

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

MAY 23 2012

In the Matter of Kansas City Power & Light)
Company for Approval of Its 2012 Energy)
Efficiency Rider for Program Costs Incurred)
January 1 Through December 31, 2011)
)

by
State Corporation Commission
of Kansas

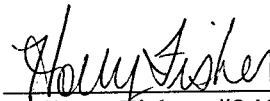
Docket No. 12-KCPE-729-TAR

NOTICE OF FILING OF STAFF REPORT AND RECOMMENDATION

Staff hereby files its Report and Recommendation, attached hereto and made a part hereof by reference, containing Staff's analysis and conclusions regarding Kansas City Power & Light Company's Energy Efficiency Rider.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation and for such other and further relief as the Commission deems just and proper.

Respectfully submitted,



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Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

STATE CORPORATION
COMMISSION

MAY 16 2012

PATRICE PETERSEN-KLEIN
EXECUTIVE DIRECTOR

TO: Chairman Mark Sievers
Commissioner Ward Loyd
Commissioner Thomas E. Wright

FROM: Justin Grady *JG*
Andrew Fry *AF*

DATE: May 15, 2012

DATE SUBMITTED TO EXECUTIVE DIRECTOR: 5/16/12

DATE SUBMITTED TO LEGAL: 5-18-12

DATE SUBMITTED TO COMMISSIONERS: 5-23-12

SUBJECT: 12-KCPE-729-TAR—In the Matter of the Application of Kansas City Power and Light Company for Approval of Its 2012 Energy Efficiency Rider for Program Costs Incurred January 1, 2011 Through December 31, 2011.

EXECUTIVE SUMMARY:

KCPL seeks to recover \$6,191,469 through its Energy Efficiency Rider (EER), beginning July 1, 2012. This consists of \$6,148,222 of costs incurred during the calendar year 2011 for Commission-approved energy efficiency programs and \$43,246 to true-up under collected EER revenues from the time period July 1, 2010 through June 30, 2011. Staff has performed an audit of KCPL's Application, has found no material irregularities or errors, and recommends Commission approval of the Application as filed.

BACKGROUND

On March 30, 2012, Kansas City Power & Light Company (KCPL) filed an Application for approval of its 2012 Energy Efficiency Cost Recovery Rider (EER). KCPL requests a

Commission Order by June 22, 2012, in order to facilitate a July 1, 2012, effective date for the EER. On May 10, 2012, Staff, CURB, and KCPL filed a Joint Motion requesting a procedural schedule and protective order. The procedural schedule requested anticipated Staff filing a report and recommendation by May 21, 2012. Accordingly, Staff submits this report for the Commission's consideration.

KCPL's Application seeks recovery of costs it has incurred related to Commission-approved demand response, energy efficiency, and affordability programs from the period January 1, 2011, through December 31, 2011. This filing was anticipated by the Stipulation and Agreement filed in Docket No. 07-KCPE-905-RTS and is consistent with the Commission's policy directives on cost recovery established in the Order on Docket No. 08-GIMX-441-GIV. The current filing is KCPL's fifth Application for an EER. Docket Nos. 08-KCPE-802-TAR, 09-KCPE-770-TAR, and 11-KCPE-665-TAR were approved in full by the Commission after Staff review. Docket No. 10-KCPE-636-TAR was approved by the Commission after modification by Staff to remove internal labor expenses included in the surcharge calculation by KCPL.

KCPL's current Application includes unrecovered expenses for calendar year 2011 of \$6,148,222 and under recovered expenses from calendar year 2010 of \$43,246 for a total requested EER surcharge amount of \$6,191,469. This expense is to be collected according to a revised tariff sheet entitled "Schedule EE", which reflects the new EER rates to each class resulting from the new charges. If approved, KCPL's new EER will be in effect from the period July 1, 2012, to June 30, 2013.

ANALYSIS

Staff performed an audit of KCPL's EER Application, as discussed in the two sections below. Staff finds that the Commission should approve an EER amount of \$6,191,469 for KCPL. Staff's review of the cost detail provided by KCPL in support of the Application primarily focused on whether the cost incurred was related to the particular energy efficiency ("EE") program, furthered the objectives of the program, etc. Staff's questions were submitted to KCPL and answered in a timely fashion.

Given the Commission Orders in Docket Nos. 12-KCPE-780-TAR, 11-KCPE-689-TAR, 11-KCPE-690-TAR, and 11-KCPE-694-TAR, Staff notes that the majority of programs KCPL is

seeking recovery of in this Docket have had the participation frozen and KCPL has chosen to maintain the program at a limited level. One could expect some of the costs related to the frozen programs in which participation has been limited to eventually decrease to some lower level. This has not occurred yet because the 12-KCPE-780-TAR Order was not final until January 2012.

ACCOUNTING

Staff requested and received work papers in support of KCPL's Application. Attached as Exhibit JTG-1 is a breakdown of the costs incurred by KCPL for each Commission-approved program during calendar year 2010. Staff requested the general ledger query support for these costs and has confirmed that these costs indeed were incurred by KCPL for these programs during calendar year 2010.

