

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

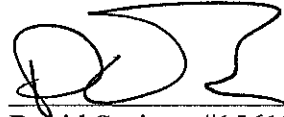
In the Matter of Westar Energy, Inc. and)
Kansas Gas and Electric Company Seeking) Docket No. 15-WSEE-021-TAR
Commission Approval for Tariff Revisions to)
the Energy Efficiency Rider.)

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

The Citizens' Utility Ratepayer Board (CURB) submits its *Reply to Staff's Report and Recommendation* filed on September 18, 2014.

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

Respectfully Submitted,



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REPLY TO STAFF'S REPORT AND RECOMMENDATION

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

FROM: Stacey Harden

DATE: September 29, 2014

SUBJECT:

In the Matter of Westar Energy, Inc. and Kansas Gas and Electric Company Seeking Commission Approval for Tariff Revisions to the Energy Efficiency Rider in Docket No. 15-WSEE-021-TAR.

EXECUTIVE SUMMARY:

On July 15, 2014, Westar Energy, Inc. and Kansas Gas and Electric Company ("Westar") filed an application seeking Commission approval to recover \$5,543,112 in costs associated with Westar's various energy-efficiency programs. Westar's application shows that from July 1, 2013 through June 30, 2014, Westar spent \$5,543,385 to offer five energy-efficiency programs. During the same period, Westar over-recovered its 2013 Commission approved Energy Efficiency Rider ("EER") by \$273.

On September 18, 2014, the Staff of the Kansas Corporation Commission ("Staff") filed a report recommending the Commission approve Westar's application and allow Westar to recover \$5,543,112 through its EER.

I recommend the Commission:

1. Disallow \$27,964 in expenses for notebooks, sponsorships, cash awards, baseball

caps, and flashlights that are included in Westar's EER request. These items are inconsistent with the Commission's directions given in Docket 08-GIMX-442-GIV and are inappropriate to be recovered through a rider.

2. Allow Westar to recover \$5,515,148 through its EER. This amount includes unrecovered expenses of \$5,515,421 incurred from July 1, 2013 through June 30, 2014, and over-recovered costs of \$273 from the prior period;
3. Approve the EER rates as calculated by Westar in its application. Because the EER is trued-up at the end of each year, the actual amount recovered from the EER rates calculated by Westar will be compared to the total EER amount approved by the Commission. If the Commission adopts CURB's recommendations and approves an EER of \$5,515,148, it will be compared to actual recovery, to calculate any under-recovery or over-recovery, in Westar's 2015 EER.
4. Because the Commission-approved budgets for Westar's energy-efficiency programs have or will expire in 2014, the Commission should order Westar to file a petition for new operating budgets for each of its energy-efficiency programs. Westar's application should follow the guidelines established in Docket 08-GIMX-441-GIV. If Westar intends to offer its programs during an evaluation process, the Commission should require Westar to file a petition seeking Commission approval of interim program budgets while an evaluation is conducted;
5. Order Westar to conduct complete evaluation, measurement and verifications ("EM&V") for each of its energy-efficiency programs, as defined by Docket 08-GIMX-442-GIV. The cost of the EM&V should not exceed 5% of the program's Commission-approved budget. The EM&V should be available for review by Staff, CURB and Commission no later than September 1, 2015.
6. Regardless of Westar's intention to continue to offer the Simple Savings Program past the January 31, 2015 expiration date, the Commission should require an EM&V as ordered in Docket No. 10-WSEE-775-TAR. The data that can be obtained from an EM&V may provide the Commission with invaluable information on how Kansas can reduce base load energy consumption, and thereby reduce greenhouse gas emissions in order to comply with the EPA's proposed Clean Air Act, section 111(d).

BACKGROUND

Westar's energy-efficiency and demand-response programs were approved under the guidelines established in the Commission's general investigations in 08-GIMX-441-GIV ("441 Docket") and 08-GIMX-442-GIV ("442 Docket"). The 441 Docket established guidelines for recovery of costs associated with energy-efficiency and demand response programs. In the 441 Docket, the Commission indicated that EERs should be implemented in a manner that "...maintains the Commission's responsibility to review costs for prudence."¹

This is the fifth EER application filed by Westar.² Appendix A shows a summary of program costs that were audited by Staff and subsequently approved by the Commission for recovery through Westar's previous EER applications. If the Commission approves this EER as requested by Westar and recommended by Staff, Westar will have collected \$44,013,320 from its customers in exchange for energy-efficiency programs.

Staff has long maintained that because all energy-efficiency programs and program budgets have been previously approved by the Commission, the annual EER proceedings are not the appropriate dockets in which to review prudence. Staff has indicated that "(a) determination of whether the expenditures are prudent will be made within an Evaluation, Measurement, and Verification ("EM&V") proceeding or within a rate case where there is sufficient data available to fairly evaluate the program."³ Accordingly, Staff limits its review of EERs to examinations of expenditure consistency – both in scope and amount – with that previously approved by the Commission.

CURB recognizes that the Commission has previously indicated that the purpose of EER filings is to allow the utility to seek recovery for its Commission-approved energy-efficiency programs, and that Staff accordingly limits its review to an examination of expenditures. However, Westar's EER application is currently the only medium available for the Commission to consider Westar's energy-efficiency programs. Because the Commission has indicated that EERs should be implemented in a manner that maintains the Commission's responsibility to review costs for prudence, my report will evaluate not only Westar's expenditures, but also will report on the current status of Westar's programs, as well as the status of Westar EM&Vs.

¹ KCC Docket No. 08-GIMX-441-GIV, November 14, 2008, *Final Order*, at ¶38.

² Previous Westar EER application dockets are KCC Docket Nos. 11-WSEE-032-TAR, 12-WSEE-063-TAR, 13-WSEE-033-TAR, and 14-WSEE-030-TAR.

³ KCC Docket No. 11-WSEE-032-TAR, September 22, 2010, *Staff's Response to Comments of CURB*, at ¶6.

