

3. KCP&L requests to recover \$1,034,181 through the EER. This total consists of \$248,280 of 2018 DSM costs for Commission-approved energy efficiency programs; \$785,822 of deferred DSM program costs from years 2015, 2016, and 2017; and \$79 of 2016 DSM program costs recovered through normal proration billing.⁴

4. The Citizens' Utility Ratepayer Board (CURB) filed for intervention on April 1, 2019. Intervention was granted on April 11, 2019.

II. Staff's Report and Recommendation

5. On May 22, 2019, the Commission Staff ("Staff") submitted its Report and Recommendation (R&R) dated May 17, 2019, recommending the Commission approve KCP&L's EER.⁵

6. KCP&L specifically requests the Commission set KCP&L's energy efficiency factors effective July 1, 2019 through June 30, 2020 at \$0.00018/kWh for Residential customers, \$0.00016/kWh for Small General customers, \$0.00015/kWh for Medium General customers and \$0.00014/kWh for Large General customers effective July 1, 2019, through June 30, 2020.⁶

7. In KCP&L's prior four tariff filings Docket Nos. 15-448, 16-439, 17-446 and 18-420, KCP&L requested permission to defer the amounts for recovery until the next filing year. In Docket No. 18-KCPE-124-TAR, KCP&L requested Commission approval to continue the DSM programs for five additional years. The 18-124 Docket resulted in the Parties unanimously agreeing that the unrecovered DSM costs from the 18-420 Docket will be recovered through

⁴ *Id.*

⁵ *Id.* at 2.

⁶ *KCP&L Application*, at 3, ¶ 5.

KCP&L's EER rather than in the rate case.⁷ KCP&L is seeking to recover those costs in the present docket.

8. As stated in the R&R, Staff performed an audit of KCP&L's Application and investigated both the accounting and rate design implication of KCP&L's request.⁸

9. Staff did not discover any improper or unnecessary costs when reviewing the DSM program. KCP&L has provided workpapers in support of the Application along with general ledger /journal entry support for the 2018 DSM program costs. Staff has confirmed the 2018 DSM program costs were properly recorded by KCP&L from January 1, 2018, through December 31, 2018.

10. After review, Staff found the rates to be accurate. KCP&L calculated the EER rates by utilizing the demand allocator and kWh consumption data from its Class Cost of Service Study filed in the 18-480 Docket. An EER rate for the present Docket was derived for each customer class with the exception of the off-peak and other lighting classes.

11. Staff recommends the Commission approve KCP&L's EER amount of \$1,034,181 with the condition that KCP&L shall file its next EER on or before March 31, 2020, to include costs incurred for Commission-approved programs from January 1, 2019, through December 31, 2019. In this filing, KCP&L shall include a true-up calculation to true-up amounts collected from July 1, 2018, to June 30, 2019, versus the amounts intended to be collected for that time period.⁹

III. Legal Standards and Discussion

12. The Commission holds full power, authority and jurisdiction to supervise and control KCP&L as an electric public utility pursuant to K.S.A. 66-101. The Commission holds

⁷ *Order Approving Joint Settlement Agreement*, Attachment A, at 4, ¶ 11, Docket No. 18-KCPE-124-TAR (Aug. 7, 2018).

⁸ *Report and Recommendation*, p. 1, (May 17, 2019).

⁹ *Id.*

jurisdiction over KCP&L's rates and terms of service under K.S.A. 66-101b. All tariff revisions requested by KCP&L pertaining to jurisdictional service must be approved by the Commission pursuant to K.S.A. 66-117.¹⁰

13. According to K.S.A. 66-101b, any rates charged by KCP&L must be just and reasonable. Rates may not be unreasonably discriminatory or unduly preferential.

IV. Findings and Conclusion

14. The Commission finds Staff's recommendation in this matter to be reasonable and hereby adopts the same.

15. The Commission adopts Staff's Report and Recommendation dated May 17, 2019, which is attached hereto and made a part hereof by reference.

THEREFORE, THE COMMISSION ORDERS:

A. KCP&L's Application filed March 29, 2019, is approved.

B. KCP&L shall file its next EER on or before March 31, 2020, to include costs incurred for Commission-approved programs from January 1, 2019, through December 31, 2019. In this filing, KCP&L shall include a true-up calculation to true-up amounts collected from July 1, 2018, to June 30, 2019, versus the amounts intended to be collected for that time period.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹¹

D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders, as it may deem necessary.


¹⁰ Tariffs are those terms and conditions which govern the relationship between the utility and its customers. Sw. Bell Tel. Co. v. State Corp. Comm'n of State of Kan., 233 Kan., 375, 377, 664 P.2d 798, 800 (1983).

