

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 6th day of
March, 2019.

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

In the Matter of the First Prudence)
Review of KCP&L Greater Missouri)
Operations Company's ("GMO"))
Implementation of its Cycle 2 Energy)
Efficiency Programs in Furtherance of)
Missouri Energy Efficiency Investment)
Act ("MEEIA"))

File No. EO-2018-0364

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: March 6, 2019

Effective Date: March 17, 2019

On June 4, 2018, The Staff of the Commission filed its *Notice of Start of its First MEEIA Prudence Review of KCPL's Cycle 2 Energy Efficiency Programs* and *Notice of Start of First MEEIA Prudence Review of GMO's Cycle 2 Energy Efficiency Programs* opening File Nos. EO-2018-0363 and EO-2018-0364. The notices state that Staff was starting a prudence review as required by 4 CSR 240-20.093(11) as authorized under § 393.1075.3 and § 393.1075.11, RSMo.

Commission Rule 4 CSR 240-20.093(11)(B) establishes a timeline that requires Staff to file a recommendation regarding the results of its audit no later than 150 days

after it initiates its audit. The timeline then directs the Commission to issue an order regarding Staff's audit no later than 210 days after Staff initiates its audit, unless within 160 days some party to the proceeding requests a hearing.

In a prudence review, Staff considers whether a reasonable person in the same circumstances as those the utility experienced at the time of its decisions would find that the information relied on and the processes employed for those decisions were reasonable, without the benefit of hindsight. If Staff finds the utility's reliance on either that information or those processes imprudent, Staff then considers whether that imprudence caused harm to ratepayers.

Staff filed its reports and recommendations regarding its prudence audits on November 1, 2018. On November 9, 2018, KCPL and GMO respectively filed responses to Staff's recommendations requesting a hearing to contest adjustments proposed by Staff. A procedural schedule was not set as the parties requested additional time to try and reach a settlement agreement.

On February 20, 2019, KCPL, GMO, Staff, and the Office of the Public Counsel ("OPC") (collectively, "Signatories") filed a unanimous stipulation and agreement. The Signatories to the stipulation and agreement agree that Staff's prudence review should be closed and that there should be an \$8,500 ordered adjustment to reduce costs recovered in KCPL's Demand Side Investment Mechanism ("DSIM") rider rate adjustment and an \$8,500 adjustment to reduce costs recovered in GMO's DSIM rider rate adjustment with interest.

KCPL and GMO will effectuate the \$8,500 per company adjustment to reduce costs in each of their respective next DSIM rider rate adjustment filings. The Signatories agree that each of the company's DSIM rider rate adjustments shall include interest as required by and in compliance with 4 C.S.R. 240-20.093(11) reflecting the utility's short-term borrowing rate. The date that interest will begin to accrue is January, 1, 2019. The stipulation and agreement does not constitute an admission by KCPL and GMO that any MEEIA 2 expenses were imprudent or improper, or an admission by Staff or OPC that any particular MEEIA 2 expenses identified in Staff's original recommended disallowances were prudent or proper.

Additional general provisions of the stipulation and agreement are set forth in the agreement which is incorporated herein and attached as Attachment A.

After reviewing the stipulation and agreement, the Commission finds that the stipulation and agreement is a reasonable resolution of the issues and that the stipulation and agreement should be approved.

THE COMMISSION ORDERS THAT:

1. The Unanimous Stipulation and Agreement filed on February 20, 2019, in File Nos. EO-2018-0363 and EO-2018-0364 is approved. The parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order and incorporated by reference.

2. This order shall be effective on March 17, 2019.



BY THE COMMISSION

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Hall, Rupp,
and Coleman, CC., concur.

Clark, Regulatory Law Judge

**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

In the Matter of the First Prudence Review of)
KCP&L Greater Missouri Operations)
Company's ("GMO") Implementation of its)
Cycle 2 Energy Efficiency Programs in)
Furtherance of the Missouri Energy Efficiency)
Investment Act ("MEEIA").)

File No. EO-2018-0364

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Kansas City Power & Light Company ("KCP&L") for its Missouri operations, KCP&L Greater Missouri Operations Company ("GMO") (collectively, the "Company"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC") (collectively, "Signatories") by and through their respective counsel, and for their Unanimous Stipulation and Agreement ("Stipulation"), respectfully state as follows to the Missouri Public Service Commission ("Commission"):

AGREEMENTS

1. This prudence review examined KCP&L's and GMO's Missouri Energy Efficiency and Investment Act (MEEIA) Cycle 2 Demand Side Programs Investment Mechanism ("DSIM") for the period April 1, 2016 through March 31, 2018. Staff filed its prudence audit recommendation on November 1, 2018. Staff reviewed and examined a variety of items including the prudence of DSIM program costs, annual energy and demand savings, throughput disincentive ("TD"), and interest charges. Staff recommended a \$48,481 downward adjustment , including

interest, in KCP&L's next DSIM rider rate adjustment. For GMO, Staff recommended a \$58,137 downward adjustment, including interest, in GMO's next DSIM rider rate adjustment.

2. As a result of negotiations, the Signatories agree that Staff's prudence review should be closed and that there should be a \$8,500 ordered adjustment to reduce costs recovered in KCPL's DSIM rider rate adjustment and a \$8,500 adjustment to reduce costs recovered in GMO's DSIM rider rate adjustment with interest. These adjustments are separate and apart from the \$5622.75 (Invoice 2DP2087793) identified by KCP&L and GMO in their Responses to Staff's prudence audit. The \$5622.75 figure has already been removed from any MEEIA program costs.

3. KCP&L and GMO will effectuate the \$8,500 per company adjustment to reduce costs in each of their respective next DSIM rider rate adjustment filings.

4. The Signatories agree that each of the company's DSIM rider rate adjustments shall include interest as required by and in compliance with 4 C.S.R. 240-20.093(11) reflecting the utility's short-term borrowing rate. The date that interest will begin to accrue is January, 1, 2019.

5. This Stipulation does not constitute an admission by KCP&L and GMO that any MEEIA 2 expenses were imprudent or improper.

6. This Stipulation does not constitute an admission by Staff or OPC that any particular MEEIA 2 expenses identified in Staff's original recommended disallowances were prudent or proper.

GENERAL PROVISIONS

7. This Stipulation is being entered into solely for the purpose of settling the issues/adjustments in this case explicitly set forth above. This Stipulation is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or

acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

8. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same. No Signatory shall assert the terms of this agreement as a precedent in any future proceeding.

9. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

10. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

11. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

12. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be

considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

13. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

14. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

15. This Stipulation does not constitute a contract with the Commission and does not impugn upon any Commission claim, right, or argument by virtue of the Stipulation's approval. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this

Stipulation impugns or restricts in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

WHEREFORE, the Signatories respectfully request the Commission to issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Roger W. Steiner

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**ATTORNEYS FOR
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COMPANY AND KCP&L GREATER
MISSOURI OPERATIONS COMPANY**

/s/ Caleb Hall

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**ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE
COMMISSION**

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 20th day of February 2019.

/s/ Roger W. Steiner

Roger W. Steiner

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 6th day of March 2019.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

March 6, 2019

File/Case No. EO-2018-0363 and EO-2018-0364

**Missouri Public Service
Commission**

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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.