

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

In the Matter of a Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by KCPL Greater Missouri)	Case No. EO-2012-0042
Operations Company ("GMO") in its Next)	
Triennial Compliance Filing or Next Annual)	
Update Report.)	

**COMMENTS OF
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

Pursuant to Missouri Public Service Commission ("Commission") Rule 4 CSR 240-22.080(4)(B), KCP&L Greater Missouri Operations Company ("GMO" or "Company") hereby respectfully submits its Comments in response to the lists of contemporary issues suggested by Missouri Public Service Commission Staff ("Staff") and Missouri Department of Natural Resources ("MDNR").

I. Introduction

In Rule 4 CSR 240-22.080(4)(A) parties to the Integrated Resource Plan ("IRP") process may file a list of suggested contemporary issues. The Company has an opportunity to comment on the lists provided in (A) by October 1, according to Rule 4 CSR 240-22.080(4)(B).

II. Staff List of Contemporary Issues

On September 14, 2011, Staff filed five suggestions for special contemporary issues.

1. Aggressive regulations which allow aggregators of retail customers (ARCs) to market demand response services in Missouri.

Investigate and document the impacts on GMO's preferred resource plan and contingency plans of aggressive regulations by the FERC, regional transmission organizations (RTOs) and/or Missouri statutes/regulations to allow ARCs to operate and market demand response services in

Missouri.

GMO Comment

On January 6, 2010, the Missouri Public Service Commission (“MPSC”) issued an order in Case No. EW-2010-0187 for the purpose of investigating the coordination of state and federal regulatory policies concerning demand-side programs. This investigation docket has proceeded through a series of information-gathering processes, including several workshops. All of Missouri’s investor-owned electric utilities, as well as a number of other interested parties, have participated in this process. Issues in this docket have included the question of whether the MPSC should permit the participation of retail customers in wholesale demand response programs operated by a RTO, and if so, under what rules and pricing terms. GMO has submitted written comments in this docket and participated actively in the workshops, expressing its views regarding potential ARC activity in Missouri and the appropriate structure for such activity if permitted. GMO’s comments touched on numerous elements including the method of retail billing for demand response load, the establishment of economically efficient pricing mechanisms, the impact of ARC participation on the utilities’ internal demand response programs, and the potential for costs to shift among customer groups as a result of retail participation in wholesale markets. Before ARCs can operate in the MPSC’s jurisdiction, these issues must be resolved.

In addition to state regulatory activity, several dockets at FERC are dealing with demand response questions both in rulemaking and in compliance filings made by RTOs such as Southwest Power Pool and the Midwest Independent Transmission System Operator. Given the numerous unresolved questions at both the state and federal levels, it will be speculative for

GMO to posit the conditions, framework, and pricing necessary for an IRP analysis of the impact of ARC activity in Missouri.

Therefore, the company proposes that this potential risk be analyzed in a similar manner as the Federal Energy Efficiency Standard risk was conducted in the GMO Updated IRP Filing On July 1, 2011. The Company will incorporate findings from the workshops being conducted in Case No. EW-2010-0187 to develop a method of analysis as the workshop and IRP filing schedules permit.

2. *Aggressive renewable energy standard with no rate cap.*

Investigate and document the impacts on GMO's preferred resource plan and contingency plans of a new much more aggressive renewable energy standard (e.g., at least double the current standard for Missouri) with no rate cap.

GMO Comment

Renewable generation development is an important contemporaneous issue. The Company proposes to study an additional alternative plan which assumes a doubling of the current Missouri Prop C renewable energy requirements without the 1% rate impact limitation. Currently under Rule 4 CSR 240-22.060(3)(A)2 the Company is further required to develop an alternative plan that utilizes only renewable resources, up to the maximum potential capability of renewable resources in each year. GMO believes the required alternative plan described in Rule 4 CSR 240-22.060(3)(A)2 and the previously proposed alternative plan will meet the intent of this suggested contemporary issue.

3. *Aggressive energy efficiency resource standard with no rate cap.*

Investigate and document the impacts on GMO's preferred resource plan and contingency plans of a very aggressive energy efficiency resource standard (e.g., annual energy savings of

1.5% each year for 20 years and annual demand savings of 1.0% each year for 20 years from electric utility demand-side programs) with no rate cap in Missouri.

