

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas )  
City Power & Light Company for Approval ) Docket No. 14-KCPE-042-TAR  
To Extend its Demand-Side Management )  
Programs )  
)

**NOTICE OF FILING OF CURB'S REPLY  
TO STAFF'S REPORT AND RECOMMENDATION  
PUBLIC VERSION**

The Citizens' Utility Ratepayer Board (CURB) submits its *Reply to Staff's Report and Recommendation* filed on September 2, 2014.

CURB's Reply sets forth the evidentiary basis for CURB's recommendation.

Respectfully Submitted,




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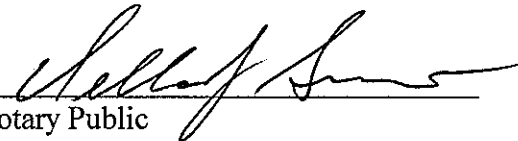
VERIFICATION

STATE OF KANSAS )  
 ) ss:  
COUNTY OF SHAWNEE )

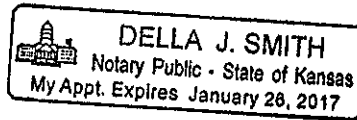
I, Niki Christopher, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Niki Christopher

SUBSCRIBED AND SWORN to before me this 24<sup>th</sup> day of September, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 01-26-2017.



# Citizens' Utility Ratepayer Board

**Board Members:**  
Robert L. Harvey, Chair  
Brian Weber, Vice-Chair  
Ellen K. Janoski, Member  
Bob Kovar, Member  
James L. Mullin II, Member



**State of Kansas**  
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## **REPLY TO STAFF'S REPORT AND RECOMMENDATION \*\* PUBLIC VERSION \*\***

**TO:** Chair Shari Feist Albrecht  
Commissioner Jay Scott Emler  
Commissioner Pat Apple

**FROM:** Stacey Harden

**DATE:** September 24, 2014

### **SUBJECT:**

In the Matter of the Application of Kansas City Power & Light Company for Approval to Extend its Demand-Side Management Programs in Docket No. 14-KCPE-042-TAR.

### **EXECUTIVE SUMMARY:**

Kansas City Power & Light ("KCPL") is requesting approval to extend six of its demand-side management ("DSM") programs through December 31, 2015. The programs KCPL is requesting to extend are: MPower, Home Energy Analyzer, Business Energy Analyzer, Building Operator Certification, Low Income Weatherization, and Energy Optimizer.

On September 2, 2014, the Staff of the Kansas Corporation Commission ("Staff") filed a report with the following recommendations:

1. Approve continuation of KCPL's three educational programs and the Low Income Weatherization Program as long as KCPL is able to find participants for the programs.
2. Staff agrees with KCPL's policy of phasing out MPower over the next two years.
3. Staff supports continuing Energy Optimizer if KCPL commits to using the program.
4. If KCPL commits to using Energy Optimizer, Staff recommends that the Commission order KCPL to collect sufficient data to conduct a complete evaluation, measurement and verification ("EM&V") analysis in two years.

Overall, I agree with the tenor of Staff's recommendations. Therefore, I recommend the Commission approve Staff's recommendations, with the following adjustments and additions:

1. Instead of approving KCPL's three educational programs and the Low Income Weatherization Program, I recommend the Commission simply extend these programs until December 31, 2015;
2. Staff recommends the Commission order KCPL to collect sufficient data to conduct a complete EM&V analysis of the Energy Optimizer program in two years. I recommend the Commission order a complete EM&V for all of KCPL's eligible programs, regardless of KCPL's commitment to use the programs in the future. The cost of the EM&V should not exceed 5% of the program's 2013 Commission approved budget. The EM&V should be available for review by Staff, CURB and Commission no later than September 1, 2015; and
3. I recommend that while KCPL conducts the Commission ordered EM&V for each of its eligible programs, that KCPL be allowed to continue to offer the programs, at the budget and participation level requested in its application. KCPL's programs should continue to be deemed temporary programs, and should not be granted permanent status until the completion and review of the complete EM&V verifies the positive net benefit achieved from each program.

