BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the 2012 Resource Plan of	)	
Kansas City Power & Light Company	)	Case No. EO-2012-0323
Pursuant to 4 CSR 240-22	)	

JOINT FILING

Pursuant to 4 CSR 240-22.080(9), Kansas City Power & Light Company ("KCP&L" or "Company"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), the Missouri Department of Natural Resources ("MDNR"), the Natural Resources Defense Council ("NRDC"), and the Sierra Club (collectively, the "Signatories") hereby submit to the Missouri Public Service Commission ("Commission") this Joint Filing that includes a remedy to many alleged deficiencies and concerns expressed by the Signatories of this Joint Filing regarding the compliance filing KCP&L submitted in this proceeding on April 9, 2012. Additionally, this document also identifies those alleged deficiencies that could not be resolved by the Signatories. The Midwest Energy Consumers Group ("MECG"), Dogwood Energy, LLC ("Dogwood"), Missouri Industrial Energy Consumers ("MIEC"), Earth Island Institute, d/b/a Renew Missouri, the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), and the Southern Union Company, d/b/a Missouri Gas Energy ("Southern") intervened in this case, but they are not Signatories to this Joint Filing.

In support hereof, the Signatories offer as follows:

BACKGROUND

1. On April 9, 2012, KCP&L submitted its compliance filing with Chapter 22 of the Commission's regulations concerning KCP&L's Electric Utility Resource Planning. Absent any extensions approved by the Commission, KCP&L would submit an annual update report no less than twenty (20) days prior to the annual update workshop to be held on or about April 1, 2013,

and will complete its next Chapter 22 compliance filing on April 1, 2015 ("the next Chapter 22 compliance filing") unless new Chapter 22 rules alter the compliance dates. However, the Signatories have agreed that KCP&L will file, pursuant to Commission Rule 4 CSR 240-22.080(13) and (15), for a variance to extend the 2013 Annual Update Report and the 2013 Annual Update Workshop by three (3) months, such that KCP&L will submit the 2013 Annual Update report no less than twenty (20) days prior to the 2013 Annual Update Workshop, which will be requested to be extended to on or about July 1, 2013. The Signatories note that the timing of many of the resolutions that have been reached is based upon KCP&L being granted an extension for its 2013 Annual Update Workshop to on or about July 1, 2013. The Signatories also agree that prior to the 2013 Annual Update Workshop, KCP&L will convene a meeting open to the stakeholder group for the purpose of reviewing changes to inputs to be used in the integrated resource analysis for the 2013 Annual Update. The meeting is to occur sufficiently prior to the 2013 Annual Update Report and the 2013 Annual Update Workshop, for KCP&L to be able reflect useful information in said 2013 Annual Update Report and 2013 Annual Update Workshop. Although Public Counsel does not object to the extensions for the 2013 report and workshop, this non-objection does not alter Public Counsel's position that KCP&L and GMO should file revised triennial IRP's within 180 days to remedy certain deficiencies.

2. On September 6, 2012, Staff, OPC, MDNR, Sierra Club and NRDC submitted reports identifying concerns and in some cases alleging certain deficiencies regarding KCP&L's 2012 Integrated Resource Plan ("IRP"). The MDNR also contracted with GDS Associates, Inc. ("GDS") to identify whether KCP&L's IRP filing complies with the provisions of the Electric Utility Resource Planning rules. Although MECG, Dogwood, MIEC, Earth Island Institute,

d/b/a Renew Missouri, MJMEUC and Southern intervened in the case, they did not submit a report.

3. The Commission's Electric Utility Resource Planning regulations provide that if the Staff, Public Counsel or any intervenor finds deficiencies in or concerns with a triennial compliance filing, they shall work with the electric utility and the other parties in an attempt to reach a joint agreement on a plan to remedy the identified deficiencies and concerns. The Signatories have worked together to develop such a Joint Filing. This Joint Filing represents the fruits of those efforts.

DOCUMENT ORGANIZATION

4. The order of items contained within this document is as follows:

AGREED UPON REMEDIES TO CONCERNS AND ALLEGED DEFICIENCIES

4 CSR 240-22.030 Load Analysis and Load Forecasting

5. Staff's Concern A states: KCP&L submitted energy and peak growth rates that are arithmetic averages. KCP&L should use compound annual growth rates in all future Chapter 22 filings when expressing the rate of growth in its annual energy and demand levels in its load forecasts.

Resolution: KCP&L will provide additional documentation to answer questions or reference specific workpapers provided that include the information needed.

6. MDNR's Deficiency #1 states: Inadequate model specification in load analysis and load forecasting. In estimating the effect of weather on electric loads, the functional form of the models was not specified and neither were the goodness of fit measures reported for statistical models, citing 4 CSR 240-22.030(2)(C)3 and 4 CSR 240-22.030(3)(B).

Resolution: In order to make it easier for those stakeholders[1] who do not have a license for Metrix ND, KCP&L will create a Word document for the models used to weather normalize sales and copy the goodness of fit statistics, residuals plots before correction for outliers, and residual plots after correction for outliers. This will be completed for the 2013 Annual Update.

7. MDNR's Deficiency #2 states: Overly optimistic forecast of household growth. Moody's forecast of economic activity may overestimate the growth in the number of households in the Kansas City metropolitan area, citing 4 CSR 240-22.030(3)(A).

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[1] 4 CSR 240-22.020(56): Stakeholder group means – (A) Staff, public counsel, and any person or entity granted intervention in a prior Chapter 22 proceeding of the electric utility. Such persons or entities shall be a party to any subsequent related Chapter 22 proceeding of the electric utility without the necessity of applying to the commission for intervention; and (B) Any person or entitiy granted intervention in a current Chapter 22 proceeding of the electric utility.

Resolution: Prior to its 2013 Annual Update, KCP&L will host a discussion of its forecast of household growth at a stakeholders meeting.

8. MDNR's Deficiency #3 states: Improper model specification of the weather normalization regression models. The weather normalization regression models used are not properly specified. No rationale provided for the choice of autoregressive models or the inclusion of specific month dummy variables. The rules cited are 4 CSR 240-22.030(3)(A) and 4 CSR 240-22.030(3)(B).