PROGRAM EXPENSES

A. Energy Efficiency Education Programs

On June 19, 2009, Westar filed an Application seeking Commission approval of several Energy Efficiency Education programs including the following: Energy Efficiency for Education, Speakers' Bureau, Real Estate Agent Certification, Home Shows, Save a Watt, Save a Lot, and Multi-media Education. According to its application, Westar indicated it will seek amendment of any order issued to incorporate additional programs as they are developed.

Westar's Energy Efficiency Education program was approved by the Commission in Docket No. 09-WSEE-986-ACT on July 28, 2009. The program was approved using a five-year budget. According to Westar's previous EER applications, Westar first incurred costs for its Energy Efficiency Education programs in August 2009.

The chart below shows Westar's annual expenses for its Energy Efficiency Education programs.

Energy Efficiency Education
09-WSEE-986-ACT

Program costs approved in 11-WSEE-032-TAR	\$	175,299.22
Program costs approved in 12-WSEE-063-TAR	\$	321,711.00
Program costs approved in 13-WSEE-033-TAR	\$	227,223.00
Program costs approved in 14-WSEE-030-TAR	\$	132,042.00
Program costs requested in 15-WSEE-021-TAR	\$	66,207.00
Total Program Costs:	\$	922,482.22

As shown in the chart above, Westar's application in this proceeding requests recovery of \$66,207 in expenses associated with its Energy Efficiency Education programs. Staff recommends the Commission approve Westar's request. I recommend the Commission disallow \$25,310.51 in specific expenses that are inconsistent with the Commission's directions in the 442 Docket. I recommend the Commission approve recovery of \$40,835 for Westar's Energy Efficiency Education programs.

My recommendation makes the following reductions to Westar's request⁴:

1. \$1,000.00 paid to the Hutchinson Clinic. According to Westar's response to Staff Data Request No. 3, the Hutchinson Clinic was the winner of the MOKan Take Charge Challenge. Westar provided a cash award of \$1,000 to the winner of this challenge;
2. \$1,000.00 paid for Westar to be a "Silver Sponsor" of the 2013 Kansas Energy Conference;
3. \$5,000.00 paid by Westar for its sponsorship of Botanica's annual illuminations event;
4. \$1,219.46 paid to Fincher's Findings, Inc. for 388 youth baseball caps;
5. \$1,222.62 paid to Fincher's Findings, Inc. for 387 adult baseball caps; and
6. \$15,868.43 paid to Halo Branded Solutions to purchase 5000 LED Flashlights with batteries, printed with Westar's logo.

I recommend the Commission disallow each of the expenses detailed above. Sponsorships, monetary prizes, baseball caps, and flashlights do not promote energy-efficiency education. These expenses are inconsistent with the Commission directions given in the 442 Docket and are inappropriate to be recovered through a rider. I recommend the Commission approve my adjustments and allow Westar to recover \$40,835 for its Energy Efficiency Education programs through the EER.

B. Building Operator Certification Program

Westar's Building Operator Certification program was approved by the Commission in Docket No. 09-WSEE-738-MIS on June 15, 2009. The program was approved using a five-year budget of \$832,589. According to Westar's previous EER applications, Westar first incurred costs for its Building Operator Certification program in August 2009.

The chart below shows Westar's annual expenses for its Building Operator Certification program.

⁴ Copies of invoice supporting the adjustments are attached to this report as Appendix B. The invoices were provided by in Westar's response to Staff Data Request Nos. 3 and 5.

Building Operator Certification
09-WSEE-738-MIS

Program costs approved in 11-WSEE-032-TAR	\$ 72,822.01
Program costs approved in 12-WSEE-063-TAR	\$ 51,308.00
Program costs approved in 13-WSEE-033-TAR	\$ 75,112.00
Program costs approved in 14-WSEE-030-TAR	\$ 60,365.00
Program costs requested in 15-WSEE-021-TAR	\$ 46,976.00
Total Program Costs:	\$ 306,583.01

As shown in the chart above, Westar’s application in this proceeding requests recovery of \$46,976 in expenses associated with its Building Operator Certification program. Staff recommends the Commission approve Westar’s request.

I recommend the Commission approve recovery of \$44,323 for Westar’s Building Operator Certification program. I have made one adjustment to Westar’s request, removing an invoice to Creative Promotions for \$2,653.18. According to the general ledger provided by Westar in response to Staff Data Request No. 1, this invoice – which is for 250 spiral journals printed with Westar’s logo – is identified as being “customer appreciation.”⁵ Customer appreciation notebooks adorned with Westar’s logo do not promote energy-efficiency. These customer appreciation expenditures are inconsistent with Commission directions given in the 442 Docket and are inappropriate to be recovered through a rider. I recommend the Commission approve my adjustment and allow Westar to recover \$44,323 for its Building Operator Certification program through the EER.

C. Watt Saver Air Conditioner Cycling

Westar’s Watt Saver Air Conditioner Cycling program was approved by the Commission in Docket No. 09-WSEE-636-TAR on May 27, 2009. The program was approved using a five-year budget of \$26,034,055. According to Westar’s previous EER applications, Westar first incurred costs for its Watt Saver Air Conditioner Cycling program in June 2009.

The chart below shows Westar’s annual request for recovery of its Watt Saver Air Conditioner Cycling programs.

⁵ A copy of the invoice was included in Westar’s response to Staff Data Request No. 3, attached to my report in Appendix B.

WattSaver Air Conditioning Cycling
09-WSEE-636-TAR

Program costs approved in 11-WSEE-032-TAR	\$ 3,498,756.95
Program costs approved in 12-WSEE-063-TAR	\$ 5,545,869.00
Program costs approved in 13-WSEE-033-TAR	\$ 6,755,547.00
Program costs approved in 14-WSEE-030-TAR	\$ 6,269,581.00
Program costs requested in 15-WSEE-021-TAR	\$ 1,571,276.00
Total Program Costs:	\$ 23,641,029.95

As shown in the chart above, Westar’s application in this proceeding requests recovery of \$1,571,276 in expenses associated with its Watt Saver Air Conditioner Cycling program. Staff recommends the Commission approve Westar’s request. At this time, CURB does not dispute the accuracy of Staff’s recommendation that \$1,571,276 in expenses have been incurred by Westar for its Watt Saver Air Conditioner Cycling program from July 2013 through June 2014.

