

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 10<sup>th</sup> day of August, 2016.

In the Matter of the First Prudence Review of	)	
Kansas City Power & Light Company	)	<b><u>File No. EO-2016-0183</u></b>
Implementation of Energy Efficiency Programs in	)	
Furtherance of the Missouri Energy Efficiency	)	
Investment Act (MEEIA).	)	

**ORDER APPROVING STAFF’S MEEIA PRUDENCE AUDIT**

Issue Date: August 10, 2016

Effective Date: August 31, 2016

On January 15, 2016, the Commission’s Staff filed a notice indicating that it started its first Missouri Energy Efficiency Investment Act (“MEEIA”)<sup>1</sup> Prudence Audit of the costs associated with Kansas City Power and Light Company’s (“KCP&L”) Demand-Side Investment Mechanisms (DSIM).<sup>2</sup> Upon completion of its audit, Staff filed its report on June 13.

Staff evaluated KCP&L’s DSIM costs during the period of June 6, 2014, through December 31, 2015 (Cycle 1). Staff reported 126,126,686 kWh of energy savings, 42,657 kW of demand savings, and \$10,558,858 of actual throughput disincentive for KCP&L’s MEEIA Cycle 1 Program. Staff’s audit identified \$6,000 of non-MEEIA solar-based training seminar costs that Staff recommends be disallowed from KCP&L’s

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<sup>1</sup> Section 393.1075, RSMo. (Cum.Supp. 2013).

<sup>2</sup> The Commission approved KCP&L’s demand-side programs and DSIM in File No. EO-2014-0095.

program costs. Staff argues that the training for solar measures does not reduce demand for or the amount of electricity consumed on the customer's side of the meter, as required by the MEEIA statute. Since solar measures do not reduce demand on the customer's side of the meter and the seminar was not part of the company's approved MEEIA plan, Staff recommends the Commission order an adjustment of \$6,000 plus interest be returned to KCP&L's customers.<sup>3</sup>

On June 23, KCP&L filed a response to Staff's audit. KCP&L asserted that Staff mischaracterized as a solar-based training seminar costs for a research study. KCP&L stated the research study's costs should be considered MEEIA-eligible since it provided insight on customers' interest in combined heat and power, storage, and distributed generation options that may assist the company in developing future MEEIA programs. Although KCP&L argued that the study was a prudent MEEIA cost, undertaken to gain data from customers, the company did not request a hearing on the issue.

In evaluating prudence, the Commission will determine if KCP&L's conduct was reasonable at the time, under all circumstances, and without reliance on hindsight.<sup>4</sup> The MEEIA statute authorizes the implementation of Commission-approved demand-side programs with a goal of achieving cost-effective demand-side savings. For recovery to be permitted, the program must result in energy or demand savings that are beneficial to all customers in the customer class in which the programs are proposed. KCP&L failed to show how the disputed seminar costs are part of its Commission approved MEEIA programs or how they result in demand savings that benefit all customers in the

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<sup>3</sup> Staff's audit also identified

<sup>4</sup> *State ex rel. Associated Natural Gas Co. v. Public Service Com'n of State of Mo.*, 954 S.W.2d 520 (Mo. App. W.D. 1997).

class. The Commission finds that the inappropriate inclusion of the seminar training costs would detrimentally impact customers through higher rates.

The Commission finds Staff's report and recommendation regarding KCP&L's first MEEIA prudence review to be reasonable and will approve it. Because no one requested a hearing on Staff's recommendation, and because the regulation sets a deadline for the Commission to issue an order, the Commission will make this order effective in less than thirty days.

**THE COMMISSION ORDERS THAT:**

1. Staff's Report of First MEEIA Prudence Audit of KCP&L's energy efficiency program is approved.
2. In the company's next DSIM Rider filing, KCP&L shall include \$6,000 plus interest be returned to its customers.
3. This order shall be effective on August 31, 2016.
4. This file shall be closed on September 1, 2016.

**BY THE COMMISSION**



*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

Hall, Chm., Stoll, Kenney, and Rupp, CC., concur;  
Coleman, C., absent.

Burton, Senior Regulatory Law Judge.