**BACKGROUND:**

In Docket Nos. 08-GIMX-441-GIV ("441 Docket") and 08-GIMX-442-GIV ("442 Docket"), the Commission broadly developed a framework for its energy-efficiency policy goals and objectives. The 441 and 442 Dockets established the framework for utilities, Staff, and the Commission to determine how energy-efficiency programs should be offered in Kansas, the cost recovery methods, and the parameters under which approved energy-efficiency programs must operate.

Following the Commission's orders in the 441 and 442 Dockets, KCPL had a robust energy-efficiency portfolio of programs. During 2010, KCPL was offering thirteen different energy-efficiency programs. In Docket No. 10-KCPE-795-TAR ("795 Docket"), KCPL petitioned the Commission to extend the thirteen energy-efficiency programs being offered, and to provide KCPL with a new cost recovery mechanism that included performance incentives and a shared savings mechanism. This application was ultimately withdrawn by KCPL before the Commission issued an order on the application.

Since 2010 and the withdrawal of its application in the 795 Docket, KCPL has terminated several energy-efficiency programs offered in Kansas, has been unable to find participants for its Low Income Weatherization program, and has placed a moratorium on its Energy Optimizer and MPower programs.

In 2011, KCPL petitioned the Commission to give six programs “permanent” status in Docket No. 11-KCPE-780-TAR (“780 Docket”). In response to KCPL’s request to make six energy-efficiency programs permanent, Staff recommended that the Commission approve the programs only for a limited period of two years, based on its concern that the Company’s revised demand-side management portfolio deviates from many of the guidelines set forth by the Commission in the 441 and 442 Dockets.<sup>1</sup> CURB recommended the Commission determine whether customers should continue to pay for these programs. Additionally, CURB recommended that if the Commission found the programs are economic and provide benefits to consumers, then the Commission should require KCP&L to utilize the programs as the least-cost, most-efficient way to serve customer needs.<sup>2</sup>

In its Order in the 780 Docket, the Commission ordered that KCPL’s six energy-efficiency programs would not be granted permanent status, but rather be given a limited two-year approval while the Commission further determined its policies on energy-efficiency to ensure that reliable and cost-efficient service is provided to ratepayers. The Commission further directed KCP&L, upon conclusion of a generic investigation docket and prior to the expiration of the two-year pilot period, to file a request with the Commission to designate these programs as permanent or to modify or terminate the programs.<sup>3</sup>

The Commission opened a separate docket, Docket No. 12-GIMX-337-GIV (“337 Docket”) to further clarify the Commission’s orders in the 441 and 442 Dockets. The Order in the 337 Docket stated:

the underlying principles in the 441 and 442 Dockets are consistent. Both 441 and 442 provide an overall framework to promote energy efficiency, while instructing the Commission to review individual dockets on their own merit. In the 442 Docket, the Commission established basic policy guidelines for energy-efficiency programs. There, the Commission favored a balanced approach between traditional and alternative energy sources and also between energy and demand reductions.<sup>4</sup>

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<sup>1</sup> Docket No. 11-KCPE-780-TAR, September 28, 2011, *Staff Report and Recommendation*, at page 1.

<sup>2</sup> Docket No. 11-KCPE-780-TAR, October 31, 2011, *CURB Response to Staff Report and Recommendation*, at page 6.

<sup>3</sup> Docket No. 11-KCPE-780-TAR, January 4, 2012, *Order Approving Application with Modification*, at ¶25-26.

<sup>4</sup> Docket No. 12-GIMX-337-GIE, March 6, 2013, *Order*, at ¶7.

## ANALYSIS OF PROGRAMS:

### **A. Evaluation, Measurement and Verification**

In Docket No. 14-KCPE-074-GIE, CURB, Staff and KCPL agreed that the Commission should waive its requirement for an independent, third-party evaluator to conduct an EM&V of KCPL's proposed programs. The primary concern was that an independent, third-party EM&V may be unnecessarily costly, given the current scaled-back status of KCPL's energy-efficiency programs. CURB and Staff agreed that a third-party, independent EM&V, as defined in 10-GIMX-013-GIV ("013 Docket"), would not be appropriate at this time, and instead agreed that an EM&V-like analysis would be performed in this docket.