Resolution: Prior to its 2013 Annual Update, KCP&L will host a discussion of the weather normalization models at a stakeholders meeting.

9. GDS' (MDNR) Deficiency #1 states: KCP&L failed to fully describe adjustments made to the historical data used in developing the energy sales forecasting models. KCP&L failed to fully describe how the historical energy consumption data series for each class were adjusted to reflect existing DSM programs, citing 4 CSR240-22.030(6)(C)(2).

Resolution: Prior to its 2013 Annual Update, KCP&L will host a discussion of this topic at a stakeholders meeting.

10. GDS' (MDNR) Concern #1 states: KCP&L's assumed forecast bandwidths for population and number of households appear to be too narrow. As a result, the high and low growth case load forecasts also do not reflect a reasonable bandwidth when compared to historical growth. The number of households is the driver variable in the residential customer model.

Resolution: KCP&L will host a discussion of this topic at a stakeholders meeting.

11. GDS' (MDNR) Concern #2 states: KCP&L's use of certain independent variables in the models used to weather normalize energy sales is questionable. Most of the models developed by KCP&L to weather normalize historical class energy sales include one or

more variables that are not statistically significant at a 95% confidence level. KCP&L fails to report the R-squares and goodness of fit measures for their models.

Resolution: In order to make it easier for those stakeholders who do not have a license for Metrix ND, KCP&L will create a Word document for the models used to weather normalize sales and copy the goodness of fit statistics, residuals plots before correction for outliers, and residual plots after correction for outliers. This will be completed for the 2013 Annual Update. In addition, KCP&L will host a discussion of the models at a stakeholders meeting.

<u>4 CSR 240-22.040 Supply-Side Resources Analysis</u>

12. Staff's Deficiency 1 states: KCP&L did not include the nuclear powered small modular reactor (SMR) as a potential supply-side resource option and did not provide its assessments of the SMR technology as required by Rule 4 CSR 240-22.040(1). Although KCP&L evaluated three nuclear technologies, KCP&L did not include SMR as a potential supply-side resource in its April 9, 2012 filing. KCP&L should provide its assessment of the SMR technology in its 2013 Annual Update.

Resolution: The Company will provide an assessment of SMR technology in the 2013 Annual Update.

13. MDNR's Deficiency #4 states: Estimates of natural gas prices were used in the fuel price forecasts are consistently high, citing 4 CSR 240-22.040(5)(A). The natural gas prices used for this analysis were consistently higher than the base case forecast for natural gas prices published in the United States Department of Energy's Annual Energy Outlook for 2011(AEO2011).

Resolution: The Company will update its natural gas forecast for the 2013 Annual Update.

14. MDNR's Concern #2 states: Compliance with alternative Missouri renewable energy standard. KCP&L addressed its attempts to comply with the current Missouri renewable energy standard (RES) or Proposition C. However, the IRP does not discuss the compliance with the potentially modified or newly proposed renewable energy standard. The rules cited are 4 CSR 240-22.010, 4 CSR 240-22.020(28), and 4 CSR 240-22.060(5).

Resolution: The Company will develop at least one alternative resource plan in the 2013 Annual Update utilizing an aggressive level of renewable resource additions per Rule 4 CSR 240-22.060(3)(A)2.

15. MDNR's Concern #3 states: Inadequate exploration of distributed generation ("DG") technologies in screening supply-side resources. KCP&L inadequately analyzes the role of distributed generation technologies, in particular combined heat and power (CHP), in its screening analysis of potential supply-side resources, citing 4 CSR 240-22.020(15), 4 CSR 240-22.040(1), and 4 CSR 240-22.040(4).

Resolution: The Company will include distrtibuted generation as a supply-side option in its integrated resource analysis in the 2013 Annual Update.

16. GDS' (MDNR) Deficiency #2 states: KCP&L has not considered ultra-low sulfur coal in its IRP ignoring its potential as a practical contingency option and its ability to address environmental compliance requirements, citing 4 CSR 240-22.040(5)(A) and (D).

Resolution: The forecast used in the April 2012 IRP Filing covers this issue.

17. GDS' (MDNR) Deficiency #3 states: KCP&L did not provide adequate documentation to support the reasonableness of wind resource cost assumptions, citing 4 CSR 240-22.040(1) and 4 CSR 240-22.040(5)(B). By using the same inflation rate for capital and fixed O&M costs and maintaining a constant capacity factor, costs for wind energy are held constant relative to other supply side resources, providing the appearance of higher costs than may be reasonably expected over the next 20 years. The IRP is deficient in its failure to "fairly" analyze and compare costs of wind against other resources.

Resolution: The Company will analyze improving wind capacity factors and lower relative inflation rates before the 2013 Annual Update.

18. GDS' (MDNR) Deficiency #4 states: KCP&L did not provide adequate documentation to support the transmission interconnection costs for wind resources, citing 4 CSR 240-22.040(4)(C), 4 CSR 240-22.040(5)(F) and 4 CSR 240-22.045(3)(A)(1). The small sample size and wide range of costs gives rise to a question of whether the sample used to generate the interconnection costs is representative of past or future interconnection costs.

Resolution: The Company will identify a greater number of wind project transmission interconnect costs for inclusion into the 2013 Annual Update.

19. GDS' (MDNR) Concern #3 states: KCP&L has not considered a broad enough range of potential coal prices in its IRP. A broader range in coal fuel prices should have been used in the development of KCP&L's preferred or alternative resource plans.

Resolution: This issue has been resolved.

20. GDS' (MDNR) Concern #4 states: KCP&L's assumed coal plant capacity factors are not representative of recent actual operating experience and the impact of these assumed higher capacity factors on wind options has been overlooked. This issue affects the ability of existing supply resources to meet expected demand and limits the potential role of new renewable resources such as wind in the preferred plan.

Resolution: This issue has been resolved.

21. GDS' (MDNR) Concern #5 states: KCP&L did not address the impact of natural disasters, such as the flood at the Iatan coal plant, in its contingency plans.

