

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

In the Matter of the Application of )  
Kansas City Power & Light Company for )  
Approval of its 2017 Energy Efficiency ) Docket No. 17-KCPE-446-TAR  
Rider for Program Costs Incurred January )  
1 Through December 31, 2016. )

**NOTICE OF FILING OF STAFF'S REPORT & RECOMMENDATION**  
**(PUBLIC VERSION)**

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) files the attached Report and Recommendation and states as follows:

1. Staff hereby files the attached R&R analyzing Kansas City Power & Light Company's (KCP&L's) Application and request to defer recovery of this year's Energy Efficiency Rider (EER) amount until its 2018 EER filing.<sup>1</sup>

2. Staff recommends the Commission approve KCP&L's Application and request to defer recovery of this year's EER amount until the 2018 EER filing with the condition KCP&L shall file its next EER on or before March 31, 2018, and must include a true-up calculation to true-up amounts collected from July 1, 2016, to June 30, 2017, versus the amounts intended to be collected for that time period.

WHEREFORE Staff submits its Report and Recommendation for Commission review and consideration and for such other relief as the Commission deems just and proper.

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<sup>1</sup> Application of Kansas City Power & Light Company for Approval of Its 2017 Energy Efficiency Rider, March 31, 2017, ¶ 4.

Respectfully submitted,

**/s/ Andrew J. French**

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

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

**FROM:** Katie Figgs, Senior Auditor  
Justin Grady, Chief of Accounting and Financial Analysis  
Jeff McClanahan, Director of Utilities

**DATE:** June 30, 2017

**SUBJECT:** 17-KCPE-446-TAR—*In the Matter of the Application of Kansas City Power & Light Company for Approval of Its 2017 Energy Efficiency Rider for Program Costs Incurred January 1 Through December 31, 2016.*

**EXECUTIVE SUMMARY:**

Kansas City Power & Light (KCPL) filed an Application seeking approval of its 2017 Energy Efficiency Rider (EER) to recover program costs incurred during calendar year 2016. KCPL included in its Application a net total of \$481,619.12<sup>1</sup> of unrecovered program costs. Rather than implementing an EER for the recovery of this amount, KCPL is again requesting that this amount be deferred for recovery until next year's EER filing. Staff recommends the Commission approve KCPL's requested EER factor of \$0.00000/kWh effective for July 1, 2017, through June 30, 2018. Per the Suspension Order dated April 11, 2017, a Commission Order is due by November 27, 2017.

**BACKGROUND:**

On March 31, 2017, KCPL filed an Application for approval of its 2017 EER. KCPL requests a Commission Order by June 23, 2017, in order to facilitate a July 1, 2017, effective date for the EER.

<sup>1</sup> The calculation of this amount consists of \$286,456.50 of unrecovered 2016 program costs, \$35,809.10 of over-recovered 2014 program costs, and \$230,971.72 of unrecovered program costs deferred for recovery in the Commission approved Docket No. 16-KCPL-439-TAR.

KCPL's Application pertains to demand-side management (DSM) program costs incurred during the period January 1, 2016, through December 31, 2016. This filing was anticipated by the Stipulation and Agreement filed in Docket No. 07-KCPE-905-RTS, which provides KCPL the ability to recover DSM program costs through an EER, 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 tenth Application for an EER. All previous filings were approved by the Commission either in whole or in part after identification and correction of minor errors as recommended by Staff.<sup>2</sup> Additionally, since adoption of the EER in 2007, KCPL has adjusted its EER factor each year accordingly with the exception of its prior two filings in Docket Nos. 15-KCPE-448-TAR and 16-KCPE-439-TAR when the Company requested to defer the amount for recovery until the following filing year.

KCPL's current Application involves DSM program costs for calendar year 2016 of \$286,456.50 and the under-recovered 2014 DSM program costs of \$16,018.26 received during the period of July 1, 2015, through June 30, 2016. The net of these costs of \$302,474.76, plus the 2016 deferral of \$179,144.36, results in a net total of \$481,619.12 of unrecovered DSM program costs. Rather than implementing an EER, KCPL is again requesting that the resulting amount be deferred for recovery until next year's EER filing. The EER rate of \$0.00000/kWh for each rate class is stated in the tariff sheet entitled "Schedule EE".

KCPL notes that it is currently seeking Commission approval of its proposed DSM portfolio and cost recovery mechanism under the new Kansas Energy Efficiency and Investment Act (KEEIA), K.S.A. Supp. 66-1283. KCPL believes the outcome of that Docket could potentially affect the method of recovery of the Commission approved deferred costs from 2014 and 2015, and the 2016 costs requested in this filing. KCPL also states that in the event that the KEEIA Docket currently before the Commission does not alter the method of recovery for energy efficiency expenses, KCPL will seek to recover all deferred program costs for years 2014 through 2017 in its 2018 EE Rider filing.

### ANALYSIS:

Staff performed an audit of KCPL's EER Application as discussed in the two sections below. Staff recommends the Commission approve deferral of KCPL's expense recovery until KCPL's 2018 EER filing.

### ACCOUNTING

Staff requested and received work papers in support of KCPL's Application. Additionally, Staff requested the general ledger/journal entry support for the DSM program costs and confirmed that these costs were indeed recorded by KCPL for these programs from January 1, 2016, through December 31, 2016.

