

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

In the Matter of Kansas City Power & Light)
Company 2013 Annual Renewable Energy)
Standard Compliance Plan)

File No. EO-2013-0504

MISSOURI DEPARTMENT OF NATURAL RESOURCES' COMMENTS

COMES NOW Missouri Department of Natural Resources (MDNR), by and through counsel, and, pursuant to 4 CSR 240-20.100, respectfully submits the following comments in response to the 2013 Compliance Report of Kansas City Power & Light Company (KCP&L or Company):

1. MDNR agrees with Public Service Commission Staff's Report filed on July 12, 2013 that the Company's 2013 Renewable Energy Standard Compliance Plan did not fully comply with the methodology outlined in 4 CSR 240-20.100. Specifically:
 - a. Pertaining to Section (5) (D), averaging the revenue requirement of non-renewable energy does not explain the increase in KCP&L's compliance costs due to addition of renewable energy.
 - b. Pertaining to Section (5) (B), the Company included the Ensign Wind Purchasing Power Agreement under the non-renewable portfolio, as the Company considered that it is not directly attributable to RES compliance. However, the rule defines the resource in the agreement as a renewable resource and does not provide for it to be considered under the non-renewable portfolio.
 - c. Pertaining to Sections (5) (A) and (5) (B), the Company does not include existing non-renewable resources in the RES compliant portfolio. Further, while the retail impact calculation adds renewable resources in 2019, the preferred resource plan adds them in 2018.

These concerns are sufficient to call for a finding that KCP&L's calculation of retail rate impact is deficient and should be subject to further refinement and review. MDNR has additional concerns as outlined below.

2. The company assumes all the future renewable energy certificates (RECs) will be met by non-Missouri solar RECs. MDNR encourages the Company to consider Missouri solar RECs which would present the opportunity to take advantage of the twenty-five hundredths (0.25) credit pursuant to 4 CSR 240-20.100 (3) (G) and also help in developing Missouri's renewable industry that promotes job creation and aids in the growth of wind, solar and landfill gas industries in the state of Missouri.
3. While the spreadsheet model provided by the company is comprehensive, it is a linear model and a static representation of all the variables involved in the RES compliance. MDNR suggests that the company provide a conceptual model or a flowchart explaining the data sources and the underlying interrelationships between various variables that interact in the model. Since the compliance plan runs three years and the resources are averaged over ten years, MDNR suggests that an iterative dynamic optimization model would provide a more precise retail rate impact calculation. Also, the results of the model are not validated; MDNR suggests that the Company adopt appropriate methodology to validate the retail rate impact results.

WHEREFORE, based on the observations and the concerns with the model and methodology, MDNR recommends the commission order the company to address the concerns raised by MDNR and other parties, and rerun the model before the Commission accepts the retail rate impact calculation and KCP&L's RES Compliance Plan.

Respectfully submitted,

CHRIS KOSTER

Attorney General

/s/ Jessica L. Blome

Jessica L. Blome

Assistant Attorney General

P.O. Box 899

Jefferson City, Missouri 65102

Bar No. 59710

573-751-3640

573-751-8796 (fax)

Jessica.blome@ago.mo.gov

**Attorney for Missouri Department of Natural
Resources**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing has been served electronically on all counsel of record this 11th day of January, 2012.

/s/ Jessica L. Blome

Jessica L. Blome