In hindsight, after evaluating KCPL's proposal in this docket, it is my opinion that while an independent, third-party EM&V – as defined by the 013 Docket – is not necessary, a complete EM&V is essential to determine whether KCPL's energy-efficiency programs are meeting Commission established goals.

A complete EM&V begins with verifying that an energy-efficiency program is doing what it is supposed to do. Then the program effect and cost are measured. The final step, evaluation, involves taking the measurements and comparing them to the baseline or the goals set for the program. Evaluation analysis is similar to the benefit analysis done in a benefit-cost study. The difference between benefit-cost analysis and evaluation analysis is that the benefit-cost analysis is done **before** the program is implemented and the evaluation analysis is done **after** the program has run for a period of time. Thus, evaluation analysis should use the benefit-cost analysis as a standard to judge a program — i.e., did the program create the benefits it was designed to create? In the 442 Docket, Staff noted that "evaluation is linked with sound regulatory oversight and must be performed within the context of policy goals."<sup>5</sup> The Commission further identified that "(e)valuation should serve as both a test score for use of ratepayer dollars and utility shareholder reward by measuring resource savings and enforcing program accountability."<sup>6</sup>

CURB did not perform a complete EM&V of KCPL's proposed programs in this docket. Similarly, Staff did not perform a complete EM&V. Staff's analysis includes a comparison between the actual and budgeted expenses of each program for the period 2012-2013, and an estimation of the cost-effectiveness of MPower and Energy Optimizer. CURB agrees that the results of Staff's analysis are useful and reasonable, but notes that Staff's analysis is not a complete EM&V. It is difficult for Staff and CURB to conduct a complete EM&V at this time,

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<sup>5</sup> Docket No. 08-GIMX-442-GIV, June 2, 2008, *Order Setting Energy Efficiency Policy Goals, Determining a Benefit-Cost Test Framework, and Engaging a Collaborative Process to Develop Benefit-Cost Test Technical Matters and an Evaluation, Measurement, and Verification Scheme*, ¶ 46.

<sup>6</sup> *Id.* at ¶47.

because the data required to complete a complete EM&V is voluminous and it is unclear whether the necessary data would be available.<sup>7</sup>

Despite CURB and Staff not conducting a complete EM&V, KCPL may be able to provide a much greater insight into the cost-effectiveness of its programs by providing Staff and CURB the EM&Vs that have been completed in the state of Missouri. Each program KCPL offers in Kansas is also offered in Missouri. CURB was able to determine that complete EM&Vs have been conducted in Missouri and that these reports were filed by KCPL in Docket No. EO-2012-0008.<sup>8</sup> However, because the EM&V reports filed in Missouri were designated as confidential, CURB was not able to review the reports.

In Data Request No. 18, CURB requested KCPL provide the EM&Vs completed in Missouri. KCPL objected to this data request, claiming that the information is irrelevant to this proceeding. CURB did not formally challenge KCPL's objection, but disagrees that the information contained in the requested EM&Vs is irrelevant in Kansas. While these reports may not replace a complete EM&V evaluation in Kansas, they would provide the Commission, Staff and CURB with a complete evaluation of programs that are offered by KCPL in Missouri. I understand that KCPL dispatches its programs differently in Kansas than in Missouri, and that the differences in dispatch may cause some differences in results. But, in my opinion, the results of a completed EM&V of KCPL's air conditioning cycling program in Missouri can, at minimum, provide an apples-to-apples comparison of how the program should be expected to perform in Kansas.

The most recent EM&Vs for KCPL's Kansas programs are listed below:

- Building Operator Certificate Program, September 2009
- Low Income Weatherization, July 2008
- MPower, May 2009
- Energy Optimizer, April 2008

I acknowledge that ordering KCPL to conduct a complete EM&V is an additional cost that will be passed on to customers through the Energy Efficiency Rider ("EER"). However, an EM&V of KCPL's Kansas programs is a necessary cost. Through 2013, KCPL has spent \$37,392,668 in Kansas on energy-efficiency programs without a complete evaluation that determines whether any benefits were achieved from programs after 2009. When these programs were approved by the Commission, there was a presumption that the programs would be used to create benefits.

