

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

In the Matter of KCP&L Greater Missouri)
Operations Company 2013 Annual)
Renewable Energy Standard Compliance Plan)

File No. EO-2013-0505

MISSOURI DEPARTMENT OF NATURAL RESOURCES' RESPONSE AND REPORT

COMES NOW Missouri Department of Natural Resources (MDNR) and, pursuant to 4 CSR 240-20.100, respectfully submits the following comments in response to the 2013 Compliance Report of KC P&L Greater Missouri Operations Company (GMO or Company):

1. MDNR agrees with Public Service Commission Staff's Report filed on July 12, 2013 that the company did not follow the methodology outlined in 4 CSR 240-20.100:

a. Pertaining to Section (5) (D), averaging the revenue requirement of non-renewable energy does not explain the increase in 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 considering that it is not directly attributable to RES compliance. However, the rule defines the resource in the agreement as a renewable resource and hence cannot 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.

2. In calculating the revenue requirement, the company failed to avail the twenty-five hundredths (0.25) credit as defined in 4 CSR 240-20.100 (3) (G) for the St. Joseph Landfill gas facility. MDNR suggests that the company recalculate the revenue requirement with the appropriate credits and the resulting retail rate impact.

3. The company assumes all the future 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 renewable industry supply that promotes job creation and aids in the growth of wind, solar and landfill gas industries in the state of Missouri.

4. 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.

5. Based on the observations and the significant concerns with the model and methodology, MDNR recommends that the Commission order the company to address the concerns and rerun the model before accepting the retail rate impact calculations.

6. To the extent that rebates applied for and paid by the company and projected solar installations affect the retail rate impact calculations, and because of the importance of the rate impact calculation in the availability of solar rebates, MDNR requests that the solar rebate data needs to be available and verified before the Commission determines whether to accept the retail rate impact calculation and makes a determination on the tariff revisions proposed by GMO in this case.

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, and prior to making a determination on GMO's proposed solar rebate tariff revisions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 30th day of July, 2013.

/s/ Jessica L. Blome

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