¹¹ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 06/06/2019



Lynn M. Retz
Secretary to the Commission

cab

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Dwight D. Keen
Commissioner Shari Feist Albrecht
Commissioner Susan K. Duffy

FROM: Tim Rehagen, Senior Auditor
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: May 17, 2019

SUBJECT: Docket No. 19-KCPE-398-TAR – In the Matter of the Application of Kansas City Power & Light Company for Approval of Its 2019 Energy Efficiency Rider for Program Costs Incurred January 1 Through December 31, 2018.

EXECUTIVE SUMMARY:

On March 29, 2019, Kansas City Power & Light (KCPL) filed an Application seeking recovery of \$1,034,181 through its Energy Efficiency Rider (EER), beginning July 1, 2019. This total consists of \$248,280 of 2018 demand-side management (DSM) costs for Commission-approved energy efficiency programs; \$785,822 of deferred DSM program costs from years 2015, 2016, and 2017; and \$79 of 2016 DSM program costs recovered through normal proration billing. Assuming the average residential customer uses 1,059 kWh per month, KCPL's proposed EER factor would increase their bill by \$0.19 per month, or \$2.28 annually.

BACKGROUND:

KCPL's EER was established in the Stipulation and Agreement filed in Docket No. 07-KCPE-905-RTS. The rider provides KCPL the ability to recover its DSM program costs and is consistent with the Commission's policy directives on cost recovery established in the Order in Docket No. 08-GIMX-441-GIV. The current filing is KCPL's twelfth EER Application. The Commission has approved all of KCPL's previous EER filings either in whole or in part after identification and correction of minor errors, as recommended by Staff. Since the adoption of the EER in 2007, KCPL has adjusted its EER factor annually with the exception of its prior four filings in Docket Nos. 15-KCPE-448-TAR (15-448 Docket), 16-KCPE-439-TAR (16-439 Docket), 17-KCPE-446-TAR (17-446 Docket) and 18-KCPE-420-TAR (18-420 Docket). In the 15-448, 16-439 and 17-446 Dockets, KCPL requested (and was granted) permission to defer the amounts for recovery until the next filing year. In the 18-420 Docket, KCPL again requested deferral of the amount for recovery and stated that in its upcoming general rate case, Docket No.

18-KCPE-480-RTS (18-480 Docket), it would propose that the amount for recovery be amortized through its base rates. KCPL also requested permission to defer the amount for recovery in the 18-420 Docket to a future EER filing in the event that the Commission denied KCPL's request to amortize the unrecovered costs through base rates. In Docket No. 18-KCPE-124-TAR, the Parties unanimously agreed that the unrecovered DSM costs from the 18-420 Docket will be recovered through KCPL's EER rather than in the rate case.¹ Therefore, KCPL is seeking recovery of those costs in the present Docket.

KCPL's Application involves \$248,280 of DSM program costs for the calendar year 2018; \$785,822 of deferred DSM program costs from 2015, 2016, and 2017; and \$79 of actual recovered 2016 DSM program costs recovered through normal proration billing, resulting in a net total of \$1,034,181 of unrecovered DSM costs. These costs are to be recovered according to a revised tariff sheet entitled "Schedule EE," which will reflect the new EER rates for each customer class resulting from the new charges. If approved, KCPL's new EER will be in effect from July 1, 2019, through June 30, 2020.

ANALYSIS:

Staff performed an audit of KCPL's EER Application and recommends the Commission approve KCPL's EER amount of \$1,034,181. At Staff's request, KCPL provided workpapers in support of the Application along with general ledger/journal entry support for the 2018 DSM program costs. Staff confirmed that these costs were properly recorded by KCPL for these programs from January 1, 2018, through December 31, 2018. Additionally, KCPL provided Staff with supporting invoices for a random sample of the projects that make up the 2018 program costs. During this review, Staff did not discover any improper or unnecessary costs.

Historically, KCPL has calculated the EER rate presented on the tariff sheet, "Schedule EE," by utilizing the demand allocator and kWh consumption data from its Class Cost of Service Study from the most recent rate case. In the present Docket, KCPL calculated the EER rates by utilizing the demand allocator and kWh consumption data from its Class Cost of Service Study filed in the 18-480 Docket. As with all previous EER Dockets, an EER rate for the present Docket was derived for each customer class with the exception of the off-peak and other lighting classes. Staff reviewed the rates and found them to be accurate.

RECOMMENDATION:

Staff recommends the Commission approve KCPL's EER amount of \$1,034,181 with the following condition:

1. KCPL shall file its next EER on or before March 31, 2020, to include costs incurred for Commission-approved programs from January 1, 2019, through December 31, 2019. In this filing, KCPL shall include a true-up calculation to true-up amounts collected from July 1, 2018, to June 30, 2019, versus the amounts intended to be collected during that time period.

¹ See paragraph 10 in the Order Approving Joint Settlement Agreement in Docket No. 18-KCPE-124-TAR, approved by the Commission on August 7, 2018.

CERTIFICATE OF SERVICE

19-KCPE-398-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 06/06/2019.

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CERTIFICATE OF SERVICE

19-KCPE-398-TAR

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/S/ DeeAnn Shupe

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