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<sup>7</sup> In Staff's R&R, Staff noted that some of the data it requested in order to replicate a previous EM&V was not available because KCPL does not routinely collect the data.

<sup>8</sup> Direct Testimony of Kimberly H. Winslow, January 7, 2014, Case No. EO-2014-0095, before the Missouri Public Service Commission, at page 31, states "(p)rocess and impact evaluations have been completed on all of KCP&L's existing DSM programs (with the exception of Home Energy Analyzer and Business Energy Analyzer). These EM&V reports were included for each of these programs ... as Schedules ADD-5 through ADD-12 in Docket No. EO-2012-0008. The last EM&V was completed in 2010."

However, without a meaningful, backward-looking evaluation, it cannot be confirmed that these energy-efficiency programs – that cost nearly \$38 million dollars – have created even one single dollar in benefit. Because the Commission has previously determined that an EM&V of programs results and performance is a “test score for use of ratepayer dollars,” CURB recommends that the Commission order KCPL to undergo a complete EM&V analysis of its programs, as defined by the 442 Docket, with EM&V expenditures limited to 5% of the 2013 program budgets.

## B. Proposed Program Budgets

KCPL is requesting to extend the following programs for a two-year term, expiring 12/31/2015:

- (1) MPower,
- (2) Home Energy Analyzers,
- (3) Business Energy Analyzers,
- (4) Building Operator Certification,
- (5) Low Income Weatherization, and
- (6) Energy Optimizer.

The chart below shows KCPL’s proposed budget for each program during 2014 and 2015:

	2014	2015
Low Income Weatherization	\$ 41,593	\$ 41,657
Home Energy Analyzer	**CONFIDENTIAL**	**CONFIDENTIAL**
Business Energy Analyzer	**CONFIDENTIAL**	**CONFIDENTIAL**
Building Operator Certification	\$ 8,925	\$ 8,925
Energy Optimizer	**CONFIDENTIAL**	**CONFIDENTIAL**
Mpower	\$ 185,563	\$ 33,780
<b>Total 2014 and 2015 portfolio budget:</b>	<b>\$ 547,581</b>	<b>\$ 403,937</b>

## C. Educational Program Budget

Of the six programs proposed by KCPL, four programs are deemed to be educational or low-income programs. The Commission’s order in the 442 Docket determined that programs which are deemed educational or low income will not have to pass a cost-effective analysis. Therefore, no benefit-cost analysis has been performed on these four programs.



In the 442 Docket, the Commission stated that “a 5% level is useful as a guideline for total energy-efficiency portfolio funding devoted to educational programs.”<sup>9</sup> The Commission further determined that utilities may present justifications for higher budget allocations.

As can be calculated from the 2014 and 2015 proposed budgets, KCPL’s education programs far exceed the 5% guideline as established in the 442. KCPL has provided no justification for a higher budget allocation for its education programs. As proposed, KCPL’s portfolio of educational energy-efficiency programs does not conform to the Commission’s guidelines in the 442 Docket. If the Commission determines that KCPL’s educational energy-efficiency programs should continue to be offered, the Commission should waive the requirements in the 442 Docket that limit the spending on educational programs to 5% of the portfolio’s total budget.

#### **D. Energy Optimizer & MPower**

KCPL’s Energy Optimizer and the MPower programs are demand-response programs. Demand-response programs in general are intended to shift demand away from peak periods when the demand for power is greatest and the cost of providing that power is highest. When used effectively, demand-response programs will provide a benefit to all ratepayers because the utility is able to shift its load during the most expensive hours of the year. Ratepayers benefit directly from these programs through avoided fuel charges.