Exhibit JTG-2 presents KCPL's calculation of a true-up applicable to surcharge amounts collected pursuant to KCPL's 2010 EER during the period July 1, 2010, through June 30, 2011. This calculation results in an under-recovery of \$43,246 and Staff agrees with this calculation. Staff requested the journal entries and CIS billing system reports that support these collections, and the documentation provided supported the amounts claimed to be recovered. According to work papers provided to Staff, KCPL appears to be on track to over recover its 2011 EER amount by \$838,515, but that true-up calculation will be reflected in KCPL's 2013 EER filing when actual revenue collections can be used.

Staff Exhibit JTG-3 presents Staff's recommended EER amount of \$6,191,469. This amount does not include any KCPL internal labor cost in accordance with Staff's recommendations in the 10-KCPE-636-TAR Docket.

RATE DESIGN

The EER rates presented on the tariff sheet "Schedule EE" were calculated by the Company utilizing the demand allocator and kWh consumption data from its Class Cost of Service Study filed in Docket 10-KCPE-415-RTS. A rate was developed for each customer class with the exception of the off-peak and other lighting classes. Attachment JTG-4 provides the supporting calculations for the development of the rates resulting from Staff's recommended EER amount.

Staff has reviewed the rates and found them to be accurate. Therefore, Staff recommends the Commission approve KCPL's Energy Efficiency Rider as proposed in this Docket.

RECOMMENDATION

Staff recommends the Commission approve KCPL's EER amount of \$6,191,469 with the following conditions:

1. KCPL shall file its next EER on or before March 31, 2013, to include costs incurred for Commission-approved programs from January 1, 2012, through December 31, 2012. In this filing, KCPL shall include a true-up calculation to true-up amounts collected from July 1, 2011, to June 30, 2012, versus the amounts intended to be collected for that time period.
2. KCPL shall file revised tariff's reflecting the rates and charges presented in Staff Exhibit JTG-3 prior to the revised EER becoming effective on July 1, 2012.

cc: Patrice Petersen-Klein, Executive Director
Jeff McClanahan, Director of Utilities

Program Activity Detail
(Account 182441) - January 1, 2011 through December 31, 2011

<u>Project</u>	<u>Description</u>	<u>Cost Category</u>	<u>2011</u>
SI0000	Strategic Initiative Programs	Company Labor	-
		Company Non-Labor	36,524.41
		Contractor Costs	
SI0000 Total			36,524.41
SIA001	Affordable New Homes	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	
SIA001 Total			-
SIA002	Low Income Weatherization	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	14,249.92
SIA002 Total			14,249.92
SID001	A/C Cycling	Company Labor	-
		Company Non-Labor	410,998.96
		Contractor Costs	5,253.16
SID001 Total			416,252.12
SID002	C&I Curtailment	Company Labor	-
		Company Non-Labor	1,292,338.07
		Contractor Costs	4,717.98
SID002 Total			1,297,056.05
SIE001	Residential On-line Analysis	Company Labor	-
		Company Non-Labor	16,037.52
		Contractor Costs	26,273.52
SIE001 Total			42,311.04
SIE002	Home Performance Energy Star	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	-
SIE002 Total			-
SIE003	Change a Light	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	-
SIE003 Total			-
SIE004	Cool Homes	Company Labor	-
		Company Non-Labor	1,386.08
		Contractor Costs	1,668,769.38
SIE004 Total			1,670,155.46
SIE005	Energy Star Homes	Company Labor	-
		Company Non-Labor	762,768.85
		Contractor Costs	3,803.19
SIE005 Total			766,572.04

Program Activity Detail
(Account 182441) - January 1, 2011 through December 31, 2011

<u>Project</u>	<u>Description</u>	<u>Cost Category</u>	<u>2011</u>
SIE006	PAYS program	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	-
SIE006 Total			-
SIE020	Commercial on-line analysis	Company Labor	-
		Company Non-Labor	17,934.89
		Contractor Costs	8,439.81
SIE020 Total			26,374.70
SIE021	C&I Energy Audit	Company Labor	-
		Company Non-Labor	1,347.50
		Contractor Costs	1,300.10
SIE021 Total			2,647.60
SIE022	C&I Custom Rebate - Retrofit	Company Labor	-
		Company Non-Labor	1,786,156.14
		Contractor Costs	84,606.97
SIE022 Total			1,870,763.11
SIE023	C&I Custom Rebate- New Constr	Company Labor	-
		Company Non-Labor	1,890.00
		Contractor Costs	1,635.65
SIE023 Total			3,525.65
SIE024	Building Operator Certification	Company Labor	-
		Company Non-Labor	1,790.28
		Contractor Costs	-
SIE024 Total			1,790.28
SIE040	Demand Side Mgmt Research	Company Labor	-
		Company Non-Labor	-
		Contractor Costs	-
SIE040 Total			-
		Company Labor	-
		Company Non-Labor	4,329,172.70
		Contractor Costs	1,819,049.68
Total			6,148,222.38