D. Energy Efficiency Demand Response Rider

Westar’s Energy Efficiency Demand Response Rider program was approved by the Commission in Docket No. 10-WSEE-141-TAR on December 9, 2009. The program was approved using a five-year budget of \$25,705,000. According to Westar’s previous EER applications, Westar first incurred costs for its Energy Efficiency Demand Response Rider program in March 2010.

The chart below shows Westar’s annual request for recovery of its Energy Efficiency Demand Response Rider programs.

Energy Efficiency Demand Response Rider
10-WSEE-141-TAR

Program costs approved in 11-WSEE-032-TAR	\$	2,083,612.99
Program costs approved in 12-WSEE-063-TAR	\$	4,623,818.00
Program costs approved in 13-WSEE-033-TAR	\$	4,517,703.00
Program costs approved in 14-WSEE-030-TAR	\$	3,955,622.00
Program costs requested in 15-WSEE-021-TAR	\$	3,857,757.00
Total Program Costs:	\$	19,038,512.99

As shown in the chart above, Westar's application in this proceeding requests recovery of \$3,857,757 in expenses associated with its Energy Efficiency Demand Response Rider program. Staff recommends the Commission approve Westar's request. At this time, CURB does not dispute the accuracy of Staff's recommendation that \$3,857,757 in expenses have been incurred by Westar for its Energy Efficiency Demand Response Rider program from July 2013 through June 2014.

E. Simple Savings Program

Westar's Simple Savings Program was approved by the Commission in Docket No. 10-WSEE-775-TAR ("775 Docket") on January 31, 2011. According to Westar's previous EER application, Westar first incurred costs for its Simple Savings Program in January 2011. The program was approved for a limited term, expiring on January 31, 2015.

The chart below shows Westar's annual request for recovery of its Simple Savings Program Rider program.

Simple Savings Program Rider
10-WSEE-775-TAR

Program costs approved in 11-WSEE-032-TAR	\$	-
Program costs approved in 12-WSEE-063-TAR	\$	29,040.00
Program costs approved in 13-WSEE-033-TAR	\$	71,934.00
Program costs approved in 14-WSEE-030-TAR	\$	2,569.00
Program costs requested in 15-WSEE-021-TAR	\$	1,168.00
Total Program Costs:	\$	104,711.00

As shown in the chart above, Westar's application in this proceeding requests recovery of \$1,168 in expenses associated with its Simple Savings Program Rider program. Staff recommends the Commission approve Westar's request. At this time, CURB does not dispute the accuracy of Staff's recommendation that \$1,168 in expenses have been incurred by Westar for its Simple Savings Program Rider program from July 2013 through June 2014.

RATE DESIGN

Westar's application calculates the EER rate for Westar customers based upon an EER of \$5,543,112. The EER rate for residential customers is calculated by Westar as \$0.000280 per kWh.

CURB's recommendation that the Commission approve an EER of \$5,515,148 would not result in a material change to the residential EER rate of \$0.00280 per kWh calculated by Westar. Therefore, for purposes of simplicity, CURB recommends the Commission approve the EER rates as calculated by Westar in its application. Because the EER is trued-up at the end of each year, the actual amount recovered from the EER rates calculated by Westar will be compared to the total EER amount approved by the Commission. If the Commission adopts CURB's recommendation and approves an EER of \$5,515,148, it will be compared to Westar's actual recovery, to calculate any under-recovery or over-recovery, in Westar's 2015 EER.

CURRENT STATUS OF PROGRAMS

A. Expired Budgets

With the exception of the Simple Savings Program, each of Westar's programs was approved in 2009 with a five-year budget. Because five years have passed since approval of programs in 2009, the Commission approved budgets have already or will expire in 2014.

The chart below shows the date each program was approved by the Commission:

	Date program approved by Commission
Energy Efficiency Education 09-WSEE-986-ACT	7/28/2009
Building Operator Certification 09-WSEE-738-MIS	6/15/2009
Watt Saver Air Conditioner Cycling 09-WSEE-636-TAR	5/27/2009
Energy Efficiency Demand Response Rider 10-WSEE-141-TAR	12/9/2009
Simple Savings Program Rider 10-WSEE-775-TAR	1/31/2011

In its order in the 441 Docket, the Commission determined that all applications for energy-efficiency programs should include five-year program budgets. However, the Commission orders in the 441 Docket and 442 Docket do not expressly identify what happens when an approved five-year budget has expired. Despite the absence of specific language, in my opinion, if a program requires a Commission-approved budget, when the budget expires, so does the program. So while the 441 and 442 Dockets do not specifically order a utility to return to the Commission to seek new budget approval upon expiration of its previous budgets, it is my opinion that was the intent of the Commission's orders. Simply stated – if Commission-approved budgets are required for a utility to implement an energy-efficiency program and later seek recovery of costs, the lack of a Commission-approved budget would terminate the utility's ability to offer the program and later recover costs associated with the program.

CURB cannot locate any docket or proceeding where Westar has sought Commission approval to implement new program budgets. If Westar intends to continue to offer its programs beyond

2014, it should formally request Commission approval to continue the programs. Westar's request should adhere to the Commission's requirements for approval of programs as detailed in the 441 Docket. As part of its request to continue to offer its energy-efficiency programs, the Commission should consider completed EM&Vs of each program, as well as the changing landscape for energy-efficiency programs in Kansas.