According to KCPL, the Energy Optimizer and MPower have not been used to reduce peak demand since 2012.<sup>10</sup> Demand-response programs like Energy Optimizer and MPower only produce benefits when they are utilized. According to KCPL, for two consecutive summers, neither the Energy Optimizer nor the MPower program were used to help KCPL shift peak load to avoid the cost of providing additional peak demand when the cost of power is the highest.

Additionally, both the Energy Optimizer and MPower programs are under moratoriums and are not accepting new participants. According to Staff’s report, the MPower program will be completely phased out by 2016.

In the 780 Docket, Staff expressed its concern regarding the continuation of Energy Optimizer program, if new participants are not allowed to enroll in the program. In its report, Staff stated “the majority of KCP&L ratepayers will also be now asked to fund a program to which they

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<sup>9</sup> Docket No. 08-GIMX-442-GIV, April 13, 2009, *Order Following Collaborative on Benefit-Cost Testing and Evaluation, Measurement, and Verification*, at ¶32.

<sup>10</sup> KCPL’s response to CURB DR Nos. 6, 19, and 24, report that neither Energy Optimizer nor MPower was used during 2013 or 2014 to shift peak demand. During 2012, Energy Optimizer was used four times, while MPower was only used three.

themselves cannot participate in. Staff believes that this will have to be changed sometime in the future before this program can be given “permanent” status.”<sup>11</sup>

Similarly, Staff expressed its concerns regarding the MPower program, stating “the majority of KCP&L commercial and industrial ratepayers will now be asked to fund a program to which they themselves cannot participate in. Staff believes that this will have to be changed sometime in the future before this program can be given “permanent” status.”<sup>12</sup>

Staff’s concerns in the 780 Docket have not been addressed in KCPL’s current application. The reality continues that the majority of KCPL’s customers will still be required to fund a program in which they are unable to participate. Additionally, because KCPL is no longer utilizing the programs, KCPL’s customers who are required to fund this program will not receive any benefits from the program.

In this proceeding, Staff has recommended that continuation of the Energy Optimizer program be made contingent on KCPL making a commitment to use the program. CURB supports this recommendation, and notes that in the 780 Docket, CURB similarly recommended that KCP&L should be compelled to utilize the Energy Optimizer and MPower programs if the programs are determined to be cost-effective.<sup>13</sup> However, if the Commission orders KCPL to commit to utilize the Energy Optimizer, in my opinion, the Commission must also define the criteria under which KCPL would be required to operate the program.

#### **E. Program Term**

KCPL filed its original application to extend its programs for a two year period on July 18, 2013. KCPL’s request limits the programs to being offered in 2014 and 2015. Because of the procedural schedule and other delays, the Commission’s order will not be issued until October 27, 2014, at the earliest. Effectively, this means that the Commission is being asked to approve KCPL’s application to offer energy-efficiency programs for the calendar year 2014, which will nearly be over at the time of a Commission Order.

If the Commission approves KCPL’s application as presented, the Commission should likewise adopt the budgets for 2014 and 2015 presented by KCPL in its application. Even though 2014 will be more than 80% complete at the time of the Commission order, it is appropriate for the 2014 budget presented in KCPL’s application to be approved for the entirety of 2014.

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<sup>11</sup> Docket No. 11-KCPE-780-TAR, September 28, 2011, *Staff Report and Recommendation*, at page 6.

<sup>12</sup> Docket No. 11-KCPE-780-TAR, September 28, 2011, *Staff Report and Recommendation*, at page 7.

<sup>13</sup> Docket No. 11-KCPE-780-TAR, November 21, 2011, *CURB’s Response to Staff’s Reply to Responsive Comments of CURB and KCP&L and KCPL’s Motion to File Reply and Reply of Kansas City Power & Light Company to CURB’s Response to Staff’s Report and Recommendation*, at pages 1-2.

If, in the alternative, the Commission denies KCPL's application to extend its programs, the Commission should limit KCPL's cost recovery to the interim budget set at the existing level as established in the August 1, 2014, *Order Granting Joint Motion for Stay of Proceeding, Interim Order, and Appointing Prehearing Officer*. The interim budget would be the 2013 budget approved in the 780 Docket.<sup>14</sup> These costs would be recovered through KCPL's 2015 EER filing.

