

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

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by KCP&L Greater Missouri Operations) File No. EO-2016-0039
Company in its Next Triennial Compliance)
Filing or Next Annual Update Report)

**RESPONSE OF
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

Pursuant to Missouri Public Service Commission (“Commission”) Rule 4 CSR 240-22.080(4)(B), KCP&L Greater Missouri Operations Company (“GMO” or “Company”) hereby respectfully submits its Response to the lists of special contemporary issues suggested by Missouri Public Service Commission Staff (“Staff”), Missouri Department of Economic Development - Division of Energy (“Division of Energy”), and Sierra Club.

I. Introduction

In Rule 4 CSR 240-22.080(4)(A) parties to the Integrated Resource Plan (“IRP”) process may file a list of suggested Special Contemporary Issues. The Company has an opportunity to respond to the lists provided in (A) by October 1, according to Rule 4 CSR 240-22.080(4)(B).

The definition of “Special Contemporary Issue” is found at 4 CSR 240-22.020(55):

(55) Special contemporary issues means a written list of issues contained in a commission order with input from staff, public counsel, and intervenors that are evolving new issues, which may not otherwise have been addressed by the utility or are continuations of unresolved issues from the preceding triennial compliance filing or annual update filing. Each utility shall evaluate and incorporate special contemporary issues in its next triennial compliance filing or annual update filing.

II. Staff List of Special Contemporary Issues

On September 15, Staff filed seven suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by the Company in recent IRP filings. As such, the Company will address these issues in their next IRP

filing in a similar manner and consistent with IRP rules. . However, the Company objects to the inclusion of the following in the 2016 Annual IRP Update.

f. On March 26, 2014, HR 4298, the Grid Reliability and Infrastructure Defense Act, was introduced in the U.S. House to amend the Federal Power Act (“FPA”) in order to protect the bulk power system against physical, cyber, electromagnetic pulse (“EMP”) and other threats and vulnerabilities. HR 2417, the Secure High-Voltage Infrastructure for Electricity from Lethal Damage Act, was previously introduced to protect the bulk power system and electric infrastructure against natural and man-made EMP threats. Summarize the current, near term (next three years) and long term future activities and costs that GMO is pursuing and/or contemplating to protect GMO’s electrical system infrastructure against EMP threats and indicate any potential impact to GMO’s preferred resource plan.

GMO Response:

Jurisdictional electric utilities are required to submit IRPs. IRPs describe how the utility plans to deliver safe, reliable, and efficient electricity. Further, these plans must be in the public interest and consistent with state energy and environmental policies as well as compliance obligations.

Potential emerging threats to those assets, such as EMP, cyber and physical security, are actively monitored and managed by the Company. Protection of those assets and resources the Company will use to meet customer demand is a sensitive topic that is highly confidential to ensure protection of said assets. The Commission recognized the sensitivity of this information in File No. EW-2013-0011 *In the Matter of a Working Docket to Address Effective Cybersecurity Practices for Protecting Essential Electric Utility Infrastructure*. In that proceeding, the Commission’s Order Regarding Staff Recommendation and Motion for a Waiver or Variance,

dated March 13, 2013 stated, "...the stakeholders shall conduct further discussions and formulate an informal reporting schedule, wherein the electric utilities shall provide information to designated members of the Commission's Staff at timely intervals no less than annually. No notifications or reports concerning the matters outlined in Staff's recommendation shall be made in documentary form, i.e. no physical, digital or electronic reports shall be produced or filed in any docket, workshop, investigation or case, either noncontested or contested; nor shall the information provided to Staff be transmitted electronically to Staff or shared with any other entity. The information shall only be reported orally to designated Staff members, unless the Commission directs otherwise." (Footnote omitted). The Company is a party to this proceeding and actively participates. This is the appropriate venue to convey cyber security and critical infrastructure protection related information. Therefore, GMO does not believe that this issue should be a discrete component of the 2016 IRP filing and recommends that the Commission should exclude the proposed issue from the final list of contemporary issues.

g. Review the options available to GMO for providing customer financing for energy efficiency measures. Discuss GMO's current, near term (next three years) and long-term activities and plans for providing customer financing for energy efficiency measures.

GMO Response:

GMO is in the process of replacing its customer information system ("CIS") and therefore does not have any immediate plans to provide customer financing for energy efficiency measures through 2018, when the replacement is complete. However, as the Company is in the process of outlining the CIS requirements, it will continue to re-evaluate the need and its ability to offer customer financing. In addition, throughout this process, it will be important for the

Company to understand from its customers if financing through their utility would lessen barriers to implementing energy efficiency projects.

**III. Missouri Department of Economic Development-Division of Energy
List of Contemporary Issues**

On September 15, Division of Energy filed five suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by the Company in recent IRP filings. As such, the Company will address these issues in their next IRP filing in a similar manner and consistent with IRP rules. However, the Company objects to the inclusion of the following in the 2016 Annual IRP Update.