B. Expiration of Simple Savings

Westar's Simple Savings Program is a partnership with the former Efficiency Kansas program. Through this partnership, Westar's Simple Savings Program allowed customers to obtain a whole-home energy audit and then obtain access to low-cost financing to complete the energy-efficiency improvements recommended in the energy auditor's report.

Westar's Simple Savings Program will expire on January 31, 2015. In its Order approving the Simple Savings Programs, the Commission directed Staff to "open an investigation and file a report at the beginning of the fourth year of the pilot program to allow the Commission to examine data associated with Westar's Simple Savings program and determine whether it should make the partnership a permanent one."⁶ Per the Commission's ruling, this investigation should have been opened in January of 2014, which would allow for a complete investigation to be completed before the expiration of the program on January 31, 2015. CURB cannot locate any proceeding opened before the Commission where Staff has examined the Simple Savings Program or filed a report recommending the program be continued. Therefore, absent a Commission order directing otherwise, the Simple Savings program will expire on January 31, 2015.

Regardless of Westar's intention to continue to offer the Simple Savings Program past its January 31, 2015 expiration date, the Commission should require an EM&V as originally ordered in the 775 Docket. The data that can be obtained from an EM&V may provide the Commission with invaluable data on how Kansas can reduce base load energy consumption, and thereby reduce greenhouse gas emissions in order to comply with the EPA's proposed Clean Air Act, section 111(d).

C. WattSaver and Energy Efficiency Demand Response Programs

Westar's WattSaver and Energy Efficiency Demand Response Rider 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

⁶ KCC Docket No. 10-WSEE-775-TAR, January 31, 2011, *Order Approving Partnership Between Efficiency Kansas and Westar's Simple Savings Program*, at page 20, D.

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 Westar, the WattSaver program was used to reduce peak demand twice in 2012 and only once during 2013.⁷ Demand-response programs like WattSaver only produce benefits when it is utilized. According to Westar, since July 2012, the WattSaver program was used just three times, at a cost to ratepayers of \$7,840,857.

Additionally, Westar indicated that in mid-2013, it quit marketing the WattSaver program and has ceased multi-family installations because “cost/benefit numbers indicated that the cost per kW is greater than the avoided kW cost.”⁸ Based upon Westar’s responses, it appears Westar is ramping down its WattSaver program and will limit participation in the future.

Similarly, according to Westar, the Energy Efficiency Demand Response Rider program has not been used since 2012, when it was used to reduce peak demand on two occasions.⁹ As is the case with WattSaver, demand-response programs like Energy Efficiency Demand Response Rider only produce benefits when it is utilized. According to Westar, since July 2012, the Energy Efficiency Demand Response Rider program was used just two times, at a cost to ratepayers of \$7,813,379.

If Commission adopts my recommendation and requires Westar to seek new operating budgets for each of its programs, it should also require Westar to elaborate on whether it intends to continue offering the WattSaver program and Energy Efficiency Demand Response program. This information will be vital in determining the cost effectiveness and appropriate budget for each program.

EVALUATION, MEASUREMENT & VERIFICATION:

The 442 Docket established Commission goals and guidelines for determining which programs produce positive benefits. One such guideline established by the Commission provides a schedule for the EM&V of Commission-approved programs. The EM&V procedure developed within the 442 Docket allows an opportunity for the Commission to review the performance of energy-efficiency programs and the prudence of expenditures with input from all intervening parties. The Commission found that “EM&V evaluation should be conducted two years after program implementation. By this, the Commission means that two years after program

⁷ Westar’s response to CURB Data Request No. 3.

⁸ Westar’s response to CURB Data Request No. 12.

⁹ Westar’s confidential response to CURB Data Request No. 4.

implementation, the review process should begin such that two years of data will be under review.”¹⁰

In the 442 Docket, Staff noted that “evaluation is linked with sound regulatory oversight and must be performed within the context of policy goals.”¹¹ 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.”¹²

When the Commission approved each of Westar’s energy-efficiency programs, it specifically included language regarding EM&V in each order as detailed below:

- Building Operator Certification Program: “Westar Energy, Inc.’s application for approval of the Building Operator Certification program is granted, conditioned on ... future EM&V analyses for this program being consistent with forthcoming determinations by the Commission.”¹³ At ¶3
- WattSaver Program: “Evaluation, Measurement and Verification (EM&V) of the WattSaver program should be consistent with the Commission’s determinations on this issue in Docket No. 08-GIMX-442-GIV.”¹⁴
- Energy Efficiency Demand Response Rider: “Evaluation, measurement and verification (EM&V) review of this program be conducted in a manner consistent with forthcoming determinations by the Commission in Docket No. 10-GIMX-013-GIV.”¹⁵
- Simple Savings Program: “The Commission finds an initial evaluation, measurement, and verification (EM&V) should be conducted after Simple Savings has been in place for two years, as recommended by the Commission in its Final Order in the 442 Docket. The Commission finds that six months is a reasonable timeframe for completion of an initial EM&V review and that it should be conducted through the EM&V process as laid out in Docket No. 10-

¹⁰ KCC Docket No. 08-GIMX-442-GIV, April 13, 2009, *Order Following Collaborative on Benefit Cost Testing and Evaluation, Measurement, and Verification*, at ¶149.

¹¹ 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.

¹² 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*, at ¶47.

¹³ KCC Docket No. 09-WSEE-738-MIS, June 15, 2009, *Order Approving Building Operator Certification Program*, at page 7, A.

¹⁴ KCC Docket No. 09-WSEE-636-TAR, May 27, 2009, *Order Approving Application and WattSaver Rider*, at ¶6(a).

¹⁵ KCC Docket No. 10-WSEE-141-TAR, December 9, 2009, *Order Approving Energy Efficiency Demand Response Program Rider*, at ¶7(a).