### GENERAL CONCERNS

I have four general concerns regarding KCPL's application and the overall energy-efficiency policy in Kansas that I recommend the Commission consider before issuing a ruling in this docket.

First, it concerns me that KCPL has spent and recovered \$37,392,668 from its Kansas customers, for the purpose of energy efficiency, and yet, a complete evaluation has not been performed to ensure that ratepayer dollars are being used effectively. I am similarly concerned that a Commission order in this docket that allows KCPL to continue to offer programs, without a complete evaluation, will create a precedent that other utilities will follow. Specifically, Westar Energy, which through June 2014 has spent \$44,013,320 for five energy-efficiency programs.<sup>15</sup> Westar Energy has not conducted an EM&V of its programs. In my opinion, it is likely that Westar Energy will follow a similar path that is established in this docket.

I encourage the Commission to be mindful that two utilities have spent nearly \$82,000,000 of ratepayer dollars in Kansas for energy-efficiency programs. **Despite spending tens of millions of dollars since 2009, neither utility has conducted a complete EM&V analysis that determines if these programs have saved Kansans even one single dollar.** It is my recommendation that the Commission should interrupt the cycle of non-evaluation and require complete evaluations to assist in the determination of whether energy-efficiency programs, such as the ones proposed in KCPL's application, should continue to be offered.

Second, I am concerned about recent legislation that was approved in Kansas: a Commission order in this proceeding may eliminate the Commission's ability in the future to make changes to utility-offered energy-efficiency programs. Senate Substitute for House Bill No. 2482, *An Act Creating the Energy Efficiency Investment Act*, was approved by the Governor on April 16, 2014. While I am not an attorney, I am concerned that this legislation may obligate the Commission to continue approving energy-efficiency programs that it approves in this docket.

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<sup>14</sup> KCPL received Commission approval to increase the 2013 budget for the Energy Optimizer program in Docket No. 14-KCPE-098-TAR. It would be appropriate to use the amended budget level approved in the 098 Docket as the interim budget in this proceeding.

<sup>15</sup> Westar Energy has received approval to recover \$38,469,935 through five EER applications. Westar Energy's current EER application in Docket No. 15-WSEE-021-TAR requests recovery of \$5,543,385.

The approved bill states that the “commission shall permit public utilities to implement commission-approved demand-side programs ...”

Again, while I am not an attorney, this legislation concerns me because it appears to mean that if the Commission were to approve KCPL’s programs as presented, then the Commission may be required to permit KCPL to continue offering these programs in the future. It is my recommendation that if the Commission determines that KCPL should continue to offer these programs during a limited time period – while awaiting the results of a complete evaluation of the programs – the Commission order should simply “extend” these programs until December 31, 2015, as opposed to “approving” the programs as presented.

Third, I am concerned that federal regulations currently being considered for adoption may prematurely influence decisions made in this proceeding. Specifically, I am concerned about a topic that has simply become known as “111(d).” On June 2, 2014, under the authority of The Clean Air Act section 111(d), the EPA proposed emission guidelines for states to follow in developing plans to address greenhouse gas emissions from existing fossil fuel-fired electric generation units. The EPA has said that it expects to finalize the rules established under 111(d) in June 2015, and then would expect states to implement plans during a two year period beginning in 2016.

At this point it is too early to speculate what impact 111(d) will have on Kansas utilities, specifically KCPL. Additionally, it is unclear whether the suite of energy-efficiency programs proposed by KCPL would actually reduce KCPL’s greenhouse gas emissions. Considering that KCPL’s programs are not being utilized by the Company to shift load, and there are no programs that reduce KCPL’s base load requirements, it is my opinion that KCPL’s programs will do little to meet any greenhouse gas emission standards enacted by the EPA. While the Commission should be mindful of the possible ramifications of the passage of 111(d), it should be cognizant that in this proceeding, nothing is being offered that would limit the impacts of 111(d) in Kansas.