Resolution: This issue has been resolved.

<u>4 CSR 240-22.045 Transmission and Distribution Analysis</u>

22. Staff's Deficiency 2 states: KCP&L did not provide its assessments of the RTO expansion plans as required by Rule 4 CSR 240-22.045(3)(C). These documents are necessary to determine if KCP&L satisfied the conditions required in Rule 4 CSR 240-22.045(3)(B) which permits the Company to use the RTO transmission expansion plans for its resource planning. KCP&L should provide its assessments of the RTO expansion plans in its Annual Update.

Resolution: The Company will provide its assessments of the RTO expansion plans in its 2013 Annual Update.

23. Staff's Deficiency 3 states: KCP&L did not assess the RTO expansion plans as required by Rule 4 CSR 240-22.045(3)(B). Since KCP&L does not believe it is possible to conduct separate analysis for its Missouri customers, KCP&L should request a variance for Rule 4 CSR 240-22.045(3)(B)2 and Rule 4 CSR 240-22.045(3)(B)3.

Resolution: The Company will request a variance for Rule 4 CSR 240-22.045(3)(B)2 and Rule 4 CSR 240-22.045(3)(B)3 prior to the 2013 Annual Update.

24. Staff's Deficiency 4 states: KCP&L did not identify and describe all affiliates as required by Rule 4 CSR 240-22.045(5). KCP&L should identify and describe the relationship between the two companies (KCP&L and GMO) and conduct separate analysis of the RTO expansion plans for each company.

Resolution: KCP&L will identify and describe the relationship between KCP&L, Transource and GMO in its 2013 Annual Update.

25. Staff's Concern B states: The Filing does not describe and document the analysis performed by the utility to determine whether such affiliate-built transmission is in the interest of the utility's Missouri customers. [KCP&L is affiliated with GMO.] Some of the analysis in

Volume 4.5 is based on a combination of KCP&L and GMO rather than KCP&L as a stand-alone company. KCP&L should provide its analysis of affiliate-built transmission in its 2013 Annual Update.

Resolution: The SPP RTO expansion plans included in the 2012 IRP filing provided separate analysis for KCP&L and GMO. GMO is identified as "MIPU" in some of the SPP RTO expansion plans. Therefore, this issue is resolved.

4 CSR 240-22.050 Demand-Side Resources Analysis

26. Staff's Deficiency 5 states: The Company has no current market research study that identifies the maximum achievable potential ("MAP"), technical potential and realistic achievable potential ("RAP") of potential demand-side resource options as required by Rule 4 CSR 240-22.050(2). The Company should utilize the results of the Navigant Demand-Side Management Potential as input in the preparation of its 2013 Annual Update.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update.

27. Staff's Deficiency 6 states: The Company has not provided all information required by Rule 4 CSR 240-22.050. Specifically, the Company has repeatedly referenced the future results of: a) the Navigant Demand-Side Management Potential study, not available until January 15, 2013, in response to satisfying specific requirements of Rule 4 CSR 240-22.050 (1)(A)3, 1(D), 1(E), (2), (3)(G)3, (3)(G)5, (3)(I), (4)(D), 4(E), 4(G) and 6(C); b) the Smart Grid Residential TOU Pilot Tariff that will not be available until after the summer of 2012 in response to satisfying the specific requirements of Rule 4 CSR 240-22.050(4)(D)1 and (4)(D)4. The Company should utilize the results of the Navigant Demand-Side Management Potential study and the Smart Grid Residential TOU Pilot Tariff when performing analyses for its 2013 Annual Update.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update and the Smart Grid Residential TOU Pilot Tariff.

28. Staff's Concern C states: KCP&L is constraining both the Energy Optimizer and MPower programs. KCPL has indicated that it is not promoting either the Energy Optimizer or

MPower program, and for the MPower program, the Company is not currently accepting and/or processing new program applications. The Company should utilize the results of the Navigant Demand-Side Management Potential study meeting the requirements of Rule 4 CSR 240-22.050(2) and Rule 4 CSR 240-3.164(2) (A), and should use the same as input in the preparation of its 2013 Annual Update.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update.

29. Staff's Concern D states: The Total Resource Cost ("TRC") value of 0.43 for the Energy Star New Homes program indicates that this program is not cost effective. The Company should carefully review all TRC values for all DSM programs for consideration in the preparation of its 2013 Annual Update. If the results of this review indicate some programs are indeed not cost effective and do not meet the requirements of 4 CSR 240-20.094 (3)(B) and (C), they should not be included in the Company's 2013 Annual Update.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update. The Company will carefully review all TRC values for all DSM programs. If any programs are not cost effective and do not meet the requirements of 4 CSR 240-20.094 (3)(B) and (C), they will not be included in the Company's 2013 Annual Update.

30. MDNR's Deficiency #5 states: No clear analysis of interactive factors in assessing DSM program cost-effectiveness. Analysis of the interactive effects of efficiency measures was not performed in the estimation of program cost-effectiveness, citing 4 CSR 240-22.050(3)(G)2.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update. Interactive effects will be included in the assessment of future programs. The program-level-cost-effectiveness will be recalculated after the completion of the potential study.

31. MDNR's Deficiency #6 states: No identification of DSM portfolios that address "maximum achievable potential" and "realistic achievable potential." KCP&L has deferred all estimation and analysis of "maximum achievable potential" and "realistic achievable potential" to the completion of its market potential study, citing 4 CSR 240-22.020(40), 4 CSR 240-22.020(49), 4 CSR 240-22.050(2), 4 CSR 240-22.050(3)(G)5.B, 4CSR 240-22.050(4)(D)5.A, and 4 CSR 240-22.050 (6)(C)1.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update. DSM portfolios that meet the definition of "maximum achievable potential" and "realistic achievable potential" will be included in the 2013 Annual Update.

32. MDNR's Concern #4 states: The 1% DSM portfolio agreed upon in Stipulation to EE-2008-0034 is not identified. The required DSM portfolio from the Stipulation and Agreement to File No. EE-2008-0034, KCP&L's 2008 IRP, has not been identified among the three DSM portfolios presented by the Company, citing Stipulation and Agreement, Case No. EE-2008-0034, DNR Deficiency #2.