GIMX-013-GIV by a third-party provider selected through the request for proposal (RFP) process that is currently being implemented at the Commission.”¹⁶

Four of Westar’s five energy-efficiency and demand response programs were approved in 2009. Westar has not completed an EM&V as directed in the 442 Order, nor as directed in the Commission’s orders approving each individual program. CURB cannot locate any request made by Westar to waive the EM&V requirements dictated by the Commission in the 442 Docket. At the time of its application, Westar’s energy-efficiency and demand-response programs have been operating for five calendar years, without any type of prudence review or EM&V process. This is in direct conflict with the Commission’s order in the 442 Docket and the individual Commission orders that approved each program.

In Westar’s 2013 EER, CURB requested the Commission identify the appropriate type of proceedings during the course of which a party may validly request an EM&V of existing programs. CURB stated in that proceeding that there appears to be no avenue for assuring that energy-efficiency and demand response programs are evaluated for cost-effectiveness and prudence on a timely basis.

In its order approving Westar’s 2013 EER, the Commission agreed with CURB that an EM&V review on the prudence of Westar’s energy-efficiency and demand response programs should be done. The Commission stated that “Staff needs time to fully investigate and develop its EM&V processes in Docket No. 14-KCPE-074- GIE [“074 Docket”]. Because of this, ordering a separate EM&V docket to be opened now would be fruitless. Also, to order an EM&V review in this docket would be inappropriate, as is advanced by Staff and is not rebutted by CURB or Westar. Thus, Staff shall file a motion with the Commission to open an EM&V docket on Westar’s energy-efficiency and demand response programs once EM&V processes are in place to administer such a review, presumably after Docket No. 14- KCPE-074-GIE is closed.”¹⁷

Unfortunately, the 074 Docket did little to develop an EM&V process. Rather the Order in the 074 Docket simply waived specific requirements established in the 013 Docket – not the 442 Docket – for only Kansas City Power & Light (“KCPL”), while reserving Staff and CURB’s ability to request a different process if circumstances changed. If the Commission’s intent in Westar’s 2013 EER docket was that the EM&V process would be clarified in the 074 Docket, in order to facilitate a ruling for Westar, these intentions were not realized.

¹⁶ KCC Docket No. 10-WSEE-775-TAR, January 31, 2011, *Order Approving Partnership Between Efficiency Kansas and Westar’s Simple Savings Program*, at page 20, E.

¹⁷ Docket No. 14-WSEE-030-TAR. October 15, 2013, *Order Approving Westar’s Energy Efficiency Rider*, at ¶7.

While processes for EM&V were not clarified as hoped in the 074 Docket, it is my recommendation that the Commission not wait to order Westar to conduct a complete EM&V of its programs. Westar has spent \$44,013,319 of ratepayer money, for the purpose of energy efficiency, and yet, a complete evaluation has not been performed to ensure that ratepayer dollars are being used effectively. Additionally, I encourage the Commission to be mindful that two electric utilities have spent nearly \$82,000,000 of ratepayer dollars in Kansas for energy-efficiency programs.¹⁸ **Despite spending tens of millions of dollars, Westar has not conducted a complete EM&V analysis that determines if its programs have saved Kansans even one single dollar.**

Therefore, I recommend the Commission order Westar to conduct a complete EM&V in accordance with the 442 Docket with EM&V expenditures limited to 5% of the program budgets. Specifically, the Commission should order Westar to conduct a complete EM&V that begins with verifying that an energy-efficiency program is doing what it is supposed to do. Then the program effect and cost should be measured. The final step, evaluation, should involve taking the measurements and comparing them to the baseline or the goals set for the program.

Westar should not limit its EM&V to a benefit-cost analysis. 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? The EM&V should be available for review by Staff, CURB and Commission no later than September 1, 2015.

I acknowledge that ordering Westar to conduct a complete EM&V is an additional cost that will be passed on to customers through the EER. However, an EM&V of Westar's energy-efficiency programs is a necessary cost. Through June 2014, Westar has spent \$44,013,319 on energy-efficiency programs without any evaluation to determine whether any benefits were achieved from programs. When these programs were approved by the Commission, there was a presumption that the programs would be used to create benefits. However, without a meaningful, backward-looking evaluation, it cannot be confirmed that these energy-efficiency programs — that cost over \$44 million dollars — have created even one single dollar in benefit.

RECOMMENDATIONS

I recommend the Commission:

1. Disallow \$27,964 in expenses for notebooks, sponsorships, cash awards, baseball

¹⁸ KCPL has spent and been allowed to recover \$37,392,668 for energy-efficiency programs. KCPL has not conducted an EM&V of its programs since 2009. Docket No. 14-KCPE-042-TAR.

caps, and flashlights that are included in Westar's EER request. These items are inconsistent with the Commission's directions in given in Docket 08-GIMX-442-GIV and are inappropriate to be recovered through a rider.

2. Allow Westar to recover \$5,515,148 through its EER. This amount includes unrecovered expenses of \$5,515,421 incurred from July 1, 2013 through June 30, 2014, and over-recovered costs of \$273 from the prior period;
3. Approve the EER rates as calculated by Westar in its application. Because the EER is trued-up at the end of each year, the actual amount recovered from the EER rates calculated by Westar will be compared to the total EER amount approved by the Commission. If the Commission adopts CURB's recommendations and approves an EER of \$5,515,148, it will be compared to actual recovery, to calculate any under-recovery or over-recovery, in Westar's 2015 EER.
4. Because the Commission-approved budgets for Westar's energy-efficiency programs have or will expire in 2014, the Commission should order Westar to file a petition for new operating budgets for each of its energy-efficiency programs. Westar's application should follow the guidelines established in Docket 08-GIMX-441-GIV. If Westar intends to offer its programs during an evaluation process, the Commission should require Westar to file a petition seeking Commission approval of interim program budgets while an evaluation is conducted;
5. Order Westar to conduct complete EM&Vs for each of its energy-efficiency programs, as defined by Docket 08-GIMX-442-GIV. The cost of the EM&V should not exceed 5% of the program's Commission-approved budget. The EM&V should be available for review by Staff, CURB and Commission no later than September 1, 2015.
6. Regardless of Westar's intention to continue to offer the Simple Savings Program past the January 31, 2015 expiration date, the Commission should require an EM&V as ordered in Docket No. 10-WSEE-775-TAR. The data that can be obtained from an EM&V may be provide the Commission with invaluable information on how Kansas can to reduce base load energy consumption, and thereby reduce greenhouse gas emissions in order to comply with the EPA's proposed Clean Air Act, section 111(d).

