

**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 2019 Energy Efficiency) Docket No. 19-KCPE-398-TAR
Rider for Program Costs Incurred)
January 1 Through December 31, 2018.)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the Kansas Corporation Commission ("Staff" and "Commission"), having investigated the issues presented in this docket, hereby files its Report and Recommendation (R&R). Staff recommends that the Commission approve Kansas City Power & Light Company's (KCP&L's) request to recover \$1,034,181 through its Energy Efficiency Rider (EER). Furthermore, Staff recommends that KCP&L be required to file its next EER on or before March 31, 2020, to include costs incurred for Commission-approved demand side management (DSM) programs from January 1, 2019, through December 31, 2019. In such 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.

WHEREFORE, Staff submits its R&R, attached hereto, for Commission consideration

Respectfully Submitted,



Cole Bailey, S. Ct. #27586
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**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.

VERIFICATION

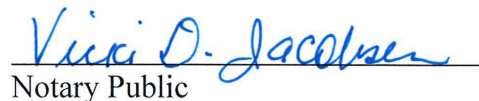
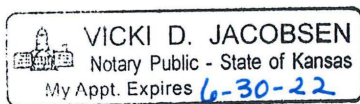
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

Cole Bailey, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Notice of Filing of Staff's Report and Recommendation*, and attests that the statements therein are true and correct to the best of his knowledge, information and belief.



Cole Bailey, S. Ct. #27586
Litigation Counsel
The State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 22nd day of May, 2019.


Notary Public

My Appointment Expires: June 30, 2022

CERTIFICATE OF SERVICE

19-KCPE-398-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 via electronic service this 22nd day of May, 2019, to the following:

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CERTIFICATE OF SERVICE

19-KCPE-398-TAR

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