	A	B	C	D	E	F
1	Staff Exhibit JTG-2					
2						
3						
4	Kansas City Power & Light Company					
5	Kansas Energy Efficiency Program Cost Recovery (Account 182441)					
6	July 1, 2010 through June 30, 2011					
7						
8	Per 2010 EER Filing		\$9,091,522.00			
9	Per Trial Balance at 12/31/2009		<u>\$ 9,206,949.63</u>			
10						
11	Recovered through EER:					
12		July 2010	\$ (837,651.95)			
13		August 2010	\$ (1,058,198.73)			
14		September 2010	\$ (873,631.15)			
15		October 2010	\$ (639,863.19)			
16		November 2010	\$ (578,876.27)			
17		December 2010	\$ (764,904.38)			
18		January 2011	\$ (841,313.06)			
19		February 2011	\$ (783,786.85)			
20		March 2011	\$ (662,087.99)			
21		April 2011	\$ (585,016.32)			
22		May 2011	\$ (614,961.74)			
23		June 2011	\$ (807,984.08)			
24			<u>\$ (9,048,275.71)</u>			
25						
26	Total left to be recovered		<u><u>\$43,246.29</u></u>			
27						
28						

	A	B	C	D	E	F
1						
2					Staff Exhibit JTG-3	
3						
4						
5			Kansas City Power & Light Company			
6			Kansas Energy Efficiency Program Costs (Account 182441)			
7			January 1, 2011 through December 31, 2011			
8						
9						
10			<u>Cost Category</u>		<u>2011</u>	
11			Company Labor		-	
12			Company Non-Labor	\$	4,329,172.70	
13			Contractor Costs		<u>1,819,049.68</u>	
14			Total	\$	6,148,222.38	
15						
16						
17			Annual True Up (TRUE)			
18			Undercollected/Overcollected per Actual 10- 11 EER Collection tab	\$	43,246.29	
19						

	A	B	C	D	E	F	G
1	Kansas Energy Efficiency Rider Calculation and Impact Workpaper						Staff Exhibit JTG-4
2	March 31, 2012						
3							
4	Inputs						
5	Kansas 2011 DSM Expense	\$	6,191,468.67				
6							
7	Demand Allocation of DSM Expenses and Calculation of Class EER Rate						
8		Residential	Small General	Medium General	Large General	Large Power	Total
9	Demand Allocator (BIP Method) ¹	55.4325%	4.6205%	10.7205%	27.4488%	1.7777%	100.0000%
10	Allocated DSM Expense	\$ 3,432,085.68	\$ 286,077.06	\$ 663,754.75	\$ 1,699,485.01	\$ 110,066.17	\$ 6,191,468.67
11							
12	Total kWh ²	2,877,753,310	323,681,785	744,095,325	2,340,268,016	170,796,811	6,456,595,247
13							
14	EER Rate	\$ 0.00119	\$ 0.00088	\$ 0.00089	\$ 0.00073	\$ 0.00064	
15							
16	Typical Monthly Charge						
17		Residential	Small General	Medium General	Large General	Large Power	
18	Typical Usage (kWh) ³	1,149	1,288	15,594	175,314	4,879,909	
19	Typical Monthly EER Charge	\$ 1.37	\$ 1.13	\$ 13.88	\$ 127.98	\$ 3,123.14	
20							
21	Typical Monthly Bill Impact						
22		Residential	Small General	Medium General	Large General	Large Power	
23	Typical Monthly Bill before ECA and EER ⁴	\$ 96.86	\$ 130.41	\$ 1,200.67	\$ 9,969.96	\$ 228,974.63	
24	Typical Monthly EER Charge	\$ 1.37	\$ 1.13	\$ 13.88	\$ 127.98	\$ 3,123.14	
25	% of Base Usage Charge	1.41%	0.87%	1.16%	1.28%	1.36%	
26							
27	Notes:						
28	1 Base-Intermediate-Peak Demand allocator utilized by KCP&L for its Class Cost of Service Study in Docket No. 10-KCPE-415-RTS; recalculated to remove lighting classes.						
29	2 Class Base MWh - KCP&L Revenue Summary MFR Section 2, Docket No. 10-KCPE-415-RTS, Converted to kWh						
30	3 Average Monthly kWh Usage per Customer - KCP&L Revenue Summary MFR Section 2, Docket No. 10-KCPE-415-RTS						
31	4 Total class revenue divided by number of customers divided by 12 - KCP&L Revenue Summary MFR Section 2, Docket No. 10-KCPE-415-RTS						

CERTIFICATE OF SERVICE

12-KCPE-729-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Notice of Filing of Staff Report and Recommendation was placed in the United States mail, postage prepaid, or hand-delivered this 23rd day of May, 2012, to the following:

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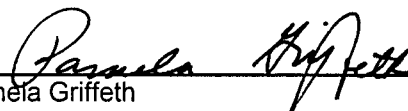
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CERTIFICATE OF SERVICE

12-KCPE-729-TAR

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