Resolution: The issue was resolved over the phone in conversations with Adam Bickford, MDNR. The 1% portfolio was DSM plan D, however, the 1% only applied to KCP&L Missouri.

33. MDNR’s Deficiency #7 states: Key metrics for the “aggressive” and “very aggressive” DSM portfolios are not provided. Required data on number of participants, incentive payments and administrative costs are not provided for the “aggressive” and “very aggressive” DSM portfolios, citing 4 CSR 240-22.050(4)(G).

Resolution: The Company will include in the 2013 Annual Update, program metrics as described in 4 CSR 240-22.050(4)(G) for each of its DSM portfolios.

34. MDNR’s Deficiency #8 states: Savings estimates for “Aggressive” (DSM D) and “Very Aggressive” (DSM E) DSM portfolios are simple extrapolations from a common base case, citing 4 CSR 240-22.050(6)(A). KCP&L should reconsider its program design when estimating its aggressive DSM planning cases rather than relying on “technologies not known or defined.”

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update.

4 CSR 240-22.060 Integrated Resource Analysis and Risk Analysis

35. Staff's Deficiency 7 states: KCP&L has failed to design alternative resource plans to satisfy at least the objectives and priorities identified in 4 CSR 240-22.060(1) over the entire 20-year planning horizon required by Chapter 22. In particular, candidate resource plans with DSM A demand-side resources do not satisfy the objective and priorities identified in 4 CSR 240-22.060(1) over the entire 20-year planning horizon and are not consistent with the state energy policy in MEEIA of achieving all cost-effective demand-side savings.

Resolution: To resolve this deficiency, the Company will use the results of the DSM Potential Study as primary data when developing demand-side resources for alternative resource plans to meet the requirements of Rule 4 CSR 240-22.060 in the 2013 Annual Update. It is understood that the DSM Potential Study will provide DSM programs' impacts and costs for the realistic achievable potential, maximum achievable potential, and economic potential levels for both energy savings and demand savings. The Company will include the following in separate alternative resource plans that satisfy the objective and priorities identified in 4 CSR 240-22.060(1) over the entire 20-year planning horizon and are consistent with the state energy policy in MEEIA of achieving all cost-effective demand-side savings: (1) maximum achievable potential, (2) realistic achievable potential, (3) approximately the realistic achievable potential plus one-third of the difference between realistic achievable potential and maximum achievable potential, and (4) approximately the realistic achievable potential plus two-thirds of the difference between realistic achievable potential and maximum achievable potential.

36. Staff's Concern E states: All capacity balance sheets filed to comply with Rule 4 CSR 240-22.060(4)(B)9 include solar resources at 100% of name plate capacity, while it is Staff's understanding that SPP policies require that solar capacity credit be 10% of name plate

capacity. KCP&L should document the SPP policy for solar capacity credits in its 2013 Annual Update. KCP&L should follow the then-current SPP policy for solar capacity credits when developing capacity balance sheets when required for all future Chapter 22 filings.

Resolution: The Company will document the appropriate amount of accredited capacity solar resources that should be assigned for use in its capacity balance sheets for the 2013 Annual Update.

37. MDNR's Deficiency #9 states: Documentation of the screening of critical uncertain factors is inadequate, citing 4 CSR 240-22.060(5), 4 CSR 240-22.060(6), and 4 CSR 240-22.060(7). Quantitative details describing the screening and selection process should be provided in either Volume 6 or in the workpapers.

Resolution: The Company provided the workpaper associated with critical uncertain factor documentation in file "CapEx Results (2012KCPL IRP).XLS" as part of the April 2012 filing.

38. MDNR's Deficiency #10 states: The number of "subject matter experts" consulted by KCP&L is inadequate to establish subjective probabilities necessary to assess critical uncertain factor, citing 4 CSR 240-22.060(7).

Resolution: MDNR and the Company have resolved this deficiency.

39. MDNR's Deficiency #11 states: No "aggressive renewable energy resource plan." An alternative resource plan that utilizes only renewable energy resources has not been included in KCP&L's suite of plans, citing 4 CSR 240-22.060(3)(A)2.

Resolution: This issue is resolved.

40. MDNR's Deficiency #12 states: Performance measures specified in 4 CSR 240-22.060(2) for the Combined Company Plans are not provided.

Resolution: The Company will provide a more full discussion and document the results and performance measures of all alternative resource plans in the 2013 Annual Update.

41. GDS' (MDNR) Deficiency #5 states: KCP&L has not clearly shown in the IRP how the allocation of resources from the Combined-Company to each separate Company is determined, citing (4 CSR 240-22.060(1) and 4 CSR 240-22.060(3).

Resolution: This deficiency has been resolved.

4 CSR 240-22.070 Resource Acquisition Strategy Selection

42. Staff's Deficiency 9 states: The filing requirements of Rule 4 CSR 240-22.070(2) or Rule 4 CSR 240-22.070(3) were not described and documented for the any of the twenty-two (22) KCP&L candidate resource plans.

Resolution: The Company agrees that the filing requirements of Rule 4 CSR 240-22.070(2) and Rule 4 CSR 240-22.070(3) results for KCP&L will be provided in the 2013 Annual Update.

43. MDNR's Concern #5 states: KCP&L did not select the lowest-cost plan as its preferred plan, citing 4 CSR 240-22.010(2) and 4 CSR 240-22.070(1). A more complete estimation of achievable savings is necessary to justify the selection of a higher-cost alternative resource plan.

Resolution: The Company will use the results of the DSM Potential Study to meet the requirements of Rule 4 CSR 240-22.060 in the 2013Annual Update. It is understood that the DSM Potential Study will provide DSM impacts and costs, such as the maximum achievable potential, realistic achievable potential, and economic potential, etc. The Company will include the following in separate alternative resource plans that satisfy the objective and priorities identified in 4 CSR 240-22.060(1) over the entire 20-year planning horizon and are consistent with the state energy policy in MEEIA of achieving all cost-effective demand-side savings: (1) maximum achievable potential, (2) realistic achievable potential, (3) approximately the realistic achievable potential plus one-third of the difference between realistic achievable potential and maximum achievable potential, and (4) approximately the realistic achievable potential plus two-thirds of the difference between realistic achievable potential and maximum achievable potential.