Appendix A

	Program costs approved in 11-WSEE-032-TAR	Program costs approved in 12-WSEE-063-TAR	Program costs approved in 13-WSEE-033-TAR	Program costs approved in 14-WSEE-030-TAR	Program costs requested in 15-WSEE-021-TAR	Total Program Costs
Energy Efficiency Education 09-WSEE-986-ACT	175,299.22	321,711.00	227,223.00	132,042.00	66,207.00	922,482.22
Building Operator Certification 09-WSEE-738-MIS	72,822.01	51,308.00	75,112.00	60,365.00	46,976.00	306,583.01
Watt Saver Air Conditioner C 09-WSEE-636-TAR	3,498,756.95	5,545,869.00	6,755,547.00	6,269,581.00	1,571,276.00	23,641,029.95
Energy Efficiency Demand Res 10-WSEE-141-TAR	2,083,612.99	4,623,818.00	4,517,703.00	3,955,622.00	3,857,757.00	19,038,512.99
Simple Savings Program Rider 10-WSEE-775-TAR	0	29,040.00	71,934.00	2,569.00	1,168.00	104,711.00
Total Amount of Westar Energy Efficiency and Demand Response programs:						\$44,013,319.17

Appendix B

Statement

Westar Energy 211408
Attn: Tammie Rhea
PO Box 208
Wichita, KS 67201

2013 Kansas Energy Conference

Registration Id: 104833
Statement Date: 7/10/2013

<u>Name/Session</u>	<u>Date</u>	<u>Time</u>	<u>Attending</u>	<u>Fee</u>
Westar Energy - Silver Sponsor				1000.00

	<u>Date</u>	<u>Method</u>	<u>Check/Card Number</u>	<u>Amount</u>
Payment	7/10/2013	Visa	*****9033	1,000.00

Name : Tammie Rhea

Summary

<u>Registration</u>	<u>Guests</u>	<u>Hotel</u>	<u>Sessions</u>	<u>Cancel</u>	<u>Total</u>
1000.00	0.00	0.00	0.00		1000.00
				Amount Rcvd:	1000.00
				Refund Amount	
				Balance Due:	0.00

Reference 30



BOTANICA
WICHITA

701 Amidon
Wichita Kansas 67203

Westar Energy

INVOICE: 2023

2013 Illuminations Light Festival

5,000.00

Thank you for supporting Botanica.

~~-----detach and return with remittance-----~~

Westar Energy

Invoice: 2023

2013 Illuminations Light Festival

5,000.00

Check _____ Credit Card _____ Exp. Date _____ 3 digit code _____

Reference 25

FINCHER'S FINDINGS, INC.

Industrial Park
 P.O. Box 289
 Medicine Lodge, KS 67104

Phone #

1-800-362-0938 or 620-886-3952

Invoice

Date	Invoice #
7/8/2013	34355

Bill To
WESTAR ENERGY ATTN: TAMMIE RHEA PO BOX 208 WICHITA, KS 67201

Ship To

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
			7/8/2013			
Quantity	Item Code	Description			Price Each	Amount
388	CAPS	YGAP-R YOUTH ROYAL CAPS			3.05	1,183.40T
387	CAPS	GAR-R ADULT ROYAL CAPS			3.05	1,180.35T
1	FREIGHT	Sales Tax			78.33	78.33T
					7.30%	178.27
Westar 10000 06310 1823660 acct 519515 Project Code E200 - class code						1183.40 + 39.22 (50.1% of the freight charge) 1222.62
					Reference 5	
					Total	\$2,620.35

6

Creative Promotions
15463 Cedar Ln.
Bonner Springs, KS 66012
Office: 913.662.7177
Fax: 888.678.1562

Invoice

Date	Invoice #
8/26/2013	80713VG6

Bill To
Westar Energy, Inc. Attn: Coleen Burgess 818 S. Kansas Ave. Topeka, KS 66612

P.O. No.	Rep
	Val

Item	Description	Qty	Rate	Amount
Notebooks	Recycled Spiral Journal w/ 100 Recycled Sheets 7" x 10" Blue Notebook w/ Yellow/White Westar Logo (Stacked)	250	8.80	2,200.00T
Set-Up Charge	Set-Up Charge per Color	2	55.00	110.00T
Run Charge	2nd Color Run Charge	250	0.35	87.50T
Shipping	Shipping & Handling	1	255.68	255.68T
	<i>#11.55 ea</i>			
	<i>6309 E 200 1823655</i>			
	<i>Customer appreciation</i>			
	<i>Prog - 519507 10000</i>			
	Payment Due Upon Receipt			
	Pay online at: https://ipn.intuit.com/zn28d9ss			

*We appreciate your business!!!
Thanks!!*

Past due balances are subject to 1.54% Finance Charge

ALL CLAIMS MUST BE MADE WITHIN 5 DAYS OF RECEIPT OF GOODS.
NO RETURNS WITHOUT WRITTEN CONSENT. ALL REMITTANCES TO

BE MADE DIRECTLY TO:
Creative Promotions
15463 CEDAR LANE,
BONNER SPRINGS, KS 66012

Subtotal	\$2,653.18
Sales Tax (8.8%)	\$233.48
Total	\$2,886.66
Payments/Credits	\$0.00
Balance Due	\$2,886.66

