

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 3rd day
of August, 2017.

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

File No. EO-2017-0209

ORDER APPROVING STAFF'S MEEIA PRUDENCE AUDIT

Issue Date: August 3, 2017

Effective Date: August 13, 2017

On February 1, 2017, the Staff of the Missouri Public Service Commission submitted notice of the start of its second MEEIA prudence audit of costs associated with the Demand-Side Program Investment Mechanisms ("DSIM") for Kansas City Power & Light Company ("KCP&L" or "the Company"). Upon completion of its audit, Staff filed its report on June 30, 2017.

Staff reviewed the Cycle 1 Costs related to KCP&L's DSIM program, annual energy and demand savings, throughput disincentive – net shared benefits ("TD-NSB"), TD-NSB Share and Performance Incentive Award ("PI") for the review period of January 1, 2016 through December 31, 2016. The review period also includes the costs for the carry-over period of January 1, 2016 through June 30, 2016, to consider the completion of projects in the Cycle 1 C&I Rebate Custom Program. Staff reviewed the costs for July 1, 2016 through December 31, 2016 since some costs, related energy and demand savings and TD-NSB Share were incurred after the end of the carry-over period.

For the review period, Staff verified the reported 57,897,554 kWh of energy savings, 11,689 kW of demand savings and \$7,256,533 of actual throughput disincentive for the MEEIA Cycle 1 Programs. During the review period, KCP&L incurred program costs of \$21,619,538.

Although Staff did not identify any imprudence, Staff recommends an ordered adjustment of \$4,723 plus interest be returned to customers in the company's next DSIM Rider filing to correct errors made in the calculation of KCP&L's PI for Cycle 1. KCP&L does not dispute Staff's finding that some of the Company's 2015 costs were not included in the 2015 costs used to calculate PI. Although KCP&L included the amount in its 2016 costs, if the costs were added back to 2015 and corrections made for discounting certain costs at the wrong rate, the total KCP&L MEEIA Cycle 1 overstatement of PI, excluding interest, is \$4,489.69. Staff's recommended PI adjustment of \$4,722.65 also includes the PI annuity value and carrying costs.

Pursuant to Commission Rule 4 CSR 240-20.093(10), requests for a hearing regarding Staff's prudence audit must be filed within ten days of Staff's recommendation. No hearing requests were received. The Company submitted a response to Staff's report stating that it agrees with Staff's recommendation.

In evaluating prudence, the Commission will determine if KCP&L's conduct was reasonable at the time, under all circumstances, without reliance on hindsight.¹ 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

¹ *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).

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.

The Commission finds Staff's report and recommendation regarding KCP&L's second 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 *Prudence Review of Cycle 1 Costs Related to the Missouri Energy Efficiency Act for the Electric Operations of Kansas City Power and Light Company* is approved.
2. In Kansas City Power & Light Company's next DSIM Rider Filing, the company shall include \$4,723 plus interest be returned to its customers.
3. This order shall become effective on August 13, 2017.
4. This file shall close on August 30, 2017.



BY THE COMMISSION

A handwritten signature in dark ink, reading "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Burton, Senior Regulatory Law Judge.

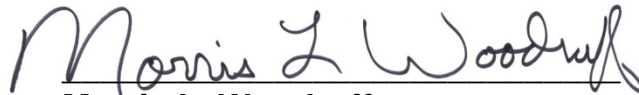
STATE OF MISSOURI

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 3rd day of August 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 3, 2017

File/Case No. EO-2017-0209

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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.