44. MDNR's Deficiency #13 states: Questionable methodology for allocating combined plans. There does not appear to be any underlying methodology for allocating the resources in the combined company plans. Rather, the combined plans appear to be constructed from previously identified company-specific resources, citing 4 CSR 240-22.010(2)(B), 4 CSR 240-22.020(7), 4 CSR 240-22.020(46), 4 CSR 240-22.070(1), 4 CSR240-22.070(2), and 4 CSR 240-22.070(4). In its annual update, KCP&L should provide a complete description of its approach to constructing combined plans and its allocation procedures. If the Company uses a combined planning approach in the future, the combined plan should include an articulated methodology for sharing demand side, supply side and renewable resources between companies.

Resolution: MDNR and the Company have resolved this deficiency.

45. MDNR's Deficiency #14 states: Missing Analysis of Critical Uncertain Factors for KCP&L Preferred Plan. KCP&L did not analyze the impacts of critical uncertain factors on its preferred plan, citing 4 CSR 240-22.070(2) and 4 CSR 240-22.070(4). Given that the Company has not provided a methodology for allocating the resources in the combined plan to each individual utility, it is not possible to allocate the impacts of the critical uncertain factors.

Resolution: The Company and MDNR agree that the Company did comply with 4 CSR 240-22.070(2) and 4 CSR 240-22.070(4). Documentation is in Volume 7. This issue is resolved.

46. MDNR's Concern #6 states: Federal renewable/clean energy standard as a critical uncertain factor. A potential federal renewable energy standard (RES) or clean energy standard (CES) will have significant impacts on renewable electricity generation and/or acquisition as well as associated costs. KCP&L's IRP plan is largely silent on a plan to address this issue. The rules cited are 4 CSR 240-22.020(8), 4 CSR 240-22.060(5) and 4 CSR 240-22.070(2).

Resolution: This issue is resolved.

<u>4 CSR 240-22.080 Filing Schedule, Filing Requirements and Stakeholder Process</u>

47. The Sierra Club asserts that KCP&L has hindered public review of its IRP through a failure to describe its resource plans or to produce workpapers with formulas intact. Missouri's IRP rules set forth an open and transparent planning process that is supposed to provide intervenors with the information that is needed to allow for a thorough review of the contents of the IRP and the analyses and assumptions upon which the IRP relies.

First, the IRP provides virtually no explanation for how the Combined Company resource plans were developed. Second, contrary to the requirement that "all spreadsheets shall have all formulas intact," [citing] 4 CSR 240-22.080(11), many of the workpapers and other supporting documentation provided by KCP&L consisted of spreadsheets that were populated with hard-coded numbers.

KCP&L should revise its IRP filing to describe and document how the Combined Company resource plans were developed and how those plans interact with the resource plans identified for KCP&L and GMO individually. In addition, KCP&L should produce all workpapers and other supporting documentation involving spreadsheets in documents that have all formulas intact.

Resolution: The Company provided additional explanation to Sierra Club regarding the manner in which the Company conducted its MIDAS modeling of alternative resource plans and the separate naming conventions used in the single company and Combined Company alternative resource plan modeling (which were not fully set forth in the IRP documents). This issue is resolved.

Special Contemporary Issues

48. Staff's Deficiency 11 states: The Filing failed to comply with the Commission's special contemporary issue "h" by not analyzing and documenting aggressive DSM portfolios without constraints and by not including analysis and documentation of demand-side investment mechanisms to implement each DSM portfolio.

Resolution: Company will include an analysis and description of demand-side investment mechanism necessary to implement the DSM portfolios referenced in the resolution to Staff Deficiency 7 of this Joint Filing.

49. Staff's Concern F states: KCP&L and GMO do not have the proper operating agreements and/or contracts in place to correctly analyze joint company planning. In the absence of proper operating agreements and/or contracts, joint company planning must be performed in the context of a comprehensive plan to merge KCP&L and GMO, and no such plan to merge the two companies exists at this time.

Resolution: The Company will research what agreements and/or contracts must be in place to analyze joint company plans and include a discussion of the issue in its 2013 Annual Update.

50. MDNR's Deficiency #17 states: Special Contemporary Issue B: Energy savings requirements for Special Contemporary Issue B have not been met, citing Special Contemporary Issue B File No. EO-2012-0041.

Resolution: The Company will include an alternative resource plan in the 2013 Annual Update that consists of only renewable resource additions to meet future capacity requirements.

51. MDNR's Deficiency #18 states: Special Contemporary Issue C: Energy savings requirements for Special Contemporary Issue C have not been met, citing Special Contemporary Issue C File No. EO-2012-0041.

Resolution: The Company will continue to use the simulation of H.R. 888 to estimate the effects of an efficiency standard.

52. MDNR's Concern #7 states: Special Contemporary Issue H: Response to Special Contemporary Issue H does not address the "demand-side investment mechanisms necessary to implement" an aggressive DSM portfolio. The response to Special Contemporary Issue H does not analyze or document the demand-side investment mechanisms necessary to implement an aggressive DSM portfolio, citing Special Contemporary Issue H File No. EO-2012-0041.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update. With this update, the Company will include an analysis and description of demand-side investment mechanisms to implement a DSM portfolio.

53. MDNR's Deficiency #19 states: Special Contemporary Issues I and J: KCP&L has not analyzed distributed generation, DSM programs, and combined heat and power projects in collaboration with municipalities and in the agricultural sector, citing Special Contemporary Issues I and J, File No. EO-2012-0041.

Resolution: The Company will incorporate the results of the Navigant DSM Market Potential Study in its 2013 Annual Update.

54. MDNR's Deficiency #20 states: Special Contemporary Issue K: Customer Information and Behavioral Modification programs not considered. Customer information and

behavior modification mentioned in Special Contemporary Issue K, citing Special Contemporary Issue K, File No. EO-2012-0041.

