

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

In the Matter of Kansas City Power & Light Company's)
Second Demand Side Investment Mechanism Rider Rate) **File No. ER-2015-0318**
Adjustment and True-Up) **Tariff No. JE-2015-0349**

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and files this *Staff Recommendation* with the Commission stating as follows:

1. On January 7, 2014, KCPL filed in File No. EO-2014-0095 an application, under the Missouri Energy Efficiency Investment Act ("MEEIA") statute and the Commission's MEEIA Rules, requesting Commission approval of demand-side programs and for authority to establish a Demand Side Investment Mechanism ("DSIM") Rider.

2. On June 5, 2014, the Commission approved a Stipulation and Agreement ("Stipulation") with an effective date of June 15, 2014. The Stipulation outlined the terms, conditions, and rates by residential and non-residential service classes for 1) estimated and actual MEEIA Programs' costs; 2) estimated and actual TD-NSB Share amounts; and 3) Performance Incentive Award for KCPL's portfolio of MEEIA Programs for the period of July 6, 2014, through December 31, 2015. The Stipulation allowed KCPL cost recovery through a DSIM Rider beginning in the August 2014 billing month. The Stipulation allows for True-up, Prudence Reviews, and Variances from certain Commission Rules. The Stipulation requires KCPL to include a separate line item on customer bills entitled "DSIM Charge".

3. On June 1, 2015, Kansas City Power & Light Company (“KCPL” or “Company”) filed an application to adjust charges related to its DSIM Rider and submitted its tariff sheet (Tariff Tracking No. JE-2015-0349) bearing an effective date of August 1, 2015. The DSIM Rider rate change lowers residential customers’ DSIM Rider rate by \$2.20 per month and raises commercial and industrial customers’ DSIM Rider rate by \$2.03 per 1,000 kWh’s used. This DSIM Rider rate change is projected to increase overall revenue collected through rates by \$3.5 million.

4. Rule 4 CSR 240-20.093(4) requires the Commission’s Staff to analyze the information KCPL has submitted and file its recommendation not later than 30 days after the Company’s filing. As such, on June 4, 2015, the Commission issued its *Corrected Order Directing Notice of Filing*, ordering Staff to file its recommendation no later than July 1, 2015.

5. Staff has verified that KCPL is not delinquent on any assessment and that it has filed its Annual Report and is current on its submission of its Quarterly Surveillance Monitoring reports as required by 4 CSR 240-20.090(10).

6. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission approve the tariff sheet submitted by KCPL and assigned Tracking No. JE-2015-0349 to become effective on August 1, 2015.

Respectfully submitted,

/s/ Nicole Mers

Nicole Mers
Assistant Staff Counsel
Missouri Bar No. 66766

Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65012
(573) 751-6651 (Telephone)
(573) 751-9285 (Fax)
Nicole.mers@psc.mo.gov

CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing was mailed, electronically mailed, or hand-delivered to all parties to this cause on this 1st day of July, 2015.

/s/ Nicole Mers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2015-0318 and Tariff Tracking No. JE-2015-0349
Kansas City Power & Light Company

FROM: Michael Stahlman, Regulatory Economist III

/s/ Michael Scheperle 07/01/15 /s/ Robert S. Berlin 07/01/15
Manager, Economic Analysis / Date Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve Kansas City Power & Light Company's ("KCPL" or "Company") Proposed Tariff Sheet to Adjust Demand Side Investment Mechanism ("DSIM") Rider Rate of Kansas City Power & Light Company effective August 1, 2015.

