

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

The Staff of the Missouri Public Service Commission,)	
)	
)	
Complainant,)	
)	
v.)	<u>File No. EC-2011-0250</u>
)	
KCP&L Greater Missouri Operations Company,)	
)	
)	
Respondent.)	

ANSWER

COMES NOW Respondent, KCP&L Greater Missouri Operations Company ("GMO" or "Respondent"), pursuant to the Commission's *Order Giving Notice of Contested Case and Directing Answer* issued in this matter on February 9, 2011, and for its Answer to the Complaint filed by the Staff of the Missouri Public Service Commission ("Staff") on February 8, 2011, states as follows:

1. Paragraph 1 of the Complaint contains Staff's characterization of the case and merely purports to state a legal conclusion, as to which no response is required. To the extent a response is required, GMO denies the allegations contained in paragraph 1. GMO expressly denies that it violated certain Commission rules and orders and it expressly denies that it filed a deficient Integrated Resource Plan.

2. GMO admits the allegation contained in paragraph 2 of the Complaint that Staff is the Complainant. The remainder of that allegation merely purports to state a legal conclusion, to which no response is required.

3. GMO admits the allegations contained in paragraph 3 of the Complaint.

4. GMO admits the allegations contained in paragraph 4 of the Complaint, except GMO further states that GPE also owns Kansas City Power & Light Company and both wholly-owned subsidiaries operate under the brand name KCP&L;

5. GMO admits the allegations contained in paragraph 5 of the Complaint, except those allegations relating to the specific amounts of megawatts of generating capacity which GMO denies.

6. GMO admits the allegations contained in paragraph 6 of the Complaint.

7. GMO admits that the Commission has authority to hear and determine certain complaints as provided by law. The quoted statutory language in paragraph 7 of the Complaint speaks for itself and does not require a response. GMO denies the remaining allegations contained in paragraph 7 of the Complaint.

8. GMO admits that the Commission promulgated its Chapter 22 rules relating to Electric Utility Resource Planning, including Rules 4 CSR 240-22.070, "Risk Analysis and Strategy Selection," and 4 CSR 240-22.080, "Filing Schedule and Requirements." The quoted language contained in paragraph 8 speaks for itself and does not require a response. GMO denies the remaining allegations contained in paragraph 8. Further answering, GMO notes that the Commission filed its Orders of Rulemaking in Case No. EX-2010-0254 on March 3, 2011, with the Joint Committee on Administrative Rules, regarding revisions to the various rules comprising Chapter 22, said Orders and revisions not being effective at this time.

9. GMO states that the quoted rule language in paragraph 9 of the Complaint speaks for itself and does not require a response. GMO denies the remaining allegations contained in paragraph 9 of the Complaint.

10. GMO states that the quoted rule language in paragraph 10 of the Complaint speaks for itself and does not require a response. GMO denies the remaining allegations contained in paragraph 10 of the Complaint.

11. For its response to paragraph 11 of the Complaint, GMO restates and incorporates by reference as if fully set forth herein its responses to paragraphs 1 through 10 hereof.

12. GMO admits that it was a signatory to a Nonunanimous Stipulation and Agreement filed on April 12, 2010, in Case No. EE-2009-0237, to remedy all alleged deficiencies and concerns expressed by the signatories of said agreement regarding the compliance filing GMO submitted in that proceeding on August 5, 2009, as supplemented. GMO further admits that Exhibit A to the Complaint is a true and correct copy of said Nonunanimous Stipulation and Agreement. GMO denies the remaining allegations contained in paragraph 12.

13. GMO admits that in the Nonunanimous Stipulation and Agreement, it committed to submitting a revised IRP filing in Case No. EE-2009-0237 consistent with the terms and schedule outlined in said agreement, on or before December 17, 2010. GMO denies the remaining allegations contained in paragraph 13.

14. GMO admits that Exhibit B to the Complaint is a true and correct copy of the Commission's Order Approving Nonunanimous Stipulation and Agreement and Accepting Integrated Resource Plan issued on June 2, 2010, in Case No. EE-2009-0237. GMO further states that said Order speaks for itself and is the best evidence of its contents.

15. GMO admits the allegations of paragraph 15.

16. GMO admits the allegations of paragraph 16.

17. GMO admits that on January 18, 2011, it filed KCP&L Greater Missouri Operations Company's Submission of Its Revised Integrated Resource Analysis ("Revised IRP Submission"), a true and correct copy of which, with all attachments, is attached to the Complaint as Exhibit E. GMO admits that the quoted paragraph appears at Paragraph 6 of its Revised IRP Submission, less emphasis added. GMO denies the remaining allegations contained in paragraph 17.

