



Kansas City Power & Light®

LAW DEPARTMENT

July 5, 2006

Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, MO 65102-0360

**Re: In the Matter of the Resource Plan
of Kansas City Power & Light Company
Pursuant to 4 CSR 240-22 (Case No. _____)**

Dear Ms. Dale:

Pursuant to Chapter 22 of the regulations of the Missouri Public Service Commission ("Commission"),¹ Kansas City Power & Light Company ("KCPL") herewith respectfully submits certain information in compliance with the Commission's Electric Utility Resource Planning (sometimes referred to as the "integrated resource plan" or "IRP") reporting requirements. In addition, as more fully described herein, KCPL is submitting to the Commission concurrently herewith (i) a motion to establish docket and for the Commission to issue a protective order and (ii) an application for extensions of time and waivers concerning certain of the Commission's IRP reporting requirements ("Extension and Waiver Application").

1. KCPL submitted its last IRP on July 5, 1994 in Case No. EO-94-360. Pursuant to a Unanimous Stipulation and Agreement approved by the Commission in Case No. EO-99-365, the Commission granted KCPL a variance from its IRP reporting requirements until July of 2006. Pursuant to that agreement, KCPL's IRP submission to the Commission is due July 5, 2006.

2. On July 28, 2005, the Commission issued an order approving the Stipulation and Agreement in Case No. EO-2005-0329 concerning KCPL's Regulatory Plan ("Stipulation and Agreement"). The Stipulation and Agreement included KCPL's Resource Plan, now referred to as

¹ 4 C.S.R. 240-22.010 through 240-22.080.

the “Comprehensive Energy Plan.” The Comprehensive Energy Plan is the result of a collaborative approach that included the participation of the Commission staff (“Staff”), the Office of Public Counsel (“OPC”), the Missouri Department of Natural Resources (“MDNR”), and other interested parties. The parties to the Stipulation and Agreement agreed that “the capital investment package described in Paragraph III.B.4 [of the agreement] and the customer programs described in Paragraph III.B.5 constitute major elements of a reasonable and adequate resource plan.”²

3. As explained more thoroughly herein, KCPL believes that the steps it took to develop its Comprehensive Energy Plan, as well as subsequent efforts involving Staff, OPC, MDNR, and other interested parties, concerning the implementation of the Comprehensive Energy Plan, largely satisfy the Commission’s IRP reporting requirements.

Load Analysis and Forecasting (4 CSR 240-22.030)

4. In compliance with the requirements of 4 CSR 240-22.030(8), concerning Load Analysis and Forecasting, attached is “Load Forecast Documentation” for the period 2006-2025. (See Attachment 1). As explained in the Load Forecast Documentation, during the 2006-2025 period, KCPL projects that system energy will increase by an average of 1.5 percent per year and that the annual peak demand will increase by 1.3 percent per year. The Load Forecast Documentation includes the impact of KCPL’s demand-side management programs.

5. With the minor exceptions described below, which are addressed more fully in the Extension and Waiver Application, the attached Load Forecast Documentation satisfies the reporting requirements set forth in 4 CSR 240-22.030(8).

6. As more fully set forth in the Extension and Waiver Application, KCPL requests a one-time waiver of certain methodology and reporting requirements. Specifically, KCPL respectfully requests a one-time waiver from the requirement in 4 CSR 240-22.030(1)(C)2.A. to incorporate a nonlinear function. Presently, KCPL’s function is linear. In addition, KCPL needs additional time to produce the plots and tables specified in 4 CSR 240-22.030(8). KCPL, therefore, also requests a one-time waiver from the requirements of this section.