Reference 19



3182 Momentum Place
Chicago, IL 60689-5331
Phone: (815) 625-0980
Tax ID: 03-0509520

Sales Order No.	
3659495	
Order Date	Type
04/30/13	DRP H

Invoice

Number	Date	Page
2037345	09/25/13	1

Customer No.: 265723

Sold To: WESTAR ENERGY
SHERII FARMER
777 WEST CENTRAL (67203)
PO BOX 208
WICHITA, KS 67201

Customer No.: 265723

Bill To: WESTAR ENERGY
SHERII FARMER
777 WEST CENTRAL (67203)
PO BOX 208
WICHITA, KS 67201

Ship Via: UPS GROUND

Ship To: WESTAR ENERGY
SHERII FARMER
777 WEST CENTRAL (67203)
PO BOX 208
WICHITA, KS 67201

FOB: SHIPPING POINT

Customer P.O. Number	Ship Date	Terms	Sales Representative
	08/14/13	NET 10 DAYS	G122 LAW, CATHY
Ordered	Shipped	Back Order	Item Description/Comments
			UM Unit Price Extended Price

5000	5000	0	L-706 - 14-LED FLASHLIGHT W/ 3-AAA BATTERIES AND INDIVIDUALLY BOXED. >ITEM COLOR: BLUE >IMPRINT COLOR: WHITE	EA	2.750	13750.00
------	------	---	--	----	-------	----------

Thank you for your order. We appreciate your business!

1000 90000
1823660 Acct'd
519510 Project
work 06310
E200

RECEIVED BY
OCT 04 2013
ACCTS PAYABLE

Subtotal:	13750.00
Freight/Handling:	1059.41
Tax:	1059.02
Total:	15868.43
Balance:	15868.43

Reference 4

Since careful inspection at the factory often results in some imprinted pieces being discarded, it is understood and agreed that an underrun or overrun of not more than 10% be billed pro-rata. Purchaser agrees to pay any sales or use tax and additional freight charges billed us due to audits per ICC regulations. In some cases, freight charges may be billed separately. Quoted prices often do not include shipping charges or any applicable taxes. No credit will be issued for returned merchandise without the consent/authorization of HALO. All claims must be made within 10 days of merchandise receipt. Shipping Liability: This merchandise becomes your property at the time it is accepted by the carrier. Purchaser agrees to pay all charges within the payment terms stated on this invoice. Payments not made within such terms are subject to a late payment fee of 1.5% per month until payment is made. Purchaser also agrees to pay all necessary collection and reasonable legal fees in the event of default or failure to pay for goods sold and delivered.

PLEASE MAKE CHECK PAYABLE TO: HALO Branded Solutions Inc
AND SEND TO: 3182 Momentum Place, Chicago, IL 60689-5331

FOR CREDIT CARD PAYMENTS, PLEASE COMPLETE THE BELOW AND
SEND TO: PO BOX 657 STERLING, IL 61081 OR FAX TO: (815) 632-6908

Master Card Visa American Express Discover Diners Amex Purchasing Card*

Invoice Number: 2037345
Invoice Date: 09/25/2013
Invoice Total: 15868.43
Sales Order No.: 3659495
Bill To Customer No.: 265723

Name on Credit Card: _____
Credit Card No.: _____ Exp. Date: _____
Amount to Charge: _____ *P-Card Ref#/CVD Code: _____

Signature required for authorization

6

Creative Promotions
15463 Cedar Ln.
Bonner Springs, KS 66012
Office: 913.662.7177
Fax: 888.678.1562

Invoice

Date	Invoice #
8/26/2013	80713VG6

Bill To
Westar Energy, Inc. Attn: Coleen Burgess 818 S. Kansas Ave. Topeka, KS 66612

P.O. No.	Rep
	Val

Item	Description	Qty	Rate	Amount
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Set-Up Charge	Set-Up Charge per Color	2	55.00	110.00T
Run Charge	2nd Color Run Charge	250	0.35	87.50T
Shipping	Shipping & Handling	1	255.68	255.68T

#11.55 ea

6309 E 200 1823655 Prog - 519507 10000

Customer appreciation

Payment Due Upon Receipt

Pay online at: <https://ipn.intuit.com/zn28d9ss>

*We appreciate your business!!!
Thanks!!*

Past due balances are subject to 1.54% Finance Charge

ALL CLAIMS MUST BE MADE WITHIN 5 DAYS OF RECEIPT OF GOODS.
NO RETURNS WITHOUT WRITTEN CONSENT. ALL REMITTANCES TO

BE MADE DIRECTLY TO:
Creative Promotions
15463 CEDAR LANE,
BONNER SPRINGS, KS 66012

Subtotal	\$2,653.18
Sales Tax (8.8%)	\$233.48
Total	\$2,886.66
Payments/Credits	\$0.00
Balance Due	\$2,886.66

Reference 19

Referenced Data Requests

CURB 3

CURB 4*

CURB 12

KCC STAFF 3*

KCC STAFF 5*

***CURB 4 Confidential Response Not Provided**

***KCC Staff 3 & 5 Attachments Not Provided**



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Thursday, August 28, 2014
Logged in as: [Della Smith] [Logout](#)

Docket: [15-WSEE-021-TAR] Energy Efficiency Rider - 2014
Requestor: [CURB] [David Springe]
Data Request: CURB-3 :: WattSaver Cycling Events
Date: 0000-00-00

Question 1 (Prepared by Rebecca Fowler)

For 2012, 2013, and through July 31, 2014, please list each cycling event for WattSaver that was called. In each of these events, please detail the following: • Why was the cycling event called? • What was avoided in each cycling event? • During the cycling events, was Westar able to sell power in the market? • If so, how much was Westar able to sell? • What was the market price at the time of each sale?

Response:

Following is a listing of Wattsaver cycling events occurring in 2012, 2013 and 2014 through July 31: 7/19/12 7/26/12 8/28/13 The cycling events were called for the following reasons: 7/19/12 - Evans 2, Emporia 5, and JEC de-rated due to transmission issues. 7/26/12 - LaCygne 2, Evans 2, JEC 2 were unavailable. 8/28/13 - JEC 1 and JEC 2 de-rate due to piping failure in Water Treatment Building. In each case, the event was called to maintain system reliability reducing the probability of load shedding. In each case, Westar only sold power to fulfill long term agreements and sales resulting from the SPP Energy Imbalance market. Other than the activity with the SPP Energy Imbalance Market, Westar was a net purchase of energy during these events. The SPP Energy Imbalance Market is not a bilateral market and individual market participants do not control the energy purchases and sales transactions.