Resolution: The Company will utilize the results of the Navigant Demand-Side-Management Potential Study in its 2013 Annual Update. If additional behavioral modification programs are identified, they will be included in its 2013 Annual Update.

55. MDNR's Deficiency #21 states: Special Contemporary Issue L: The Environmental Impact of Plan ABEK6 has not been analyzed; the requirements of Special Contemporary Issue L have not been met, citing Special Contemporary Issue L, File No. EO-2012-0041.

Resolution: This deficiency is resolved.

Unresolved Deficiencies and Concerns

56. The Sierra Club asserts that KCP&L's use of unreasonably high natural gas price projections skewed its analysis in favor of retrofitting versus retiring LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3, and against natural gas-fired supply-side options such as conversion of coal units to natural gas combined cycle ("NGCC") facilities or purchase of existing underutilized NGCC capacity. KCP&L should rerun its economic modeling with up-to-date natural gas price projections, such as those from the EIA AEO 2012. At a minimum, KCP&L should exclude the PIRA natural gas price extrapolation from its natural gas price projections.

57. The Sierra Club asserts that KCP&L failed to evaluate the reasonableness of continued investment in its aging coal units. The IRP assumes that KCP&L will incur expenditures in the next three to eight years installing pollution controls needed to keep a number of aging coal-fired generating units operating for twenty or more years into the future. KCP&L purports to have evaluated as part of this planning process whether to retrofit or retire the LaCygne, Montrose, and Sibley coal units. The available evidence, however, strongly suggests that retirement would be the lower NPVRR option for most or all of LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3.

The Sierra Club asserts that past analyses and changed market conditions demonstrate that retirement is likely the lowest NPVRR option for LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3. Declines in natural gas and market energy prices, among other factors, are leading to a growing number of decisions by utilities to retire decades old coal units that would need significant pollution control investments to continue long term operations. The

Sierra Club cites analyses and a study by Black & Veatch indicating that retrofitting the LaCygne and Montrose units may not result in the lowest NPVRR.

KCP&L should evaluate the NPVRR impacts of retrofitting versus retiring each of the LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3 plants based on up-to-date information and data that fully reflects changed market conditions, and that explains any differences between the modeling in this proceeding and that used in the Kansas predetermination proceeding.

58. The Sierra Club asserts that KCP&L has likely underestimated the non-environmental capital costs needed to keep the Montrose Units operating. KCP&L should ensure that its economic modeling factored in assumptions regarding capital investments that will need to be made to keep the Montrose units operating that are reasonable in light of the assumed retirement dates for such units.

59. The Sierra Club asserts that KCP&L failed to thoroughly evaluate demand side management as required by Missouri's IRP rules. Missouri's IRP rules make clear that DSM is an important resource that should be evaluated in the resource planning process on an equal footing with supply-side resources. Despite clear evidence that significantly higher levels of cost-effective DSM would reduce NPVRR, KCP&L punted the issue of additional DSM down the road and cursorily dismissed, without the required analyses, the idea that anything above a minimal increase in DSM energy savings is cost-effectively achievable.

The Sierra Club asserts that the Company put together a DSM portfolio that would purportedly achieve 0.5% energy savings per year, and then went through the motions of assessing a 1% energy savings and 1.5% energy savings DSM program. Rather than assess its maximum achievable and technical potentials for energy savings, KCP&L notes that it has hired a consultant, Navigant Consulting, to carry out a DSM potential study that is expected to be finished early next year.

KCP&L's contention that a 1% per year energy savings is not realistically achievable is inaccurate. KCP&L has provided no support for that contention, and the reality is that there are many states across the country that have established long-term aggressive energy efficiency goals that go beyond the 1% level to as much as 2 or 2.5% per year.

KCP&L has also erroneously failed to evaluate combined heat and power ("CHP") as part of a DSM portfolio. Missouri has substantial amounts of untapped CHP potential, as the state's technical potential is approximately 16 times as much as the current 227 MW of total installed CHP capacity. KCP&L states that it considers CHP to be "a demand-side resource" but the Company inexplicably failed to analyze it in developing its proposed DSM portfolio

KCP&L should complete an evaluation of its technical, maximum achievable, and realistic achievable energy savings potential from DSM, including CHP, and incorporate the results of such evaluation into its resource planning as part of the current IRP process.

60. Staff's Deficiency 8 states: The only requirements of Rule 4 CSR 240-22.060 Integrated Resource Plan and Risk Analysis that are satisfied and described and documented for each of the Filing's fourteen (14) combined/joint candidate resource plans are for integrated resource analysis and the calculation of PVRR for each plan.

61. NRDC asserts that KCP&L's IRP is deficient because KCP&L has not evaluated renewable energy and supply side resources on an equivalent basis, nor have they complied with the rules requiring a maximum RE scenario. KCPL appears to have only modeled renewable energy to meet new capacity needs and not as a potential replacement for existing nonrenewable plant capacity.

62. The Sierra Club asserts that KCP&L's two-year delay of additional DSM programs increases NPVRR. Following withdrawal of its MEEIA filing, KCP&L assumes in the IRP that it will not start additional DSM programs until at least 2014. KCP&L should pursue a resource plan that begins implementation of all cost effective DSM as expeditiously as possible, rather than waiting until at least 2014 to do so.

63. The Sierra Club asserts that KCP&L's other resource plans that KCP&L apparently did not model would likely have lower NPVRRs. The inflated NPVRR of KCP&L's preferred resource plan is masked by the fact that the Company did not model a number of plans that would likely have even lower NPVRRs. While the IRP reports the NPVRR for 16 different resource plans that include DSM A, it includes only two resource plans with DSM D. Presumably many of the plans with DSM A would end up with a lower NPVRR if DSM D had been assumed. KCP&L should model the impact of DSM D on NPVRR for each of its resource plans, including each of the Combined Company plans.

64. The Sierra Club asserts that KCP&L failed to meaningfully assess the impact of critical uncertain factors on its evaluation of alternative resource plans. KCP&L's evaluation of CO2 prices, natural gas prices, and load growth as critical uncertain factors fails to satisfy the requirements of the IRP rules, as follows.

