

Exhibit No.:
Issue: Affordability, Energy Efficiency, and
Demand Response Programs; CPAG
Update; Credit Card Program
Witness: Susan K. Nathan
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2007-____
Date Testimony Prepared: January 31, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-____

DIRECT TESTIMONY

OF

SUSAN K. NATHAN

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
January 2007

Exhibit No. 18
Case No(s) ER-2007-0291
Date 10/1/07 Rptr MU

DIRECT TESTIMONY

OF

SUSAN K. NATHAN

Case No. ER-2007-_____

1 **Q: Please state your name and business address.**

2 A: My name is Susan K. Nathan. My business address is 1201 Walnut, Kansas City,
3 Missouri 64106-2124.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company ("KCPL") as Manager,
6 Marketing and Product Management.

7 **Q: What are your responsibilities?**

8 A: My responsibilities include providing leadership and direction to the Marketing and
9 Product Management Team, including the development of overall marketing programs
10 and the coordination and execution of promotional strategies and programs to efficiently
11 and effectively promote and implement KCPL's products and services. My duties
12 include initiating and bringing to market new products, as well as improvements and
13 innovations to existing products and services. My duties also include the development,
14 implementation and evaluation of affordability, energy efficiency, and demand response
15 programs.

16 **Q: Please describe your education, experience and employment history.**

17 A: I graduated from Metropolitan State University in Minneapolis with a Bachelor of Arts
18 degree in 1985. I graduated from the University of St. Thomas in 1990 with a Master in
19 Business Administration degree. I was first employed at KCPL in 2003 as the Manager,

1 Product Management. In this capacity, I perform all marketing functions for KCPL.

2 Prior to my employment at KCPL, I worked at Aquila from 1997 to 2002 in Retail

3 Operations and Marketing. Prior to moving to Kansas City to work for Aquila, I worked

4 at Minnegasco (now CenterPoint Energy) in Minneapolis from 1981 through 1996.

5 During that time, all but one year was spent implementing and managing energy

6 efficiency programs.

7 **Q: Have you previously testified in a proceeding at the Missouri Public Service**
8 **Commission or before any other utility regulatory agency?**

9 A: I testified before the Missouri Public Service Commission ("MPSC") in Case No. EO-
10 2005-0329 ("Regulatory Plan Stipulation and Agreement") and the Kansas Corporation
11 Commission ("KCC") concerning KCPL's Regulatory Plan. I testified before the MPSC
12 in KCPL's 2006 Rate Case. I have also testified before the Minnesota Public Utilities
13 Commission on behalf of Minnegasco on matters concerning Minnegasco's demand-side
14 management programs.

15 **Q: What is the purpose of your testimony?**

16 A: The purpose of my testimony is to provide a progress report on the development and
17 implementation of the Affordability, Energy Efficiency, and Demand Response
18 programs. For these programs, I will provide an update explaining what steps KCPL has
19 taken thus far with respect to these initiatives, including participation and expenditures
20 through December 31, 2006. I will provide an update regarding the Customer Program
21 Advisory Group ("CPAG") activities, meetings and initiatives. I will also provide an
22 update concerning the favorable developments in the implementation of our credit card
23 payment program.

1 **Q: What did the Regulatory Plan Stipulation and Agreement provide concerning**
2 **KCPL's Affordability, Energy Efficiency and Demand Response programs?**

3 A: The Regulatory Plan Stipulation and Agreement provided a listing of the proposed
4 programs and an estimated cost, kW and kWh savings associated with each Affordability,
5 Energy Efficiency and Demand Response program for the five (5) year period. The cost
6 of \$29 million (Missouri) was detailed in Appendix C of the Agreement. The budgeted
7 expenditures for the five (5) year period for Missouri are \$2.5 million for Affordability
8 programs, \$12.7 million for Energy Efficiency programs, and \$13.8 million for Demand
9 Response programs.

10 **Q: Were KCPL's proposed Affordability, Energy Efficiency and Demand Response**
11 **programs addressed in the Regulatory Plan Stipulation and Agreement?**

12 A: Yes, the portfolio of proposed programs was attached to the Regulatory Plan Stipulation
13 and Agreement as Appendix C. The programs were also discussed in the text of the
14 Agreement.

