DEMAND SIDE INVESTMENT MECHANISM RIDER (CYCLE 2)
Schedule DSIM (Continued)

DEFINITIONS: (Cont'd.)

"Effective Period" (EP) means the six (6) months beginning with January of 2016, and each six month period there-after.

"Evaluation Measurement & Verification (EM&V) means the performance of studies and activities intended to evaluate the process of the utility's program delivery and oversight and to estimate and/or verify the estimated actual energy and demand savings, utility lost revenue, cost effectiveness, and other effects from demand-side programs.

"Incentive" means any consideration provided by the Company, including, but not limited to buy downs, markdowns, rebates, bill credits, payments to third parties, direct installation, giveaways, and education, which encourages the adoption of program measures.

"MEEIA Cycle 1 Plan" consists of the 12 demand-side programs and the DSIM (including Program Costs, TD-NSB Share, Performance Incentive, etc.) described in the approved MEEIA Cycle 1 filing in Docket No. EO-2014-0095 & corresponding tariffs.

"MEEIA Cycle 2 Plan" consists of the 16 demand-side programs and the DSIM described in the MEEIA Cycle 2 Filing, following Commission approval and order granted under Docket No EO-2015-0240.

"Program Costs" means any prudently incurred program expenditures, including such items as program planning, program design; administration; delivery; end-use measures and incentive payments; advertising expense; evaluation, measurement, and verification; market potential studies; and work on a statewide technical resource manual.

"Cycle 2 Earnings Opportunity" (EO) means the incentive ordered by the Commission based on actual performance verified through EM&V against planned targets. The Company's EO will be $7.4M if 100% of the planned targets are achieved. EO is capped at $15.5M, which reflects adjustment for TD verified by EM&V. Potential Earnings Opportunity adjustments are described on Sheet No. 49M. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found in 49P.

Short-Term Borrowing Rate" means (i) the daily one-month USD LIBOR rate, using the last previous actual rate for weekends and holidays or dates without an available LIBOR rate, plus (ii) the Applicable Margin for Eurodollar Advances as defined in the Pricing Schedule of the current KCP&L Revolving Credit Agreement. A simple mathematical average of all the daily rates for the month is then computed.

"AFUDC Rate" means the Allowance for Funds Used During Construction rate computed in accordance with the formula prescribed in the Code of Federal Regulations Title 18 Part 101.

Recovery Period (RP) includes the day the DSIM Rider Tariff becomes effective through July 31, 2016 and each six month period thereafter.

DEMAND SIDE INVESTMENT MECHANISM RIDER (CYCLE 2)
Schedule DSIM (Continued)

~~"Cycle 2 Earnings Opportunity" (EO) means the incentive ordered by the Commission based on actual performance verified through EM&V against planned targets. The Company's EO will be $7.4M if 100% of the planned targets are achieved. EO is capped at $15.5M, which reflects adjustment for TD verified by EM&V. Potential Earnings Opportunity adjustments are described on Sheet No. 49M. The Earnings Opportunity Matrix outlining the payout rates, weightings, and caps can be found in 49P.~~

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~~Recovery Period (RP) includes the day the DSIM Rider Tariff becomes effective through July 31, 2016 and each six month period thereafter.~~

DETERMINATION OF DSIM RATES:

The DSIM during each applicable EP is a dollar per kWh rate for each rate schedule calculated as follows:

DSIM = [NPC + NTD + NEO + NOA]/PE

Where:

NPC = Net Program Costs for the applicable EP as defined below,

NPC = PPC + PCR

PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP, including any unrecovered Cycle 1 Program Cost that will utilize an amortization period as outlined in Stipulation & Agreement filed in Docket EO-2015-0240 .

PCR = Program Costs Reconciliation is equal to the cumulative difference between the PPC revenues billed resulting from the application of the DSIM through the end of the previous EP and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

*For the August 1, 2016 DSIM rate, the Cycle 1 non-residential class reconciliation amount will be divided by three and that value will be used in the calculation of the NPC.
*For the February 1, 2017 DSIM rate, the Cycle 1 non-residential class reconciliation amount will be divided by two and that value will be used in the calculation of the NPC.

