

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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| In the Matter of the Application of |) | |
| Kansas City Power & Light Company |) | |
| For a Modification of Order Granting Variance in |) | <u>File No. EO-2014-0128</u> |
| Case No. EO-91-224 for Good Cause Shown |) | |

**STAFF RECOMMENDATION TO APPROVE MODIFICATION
OF ORDER GRANTING VARIANCE**

COMES NOW, the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), by and through counsel, and in response to the Commission's *Order Directing Filing and Setting Intervention Deadline* ("Order") issued on November 6, 2013, submits its Recommendation and in support thereof respectfully states as follows:

1. On November 4, 2013, Kansas City Power & Light Company ("KCP&L") filed an Application requesting a modification to a Commission Order granting a variance in Case No. EO-91-224. Commission Rule 4 CSR 240-10.030(28) requires periodic testing of all induction-type meters manufactured during or after 1937, unless otherwise ordered by the Commission. In Case No. EO-91-224, KCP&L was granted a variance from the requirement to periodically test every meter and allowed to implement a method of statistical sampling techniques to measure meter accuracy. In this case KCP&L seeks to exempt newly installed meters from inclusion in the sampling during the three-year period in which they are installed, since the new meters are tested by the manufacturer and again by KCP&L before installation. Staff is recommending the Commission modify its Order granting variance as KCP&L requests.

2. On November 6, 2013, the Commission issued an Order in this case setting an intervention deadline of November 20, 2013. No party has requested intervention. This Order also directed Staff to file a recommendation by December 4, 2013.

3. Accordingly, Staff hereby submits its Memorandum, attached hereto as Appendix A and incorporated by reference, recommending that the Commission approve the application of KCP&L requesting a modification from the provisions contained in the Commission's Order Granting Variance issued in Case No. EO-91-224.

4. The Commission's authority to grant the relief requested is found in 4 CSR 240-10.030(28), which grants the Commission the ability to approve different methods for testing meters by issuing an Order.¹ The Commission's *Order Granting Variance* issued in Case No. EO-91-224, established that statistical analysis was an acceptable method of testing meters. Because KCP&L now seeks to be relieved from complying with this Order, it must show good cause for the Commission to do so.² KCP&L stated in its current application that it intends to install a new metering system in its greater metropolitan Kansas City, Missouri, service territory, an undertaking referred to as "AMI Refresh Project." The Company anticipates that this project will take three years for the new meters to be installed. During that time, from January 1, 2014 to December 31, 2016, KCP&L requests to be relieved from complying with the requirements of the Order in Case No. EO-91-224 for those new meters. During the three-year project, the accuracy of the new meters will be tested by the manufacturer

¹ "Unless otherwise ordered by the commission, each electric service watt-hour meter shall be periodically tested in accordance with the following schedule or as often as the results obtained may warrant, and adjusted in accordance with section (25)." 4 CSR 240-10.030(28).

² 4 CSR 240-2.060(4).

upon shipping and verified by KCP&L prior to installation. Therefore, it would be unnecessarily duplicative to require additional testing of these meters during the three-year period when they are being installed. Upon the completion of the project, KCP&L will resume compliance with the procedures contained in the Commission's Order Granting Variance issued in Case No. EO-91-224 for all of its meters.

5. As reflected in the attached Appendix A, Staff verified that KCP&L has filed its annual report and is not delinquent on any assessment.

6. Further, Staff recommends that the Commission contemplate revising the meter testing requirement in 4 CSR 240-10.030(28). The variance from the rule KCP&L was granted in Case No. EO-91-224 is not in isolation, every electric investor owned utility has been granted a similar variance. No electric utility currently complies with the original language.³ Staff suggests that the current rule is outdated and in need of revision.

WHEREFORE, Staff files its analysis and recommendation that the Commission approve KCP&L's requested modification and variance as described in the attached Appendix A.

³ Variances were granted to Union Electric Company d/b/a Ameren Missouri in Case Nos. EE-2013-0009 and EO-2001-521, Empire District Electric Company in Case No. EO-90-58, KCP&L-Greater Missouri Operations Company in Case No. EO-86-48.

Respectfully Submitted,

/s/ Tim Opitz

Tim Opitz

Legal Counsel

Missouri Bar No. 65082

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-4227 (Telephone)

(573) 751-9285 (Fax)

timothy.opitz@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 4th day of December, 2013.

/s/ Tim Opitz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2014-0128 – In the Matter of the Application of Kansas City
Power & Light Company for a Modification of Order Granting Variance
in Case No. EO-91-224 for Good Cause Shown

FROM: Alan J. Bax - Tariff, Safety, Economic and Engineering Analysis

/s/ Daniel I. Beck 12/04/13 /s/ Tim Opitz 12/04/13
Energy Department / Date Staff Counsel's Office / Date

SUBJECT: Staff Memorandum Recommending Approval of Application

DATE: December 4, 2013

STAFF RECOMMENDATION

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the Application of the Kansas City Power & Light Company (“KCP&L”) requesting a modification from the provisions contained in the Commission’s “Order Granting Variance” issued in Case No. EO-91-224. This modification would be in effect for the next three calendar years (2014-2016) if necessary. KCP&L anticipates it will be able to install a new metering system to customers in its greater metropolitan Kansas City, Missouri, service territory within three years, a project referred to as the “AMI Refresh Project.”