15 **Q: What were those programs?**

16 A: There were two proposed Affordability programs, ten proposed Energy Efficiency
17 programs, two proposed Demand Response programs, and two proposed additional
18 funding areas. Specifically, the proposed programs are as follows:

19 Affordability

- 20 • Affordable New Homes (New Construction)
- 21 • Low Income Weatherization

22 Energy Efficiency

- 23 • Residential:

- 1 • Online Energy Information and Analysis (Home Energy Analyzer)
- 2 • Home Performance with Energy Star (Training)
- 3 • Change a Light, Change the World
- 4 • Cool Homes Program (High Efficiency Cooling Rebates)
- 5 • Energy Star Homes (New Construction)
- 6 • Commercial/Industrial ("C&I"):
 - 7 • Online Energy Information and Analysis (Business Energy Analyzer)
 - 8 • C&I Energy Audit
 - 9 • C&I Custom Rebates – Retrofit
 - 10 • C&I Custom Rebates – New Construction
 - 11 • Building Operator Certification (Training)

12 Demand Response:

- 13 • Air Conditioning Cycling (Residential and Small Commercial)
- 14 • The Alliance, an Energy Partnership (C&I Curtailment - MPower)

15 The two funding areas are for a Pay As You Save ("PAYS")-type program (which has
16 yet to be developed) and for Demand Side Management ("DSM") research.

17 **Q: Could you please describe the programs and provide an update as to the status of**
18 **their implementation?**

19 **A:** Yes, the following is a program-by-program description, including the status of each
20 program.

21 Affordable New Homes (New Construction):

22 The Affordable New Homes Program is designed to be a partnership between KCPL and
23 organizations to achieve qualifying energy efficient affordable new housing for the low-

1 income community. Financial incentives will be available up to \$800 for the incremental
2 cost for high efficiency cooling systems, either central air conditioners or heat pumps.

3 An incentive of up to \$200 will be available toward the purchase of an Energy Star®
4 rated refrigerator, up to \$100 for the purchase of Energy Star® rated lighting fixtures and
5 up to \$400 for additional attic, floor or crawlspace insulation. The tariff for this program
6 was filed in Missouri on January 12, 2007.

7 Low Income Weatherization Program:

8 Qualified lower income customers can get help managing their energy use and bills
9 through KCPL's Low Income Weatherization Program. The program works directly with
10 local Community Action Program ("CAP") agencies that already provide weatherization
11 services to low income customers. KCPL will provide supplemental funds to the CAPs
12 to cover the cost of additional cost-effective weatherization measures. KCPL residential
13 customers in owner-occupied one to four-unit structures with income up to 185% of the
14 federal poverty guidelines may participate. Renters are allowed to participate if the
15 landlord pays 50% of the weatherization cost and agrees not to raise the rent for a pre-
16 agreed period of time.

17 For 2006, 63.7% of the participation goal was accomplished and 78.6% of the
18 budget was expended.

19 To improve the process of referring potential applicants to the Low Income
20 Weatherization program, KCPL developed a list of those who received third party
21 assistance in paying their bills and who met other weatherization eligibility requirements.
22 KCPL sent a letter to these customers informing them of the availability of the program
23 in the event they or someone they know might be interested. We will continue to

1 implement direct marketing efforts. We also implemented a marketing campaign to
2 social service agencies, requesting referrals to the Low Income Weatherization program.
3 In addition, our Customer Care Center and our Credit and Collections areas are informing
4 customers of the availability of this service.

5 Home Energy Analyzer:

6 The Home Energy Analyzer (Online Energy Information and Analysis) provides
7 information to customers on how they use energy based on their specific usage data. It
8 also provides information on ways customers can save energy and what their payback
9 might be based on the improvements made.

10 KCPL is looking to this program to be the "starting point" and "direction
11 provider" for customers. Customers come to the Energy Analyzer site and, based on their
12 needs and interests, get 'routed' to various programs that may be of benefit to them.
13 Therefore, creating awareness of this site is critical. Because of this, KCPL ran extensive
14 campaigns to introduce and promote this website. Our efforts were rewarded with
15 participation exceeding goals by over 400%. Expenditures were at 134.7% of budget.