DATE: July 1, 2015

KCPL Filing

On June 1, 2015, KCPL filed with the Commission one (1) tariff sheet bearing an issue date of June 1, 2015, and an effective date of August 1, 2015, proposing to adjust charges related to the Company's DSIM Rider. KCPL's filing also included the Direct Testimony of Tim M. Rush and work papers consisting of electronic worksheets showing its calculation of the proposed rates based upon actual and estimated performance in the six-month period through June 2015, and projected performance through December 2015, for Program Costs ("PC") and KCPL's Throughput Disincentive – Net Share Benefits ("TD-NSB") share. KCPL's DSIM Rider also includes provisions for collecting any Ordered Adjustments ("OA") and a Performance Incentive Award ("PIA"), although currently none are in effect. The DSIM Rider rate change increases overall revenue collected through rates by approximately \$3.5 million. The overall increase in revenue collected through the rider is due to projections for increased participation in both the residential and non-residential programs. Specifically, the proposed change will reduce residential customers' DSIM Rider rate 1.9%, from \$0.00352 to \$0.00132. For a residential customer using 1,000 kilowatt-hours (kWh), this would mean a decrease of \$2.20 per month. This decrease is due to an overall higher cost per kWh saved, which lowered the TD-NSB component of the residential DSIM Rider rate.¹ Conversely, for commercial and industrial customers, for every 1,000 kWh used, this would mean an increase of \$2.03. This increase is primarily due to the increased program participation which increased the kWh savings, thus raising the TD-NSB component of the commercial and industrial DSIM Rider rate.²

The Commission's regulations provide that Staff shall file a recommendation no later than 30 days after the filing of the tariff, which is July 1, 2015.³

¹ From KCPL's Response to Staff Data Request No. 0001.

² From KCPL's Response to Staff Data Request No. 0001.

³ Corrected Order Directing Notice of Filing issued on June 4, 2015 in File No. ER-2015-0318.

Background

On January 7, 2014, KCPL filed in File No. EO-2014-0095 an application, under the Missouri Energy Efficiency Investment Act (“MEEIA”) statute and the Commission’s MEEIA Rules, requesting Commission approval of demand-side programs and for authority to establish a DSIM.

On June 5, 2014, the Commission approved a Stipulation and Agreement (“Stipulation”) with an effective date of June 15, 2014. The Stipulation outlined the terms, conditions, and rates by residential and non-residential service classes for 1) estimated and actual MEEIA Programs’ costs; 2) estimated and actual TD-NSB Share amounts; and 3) Performance Incentive Award for KCPL’s portfolio of MEEIA Programs for the period of July 6, 2014 through December 31, 2015. The Stipulation allowed KCPL cost recovery through a DSIM Rider beginning in the August 2014 billing month. The Stipulation allows for True-up, Prudence Reviews, and Variances from certain Commission Rules. The Stipulation requires KCPL to include a separate line item on customer bills labeled “DSIM Charge”.

Change in KCPL’s DSIM Rates

Per 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), KCPL is required to make semi-annual adjustments of DSIM rates to reflect the amount of revenue that has been over/under collected. This is KCPL’s second filing since the DSIM Rider was originally established in the Company’s MEEIA filing made in File No. EO-2014-0095.

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on six months of projected costs and incentives with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates and the new MEEIA rates for the proposed DSIM Rider. The proposed DSIM Rider rate changes are applicable to all non-lighting kWh of energy supplied to customers under the Company’s retail rate schedules, excluding kWh of energy supplied to "opt-out" customers.

For a residential customer using 1,000 kWh, this would mean a decrease of \$2.20 per month. Conversely, for a non-residential customer, for every 1,000 kWh used, this would mean an increase of \$2.03.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential Service	\$0.00352	\$0.00132
Non-Residential Service	\$0.00247	\$0.00450

Staff Recommendation

The Commission Staff’s Economic Analysis Department (“Staff”) has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on June 1, 2015, for service on and after August 1, 2015.

P.S.C. MO. No. 7

2nd Revised Sheet No. 49E, Cancelling 1st Revised Sheet No. 49E

The Staff has verified that KCPL is not delinquent on any assessment and has filed its Annual Report. KCPL is current on its submission of its Quarterly Surveillance Monitoring reports as required in 4 CSR 240-20.090(10). The Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the DSIM Rider rate change in this case is solely based on the accuracy of KCPL's calculations and is not indicative of prudence.

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

In the Matter of Kansas City Power & Light Company's Second Demand Side Investment Mechanism Rider Rate Adjustment and True-Up))	Case No. ER-2015-0318
))	Tariff No. JE-2015-0349
))	

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Michael L. Stahlman and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Michael L. Stahlman

Subscribed and sworn to before me this 1st day of July, 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