouri Operations Company

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Staff has verified that GMO has no annual reports or regulatory assessment fees that are overdue in Missouri. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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In the Matter of KCP&L Greater Missouri)
Operations Company's Application to)
Discontinue Certain Demand-Side)
Management Programs)
File No. ET-2015-0161

AFFIDAVIT OF JASON HUFFMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


Jason Huffman, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Jason Huffman

Subscribed and sworn to before me this 30th day of January, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

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OF THE STATE OF MISSOURI**

In the Matter of KCP&L Greater Missouri)
Operations Company's Application to)
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Management Programs)
File No. ET-2015-0161

AFFIDAVIT OF CURTIS GATELEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Curtis Gateley, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Curtis Gateley

Subscribed and sworn to before me this 30th day of January, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

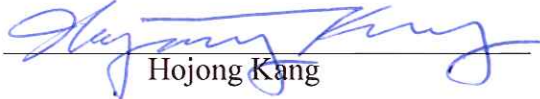
In the Matter of KCP&L Greater Missouri)
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Discontinue Certain Demand-Side)
Management Programs)

File No. ET-2015-0161

AFFIDAVIT OF HOJONG KANG

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Hojong Kang, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Hojong Kang

Subscribed and sworn to before me this 30th day of January, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086


Notary Public