16 Home Performance With Energy Star® (Training):

17 Home Performance With Energy Star® enhances the traditional home energy audit
18 service and uses the Energy Star® brand to help encourage and facilitate whole-house
19 energy improvements. Contractors are trained to provide "one-stop" problem solving
20 that identifies multiple improvements that, as a package, will increase the home's energy
21 efficiency. This program has not yet been submitted for CPAG review or Commission
22 approval and plans are to do so in 2007.

1 Change a Light, Change the World ("CAL"):

2 This program provides rebates for compact fluorescent lights ("CFLs") at point of
3 purchase in specific stores and is administered by the Midwest Energy Efficiency
4 Alliance ("MEEA"). KCPL accomplished approximately 70% of its 2005 Change a
5 Light program goal.

6 The 2006 CAL program was approved and implemented in Missouri. Program
7 accomplishments for 2006 will be available around April 2007. Because participating
8 stores have just started submitting rebate forms to MEEA for processing, we were unable
9 to obtain any estimate of accomplishment for 2006.

10 The program this year was enhanced by the City of Kansas City's campaign to
11 have one million CFLs installed in the Kansas City area in the next 12 months. Mayor
12 Barnes declared October 4, 2006 "Change a Light" day and kicked off the "One Million
13 Lights" campaign. In support of One Million Lights, KCPL implemented a successful
14 program for employees called "I'm One in A Million." This program encouraged
15 employees to turn in one incandescent light bulb and receive a CFL in return.
16 Approximately 65% of employees participated. KCPL is also looking to improve the
17 lighting in Company facilities.

18 Cool Homes Program:

19 This program is designed to incent customers to install high efficiency cooling
20 equipment. Originally, the program threshold was a rating of SEER 13 or higher based
21 upon a minimum standard efficiency rating of SEER 10; however, the minimum standard
22 efficiency for manufacturing cooling equipment was increased to SEER 13 in January
23 2006 so the program threshold was raised to a minimum of SEER 14. Proper installation

1 measures will also be required as part of the program. KCPL has redesigned the program
2 and will seek Commission approval for it as a re-commissioning/early replacement
3 program in place of the original program design. Early replacement will target
4 replacement of SEER 6 to 8 equipment with SEER 14 or higher equipment. All
5 installations will utilize CheckME!™, a software program that ensures quality installation
6 through proper charging of the refrigerant and airflow over evaporator coils, while the
7 contractor is at the premise. Those who request and receive a cooling system evaluation
8 also receive CFLs, adding to the savings achieved through this program.

9 KCPL issued a Request for Proposal, evaluated the bids, requested four bidders
10 make a presentation, and proposed the finalist to the Missouri CPAG. With input from
11 CPAG, KCPL prepared a tariff filing and we anticipate filing the program in the first
12 quarter of 2007.

13 Energy Star® Homes (New Construction):

14 Energy Star® Homes requires that new homes be constructed to a standard at least 30%
15 more energy efficient than the 1993 National Model Energy Code. These savings are
16 based on heating, cooling, and hot water energy use and are typically achieved through a
17 combination of building envelope upgrades, high performance windows, controlled air
18 infiltration, upgraded heating and air conditioning systems, tight duct systems, and
19 upgraded water-heating equipment. Homes are qualified as an Energy Star® home with
20 use of the Building Option Packages which represent a set of construction specifications
21 for a specific climate zone.

22 KCPL anticipated this program would be researched in Year 1 and implemented
23 in Year 2; however, the program rollout was delayed by one year to allow for research

1 and design with builders who support the building of energy efficient homes. KCPL's
2 plan is to have the program fully designed and filed for approval by the end of 2007 and
3 implement the program to coincide with the 2008 building season.

4 PAYS-type program:

5 Pay As You Save ("PAYS") is a tariff-based program whereby the utility pays for energy
6 efficiency improvements to a customer's home and allows the customer to repay the loan
7 at a rate of 75% of the savings on each monthly energy bill until fully repaid. In the
8 proceeding supporting KCPL's Regulatory Plan Stipulation and Agreement, KCPL
9 explained that it did not wish to become a creditor but would research ways to remove
10 market barriers similar to those removed by programs such as PAYS. KCPL contracted
11 with PA Consulting to perform initial research on how other utilities have implemented
12 similar programs and successfully removed market barriers. Once the research is
13 completed, KCPL will provide CPAG the report with recommendations on next steps. It
14 is expected that the report will be completed in early 2007.