Finally, I am concerned that so much has changed since the passage of the Commission’s 441 and 442 Orders that it is difficult to determine which path to follow in 2014 and beyond. Since 2008, technology has changed, consumer habits have changed, the economy has changed, the portfolios of utilities have changed, participation has decreased in each of KCPL’s programs, and KCPL is no longer offering its programs to its customers: simply put, 2014 is a much different landscape than 2008.

When the Commission issued its order establishing its energy-efficiency policy goals in 2008, it acknowledged that “utilities are entering a period of construction or acquisition of new resources

to enable them to meet future energy needs.”<sup>16</sup> The Commission further stated that “use of energy-efficiency programs as a resource can moderate the inevitable bill increases caused by the building of new generation, the implementation of environmental requirements, and additional transmission investment.”<sup>17</sup>

Currently, utilities – like KCPL – are completing or have completed construction of and acquisition of new resources. Based upon KCPL’s response to CURB Data Request No. 23, it does not anticipate needing to acquire additional resources until 2031. Because KCPL has sufficient capacity available to meet its demand for the foreseeable future, it no longer utilizes energy-efficiency as a resource that may moderate bill increases. In fact, one could argue that because KCPL does not need additional capacity for seventeen years, the offering of energy-efficiency programs cannot mitigate that cost, and rather it is the energy-efficiency programs, through the EER, that cause an increase to consumer’s bills.

In my opinion, the Commission should not simply continue to reapprove the same 2008 energy-efficiency programs in 2014, without an evaluation that these programs will continue to perform in 2014 as they might have in 2008. It is not an efficient use of ratepayer dollars to simply offer energy-efficiency programs for the sake of offering energy-efficiency programs. It is time for the Commission to re-evaluate what programs are appropriate in Kansas, and to begin a journey down the new path.

## **RECOMMENDATIONS**

I agree with Staff’s statement that deciding what to do with energy-efficiency programs like KCPL’s Energy Optimizer is “problematic”. There simply doesn’t seem to be a good answer. On one hand, I agree that cost-effective and appropriately-utilized energy-efficiency programs can provide a benefit to consumers. On the other hand, the programs being proposed by KCPL are not being utilized effectively and no one has performed an evaluation that determines the cost-effectiveness of these programs. Short of the Commission ordering KCPL to offer cost-effective energy-efficiency programs, and ordering KCPL to actually use the programs to provide a benefit to consumers, I’m not sure that there is any other clear resolution at this point.

Notwithstanding the uncertainties, I recommend the Commission approve Staff’s recommendations, with the following adjustments and additions:

1. Instead of approving KCPL’s three educational programs and the Low Income

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<sup>16</sup> Docket No. 08-GIMX-442-GIV, June 2, 2008, *Order Setting Energy Efficiency Policy Goals, Determining a Benefit-Cost Test Framework, and Engaging a Collaborative Process to Develop Benefit-Cost Test Technical Matters and an Evaluation, Measurement, and Verification Scheme*, ¶ 22.

<sup>17</sup> *Id.*, at ¶ 25.

Weatherization Program, I recommend the Commission simply extend these programs until December 31, 2015;

2. Staff recommends the Commission order KCPL to collect sufficient data to conduct a complete EM&V analysis of the Energy Optimizer program in two years. I recommend the Commission order a complete EM&V for all of KCPL's eligible programs, regardless of KCPL's commitment to use the programs in the future. The cost of the EM&V should not exceed 5% of the program's 2013 Commission approved budget. The EM&V should be available for review by Staff, CURB and Commission no later than September 1, 2015; and
3. I recommend that while KCPL conducts the Commission ordered EM&V for each of its eligible programs, that KCPL be allowed to continue to offer the programs, at the budget and participation level requested in its application. KCPL's programs should continue to be deemed temporary programs, and should not be granted permanent status until the completion and review of the complete EM&V verifies the positive net benefit achieved from each program.

**CERTIFICATE OF SERVICE**

14-KCPE-042-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 24<sup>th</sup> day of September, 2014, to the following parties:

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A handwritten signature in cursive script, appearing to read "Della Smith", written over a horizontal line.

Della Smith  
Administrative Specialist