GMO Comment

In the Non-Unanimous Stipulation and Agreement for GMO's 2009 IRP, Case No. EE-2009-0237, the Company agreed to continue to review the effects of a Federal Energy Efficiency Standard modeled after H.R. 888. H.R. 888 was specifically requested by Staff in the GMO Stakeholder Process. The result of this risk analysis was included in the GMO Update IRP filing on July 1, 2011. The Company will be continuing to use the simulation of H.R. 888 to estimate the effects of an efficiency standard. GMO believes that the stipulated analysis of this efficiency standard will meet the intent of this suggested contemporary issue. This analysis is subject to an understanding that it is hypothetical. The ability to implement a plan of this scale could not be determined without the results of the potential study and the study's estimates of maximum achievable potential, realistic achievable potential, and associated cost, as well as other factors.

4. Loss of significant load.

Investigate and document the impacts on GMO's preferred resource plan and contingency plans of a loss of significant load for the short term and potentially for the long term that may be the result of a prolonged double-dipped recession or a large customer or group of customers no longer taking service from GMO.

GMO Comment

The Company will plan to use one of Moody's Analytics dire economic scenarios to produce a load forecast to satisfy this issue. To further analyze the effect of a long-term economic downturn, the Company proposes to use this extreme low load growth case in a similar manner to the extreme weather load case required by Rule 4 CSR 240-22.030(8)(B) and 4 CSR 240-

22.070(1)(D). The preferred plan will be analyzed using the extreme low load growth case. The Company will document and report the resulting Performance Measure values as defined by Rule 4 CSR 240-22.060(2).

5. *Aggressive environmental regulations.*

Investigate and document the impacts of aggressive environmental regulations on GMO's preferred resource plan and contingency plans.

GMO Comment

Aggressive environmental regulations are important contemporary issues. To that end, the Company has identified a list of existing and proposed environmental regulations to be incorporated in its analysis. They include Cross-State Air Pollution Rule (CSAPR), Hazardous Air Pollutants Maximum Achievable Control Technologies (HAPS MACT), and other water, air and ash rules that pertain to electric generation. The company will further assume the possibility of a future CO₂ mitigation rule that will contain a Cap-and-Trade CO₂ credit market. GMO believes that the identified list of regulations incorporated in its analysis will meet the intent of this suggested contemporary issue.

III. MDNR List of Contemporary Issues

Company-Specific (IRP Stipulation) Issue #1: Estimating Specific DSM Savings Portfolios.

GMO Comment

For its next Chapter 22 compliance filing, GMO agrees to model and fully analyze at least one alternative Demand Side Management ("DSM") portfolio that annually achieves incremental electric energy and demand savings equivalent to 1% by 2015 and 2% by 2020 reductions in annual sales and peak requirements, respectively.

Company Specific (IRP Stipulation) Issue #2: Monitoring Costs of Residential Solar Resources.

GMO Comment

In 2011, GMO updated a solar analysis report that was prepared by a local company with extensive installation experience in the GMO service territories. This report will be included in its next IRP filing.

Company Specific (IRP Stipulation) Issue #3: Analyzing Residential and Commercial/Industrial Demand Response Programs.

GMO Comment

GMO will be issuing a contract to an experienced consulting firm to perform a DSM Market Potential Study (“DSM Study”). The DSM Study will assess the various categories of electrical energy efficiency and demand response potential in the residential, commercial, and industrial sectors for the GMO service area from 2012 to 2031. The DSM Study will provide estimates of the maximum achievable potential and a realistic achievable potential for energy efficiency and demand response in its service territory and will also provide estimates of the cost to achieve these levels of DSM.

It is expected that this contract for the DSM Study will be awarded in the fourth quarter of 2011. The DSM Study will not be completed in time to be included in its April 2012 integrated resource plan filing. However, GMO plans to file the results of this DSM Study in its required annual IRP update. The DSM Study will include potential estimates for the Optimizer and MPower programs, and Combined Heat and Power (“CHP”). GMO is also conducting pilot project research into the technical aspects of residential LED street lighting for consideration as a Demand-Side Resource.

Company Specific (IRP Stipulation) Issue #4: Analyzing Municipal Street Lighting and Combined Heat and Power Retrofits.

GMO Comment

See response to Issue #3 above.

Company Specific (IRP Stipulation) Issue #5: Use of Experts in Determining Subjective Probabilities.

GMO Comment

The Company will use economic scenarios from Moody's Analytics to define low, base, and high load forecasts. Additionally, the Company will utilize Moody's various on-staff experts to assign probabilities for each of these scenarios.

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.

GMO Comment

GMO will be looking at retirements of various generating units in this IRP. Rule 4 CSR 240-22.060(3)(C)1 requires the Company to include retirement options in its alternative resource plans. The Company has included retirement alternatives in its August 5, 2009 filing, January 18, 2011 filing and July 1, 2011 filing in Case No. EE-2009-0237 and GMO will include similar alternatives in its next IRP filing.