3. Identify and evaluate the quantifiable non-energy benefits (“NEBs”) which could be included in the Company’s demand-side management portfolio planning process for the purposes of IRP planning. Such NEBs may include, but are not limited to, those considered during working docket EW-2015-0105 (In the Matter of a Working Docket to Review the Commission’s Missouri Energy Efficiency Investment Act (MEEIA) Rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094) and as approved by the Commission for submission to the Secretary of State under EX-2016-0034 (In the Matter of a Proposed Amendment, Rescission, and Consolidation of Commission Rules Relating to Demand-Side Programs). Additionally, evaluate the impact of a NEBs percentage “adder” as considered during working docket EW-2015-0105 on the Company’s demand-side management portfolio planning process for the purposes of IRP planning. Discuss the Company’s preference for either a study to determine NEBs or the use of a NEBs percentage adder.

GMO Response:

This suggestion does not meet the definition of “special contemporary issue”. It is not an

evolving new issue, which may not otherwise have been addressed by GMO. 4 CSR 240-22.050 Demand-Side Resource Analysis includes instructions for the cost effectiveness testing to be used. 4 CSR 240-22.050(5)(B) states that “The total resource cost test shall be used to evaluate cost effectiveness...” where the total resource cost test is defined by 4 CSR 240-22.050(60). It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

5. *To the extent not already discussed in the Company’s IRP filing, evaluate the need to modernize the utility’s delivery infrastructure in order to ensure and enhance system resiliency, reliability and sustainability.*

GMO Response:

As it is GMO’s responsibility to provide safe and adequate power for all of our customers, GMO is continuously monitoring performance of delivery infrastructure. As with any American electric utility, delivery infrastructure continuously ages. GMO is an expert at maintaining aging infrastructure to maximize the lifespan of delivery equipment while maintaining high levels of service reliability. The Smart Grid, like the internet, does not have a defined final state. It is a continuously evolving process of varying grid modernization steps. GMO approaches grid modernization from a portfolio and business case perspective. Modernization efforts are evaluated on the merits of their business case and balanced against alternatives to select the best option for GMO stakeholders.

GMO has been forward thinking in many grid modernization efforts related to system resiliency, reliability and sustainability. GMO typically approaches new technology infusion with a pilot for proof of concept before developing a final business case for enterprise-wide deployment. Frequently the business case calls for “surgical” application of technologies to

specific portions of the system: areas with poor circuit reliability or areas in need of load reduction, for example. GMO has been engaged in various demand-side management programs, distributed energy and renewable resources, electric vehicle charging, grid automation, and information technology (IT) systems and infrastructure to support grid modernization and operational efforts.

Since this is an on-going evaluation process, there is no need for any separate evaluation. A separate evaluation will likely focus on an end-state and grid modernization/Smart Grid does not have an end-state.

IV. Sierra Club List of Contemporary Issues

On September 15, Sierra Club filed six suggestions for special contemporary issues. Several of the suggested issues are contemporary issues suggested in the past and addressed by the Company in recent IRP filings. As such, the Company will address these issues in their next IRP filing in a similar manner and consistent with IRP rules. However, the Company objects to the inclusion of the following in the 2016 Annual IRP Update.

3. Analyzing and documenting on a unit-by-unit basis the net present value revenue requirement of the relative economics of continuing to operate each GMO coal-fired generating unit versus retiring and replacing each such unit in light of all of the environmental, capital, fuel, and O&M expenses needed to keep each such unit operating as compared to the cost of other demand side and supply side resources;

GMO Response:

The Company disagrees with this issue and the Commission should exclude this proposed issue from the final list of suggested issues. The IRP is not a process by which individual assets

are analyzed. The Company shall test for the benefit of coal unit retirements in an integrated manner as specified by Chapter 22 rules.

4. *Analyzing and documenting the technical, maximum achievable, and realistic achievable energy and demand savings from demand-side management, and incorporating each level of savings into GMO's resource planning process;*

GMO Response:

GMO will incorporate the findings of the latest DSM Potential study in the next Triennial Filing, which will incorporate the latest technical, maximum achievable, and realistic achievable energy and demand savings.

5. *Analyzing and documenting cost and performance information sufficient to fairly analyze and compare utility-scale wind and solar resources to other supply-side alternatives; and*

GMO Response:

This suggestion does not meet the definition of “special contemporary issue”. It is not an evolving new issue, which may not otherwise have been addressed by GMO. 4 CSR 240-22.040 Supply-Side Resource Analysis (2)(A) includes instructions for providing capital cost, O&M, and probable environmental costs to be considered for purposes of integrated resource planning. The Company has conducted its integrated resource planning in accordance with the rule, and will provide capital and incremental operating costs for supply-side technologies including utility-scale wind and solar resources in the 2016 IRP Filing. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of October, 2015.

/s/ Roger W. Steiner

Roger W. Steiner