Supply-Side Resource Analysis (4 CSR 240-22.040)

7. In compliance with the requirements of 4 CSR 240-22.040(9), concerning Supply-Side Resource Analysis, attached is what KCPL has prepared to date concerning its supply-side resource analysis. To ensure that the record in this proceeding accurately reflects the extent to which the development of KCPL’s Comprehensive Energy Plan mirrored the Commission’s IRP requirements, attached hereto is the response KCPL provided to issues raised during a October 29, 2004 meeting with Staff, OPC and other interested parties. KCPL’s response includes the following appendices: (A) Energy Efficiency and Demand Response Evaluations; (B) White Paper: Integrated Coal Gasification Combined Cycle (IGCC) Technology Status; (C) Environmental Compliance: Environmental Compliance Planning; (D) the Iatan Unit 2 Siting Study; (E) Wind Review: Assessment of Renewable Wind Resources As Part of KCPL’s Supply Portfolio; and (F) KCPL CO₂ Assumptions. KCPL has also attached an energy technology overview it prepared as

² Stipulation and Agreement, at Section III.B.1.a.

part of the development of its Comprehensive Energy Plan. (See Attachment 2 portions of which are “Highly Confidential”).

8. KCPL believes that the Commission-approved Comprehensive Energy Plan largely satisfied the objectives of 4 CSR 240-22.040, as demonstrated by the related attachments. Specifically, the attached documents demonstrate that over the course of developing its Comprehensive Energy Plan KCPL (i) “identify[ed] a variety of potential supply-side resource options which [KCPL] can reasonably expect to develop and implement;”³ (ii) “collect[ed] generic cost and performance information for each of these potential resource options;”⁴ (iii) “subjected [the supply-side resource options] to a preliminary screening analysis” and “rank[ed] these options based on their relative annualized utility costs as well as their probable environmental costs;”⁵ and (iv) used this process to “indicate which supply-side options are considered to be candidate resource options for purposes of developing the alternative resource plans required by 4 C.S.R. 240-22.060(3).”⁶

9. In addition, planning for the supply-side resources included in the Stipulation and Agreement closely paralleled the requirements of the Commission’s IRP reporting rules. The results of these evaluations are contained in the supply-side resource additions specified in the Stipulation and Agreement.⁷ These resource additions are projected to satisfy KCPL generation needs through 2014.

10. As more fully set forth in the Extension and Waiver Application, KCPL is in the process of evaluating several highly significant supply-side issues. Such evaluations are required to determine the feasibility and economics of the various alternatives, and in turn, are necessary to conduct a complete and informative IRP. A Supply-Side Resource Analysis completed for July 5, 2006 submission would not include these key alternatives, and would therefore be less meaningful than a Supply-Side Resource Analysis conducted after KCPL had an opportunity to analyze fully the alternatives. Consequently, KCPL is requesting in the Extension and Waiver Application a 23-month extension of time to furnish the information required under 4 CSR 240-22.040(9).

Demand-Side Resource Analysis (4 CSR 240-22.050)

11. In compliance with the requirements of 4 CSR 240-22.050(11), concerning Demand-Side Resource Analysis, KCPL attaches hereto (i) a description of the demand-side management programs that KCPL has either implemented or is evaluating for potential implementation; (ii) the various studies and analyses KCPL prepared to evaluate potential demand-side management programs; (iii) a White Paper, dated June 9, 2006, that KCPL prepared for the Customer Programs Advisory Group (“CPAG”) concerning “Pre-Implementation Analysis of the Impact and Cost Effectiveness of Affordability and Energy Efficiency Programs;” and (iv) various documents supporting the market research KCPL has undertaken concerning its current and proposed demand-side management programs. (See Attachment 3 portions of which are “Highly Confidential”).

³ 4 C.S.R. 240-22.040(1).

⁴ *Id.*

⁵ 4 C.S.R. 240-22.040(2).

⁶ 4 C.S.R. 240-22.040(2)(C).

⁷ See, Stipulation and Agreement, at Section III.B.4.

12. KCPL believes that its recently completed Comprehensive Energy Plan, in conjunction with the efforts of the CPAG, largely satisfy the objectives of 4 CSR 240-22.050. The development of KCPL's Comprehensive Energy Plan included a thorough demand-side resource analysis that closely paralleled the requirements of the Commission's IRP reporting rules. Similarly, subsequent activities of the CPAG also closely paralleled the Commission's rules.