OVERVIEW

On November 4, 2013, KCP&L filed an Application requesting a modification to a Commission Order granting a variance in Case No. EO-91-224. On November 6, 2013, the Commission issued an Order setting a deadline of November 20, 2013, for any interested party desiring to intervene. No party has requested intervention. This Order also directed Staff to file a recommendation by December 4, 2013.

KCP&L is current on all assessment fees and annual report filings. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

DISCUSSION

In Case No. EO-91-224, KCP&L requested a variance from Commission Rule 4 CSR 240-10.030(28). More specifically, the request centered on requesting a variance from part (c) of this rule, which requires all induction-type meters manufactured during or after 1937 to be tested, at a minimum, once every 240 months, unless otherwise ordered by the Commission.¹ KCP&L desired to implement a method of statistical sampling, a method that was approved by the Commission in an Order issued May 7, 1991. This method included organizing meters into several homogenous groups and then randomly testing 10% of the meters in each group. Upon completion of random testing, specific procedures were implemented once it was determined whether or not particular criteria regarding the level of accuracy had been met.

Since 1991, KCP&L has complied with the procedures contained in this statistical method implemented in regard to measuring meter accuracy, with the exception of the period August 1996 through December 1999. During this timeframe, KCP&L installed/replaced existing meters in its greater metropolitan Kansas City, Missouri service territory with meters that were equipped with modules enabling automatic meter reading capability, referred to as “CellNet.” Because of new meters being installed whose accuracy was confirmed by the manufacturer upon shipping and verified by KCP&L prior to installation, the Commission approved KCP&L’s request for a variance from this statistical method requirement in an Order dated August 6, 1996, in Case No. EO-96-386.

¹ Each electric investor owned utility has requested a similar variance regarding part (c) of CSR 240-10.03(28). In lieu of adhering to this meter testing requirement, the Commission has consistently approved requests for variances by each electric investor owned utility that allows use of a statistical sampling method regarding the testing of meters that is based on the guidelines contained in American National Standard Institute C12 (ANSI C-12) instead. Thus, considering that no electric utility currently complies with this regulation, Staff suggests that the Commission should contemplate revising this regulation.

List of electric investor owned utilities and respective cases requesting variances from this regulation:

Empire District Electric Company – EO-90-58
Kansas City Power & Light Company – EO-91-224, EO-96-386, EO-2014-0128
KCP&L-Greater Missouri Operations Company– EO-86-48
Ameren Missouri d/b/a Union Electric Company – 18172, EO-2001-521, EE-2013-0009

KCP&L is in a similar situation today. In its Application, KCP&L reports that the existing service contract for these CellNet meters expires in August 2014. Although it is becoming increasingly more difficult to obtain CellNet modules, and despite the fact that existing modules are failing at an ever increasing rate, KCP&L wished to retain the advantages of the CellNet equipped meters if economically reasonable – advantages such as remote meter reading capability, and increased recognition of metering problems and/or outages along with subsequent reduced outage times. Rather than extending the terms of the existing contract and thereby accepting the aforementioned problems, KCP&L decided that it will initiate a project to replace the CellNet equipped meters. This project has been named the “AMI Refresh Project.”

KCP&L intends to replace existing meters equipped with CellNet modules with meters that utilize the Landis+Gyr GridStream Advanced Metering Infrastructure network. These meters have recently been installed as part of a Department of Energy sponsored Smart Grid project in a section of KCP&L’s service territory, commonly referenced as the “Green Zone”, with favorable results. KCP&L plans to begin this meter replacement program in January 2014. KCP&L anticipates that the AMI Refresh Project will take three years to complete, a time frame similar to that of the installation of the CellNet equipped meters in the late 1990s. As was the case with the meter installation in the late 1990s, the new AMI equipped meters to be installed over the next three years will be tested by the manufacturer upon shipping and verified by KCP&L prior to installation. Therefore, it would be unnecessarily duplicative to require additional meter testing during calendar years 2014-2016, the anticipated length of time required to complete the AMI Refresh Project. KCP&L states that it will abide by the procedures contained in the “Order Approving Variance” issued by the Commission in Case No. EO-91-224 upon completion of this project, as it did following the completion of its installation of the meters equipped with CellNet modules. KCP&L will continue to comply with all other aspects of the “Order Granting Variance” issued in Case No. EO-91-224 in its remaining service areas not identified as being part of the AMI Refresh Project. KCP&L will also continue to abide by other applicable portions of 4 CSR 240-10.030 during this time in all its service areas, such as paragraph 29, which requires the testing of meters free of charge

upon customer request contingent on that a test has not been conducted within the previous twelve-month period.

CONCLUSION

Staff recommends that the Commission approve the Application of KCP&L that requests a modification of the Commission's "Order Granting Variance", issued in Case No. EO-91-224 on May7, 1991, in regard to the AMI Refresh Project. This project includes the installation of meters equipped with the Landis+Gyr GridStream AMI Network in its greater metropolitan Kansas City, Missouri service territory. As requested by KCP&L, Staff recommends that the modification should only be in effect for the time period beginning January 1, 2014 and ending December 31, 2016. Staff suggests that the Commission note that no ratemaking matter is being addressed in this proceeding.

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City Power & Light Company for a)
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Shown)
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Case No. EO-2014-0128

AFFIDAVIT OF ALAN J. BAX

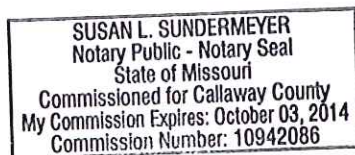
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Alan J. Bax, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Alan J. Bax

Subscribed and sworn to before me this 4th day of December, 2013.





Notary Public