

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Jay Scott Emler, Chairman
 Shari Feist Albrecht
 Pat Apple

In the Matter of a General Investigation of)
Kansas City Power & Light Company's All-) Docket No. 16-GIME-576-GIE
Electric Residential Rates.)

PROCEDURAL ORDER

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the files and records, and being duly advised, the Commission finds:

1. On June 21, 2016, the Commission issued an Order Opening General Investigation into Kansas City Power & Light Company's (KCP&L) All-Electric Residential Rates. The Commission stated that it intended to engage an independent third-party consultant to conduct an evaluation of KCP&L's all electric rate structure.

2. On August 8, 2016, Counsel for the Commission conducted an informal teleconference to discuss the manner in which interested parties could participate in this docket. In attendance were representatives from Commission Staff (Staff), the Citizen Utility Ratepayer Board (CURB), and KCP&L. During that conference CURB and KCP&L expressed willingness to provide testimony on alternative ways in which the Commission can analyze the benefits KCP&L's residential all-electric space heating customers have provided to the KCP&L system as a whole and KCP&L's other residential customers. CURB requested the Commission's schedule for this docket permit CURB sufficient time to engage a consultant.

3. In light of CURB and KCP&L's willingness to provide the Commission with a range of alternatives to consider, the Commission has determined that at this time it is not necessary to engage a consultant at this time.

4. As stated in the Order Opening the General Investigation, the Commission is interested in taking a fresh look at KCP&L's rates for residential all-electric space heating customers.¹ The Commission has received ample testimony that looks at the all-electric residential space heating rate using traditional cost of service rate design. However, the Commission is interested in reviewing alternatives to traditional cost of service methodology.

5. Therefore, the Commission directs interested parties to file with the Commission written reports which analyze alternative methodologies for determining what the benefit residential all-electric space heating customers provide to the KCP&L system and KCP&L's residential non-all-electric space heating customers. Parties filing reports should develop an appropriate methodology or methodologies for determining the overall benefits and costs that residential all-electric space heating customers generate for KCP&L's residential class. Parties are to analyze the positive and negative aspects of all alternatives offered. Additionally, parties preparing reports must address the following Commission question and sub-parts.

- a. Historically, are KCP&L's residential non-all-electric space heating customers better off than they would be had KCP&L not provided a discounted electric rate for residential all-electric space heating customers? If so, how should that benefit be quantified?

¹ Docket No. 16-GIME-576-GIE, Order Opening General Investigation p. 2 (June 21, 2016).

- i. Does KCP&L have a significantly larger residential customer base that uses electric space heating equipment than other utilities who do not offer residential electric space heating discounts? In other words, was KCP&L's program successful at increasing the number of residential all-electric space heating customers?
- ii. Quantify the benefits, if any, for having residential all-electric space heating customers on the system as compared to a utility that has not or does not incentivize residential all-electric space heating customers.
- iii. On a Benefit/Cost basis, should KCP&L's residential all-electric space heating customers receive a discount, and if they should, about how large should the discount be? Are residential all-electric space heating customers paying the costs they cause for the system, more than the costs they cause, or less than the costs they cause?
- iv. Alternatively, if KCP&L's residential all-electric space heating customers were to convert to an alternative heating source such as geothermal, solar, natural gas or propane, what would be the cost to KCP&L's system as a whole and what would be the cost to KCP&L's other residential customers?

6. The Commission will not implement any changes to KCP&L's tariff or rates in this general investigation docket. Furthermore, the Commission recognizes that the purpose of this docket is to gather information regarding alternative rate design and thus parties may provide alternatives which they do not support. However, the Commission would be interested receiving

parties' recommendations for alternative rate design for all-electric residential customers. Parties will be permitted to make responsive comments. At this time the Commission is not scheduling a hearing. However, the Commission, if it deems necessary, may schedule a hearing to receive testimony and cross examination on the reports.

7. Because CURB has expressed an interest in retaining a consultant to help prepare its report, the Commission shall grant the parties 45 days, from the date of this order, to submit a proposed date when reports can be filed with the Commission. The Commission will then issue an Order Setting a Procedural Schedule.

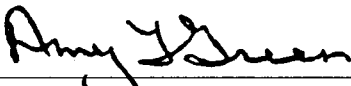
THEREFORE, THE COMMISSION ORDERS:

- A. The procedure as stated herein shall apply to this general investigation.
- B. The parties have 15 days from the date of electronic service of this Order to petition for reconsideration.²
- C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED.

Emler, Chairman; Albrecht, Commissioner (Dissent); Apple, Commissioner

Dated: SEP 22 2016



Amy L. Green
Secretary to the Commission

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² K.S.A. 66-118b; K.S.A. 77-529(a)(1).

SEP 22 2016

CERTIFICATE OF SERVICE

16-GIME-576-GIE

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of

Electronic Service on SEP 22 2016.

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