18. GMO denies the allegations contained in paragraph 18 of the Complaint.

19. GMO denies the allegations contained in paragraph 19 of the Complaint.

20. GMO denies the allegations contained in paragraph 20 of the Complaint.

21. For its response to paragraph 21 of the Complaint, GMO restates and incorporates by reference as if fully set forth herein its responses to paragraphs 1 through 20 hereof.

22. For its response to paragraph 22 of the Complaint, GMO states that Section 386.570, RSMo speaks for itself.

23. For its response to paragraph 23 of the Complaint, GMO states that Section 386.600, RSMo speaks for itself.

AFFIRMATIVE DEFENSES

1. Staff's Complaint fails to state a claim upon which relief may be granted.

2. GMO has performed its obligations under the Nonunanimous Stipulation and Agreement and it is in compliance with the Commission's Order of June 2, 2010, as extended by its Order of December 28, 2010, in Case No. EE-2009-0237. As a result of the Nonunanimous Stipulation and Agreement, the Parties to the Agreement met on

several occasions to discuss the additional analysis to be performed by GMO. This additional analysis was to include several alternative resource plans as discussed by the Parties. Appendix A – Interim Report, filed on January 18, 2011 in EE-2009-0237, defines the alternative resource plans that were to be analyzed. GMO completed the analysis of these plans and the results were filed with the Commission on January 18, 2011. However, given the relatively recent significant changes in GMO's projection of natural gas prices and CO2 emission allowance prices, the alternative resource plan analysis as agreed to by the Parties is likely to prove insufficient for determination of a preferred GMO resource plan. Additional analysis based on current assumptions needs to be completed before a preferred resource plan can be selected.

3. GMO has complied with the requirements set forth in Chapter 22 of the Commission's Rules. In addition, Commission Rule 4 CSR 240-22.080(10) provides:

(10) If the utility determines that circumstances have changed so that the preferred resource plan is no longer appropriate, either due to the limits identified pursuant to 4 CSR 240-22.070(10)(C) being exceeded or for other reasons, the utility, in writing, shall notify the commission within sixty (60) days of the utility's determination. If the utility decides to implement any of the contingency options identified pursuant to 4 CSR 240-22.070(10)(D), the utility shall file for review in advance of its next regularly scheduled compliance filing a revised implementation plan.

Such written notification was specifically set forth in Paragraph 6 of KCP&L Greater Missouri Operations Company's Submission of Its Revised Integrated Resource Analysis (quoted at paragraph 17 of Staff's Complaint):

6. As a result of this additional analysis completed per the Stipulation and Agreement in Case No. EE-2009-0237, GMO has determined that the preferred resource plan filed in August, 2009 is no longer appropriate. Significant changes have occurred in projections of both natural gas costs and CO2 emission costs along with recently proposed U.S. Environmental Protection Agency regulations, (Transport Rule) that dictates the need to fully evaluate additional alternative resource plans prior to determining a revised preferred plan. GMO will be conducting this additional analysis and expects to have results available in the summer of 2011.

Unless affirmatively admitted herein in its responses above, GMO denies the allegations contained in Staff's Complaint. Additionally, GMO reserves the right to supplement this pleading to add additional defenses and claims in connection with this Complaint.

WHEREFORE, having fully answered the Complaint, KCP&L Greater Missouri Operations Company prays the Commission dismiss the Complaint for the reasons aforesaid.

Respectfully submitted,

/s/ Roger W. Steiner

Roger W. Steiner, MBN 39586
Corporate Counsel
Kansas City Power & Light Company
1200 Main – 16th Floor
Kansas City, Missouri 64105
Phone: (816) 556-2314
Fax: (816) 556-2787
E-mail: roger.steiner@kcpl.com

James M. Fischer, MBN 27543
E-mail: jfischerpc@aol.com
Larry W. Dority, MBN 25617
E-mail: 1wdority@sprintmail.com
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, MO 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383

**ATTORNEYS FOR
KCP&L GREATER MISSOURI
OPERATIONS COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, electronic mail or hand delivery, on this 11th day of March, 2011, to the following:

Kevin Thompson
Chief Staff Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
kevin.thompson@psc.mo.gov

Office of the Public Counsel
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

/s/ Larry W. Dority
Larry W. Dority