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<sup>2</sup> Docket Nos. 08-KCPE-802-TAR, 09-KCPE-770-TAR, 11-KCPE-665-TAR, 12-KCPL-729-TAR, 14-KCPE-442-TAR, 15-KCPE-448-TAR, and 16-KCPE-439-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. Docket No. 13-KCPE-584-TAR was approved by the Commission after modification by Staff to correct an error in the calculation of total 2012 costs related to energy efficiency programs.

Attached, as Confidential Staff Exhibit KLF-1, is a breakdown of the costs incurred by KCPL for each Commission-approved program during 2016, with the sum of \$286,456.50. Concurring with KCPL's request, Staff recommends the Commission allow KCPL to defer recovery of the charges until its 2018 EER filing.

Staff Exhibit KLF-2 presents KCPL's calculation of a true-up applicable to surcharge amounts collected pursuant to KCPL's 2015 EER during the period of July 1, 2015, through June 30, 2016. This calculation results in an under-recovery of \$16,018.26.

Staff Exhibit KLF-3 presents the total EER amount of \$481,619.12, which Staff recommends be deferred for recovery until KCPL's 2018 EER filing. This amount does not include any KCPL internal labor cost in accordance with Staff's recommendations in Docket No. 10-KCPE-636-TAR.

Staff recommends approval of KCPL's request to defer the total EER eligible costs because, all other things being equal, it is in ratepayer's interest to delay a rate increase as long as there are not carrying costs or other costs to ratepayers associated with the delay. Additionally, KCPL is voluntarily requesting this delay so it cannot argue that its shareholders are being unduly harmed. Therefore, this request is in the public interest.

#### RATE DESIGN

Historically, KCPL has calculated the EER rates presented on the tariff sheet "Schedule EE" by utilizing the demand allocator and kWh consumption data from the Class Cost of Service Study from the most recent rate case. In the present Docket, since the EER amount is being requested to be deferred until KCPL's 2018 EER filing, Staff recommends accepting KCPL's proposal to set the EER factor to \$0.00000/kWh for each customer class.

#### RECOMMENDATION:

Staff recommends the Commission approve KCPL's request to defer the recovery of this year's EER amount until the 2018 EER filing with the following conditions:

1. KCPL shall file its next EER on or before March 31, 2018, to include costs incurred for Commission-approved programs from January 1, 2017, through December 31, 2017. In this filing, KCPL shall include a true-up calculation to true-up amounts collected from July 1, 2016, to June 30, 2017, versus the amounts intended to be collected for that time period.

**\*\*Staff Exhibit KLF-1 Redacted - Filed as Confidential\*\***

**Kansas City Power & Light Company**  
**Kansas Energy Efficiency Program Cost Recovery (Account 182441)**  
**July 1, 2015 through June 30, 2016**

Per 2015 EER Filing (2014 vintage)	\$	51,827.36
Recovered through EER:		
July 2015	\$	(35,488.74)
August 2015		(12.27)
September 2015		(348.74)
October 2015		(328.84)
November 2015		192.04
December 2015		(29.51)
January 2016		299.24
February 2016		(22.13)
March 2016		(70.45)
April 2016		0.01
May 2016		0.29
June 2016		-
	\$	<u>(35,809.10)</u>
Total under-recovered	\$	<u><u>16,018.26</u></u>

**Kansas City Power & Light Company**  
**Kansas Energy Efficiency Program Costs (Account 182441)**  
**January 1, 2016 through December 31, 2016**

	<u>2016</u>
2016 Program Costs, see tab 182411 Detail	\$ 286,456.50
2014 Deferred DSM Costs to be Recovered per 16-KCPE-439-TAR, see tab Actual 15-16 EER Collection	51,827.36
2015 Deferred DSM Costs to be Recovered per 16-KCPE-439-TAR, see tab Projected 16-17 EER Collection	179,144.36
2014 Vintage recovered in July 1, 2015 - June 30, 2016, see tab Actual 15-16 EER Collection	(35,809.10)

<b>Total 2016 DSM Costs to be Recovered</b>	<b><u>\$ 481,619.12</u></b>
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**Reconciliation of Account 182441 to EE Rider Filings:**

2016 DSM Costs to be Recovered	\$ 286,456.50
Approved DSM Costs Deferred per Order in Docket No. 16-KCPE-439-TAR	230,971.72
2014 Vintage recovered in July 1, 2015 - June 30, 2016	(35,809.10)
<b>Total Deferred Account 182441</b>	<b><u>\$ 481,619.12</u></b>

**Cost Category**

	<u>2016</u>
Company Labor	-
Company Non-Labor	\$ -
Contractor Costs	286,456.50
<b>Total</b>	<b><u>\$ 286,456.50</u></b>

**Annual True-Up (TRUE)**

Undercollected/(Overcollected) per Actual 15-16 EER Collection tab	\$ 16,018.26
Deferred per Order in Docket No. 16-KCPE-439-TAR	179,144.36

<b>Total 2016 DSM Cost to be Recovered</b>	<b><u>\$ 481,619.12</u></b>
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## CERTIFICATE OF SERVICE

17-KCPE-446-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served by electronic service on this 3rd day of July, 2017, to the following:

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17-KCPE-446-TAR

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Administrative Specialist

\* Denotes those receiving the Confidential version