First, KCP&L never evaluated the critical uncertain factors on a meaningful range of alternative resource plans. Instead, the Company evaluated two Combined Company resource plans – AJDC2 and AGDC2 – that are identical with the exception of the retirement of a single 170 MW coal unit.

Second, KCP&L erred by not evaluating the impacts of critical uncertain factors on any of the KCP&L or GMO specific resource plans. Instead, KCP&L merged a single plan for each company into a Combined Company plan, and then carried out a limited analysis of critical uncertain factors with regards to the Combined Company plan. As a result, there was never an evaluation of how changed values for critical uncertain factors would impact the comparative NPVRR of resource plans involving DSM D versus DSM A, or of resource plans involving the retirement of one or both LaCygne units.

Third, KCP&L's critical uncertain factors analysis was improperly skewed against coal plant retirements and in favor of retrofitting and continued operation of the LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3 plants. A lower natural gas price would improve the comparative economic performance of natural gas combined cycle options versus coal plant retrofits. Similarly, a higher CO2 price would favor DSM, renewable energy, natural gas combined cycle, and other lower-carbon alternatives to coal plants. A lower load forecast would help cushion any impact from the loss of generation that would result from a coal plant retirement. KCP&L only considered the impacts of higher natural gas prices, lower CO2 prices, and higher load, each of which would favor keeping the plants stated above operating.

KCP&L should fully evaluate the robustness of each of the potential resource plans under a broad range of circumstances by modeling the impacts of both higher and lower natural gas prices, CO2 prices, and load forecasts on each of the KCP&L and GMO specific resource plans, and on each of the Combined Company resource plans.

65. Staff's Deficiency 10 states: The only requirements of Rule 4 CSR 240-22.070 Resource Acquisition Strategy Selection that were satisfied and described and documented for each of the fourteen (14) combined/joint candidate resource plans are: 1) analysis and specification of ranges for critical uncertain factors, and 2) the expected value of better information related to the critical uncertain factors (CO2, load forecast and natural gas prices).

66. NRDC asserts that KCP&L's IRP is deficient because KCP&L's preferred plan does not result in the lowest NPVRR and is not justified by the Company, citing Rule 22.010(2)(B). The Company has not explicitly identified or quantitatively analyzed any other considerations that may constrain or limit the NPVRR minimization criterion, as required by the rules. The Company simply asserts that achieving 1.0% in annual incremental savings is unrealistic, even though there is abundant evidence that DSM program administrators across the nation are achieving the same or greater savings.

67. The Sierra Club asserts that KCP&L's IRP is deficient because KCP&L failed to select the lowest NPVRR Resource Plan, or justify selecting a more costly Plan. KCP&L should select the resource plan with the lowest NPVRR as its preferred resource plan, and select a Combined Company preferred resource plan that is based on the lowest NPVRR resource plans in both the KCP&L and GMO IRP proceedings.

68. The Sierra Club asserts that KCP&L has not attempted to justify its rejection of the lowest-NPVRR resource plan. KCP&L rejected the lowest-NPVRR plan on the ground that DSM D is purportedly "not considered to be realistically achievable." KCP&L should develop a plan for achieving DSM D and include it in its preferred resource plan or, at a minimum, describe and document any conclusion that such level of savings is not achievable.

69. The Sierra Club asserts that KCP&L has apparently unreasonably assumed that all excess power from the LaCygne Units 1 and 2, Montrose Units 2 and 3, and Sibley Unit 3 plants would generate significant off-system sales revenue. The Company is assuming that it can generate revenue by selling all or most of the excess energy it generates into the wholesale market at a profit. A likely explanation for such modeling results is that KCP&L is assuming that higher natural gas prices will drive up market prices and, therefore, increase the price at

which the Company can sell the excess energy it generates. Conversely, a lower natural gas price would reduce the price at which KCP&L could sell excess energy and the resulting reduction in sales revenue would largely offset the NPVRR benefit that we would otherwise expect to see from declining natural gas prices.

KCP&L should clarify the extent to which it relies on off-system sales revenue in its resource plans, should explain its bases for its assumptions regarding off-system sales, and perform modeling that evaluates the impact of likely declines in off-system sales revenue on the comparative NPVRR of the resource plans evaluated in the IRP.

70. The Sierra Club asserts that KCP&L underestimated likely future CO2 costs. Given that coal-fired units are the most carbon intensive form of power generation, failing to fully account for likely future CO2 costs skews the analysis in favor of continued operation of coal plants and against pursuit of lower-carbon alternatives KCP&L should rerun its resource plan models with an assumed CO2 price that is more in line with that used by other utilities throughout the country.

71. MDNR's Deficiency #16 states: KCP&L requests acknowledgement of the combined company methodology rather than a preferred plan or resource acquisition strategy, citing 4 CSR 240-22.080(17). In making its acknowledgement request, KCP&L is asking the Commission to acknowledge its use of combined company planning approach in this plan and in the allocation methods used to create a KCP&L-specific preferred plan from its combined planning effort.

72. MDNR's Concern #1 states: KCP&L did not request waivers to address omissions in its DSM analysis or to address the use of a combined company planning process, citing 4 CSR 240-22.080(13). MDNR is concerned that important analyses have not been

conducted by the Company and these omissions limit the ability to fairly assess KCP&L's planning process.

73. OPC's Deficiency 1: 4 CSR 240-22.080 (13) – KCPL failed to request a variance from, or waiver of, the requirement in 4 CSR 240-22.080 (1) for utilities to make separate utilityspecific triennial compliance filing and KCPL has instead chosen to "perform its resource planning on a joint company basis" with GMO. Even though no such waiver was requested, KCPL makes a request on page 25 of Volume 8 for "Commission acknowledgement that it is reasonable for KCP&L and GMO to perform resource planning on a joint company basis." KCPL has not requested the variance or waiver from Chapter 22 rules that would be necessary for the Commission to make the requested acknowledgement. Furthermore, in addition to not requesting such a variance 12 months prior to its triennial filing date as required by 4 CSR 240-22.080(13), the Company has not shown good cause for such a waiver or variance. KCPL's attempt to show financial benefits from performing resource planning on a joint company basis is premised upon the assumption that neither GMO nor KCPL would make investments in a new gas-fired combined cycle plant unless the combined capacity need of GMO and KCPL would be sufficient to allow GMO and KCPL combined to have majority ownership of the plant.