No Digital Attachments Found.



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Thursday, September 04, 2014
Logged in as: [Della Smith] [Logout](#)

Docket: [15-WSEE-021-TAR] Energy Efficiency Rider - 2014
Requestor: [CURB] [David Springe]
Data Request: CURB-12 :: WattSaver Expenditure Decrease
Date: 0000-00-00

Question 1 (Prepared by Rebecca Fowler)

Please explain why actual expenditures for the WattSaver program decreased from \$6,269,581 for the period July 1, 2012 through June 30, 2013, to \$1,571,276 for the period July 1, 2013 through June 30, 2014?

Response:

In mid-2013, a decision was made to stop marketing efforts based on an internal business review and trends that showed the cost per customer acquisition rising. It was determined that the increasing incremental marketing investment required to drive additional participation was not sustainable. Westar ceased multi-family installations in April of 2014 because cost/benefit numbers indicated that the cost per kW is greater than the avoided kW cost. This is driven primarily by a 0.43 kW demand reduction per installation in multi-family versus a 0.96 kW demand reduction per installation in single-family. The impact of the changes described above has dramatically reduced the annual WattSaver program operating costs.

No Digital Attachments Found.



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Thursday, August 28, 2014
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Docket: [15-WSEE-021-TAR] Energy Efficiency Rider - 2014
Requestor: [KCC] [Tim Rehagen]
Data Request: KCC-3 :: Sample of EER Invoices
Date: 0000-00-00

Question 1 (Prepared by n/a)

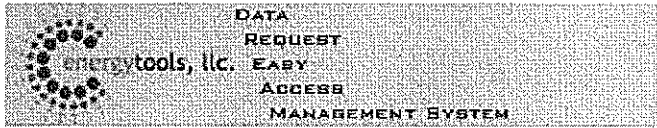
The spreadsheet file that accompanies this data request (15-201 - Expense Line Items.xls) contains a sample of expense line items selected from the general ledger detail relating to the Energy Efficiency Rider filing. For each expense line item, please provide supporting invoices and a detailed description of each expense and how the related project is beneficial to ratepayers.

Response:

Please find attached the detailed explanations and how each is beneficial to ratepayers for the selected expense line items. Also attached are the supporting invoices.

Attachment File Name	Attachment Note
15-021 - Staff DR3 Expense Line Items Response.xls	
15-021 - Staff DR3 Supporting Documentation.pdf	

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This page has been generated in 0.0399 seconds.



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Monday, September 15, 2014
 Logged in as: [Della Smith] [Logout](#)

Docket: [15-WSEE-021-TAR] Energy Efficiency Rider - 2014
Requestor: [KCC] [Tim Rehagen]
Data Request: KCC-5 :: Non-Matching Line Item Expenses
Date: 0000-00-00

KCC-5 (Prepared by Scott Unekis)

Attached is a list of the line item expenses from DR #3 that don't match with the amounts in the corresponding invoices. Please provide an explanation for the causes of the discrepancies. Also, for the final two line items, what events prompted the issuance of a demand response rider credit? Please refer to the attachment "Question 5 Attachment - 15-021 Expense Line Items". Expense List Supporting Invoice Amount Amount Security Software License (Digicert) \$647.36 \$595.00 Answering Service Charge for October \$12,688.31 \$11,845.96 Service Management Fee for January \$29,467.21 \$27,600.00 Hosting Fees for December \$9,327.79 \$8,727.95 Call Center Fee for January \$11,282.10 \$10,550.33 Monthly Management Fee for January \$16,363.07 \$15,400.00 Demand Response Rider Credit \$171,352.00 \$342,704.00 Demand Response Rider Credit \$180,725.00 \$359,296.00

Response:

The attached file "15-021 Expense Line Items more detail.xls" contains the list of line item expenses from KCC DR#3 that do not match the amounts in the corresponding invoices. I have added the calculations that resulted in the corresponding expenses charged to the reg asset accounts. The reasons for the discrepancies are as follows: - For the Honeywell invoices (Answering Service Charge for October, Service Management Fee for January, Hosting Fees for December, Call Center Fee for January, Monthly Management Fee for April), the sales tax was distributed evenly across all of the accounts on the invoice. The percentage used to distribute was calculated by dividing the sales tax by the total invoice amount. - For the Digicert Security Software License, a sales tax rate of 8.8% was added to the invoice - The Demand Response Rider Credit is an incentive credit for large customers that are able to curtail load, initially approved in Docket 10-WSEE-141-TAR and recoverable through the Energy Efficiency Rider. The credits in question are the portion allocated to Westar North for July 2013 and October 2013. As shown in sheet2 of the attached file, the remaining portion of each month's credit was allocated to Westar South. The KCC also requested additional explanation for more line item expenses over the phone. The explanation for the additional line item expenses, as well as the documentation, is attached to this response as well.

Attachment File Name	Attachment Note
15-021 - Staff DR3 Second Set of Expense Line Items.xls	
15-021 - Staff DR3 Second Set Supporting Documentation.pdf	
15-021 Expense Line Items more detail.xls	
Question 5 Attachment - 15-021 Expense Line Items.xls	

CERTIFICATE OF SERVICE

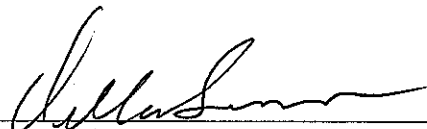
15-WSEE-021-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 29th day of September, 2014, to the following:

ANDREW FRENCH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
a.french@kcc.ks.gov

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Della Smith
Administrative Specialist