The Company believes that the current method for analyzing potential retirements meets the rule and satisfactorily analyzes and documents the risks associated with potential generation plant retirements. The rule does not specify ranking of retirement options. Therefore the

Company proposes to use a methodology to rank unit retirements in a similar manner as the Supply-side Resource Screening detailed in Rule 4 CSR 240-22.040(2).

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.

GMO Comment

Currently under Rule 4 CSR 240-22.060(3)(A)3 the Company is required to develop an alternative plan that utilizes only demand-side resources, up to the maximum achievable potential of demand-side resources in each year. Additionally, GMO believes that an analysis of an aggressive DSM portfolio “without constraints” would not provide the information needed to select a cost effective resource acquisition strategy, which is a primary objective outlined in 4 CSR 240-22.010(2). However, GMO believes the required alternative plan described in Rule 4 CSR 240-22.060(3)(A)3 will meet the intent of this suggested contemporary issue.

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.

GMO Comment

As indicated above, GMO will be issuing a contract to an experienced consulting firm to perform a DSM Study. The DSM Study will assess the various categories of electrical energy

efficiency and demand response potential in the residential, commercial, and industrial sectors for the GMO service area from 2012 to 2031, and will include an analysis of the opportunity to implement CHP. The DSM Study will provide estimates of the maximum achievable potential and a realistic achievable potential for energy efficiency and demand response in its service territory and will also provide estimates of the cost to achieve these levels of DSM.

It is expected that this contract for the DSM Study will be awarded in the fourth quarter of 2011. The DSM Study will not be completed in time to be included in its April 2012 IRP filing. However, GMO plans to file the results of this DSM Study in its required annual IRP update.

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.

GMO Comment

The Company believes the description of this issue is too vague to be acted upon. Rule 4 CSR 240-22.060(5) lists the risks that are to be evaluated. The Company has identified a further list of risks to be incorporated in the IRP analysis. These risks include full or partial outage rates, various credit market conditions affecting a utility's cost of capital, and purchased power availability, etc. GMO believes that the current risk analysis incorporated in the rule and in the Company's analysis will meet the intent of this suggested contemporary issue.

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.

GMO Comment

Currently under Rule 4 CSR 240-22.060(6), the Company is required to describe and document its assessment of the impacts and interrelationships of critical uncertain factors on the expected performance of each of the alternative resource plans developed pursuant to 4 CSR 240-22.060(3) and analyze the risks associated with alternative resource plans. GMO believes the description and documentation required in Rule 4 CSR 240-22.060(6) will meet the intent of this suggested contemporary issue.

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.

GMO Comment

As indicated above, GMO will be issuing a contract to an experienced consulting firm to perform a DSM Study. The DSM Study will assess the various categories of electrical energy efficiency and demand response potential in the residential, commercial, and industrial sectors for the GMO service area from 2012 to 2031, and will include an analysis of the opportunity for energy efficiency savings in the agricultural sector. The DSM Study will provide estimates of the maximum achievable potential and a realistic achievable potential for energy efficiency and demand response in its service territory and will also provide estimates of the cost to achieve these levels of DSM.

It is expected that this contract for the DSM Study will be awarded in the fourth quarter of 2011. The DSM Study will not be completed in time to be included in its April 2012 IRP filing. However, GMO plans to file the results of this Study in its required annual IRP update.

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.

GMO Comment

GMO intends to file a request for a Residential Energy Reports Pilot program. Information about this proposed new pilot program will be described and filed under 4 CSR 240-20.094 Demand-Side Programs and will conform to the reporting requirements of 4 CSR 240-20.093 Demand-Side Programs Investment Mechanisms, 4 CSR 240-3.163 Electric Utility Demand-Side Programs Investment Mechanisms Filing and Submission Requirements and 4 CSR 240-3.164 Electric Utility Demand-Side Programs Filing and Submission Requirements. GMO anticipates filing this request in the fourth quarter of 2011.

The Residential Energy Reports Pilot program, a behavioral modification program, will provide residential customers with an energy report that provides a comparison of the household energy usage information with similar type customers or “neighbors.” The intention of the energy report is to provide information that will influence customers’ behavior in such a way that they lower their energy usage.

WHEREFORE, GMO requests that the Commission consider the above comments when issuing its Order containing a list of contemporary issues for GMO to analyze and document in the Company's next triennial compliance filing or annual update report.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed, or mailed, postage prepaid, this 30th day of September, 2011, to all counsel of record.

/s/ Roger W. Steiner

Roger W. Steiner