

## **MDNR Company-Specific Contemporary Issues For KCP&L**

### **Company-Specific Issue #1: Independent Uncertain Factors**

Analyze and document relationships between uncertain factors when making a determination of whether uncertain factors are entirely independent or if they should be analyzed with covariant risk analysis. In past filings and venues, including a March 2011 joint utility workshop on uncertainty analysis, KCP&L asserted a methodological approach that assumes there is no interaction or covariance of uncertain factors. This appears to be a controversial position in the context of (a) the rule's reference to "interrelationship" of critical uncertain factors (4 CSR 240-22.070(6)); (b) contrary views expressed by other participants at the March 2011 workshop; and (c) the strong emphasis on the interrelationship of "dependent" variables in another regulated company's approach to risk analysis.

**A similar issue is also included in MDNR's list of General Contemporary Issues below. However, in light of specific facts related to KCP&L, MDNR specifically requests this issue for KCP&L regardless whether the Commission adopts MDNR's generic issue on uncertain factors.**

## **MDNR General Contemporary Issues**

### **General Issue 1: Coal Plant Retirements**

Analyze, rank and document existing coal plant fleet as retirement candidates. This is an important contemporary issue in light of environmental regulation, rising coal prices and maintenance costs.

### **General Issue 2: Aggressive Demand Side Management (DSM) Portfolios without Constraints**

Analyze and document aggressive DSM portfolios without constraints. Include analysis and documentation of demand side investment mechanisms necessary to implement each DSM portfolio.

### **General Issue 3: DSM, Combined Heat and Power (CHP) and Distributed Generation (DG)**

Analyze and document the impacts of opportunities to implement distributed generation, DSM programs and CHP projects in collaboration with municipal water treatment plants and other local waste or agricultural/industrial processes with on-site electrical and thermal load requirements, especially in targeted areas where there may be transmission or distribution line constraints.

**General Issue 4: Low Probability Risk Assessment**

Analyze and document low probability outcomes with extremely high or low values (such as natural or man-made disasters which would result in energy emergency events including significant loss of load and equipment outages) as a part of risk assessment.

**General Issue 5: Interdependence of Uncertain Factors**

Analyze and document relationships between uncertain factors when making a determination of whether uncertain factors are entirely independent or if they should be analyzed with covariant risk analysis.

**General Issue 6: Agricultural DSM**

Analyze and document analysis of DSM programs targeted to achieve energy efficiency savings in the agricultural sector. Based on MDNR's experience in administering American Recovery and Reinvestment Act funding for energy projects, energy efficiency in the agriculture sector is an area of emerging interest and importance.

**General Issue 7: Customer Information/Behavior Modification DSM Programs**

Analyze and document alternative customer information/behavior modification program options to increase customer awareness and encourage more efficient use of energy.