15 Business Energy Analyzer:

16 The Business Energy Analyzer ("BEA") provides information to business customers on
17 how they use energy based on their specific usage data. It provides information on ways
18 they can save energy and what their payback might be based on the improvements made.
19 It also allows businesses to benchmark themselves against like businesses. Program
20 participation goals were set based upon the significant response rate in the residential
21 market; however, despite promotions, the commercial market has been slower to adopt
22 the benefits of this program.

1 The vendor and KCPL are working together to make improvements to the website
2 and KCPL will continue to actively promote this service. Four focus groups were held
3 with commercial customer representatives. Based upon the findings of the study, we
4 have identified specific areas for improvement. Once the improvements are complete, we
5 will strengthen our campaign to inform our customers about the website and the BEA
6 program.

7 C&I Energy Audits, C&I Custom Rebates-Retrofit, and C&I Custom Rebates-New
8 Construction:

9 For the C&I Audit Rebate (formerly C&I Energy Audits), KCPL offers rebates to
10 customers to cover 50% of the cost of an energy audit, up to \$300 for customers with
11 facilities less than 25,000 square feet and up to \$500 for customers with facilities over
12 25,000 square feet. In order to receive the rebate, the customer must implement at least
13 one of the audit recommendations that qualify for a KCPL C&I Custom Rebate.

14 For the C&I Custom Rebate programs, Retrofit and New Construction, KCPL
15 offers rebates to customers that install, replace or retrofit qualifying electric savings
16 measures including HVAC systems, motors, lighting, pumps, etc. Custom rebates are
17 calculated as the lesser of a buy-down to a two-year payback or 50% of the incremental
18 cost.

19 Originally, KCPL proposed to implement the New Construction Custom Rebate
20 program in Year 1 and the Audit Rebate and Retrofit Custom Rebate programs in Year 2;
21 however, due to the similarities of the programs, KCPL decided to implement all three
22 programs at the same time and promote them together. KCPL will track activities and
23 expenditures for each program area separately. Additionally, CPAG suggested KCPL

1 have separate budgets for the small, medium and large C&I customers to ensure
2 availability of opportunity and funds for all C&I customer classes.

3 Since the program was approved in Missouri in May 2006, a number of projects
4 have been submitted by customers for the Custom Rebate programs. These projects have
5 been reviewed and funding has been committed. To date, we have committed \$203,418
6 for ten retrofit projects and \$480 for one new construction project. One retrofit project
7 has been completed and paid.

8 Building Operator Certification (Training):

9 Building Operator Certification is a market transformation effort to train facility
10 operators in efficient building operations and management ("O&M"), establish
11 recognition of and value for certified operators, support the adoption of resource-efficient
12 O&M as the standard in building operations, and create a self-sustaining entity for
13 administering and marketing the training. This program was filed in Missouri on
14 January 2, 2007, and is not yet approved.

15 Energy Optimizer (Air Conditioning Cycling):

16 The Energy Optimizer program is an air conditioning cycling program by which KCPL
17 can reduce residential and small commercial air conditioning load during peak summer
18 days. This load reduction is achieved by sending a paging signal to a control device in a
19 thermostat attached to the customer's air conditioner. The control device then turns the
20 air conditioner off and on or ramps up the temperature over a period of time depending
21 on the load reduction strategy established by KCPL.

22 Through a bidding process, Honeywell Utility Solutions was selected to partner
23 with KCPL in implementing this program. Honeywell has opened an office in Kansas

1 City and hired office and field personnel to ensure the success of the program. Various
2 methods of marketing the program have been implemented including website, bill inserts,
3 direct mail, trade show and festival participation, news releases, short vignettes on
4 several news and talk show programs, customer on-site presentations, and interviews on
5 radio talk shows. In July and August 2006, digital billboards promoted this program.
6 Program participation is significant for the Energy Optimizer program. KCPL received
7 recognition in the press and in TV coverage that spurred participation in the program.

8 Honeywell's current thermostat serves single-stage systems and not double-stage
9 systems often used in commercial applications. Therefore, we have completed an Alpha
10 test of the White-Rogers thermostat. While this thermostat can handle the more complex
11 systems, is considered very user-friendly and can cycle compressors, it is unable to ramp
12 temperatures. A decision on this issue will be made in the near future.