13. Consequently, the steps KCPL took as part of its Comprehensive Energy Plan and the efforts of the CPAG demonstrate that KCPL (i) "develop[ed] a menu of energy efficiency and energy management measures;"⁸ (ii) "develop[ed] estimates of the cost savings that can be obtained by substituting demand-side resources for existing and new supply-side resources;"⁹ (iii) "evaluate[d] the cost-effectiveness of each end-use measure;"¹⁰ (iv) "estimate[d] the technical potential of each end-use measure that passes the screening test;"¹¹ (v) conduct[ed] market research studies, customer surveys, pilot demand-side programs, test marketing programs and other activities as necessary to estimate the technical potential of end-use measures and to develop the information necessary to design and implement cost-effective demand-side programs;"¹² and (vi) "develop[ed] a set of potential demand-side programs that are designed to deliver an appropriate selection of end-use measures to each market segment."¹³ A portfolio of the proposed programs was attached to the Stipulation and Agreement as Appendix C, which is attached hereto.

14. In addition, KCPL has demonstrated that it "consider[ed] and analyze[d] demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process," which is consistent with the policy objectives of the Commission's demand-side resource planning rules.¹⁴

15. KCPL maintains that this process satisfies the requirements of 4 CSR 240-22.050. Nonetheless, as more fully set forth in the Extension and Waiver Application, to the extent deemed necessary by the Commission, KCPL requests waiver of the reporting requirements set forth in 4 CSR 240-22.050(11).

Integrated Resource Analysis (4 CSR 240-22.060) and Risk Analysis and Strategy Selection (4 CSR 240-22.070)

16. In compliance with the requirements of 4 CSR 240-22.060(6) and 4 CSR 240-22.070 (11), concerning integrated resource analysis and risk analysis and strategy selection, attached is a "2006 Comprehensive Energy Plan (CEP) Update," dated June 23, 2006. (See Attachment 4 all of which is "Highly Confidential"). The Update evaluates whether changes in key drivers and uncertainties would lead to different recommendations than those contained in the Comprehensive Energy Plan, as described in the Stipulation and Agreement and approved by the Commission.

⁸ 4 C.S.R. 240-22.050(1).

⁹ 4 C.S.R. 240-22.050(2).

¹⁰ 4 C.S.R. 240-22.050(3).

¹¹ 4 C.S.R. 240-22.050(4).

¹² 4 C.S.R. 240-22.050(5).

¹³ 4 C.S.R. 240-22.050(6).

¹⁴ 4 C.S.R. 240-22.010(2)(A).

17. KCPL believes that its Comprehensive Energy Plan largely satisfies the Commission's policy objective of ensuring that KCPL continues "to provide the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a manner that serves the public interest."¹⁵ The Commission-approved Comprehensive Energy Plan includes the construction of significant supply-side resources, including the 850 MW Iatan Unit 2 project and the 100 MW Spearville wind facility, as well as the implementation of collaboratively developed demand-side management programs. KCPL continues to implement the Comprehensive Energy Plan. The plan will not be fully implemented until 2010 with the completion of Iatan Unit 2. As such the plan will satisfy KCPL's resource needs through 2010 and several years beyond.

18. In addition, as described above, KCPL is in the process of evaluating several significant supply-related issues that may significantly impact KCPL's long-term resource plans. KCPL cannot complete its Integrated Resource Analysis or Risk Analysis and Strategy Selection without the evaluation that KCPL is presently undertaking. Consequently, as more fully set forth in the Extension and Waiver Application, KCPL requests a 23-month extension of time to furnish the information required under 4 CSR 240-22.060(6) and 4 CSR 240-22.070(11).

Respectfully,



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**COUNSEL FOR
KANSAS CITY POWER & LIGHT COMPANY**

Dated: July 5, 2005

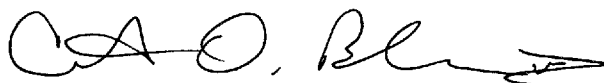
¹⁵ 4 C.S.R. 240-22.010(2).

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served either by electronic mail or by first class mail, postage prepaid, on this 5th day of July 2006, upon:

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A handwritten signature in black ink, appearing to read "C.D. Blanc", written over a horizontal line.

Curtis D. Blanc