

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

In the Matter of the Application of Kansas City)	
Power & Light Company for Approval to)	File No. ER-2010-0355
Make Certain Changes in its Charges for)	Tariff No JE-2010-0692
Electric Service to Implement its Regulatory)	
Plan.)	

In the Matter of the Application of KCP&L)	
Greater Missouri Operations Company for)	File No. ER-2010-0356
Approval to Make Certain Changes in its)	Tariff No. JE-2010-0693
Charges for Electric Service.)	

**MISSOURI DEPARTMENT OF NATURAL RESOURCES'
STATEMENT OF POSITION**

COMES NOW the Missouri Department of Natural Resources (“MDNR”), and provides the following Statement of Position, with issues numbered according to the Joint List of Issues filed on January 7, 2011. MDNR reserves the right to modify its positions or to assert additional positions as this case proceeds.

KCP&L Issues, ER-2010-0355

1. Demand-Side Management

- a. Does KCPL’s Regulatory Plan require the return on KCPL’s demand-side management program costs authorized in this case be the allowance for funds used during construction rate specified in the Regulatory Plan or should they be treated as a rate base item in this proceeding?
- b. Should KCPL be required to fund its demand-side programs and, if so, at what level?
- c. Should 50% of Connections advertising program costs and certain other advertising costs be recovered as an expense or included in the demand-side management program rate base balance?
- d. Should KCPL be ordered to continue to fund and promote or implement each of

the DSM programs in its Regulatory Plan and in its last adopted preferred resource plan, unless it has filed with the Commission documentation that explains why continuing, or initiating the program as planned, does not promote the Missouri Energy Efficiency Investment Act goal of achieving all cost-effective demand-side savings?

- i. Should the Commission require KCPL to expand its DSM programs if the current DSM portfolio does not meet the Act's goal of achieving all cost-effective demand-side savings?
- e. Should the amortization period for the energy efficiency regulatory asset account be shortened from 10 years to 6 years?
 - i. Should the shortening of the amortization period be contingent on KCPL's continuation and/or expansion of its DSM portfolio, if required by the Commission?

MDNR POSITION: MDNR does not take a position on issues a) or c) above. With respect to issues b), d) and e) above, KCPL should be required to continue its current DSM programs and not suspend those programs at the end of the regulatory plan. If the current level of DSM programs does not meet the Missouri Energy Efficiency Investment Act (MEEIA) goal of achieving all cost-effective demand-side savings, KCPL should be directed by the Commission to expand its DSM programs toward the MEEIA goal during the period between the end of KCPL's regulatory plan and the implementation of MEEIA rules. In the absence of a cost recovery mechanism proposal by KCPL, MDNR proposes that DSM program costs continue to be booked in the regulatory asset account and that the amortization period for the energy efficiency regulatory asset account be reduced from 10 years to 6 years. DNR recommends that shortening the amortization period be contingent on KCPL's continuation and expansion of its DSM portfolio, as required by the Commission.

10. Demand-Side Management Amortization Expense

- a. How should demand-side amortization expense be determined?

MDNR POSITION: MDNR recommends shortening the amortization period for DSM expenses from the ten-year period established in KCPL's regulatory plan to a six-year period, contingent on KCPL's continuation and/or expansion of its DSM portfolio.

GMO Issues, ER-2010-0356

79. Demand-Side Management

- a. Should GMO be required to fund its demand-side programs and, if so, at what level?
- b. Should GMO be ordered to continue to fund and promote or implement each of the demand-side management programs in its last adopted preferred resource plan,

unless it has filed with the Commission documentation that explains why continuing, or initiating the program as planned, does not promote the Missouri Energy Efficiency Investment Act goal of achieving all cost-effective demand-side savings?

- i. Should the Commission require GMO to expand its DSM programs if the current DSM portfolio does not meet the Act's goal of achieving all cost-effective demand-side savings?

- c. Should 50% of Connections advertising program costs and certain other advertising costs be recovered as an expense or included in the demand-side management program rate base balance?

MDNR POSITION: GMO should be required to continue its current DSM programs and not suspend those programs at the end of this rate case. If the current level of DSM programs does not meet the Missouri Energy Efficiency Investment Act (MEEIA) goal of achieving all cost-effective demand-side savings, GMO should be directed by the Commission to expand its DSM programs toward the MEEIA goal during the period between the end of this rate case and the implementation of MEEIA rules. In the absence of a cost recovery mechanism proposal by GMO, MDNR proposes that DSM program costs continue to be booked in the regulatory asset account and that the amortization period for the energy efficiency regulatory asset account be reduced from 10 years to 6 years. MDNR does not take a position on issue c.

83. Demand-Side Management Amortization Expense

- a. How should demand-side amortization expense be determined?

MDNR POSITION: MDNR recommends shortening the amortization period for DSM expenses from the current ten-year period to a six-year period.

Joint KCP&L and GMO Issues

72. Low-income Weatherization program

- a. Should KCPL and GMO continue to fund their low-income weatherization programs at the current levels of funding?
 - i. If so, should the funds continue to be administered under current procedures or should the Commission order they be deposited into an account with the Environmental Improvement and Energy Resources Authority (EIERA) to be administered by EIERA and MDNR?

MDNR POSITION: a. KCP&L and GMO should continue their low-income weatherization programs at current levels of funding. i. MDNR is willing to consider whether the weatherization programs should be administered by MDNR and EIERA, but

has raised several issues about the feasibility of such a change in program administration that would need to be addressed prior to such a change.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, electronically, this 13th day of January, 2011, to counsel for the parties to this case.

/s/ Sarah Mangelsdorf
Assistant Attorney General