NTD = Net Throughput Disincentive for the applicable EP as defined below,

NTD = PTD + TDR

DEMAND SIDE INVESTMENT MECHANISM RIDER (CYCLE 2)
Schedule DSIM (Continued)

DETERMINATION OF DSIM RATES (Cont'd.):

~~The DSIM during each applicable EP is a dollar per kWh rate for each rate schedule calculated as follows:~~

~~DSIM = [NPC + NTD + NEO + NOA]/PE~~

~~Where:~~

~~NPC = Net Program Costs for the applicable EP as defined below,~~

~~NPC = PPC + PCR~~

~~PPC = Projected Program Costs is an amount equal to Program Costs projected by the Company to be incurred during the applicable EP, including any unrecovered Cycle 1 Program Cost that will utilize an amortization period as outlined in Stipulation & Agreement filed in Docket EO-2015-0240 .~~

~~PCR = Program Costs Reconciliation is equal to the cumulative difference between the PPC revenues billed resulting from the application of the DSIM through the end of the previous EP and the actual Program Costs incurred through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.~~

~~NTD = Net Throughput Disincentive for the applicable EP as defined below,~~

~~NTD = PTD + TDR~~

PTD = Projected Throughput Disincentive is the Company's TD projected by the Company to be incurred during the applicable EP, including any unrecovered TD-NSB that will utilize an amortization period as outlined in Stipulation & Agreement filed in Docket EO-2015-0240. For the detailed methodology for calculating the TD, see Sheet 49K.

TDR = Throughput Disincentive Reconciliation is equal to the cumulative difference, if any, between the PTD revenues billed during the previous EP resulting from the application of the DSIM and the Company's TD through the end of the previous EP calculated pursuant to the MEEIA Cycle 1 or 2 Application, as applicable (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly Short-Term Borrowing Rate.

*For the August 1, 2016 DSIM rate, the Cycle 1 non-residential class reconciliation amount will be divided by three and that value will be used in the calculation of the NPC.
*For the February 1, 2017 DSIM rate, the Cycle 1 non-residential class reconciliation amount will be divided by two and that value will be used in the calculation of the NPC.

KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No. 7 First ☐ Original ☒ ~~☐~~ Revised Sheet No. 49O

Cancelling P.S.C. MO. No. 7 ☒ Original ☐ Revised Sheet No. 49O

For Missouri Retail Service Area

DEMAND SIDE INVESTMENT MECHANISM RIDER (Cycle 2)
Schedule DSIM (Continued)

DEMAND SIDE INVESTMENT MECHANISM CHARGE:

Effective ~~immediately following a~~upon Commission approval in Case No. EO-2015-0240 ~~Order approving~~of MEEIA Cycle 2 Filing~~:~~.

DSIM Components and Total DSIM

Rate Schedule	NPC/PE ($/kWh)	NTD/PE ($/kWh)	NPEO/PE ($/kWh)	NOA/PE ($/kWh)	Total DSIM ($/kWh)
Residential Service	$0.00242	$0.000~~93~~90	$0.00000	$0.00000	$0.00332~~5~~
Non- Residential Service	$0.~~00453~~00349	$0.000~~97~~83	$0.00000	$0.00000	$0.00~~550~~432

OPT-OUT PROVISIONS (Non-Residential Customers):

Pursuant to Missouri Rule 4 CSR 240-20.094(6)(A): Any customer meeting one (1) or more of the following criteria shall be eligible to opt-out of participation in utility-offered demand side programs:

1. The customer has one (1) or more accounts within the service territory of the electric utility that has a demand of the individual accounts of five thousand (5,000) kW or more in the previous twelve (12) months;
2. The customer operates an interstate pipeline pumping station, regardless of size; or
3. The customer has accounts within the service territory of the electric utility that have, in aggregate across its accounts, a coincident demand of two thousand five hundred (2,500) kW or more in the previous twelve (12) months, and the customer has a comprehensive demand side or energy efficiency program and can demonstrate an achievement of savings at least equal to those expected from utility-provided programs.
   A. For utilities with automated meter reading and or advanced metering infrastructure capability, the measure of demand is the customer coincident highest billing demand of the individual accounts during the twelve (12) months preceding the opt-out notification.

A customer electing to opt-out under requirements 1 and 2 above must provide written notice to the electric utility no earlier than September 1 and not later than October 30 to be effective for the following calendar year. Customers electing to opt-out under requirement 3 above must provide notice to the utility and the manager of the energy resource analysis section of the commission during the stated timeframe. Customers electing to opt-out shall still be allowed to participate in interruptible or curtailable rate schedules or tariffs offered by the electric utility.

Customers who have satisfied the opt-out provisions of 4 CSR 240-20.094(6) to opt-out of both the DSIM Charge and the Non-MEEIA rate will not be charged the DSIM Charge and receive an offset of the Non- MEEIA rate amount on the same bill, based on their actual usage. The current Non-MEEIA rate is found in Section 8.09 of the Rules and Regulations, Sheet 1.28.

DATE OF ISSUE: ~~March 16~~June 1, 2016 DATE EFFECTIVE: ~~April 15~~August 1, 2016

ISSUED BY: Darrin R. Ives, Vice President Kansas City, MO