KCPL has not presented any type of financial or risk analysis to support this planning assumption.

74. OPC's Deficiency 2: 4 CSR 240-22.080 (16)(A) – Public Counsel recommends that the Commission find, pursuant to 4 CSR 240-22.080 (16)(A) that the electric utility's filing pursuant to this rule does NOT demonstrate compliance with the requirements of Chapter 22, and that the utility's resource acquisition strategy either does not meet the requirements stated in 4CSR 240-22. KCPL's request that the Commission find that its preferred resource plan is

reasonable should be denied because the utility's preferred resource plan is premised upon the lawfulness and reasonableness of KCP&L and GMO performing resource planning on a joint company basis. As shown in deficiency number one above, KCPL did not request the variance or waiver from Chapter 22 rules that would be necessary for the Commission to make the requested reasonableness finding regarding the preferred plan resulting from joint planning that has not been authorized by the Commission. In addition, the performance of resource planning on a joint company basis that was done for this triennial filing: (1) failed to show any substantial financial benefits of joint filing that are not premised upon the assumption that neither GMO nor KCPL would make investments in a new gas-fired combined cycle plant unless the combined capacity need of GMO and KCPL would be sufficient to allow GMO and KCPL combined to have majority ownership of the plant 4 and (2) did not comply with all the requirements of Chapter 22 such as the requirement in 4 CSR 240-22.080 (2)(C)3 for special contemporary issues to be addressed.

75. OPC's Deficiency 3: 4 CSR 240-22.080(2)(A) - Failure to provide required statement of commitment in the letter of transmittal. The letter of transmittal provided by Roger Steiner does not contain the required commitment to the approved preferred resource plan and resource acquisition strategy and does not appear to be signed by an officer of the utility having the authority to bind and commit the utility to the resource acquisition strategy.

76. NRDC asserts that KCP&L's IRP is deficient because KCP&L's DSM research activities, which support the Company's preferred plan, includes outdated research and information, and does not tie directly to KCP&L's program savings goals and budgets, nor reflect current best practices and an accurate estimate of what is realistically achievable. KCP&L cites a number of studies that have no clear direct bearing on estimating cost-effective

achievable DSM resources within its territory, do not explain how these studies are relied on (if at all), and admit that the main study they are required to do has not been done.

77. NRDC asserts that KCP&L's IRP is deficient because KCP&L has not designed highly effective DSM programs that broadly cover the full spectrum of cost effective end use measures. KCP&L's program descriptions do not reflect industry best practices, nor do they adequately suggest that a full spectrum of cost effective measures are actually included in the programs.

78. NRDC asserts that KCP&L's IRP is deficient because KCP&L has not completed a full review of the demand side rates designed to reduce net consumption or modify the timing of its use. The IRP is deficient for several reasons; the most significant being that the Company refers to research that will be completed at some time in the future but does not indicate they have performed the required analyses to assess the potential for new rate designs to induce demand-side reductions or shifts in usage.

79. NRDC asserts that KCP&L's IRP is deficient because KCP&L has not evaluated energy efficiency and supply side resources on an equivalent basis, citing Rule 22.010(2)(A). KCP&L has not completed a recent DSM potential study and, therefore, has not assessed the full potential of energy efficiency or its levelized costs. Due to the lack of good data, the Company is not in a position to compare energy efficiency resources to supply side resources on an equivalent basis.

80. MDNR's Deficiency #15 states: Inadequate analysis of combined plan. KCP&L and GMO conducted a combined planning exercise that estimated 14 combined company plans, selected a combined preferred plan, identified contingency plans, and allocated the preferred plan back to each individual company. In completing the combined analysis, the Company neglected

to meet the analysis and filing requirements described in the Chapter 22 rules. The rules cited are 4 CSR 240-22.080(2)(C)2, 4 CSR 240-22.080(2)(D) and 4 CSR 240-22.060(2).

WHEREFORE, the Signatories submit this Joint Filing for consideration by the Commission.

Respectfully submitted,

/s/ Steven Dottheim
Steven Dottheim, MBE #29149
Chief Deputy General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 751-7489
(573) 751-9285 (Fax)
steve.dottheim@psc.mo.gov

Attorney for the Staff of the
Missouri Public Service Commission

/s/ Henry B. Robertson
Henry B. Robertson, MBE #29502
705 Olive St.—Suit 614
St. Louis, MO 63101
(314) 231-4181
(314) 231-4184 (Fax)
hrobertson@greatriverslaw.org

Attorney for Natural Resources Defense
Council and Sierra Club

/s/Jessica Blome
Jessica Blome, MBE #59710
Assistant Attorney General
Agriculture & Environment Division
Missouri Attorney General's Office
P.O. Box 899
Jefferson City, Missouri 65102
573-751-3640
573-751-8796 (Fax)
jessica.blome@ago.mo.gov

Attorney for Missouri Department of Natural
Resources

/s/ Roger W. Steiner
Roger W. Steiner, MBE #39586
Kansas City Power & Light Company
1200 Main Street
Kansas City, MO 64105
(816) 556-2314
(816) 556-2787 (Fax)
Roger.Steiner@kcpl.com

James M. Fischer, MBE #27543
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, MO 65101
(573) 636-6758
(573) 636-0383 (Fax)
jfischerpc@aol.com

Attorneys for Kansas City Power & Light Company

/s/ Lewis R. Mills, Jr.
Lewis Mills, MBE # 35275
Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-1304
(573) 751-5562 (Fax)
lewis.mills@ded.mo.gov

Attorney for the Office of the Public Counsel

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail, or mailed, First Class, postage prepaid, this 19th day of November 2012, to counsel for all parties on the Commission's service list in this case.

/s/ Roger W. Steiner
Roger W. Steiner