

**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 )  
2014 Energy Efficiency Rider for Program ) Docket No. 14-KCPE-442-TAR  
Costs Incurred January 1 Through December )  
31, 2013. )

**COMMISSION STAFF'S REPLY TO CURB'S REPLY TO STAFF'S REPORT AND  
RECOMMENDATION**

COMES NOW Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) and in response to CURB's *Reply to Staff's Report and Recommendation* dated May 23, 2014, files its Reply. In support hereof, Staff states as follows:

**I. Procedural Background**

1. On March 31, 2014, Kansas City Power & Light Company (KCP&L) filed its Application for Approval of its 2014 Energy Efficiency Rider (EE Rider).
2. The Citizens' Utility Ratepayer Board (CURB) filed a Petition to Intervene on April 2, 2014. CURB's Petition was granted on April 17, 2014.
3. On May 13, 2014, Staff filed its Report and Recommendation (R&R) in this matter. After auditing KCP&L's Application and associated data, Staff recommended approval of the requested EE Rider amount of \$827,410.<sup>1</sup>
4. On May 23, 2014, CURB filed its Reply to Staff's R&R. In its Reply, CURB recommends the Commission approve an EE Rider amount of \$798,453.05. CURB derives this figure by suggesting the Commission should disallow the difference between book amounts

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<sup>1</sup> Staff Report & Recommendation, May 13, 2014, p. 1.

requested to be recovered by KCP&L and the approved budget for Energy Optimizer, an A/C Cycling Program.<sup>2</sup>

## **II. Staff's Reply**

5. Staff disagrees with CURB's assertion that the book amount to be recovered for Energy Optimizer must be identical to the approved budget of the program. In fact, Staff would not expect the numbers to be identical – even when "actual costs" were used to calculate the budget. The differences between the book amount costs and the budgeted amounts are due to accruals, reversals, and invoice corrections. Furthermore, these accrual (or reversal) amounts will be reversed in the next EE Rider filing. Therefore, Staff expects the net effect to be zero, and KCP&L will not recover costs at a level above its approved budget.

6. Accrual accounting is a standard part of Generally Accepted Accounting Principles (GAAP) that many utilities and other entities are required to follow. Because of the temporary and offsetting nature of accrual accounting, Staff is rarely alarmed when book numbers do not match budgeted numbers for a specific time period. Staff expects KCP&L will routinely be able to provide reconciliation data between the two figures as it did in the confidential Appendix A to CURB's Reply. CURB apparently ignored such data when it stated KCP&L "has provided no explanation of these costs, and Staff has not performed an audit of what these costs may be."<sup>3</sup> Despite this allegation, Staff did audit the expense amounts incurred by KCPL, as Staff reviewed the general ledger support for all of the amounts included in the EE Rider.

7. Staff has no concerns with KCP&L's accrual processes, as these accruals are encountered in every audit performed of KCP&L accounting data by Staff. The Commission

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<sup>2</sup> CURB's Reply to Staff's Report and Recommendation, May 23, 2014, p. 5. (CURB Reply, p. 5.)

<sup>3</sup> CURB Reply, p. 5.

should place no weight on CURB's unsupported theory that KCPL will somehow gain at ratepayers' expense with the inclusion of accruals.

8. Staff must also reply to a procedural contention raised by CURB. CURB states, "Because there is no procedural schedule in this docket, CURB does not have the opportunity to respond directly to KCP&L's Application, and rather is responding to Staff's May 13, 2014, Report and Recommendation."<sup>4</sup> While its specific grievance is somewhat unclear, Staff objects to the apparent implication that CURB has suffered a procedural harm in this proceeding. CURB is not a mere passive bystander in this docket. CURB has affirmatively intervened and has been granted full intervenor status. Therefore, CURB could have requested a formal procedural schedule at any time. Furthermore, in lieu of a Commission-ordered schedule, CURB could have performed its own discovery as soon as it was granted intervention and requested leave to file its own report at any time – even before Staff filed a report. CURB was in no way prevented from actively participating in this docket and directly responding to KCP&L's Application.

WHEREFORE Staff submits its *Reply to CURB's Reply to Staff's Report and Recommendation* and recommends the Commission reject the adjustment set forth by CURB and approve KCP&L's EE Rider in the amount of \$827,410.

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<sup>4</sup> CURB Reply, p. 1.

Respectfully submitted,




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**VERIFICATION**

STATE OF KANSAS                    )  
  ) ss.  
COUNTY OF SHAWNEE            )

Andrew French, 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 *Commission Staff's Reply to Curb's Reply to Staff's Report and Recommendation* and attests that the statements therein are true and correct to the best of his knowledge, information and belief.

  
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Andrew French, #24680  
Litigation Counsel  
The State Corporation Commission  
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 2<sup>nd</sup> day of June, 2014.



  
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Notary Public

My Appointment Expires: 6-30-14

## CERTIFICATE OF SERVICE

14-KCPE-442-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Commission Staff's Reply to CURB's Reply to Staff's Report and Recommendation was served via electronic service this 2nd day of June, 2014, to the following:

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**CERTIFICATE OF SERVICE**

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