13 Since the inception of this program, KCPL has enjoyed tremendous success in
14 obtaining customer participation in this program. While our first year goal for Missouri
15 was 1.9 MW and our 3-year program goal for Missouri was 6.0 MW, we have achieved
16 7.1 MWs in 14 months. This represents 373.7% of our first year goal and 118% of our
17 3-year goal. We are at 401.5% of our first year budget and 117% of our -3-year budget.

18 MPower:

19 MPower is a C&I curtailment program whereby customers with the ability to curtail
20 200 kW or more are incented to contract with KCPL to curtail their load when requested
21 by KCPL. Under MPower, the customer is invited to use the curtailment method(s) that
22 best meets their capabilities and needs. This could include turning on a back-up

1 generator, shutting off lights or production lines, raising their cooling system temperature
2 several degrees, or closing the company and sending their employees home.

3 Despite the redesign of the Peak Load Curtailment Credit into MPower based on
4 customer feedback, MPower has been slower to take hold. Only one customer in
5 Missouri actually signed a contract for this cooling season and another signed the
6 contract in December. This experience of having only one customer available to curtail
7 during the cooling season has demonstrated the need for a diversified portfolio of demand
8 response programs, both incentive-induced and price-induced programs. We contracted
9 with KEMA Consulting to study our existing programs and propose recommendations to
10 KCPL to revise existing programs and develop new programs. KCPL is currently
11 studying those recommendations.

12 We have achieved 7.6 MW of a goal of 26.4 MW for Missouri for 2006, and have
13 expended 10.9% of our budget.

14 **Q: Which programs have been approved and implemented in Missouri?**

15 A: Schedule SKN-1 shows the nine programs that have been approved and implemented in
16 Missouri. Two additional programs have been filed for approval. This table also
17 provides actual and estimated filing times for the remaining four programs.

18 **Q: For the programs that have been implemented, what progress has been made in**
19 **terms of participation and spending through December 31, 2006?**

20 A: Details by program for participation and actual expenditures are shown in Schedule
21 SKN-2.

1 **Q: What research activities that support Affordability, Energy Efficiency and Demand**
2 **Response has KCPL engaged in?**

3 A: KCPL has engaged in or started three key projects to enhance our capabilities in this
4 program area.

5 (1) As mentioned above, KCPL contracted with KEMA to propose a portfolio of
6 Demand Response programs. These include both incentive-induced and price-
7 induced demand response programs and include new programs as well as
8 suggested modifications to existing programs.

9 (2) KCPL contracted with RLW Analytics to expand the Missouri Assessment Study
10 into a DSM potential study for the KCPL residential market in both Missouri and
11 Kansas.

12 (3) KCPL is in the process of contracting with Summit Blue to provide assistance and
13 training in conducting an avoided cost study and a DSM potential study for the
14 C&I market. Phase I of this study will focus on KCPL's four largest customer
15 segments and the avoided cost study. Phase II will focus on the remainder of
16 KCPL's largest customer segments and proposed program design for the end uses
17 with the largest potential. KCPL intends to perform much of the study using its
18 own employees but with Summit Blue's guidance.

19 **Q: Will these studies be completed in the near future?**

20 A: We plan for these studies to be completed by mid-year 2007.

1 **Q: Have any evaluations been completed to date on the programs KCPL has**
2 **implemented and, if so, what were the results of those evaluations?**

3 A: A preliminary impact evaluation was completed on the Energy Optimizer. Initially,
4 KCPL estimated 1.1 kW reduction per participant. This was an average based on a
5 participation mix of commercial and residential customers obtained from other utility
6 reports. KCPL participants in the 2006 cooling season were primarily residential
7 customers. Based on their participation, and based on preliminary report findings, our
8 residential customers are reducing demand by 1.1 kW for Missouri single family homes.
9 We are pleased with this result and expect that this average will increase as more
10 commercial customers participate in this program. Multi-family units are producing
11 demand reductions that are approximately half of that for single family homes. It is our
12 intent to re-run the benefit cost analysis and, based on the analysis results and
13 conversations with CPAG, provide a recommendation on the future of this program.

