

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

In the Matter of The Empire District)
Electric Company's 2012 Update)
Summary Report Being Filed Pursuant) **File No. EO-2012-0294**
to 4 CSR 240-22.080)

**COMMENTS OF MISSOURI DEPARTMENT OF NATURAL
RESOURCES**

COMES NOW the Missouri Department of Natural Resources (MDNR) and provides the following Comments in response to The Empire District Electric Company's 2012 Update Summary Report (Empire Report) filed March 20, 2012 and Stakeholder Update Session held March 27, 2012. These comments are provided in accordance with provision 6 in the Order Approving Agreement issued December 21, 2011 in Case Nos. EE-2012-0095 and EO-2012-0040:

6. The Empire District Electric Company is granted a variance from Commission Rule 4 CSR 240-22.080(3)(D) as conditioned in the Agreement. Stakeholders may file comments pursuant to Commission Rule 4 CSR 240-22.080(3) with regard to Empire's 2012 Update Summary Report and Stakeholder Update Session. Any such comments shall be filed with the Commission within thirty days of the date of the Stakeholder Update Session.

MDNR commends Empire for providing an update report and update session that communicated the major changes that have taken place in the utility's preferred plan and resource acquisition strategy since its last triennial compliance filing. Empire identified the key issues and changes it

has been considering and provided the information at a level of depth and detail that was appropriate to these changes and issues. In MDNR's view, Empire deserves credit for a very useful report and an informative and productive stakeholder update session.

MDNR is concerned that Empire has not fully considered all of the matters encompassed in the special contemporary issues included in the Commission's order in Case No. EO-2012-0040. The Commission required Empire to consider the following special contemporary issue in its annual update report and session: "Analyze potential or proposed changes in state or federal environmental or renewable energy standards and report how those changes would affect Empire's plans for compliance with those standards." *Order Establishing Special Contemporary Resource Planning Issues*, Case No. EO-2012-0040, October 19, 2011, p. 7.

In response to this requirement, Empire's annual update provides a detailed analysis of the potential impact of an initiative petition to amend Chapter 393 RSMo, which is currently being circulated in Missouri (2012 Integrated Resource Plan Annual Update Report, The Empire District Electric Company, Section 5.4, pp 25-27). In addition to that initiative petition, MDNR suggests that Empire should also have considered and analyzed the potential impact of two bills filed in the current session of the Missouri General Assembly (HB14878 and SB759), each of which propose to

amend Missouri's Renewable Energy Standard.

It would also have been appropriate to review federal proposals currently being considered by the U.S. Congress and identify any that differ materially from federal proposals that Empire considered in its most recent triennial compliance filing. One example is the Clean Energy Standard Act introduced March 1, 2012 by Senator Jeff Bingaman.

On April 19, 2012, the PSC Staff filed its *Staff Report on Empire District Electric Company Chapter 22 Electric Utility Resource Planning, 2012 Annual Update Filing Report* on the Empire Report, with a *Revised Staff Report on Empire District Electric Company Chapter 22 Electric Utility Resource Planning, 2012 Annual Update Filing Report* filed on April 23, 2012. MDNR shares Staff's concerns with Empire's failure to use a 20-year planning horizon for capacity planning. *Revised Staff Report*, pp. 1, 5-7. Empire's use of a 5-year analysis period (Empire Capacity Balance Tables.xlsx (HC), distributed as a separate document with the annual update report) falls short of the Commission's IRP rule requirement in subsections 43, 51 and 52 of 4 CSR 240-22.020, and subsections (2)(D) and (3)(B) of 4 CSR 240-22.080.

Finally, MDNR concurs in the Staff's comments on load analysis and load forecasting. *Revised Staff Report*, pp. 1, 3-5. MDNR recommends that the Commission require Empire to respond to this concern, and provide

further guidance or, in the alternative, require additional action by Empire either in this annual update or Empire's 2013 triennial compliance filing.

WHEREFORE, the Missouri Department of Natural Resources respectfully provides these Comments.

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 26th day of April 2012.

/s/ Jennifer S. Frazier
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