14 **Q: When will other evaluations be completed?**

15 A: For programs that have an evaluation plan, we have committed to completing the
16 evaluation of the initial two years of each program within six months of the end of each
17 program's second year. We have the option, especially for programs with large budgets,
18 to perform evaluations earlier to ensure we are being efficient and effective. The Energy
19 Optimizer is an example of an evaluation being completed prior to the completion of two
20 full years.

1 **Q: Did you perform any other evaluations?**

2 A: We had planned to evaluate MPower; however, with only one customer participating,
3 CPAG recommended and we agreed that it would not be worth the cost. We are also
4 starting to work on collecting data to evaluate the low income weatherization program.

5 **Q: What are the current expected costs of the programs?**

6 A: At this time, we are maintaining the estimated cost provided in the Regulatory Plan
7 Stipulation and Agreement as our expected costs. Those costs were estimated based on
8 staffing and implementation costs in a maintenance mode, rather than a start-up mode.
9 Therefore, actual costs may be a little higher during start-up mode. Also, as we gain
10 experience in actually implementing the programs, we will have a better basis on which
11 to estimate future costs.

12 **Q: Are there other circumstances that may impact the budget?**

13 A: Yes. For example, as I noted earlier in my testimony, the Cool Homes program design
14 was changed due to changes in Federal regulation that required all new cooling systems
15 manufactured to be a minimum of SEER 13. Therefore, rather than providing a rebate
16 for equipment replacement at failure, the program was redesigned to be a
17 re-commissioning and early replacement program, requiring a higher incentive for the
18 latter. Another example is higher than expected market demand for our programs.
19 Demand for the Energy Optimizer, for example, was so high that a 3-year goal was
20 actually accomplished in 14 months. This impacted actual budget. The total costs, and
21 the proposed allocation by State, are also detailed in Appendix C to the Regulatory Plan
22 Stipulation and Agreement.

1 **Q: What were the objectives for CPAG?**

2 **A:** CPAG had two key objectives:

- 3 1. Perform pre-implementation evaluation of energy efficiency programs; and
- 4 2. Review design, implementation plans, and evaluation plans for all programs.

5 **Q: Were these two objectives completed?**

6 **A:** The following was accomplished toward Objective 1:

- 7 • We revised the definitions and subsequently the numerical inputs for the
- 8 benefit/cost screening tool, we added the Total Resource Cost ("TRC") test to the
- 9 benefit/cost model and we re-ran all the programs through this screening tool.
- 10 • We obtained hourly load impacts for all proposed energy efficiency programs,
- 11 merged them into three groupings (affordability only, residential energy
- 12 efficiency only, and commercial/industrial energy efficiency only) and re-ran the
- 13 MIDAS Model with 20 years of programming and 20 years of benefits. We ran
- 14 three scenarios of this MIDAS run – one with no environmental externalities, one
- 15 with low environmental externalities and one with high environmental
- 16 externalities.
- 17 • KCPL completed one more MIDAS run, similar to the run mentioned directly
- 18 above but with only five years of programming to simulate the benefits of the
- 19 five-year pilot.

20 For Objective 2, the following was accomplished:

- 21 • We reviewed design and implementation plans for a number of programs. An
- 22 update on each program was provided above.

- The Regulatory Plan Stipulation and Agreement also required KCPL to review the Evaluation Plan for each program with CPAG. A high-level evaluation plan was provided in the Regulatory Plan Stipulation and Agreement, Appendix C. As mentioned above, KCPL has completed evaluation plans as appropriate and has shared the plans with CPAG to solicit input.

Q: Is CPAG aware of all the issues associated with each program's design and projected implementation timeline?

A: Yes, KCPL has kept CPAG advised and CPAG members are generally knowledgeable about all the issues associated with program rollout, cost effectiveness analysis, evaluation, etc. CPAG has been an excellent collaborative team with thoughtful participation by all.

Q: How active has CPAG been?

A: CPAG has been very active and supportive. Throughout 2006, we met approximately every 6-8 weeks. Attendance has been consistently high, in spite of high workload experienced by our members. In addition, we have emailed questions to members and have received responses in a timely manner. We are very appreciative of CPAG's support and wise input. Their contributions have been instrumental in our success.

Q: Could you please provide an update of KCPL's implementation of its credit card payment program?

A: KCPL will offer card payment options to its residential customers in 2007, beginning with acceptance through the interactive voice response system ("IVR"). KCPL has contracted with Western Union to act as a payment processor to help ensure that customer card information is handled, processed and stored securely. Western Union,

1 through its SpeedPay system, is one of the largest processors of credit card payments in
2 the United States. Due to favorable pricing on transactions that can be processed through
3 the ATM payment network, KCPL will be able to offer Mastercard in addition to VISA at
4 the outset. This is a change from our original plan of starting with VISA and adding
5 Mastercard at an unspecified future date.

6 **Q: When will KCPL be prepared to begin accepting payment by credit card payments**
7 **from its customers?**

8 A: KCPL will begin accepting card payments on February 1, 2007. At that time we will
9 accept credit and debit cards with either VISA or Mastercard brands. Payments will be
10 accepted by telephone through the IVR systems of KCPL and Western Union.

11 **Q: What does KCPL estimate its annual costs to be for implementing its credit card**
12 **payment program?**

13 A: We expect our annual costs in 2007 to be approximately \$300,000. (This is the portion of
14 the total \$563,000 cost allocated to Missouri reflected as Adj-56 on Schedule JPW-2
15 attached to the direct testimony of KCPL witness John P. Weisensee.)

16 **Q: Does that conclude your testimony?**

17 A: Yes, it does.

In the Matter of the Application of Kansas City
Power & Light Company to Modify Its Tariff to
Continue Implementation of Its Regulatory Plan

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

1. My name is Susan K. Nathan. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Manager, Marketing and Product Management.

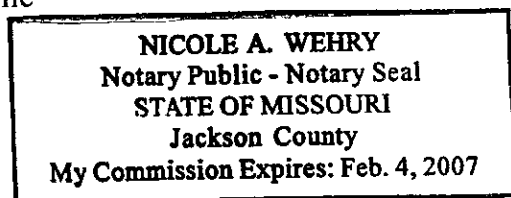
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Susan K. Nathan
Susan K. Nathan

Subscribed and sworn before me this 31st day of January 2007.

Nicol A. Weng
Notary Public

My commission expires: Feb. 4, 2007



**PROGRAM UPDATE
MISSOURI**

PROGRAM	Tariff Filed	Estimated Tariff Filing Date	Tariff Approved
Affordability Programs			
Affordable New Homes	1/12/07		Pending
Low Income Weatherization	11/01/05		12/01/05
Energy Efficiency - Residential			
Home Energy Analyzer	11/21/05		12/21/05
Home Performance w/ Energy Star		2007	
Change a Light (2005)	9/01/05		10/1/05
Change a Light (2006)	9/01/06		9/28/06
Cool Homes		Q1 07	
Energy Star Homes		2007/8	
PAYs type Program		2007	
Energy Efficiency - C&I			
Business Energy Analyzer	1/12/06		2/12/06
C&I Audit	5/30/06		7/10/06
C&I Custom Rebate - Retrofit	5/30/06		7/10/06
C&I Custom Rebate - New Construction	5/30/06		7/10/06
Building Operator Certification	1/02/07		Pending
Demand Response			
Energy Optimizer (A/C Cycling)	9/14/05		10/14/05
MPower	1/20/06		3/08/06

Missouri	2006/Year 1 Participation through 12/31/06			2006/Year 1 Expenditures through 12/31/06		
	Goal	Actual	% of Goal	Budget	Actual	% Spent
Program						
L/I Weatherization	255	142	55.7%	\$ 468,000	\$ 302,170	64.6%
Change A Light (2006)	24,292	N/A	N/A	\$ 78,477	\$ 40,103	51.1%
Home Energy Analyzer	2,318	9,427	406.7%	\$ 144,989	\$ 195,352	134.7%
Business Energy Analyzer	232	180	77.6%	\$ -	\$ 86,843	N/A
C&I Audit Rebate	0	0	0.0%	\$ 35,880	\$ 23,943	66.7%
C&I Custom Reb - Retro	24	1	4.1%	\$ 435,045	\$ 69,091	15.9%
C&I Custom Reb - NC	24	0	0.0%	\$ 551,655	\$ 36,822	6.7%
Energy Optimizer	.9 MW	7.1 MW	373.7%	\$ 636,122	\$ 2,554,147	401.5%
MPower	26.4 MW	7.6 MW	28.8%	\$ 1,082,344	\$ 117,708	10.9%