
**Review of KCPL Greater Missouri Operations
Electric Utility Resource Planning
Compliance Filing
Case No. EO-2012-0324**

Prepared by
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PREFACE OF THE OFFICE OF THE PUBLIC COUNSEL

This report is filed by the Office of the Public Counsel (Public Counsel or OPC) pursuant to 4 CSR 240-22.080(8), which provides that Public Counsel may file a report that identifies deficiencies in a utility's compliance with the provisions of Chapter 22, and any other concerns related to the substantive reasonableness of the utility's preferred plan or its resource acquisition strategy.

4 CSR 240-22.080(9) requires Public Counsel to work with KCPL Greater Missouri Operations (GMO or the Company) in an attempt to reach an agreement, within sixty days of the date that this report was filed, on a plan to remedy deficiencies. Should Public Counsel and GMO be unable to reach such an agreement, Public Counsel recommends that the Commission find, pursuant to 4 CSR 240-22.080(16), that GMO's filing does not comply with the requirements of Chapter 22 and that GMO's resource acquisition strategy does not meet the fundamental objectives of the planning process as set forth in 4 CSR 240-22.010(2)(A)-(C).

This report is less comprehensive and much shorter than some of the reports that Public Counsel has submitted in past IRP cases. The abbreviated nature of this report should not be construed to reflect any changes in OPC's view that the formal IRP process is important to consumers. Instead, the abbreviated nature of this report is due to the finite resources that OPC has for IRP analysis and other Commission issues and activities that are currently taking place, not the least of which are the large number of rate cases and other important cases that are being processed currently at the Commission. In order to provide meaningful feedback on GMO's IRP filing, we have focused our attention primarily on broad areas where the greatest deficiencies occurred in GMO's filing. In addition, OPC has been actively engaged in the stakeholder meetings that were held with GMO representatives regarding this IRP filing over the last few months

Public Counsel's List of Deficiencies

1. 4 CSR 240-22.080 (13) – GMO failed to request a variance from, or waiver of, the requirement in 4 CSR 240-22.080 (1) for utilities to make separate utility-specific triennial compliance filing and GMO has instead chosen to “perform its resource planning on a joint company basis” with KCPL. Even though no such waiver was requested, GMO makes a request on page 25 of Volume 8 for “Commission acknowledgement that it is reasonable for KCP&L and GMO to perform resource planning on a joint company basis.” GMO has not requested the variance or waiver from Chapter 22 rules that would be necessary for the Commission to make the requested acknowledgement. Furthermore, in addition to not requesting such a variance 12 months prior to its triennial filing date as required by 4 CSR 240-22.080(13), the Company has not shown good cause for such a waiver or variance. GMO’s attempt to show financial benefits from performing resource planning on a joint company basis is premised upon the assumption that neither GMO nor KCPL would make investments in a new gas-fired combined cycle plant unless the combined capacity need of GMO and KCPL would be sufficient to allow GMO and KCPL combined to have majority ownership of the plant. GMO has not presented any type of financial or risk analysis to support this planning assumption.

Suggested Remedy: In the future, timely variances should be requested by the Company if it wants to make a triennial resource plan filing that is not in compliance with Chapter 22 rules. The Company should remedy the deficiency in the current filing by withdrawing: (1) its request for “Commission acknowledgement that it is reasonable for KCP&L and GMO to perform resource planning on a joint company basis” and (2) its request for the Commission to find that the Preferred Plan, which is premised on the joint company basis resource planning performed as part of this filing, is reasonable.

2. 4 CSR 240-22.080 (16)(A) – Public Counsel recommends that the Commission find, pursuant to 4 CSR 240-22.080 (16)(A) that the electric utility’s filing pursuant to this rule does NOT demonstrate compliance with the requirements of Chapter 22, and that the utility’s resource acquisition strategy either does not meet the requirements stated in 4CSR 240-22. GMO’s request that the Commission find that its preferred resource plan is reasonable should be denied because the utility’s preferred resource plan is premised upon the lawfulness and reasonableness of KCP&L and GMO performing resource planning on a joint company basis. As shown in deficiency number one above, GMO did not request the variance or waiver from Chapter 22 rules that would be necessary for the Commission to make the requested reasonableness finding regarding the preferred plan resulting from joint planning that has not been authorized by the Commission. In addition, the performance of resource planning on a joint company basis that was done for this triennial filing: (1) failed to show any substantial financial benefits of joint filing that are not premised upon the assumption that neither GMO nor KCPL would make investments in a new gas-fired combined cycle plant unless the combined capacity need of GMO and KCPL would be sufficient to allow GMO and KCPL combined to have majority ownership of the plant

and (2) did not comply with all the requirements of Chapter 22 such as the requirement in 4 CSR 240-22.080 (2)(C)3 for special contemporary issues to be addressed.

Suggested Remedy: The Company should file a revised triennial resource plan that corrects this deficiency within 180 days.

3. 4 CSR 240-22.080(2)(A) - Failure to provide required statement of commitment in the letter of transmittal. The letter of transmittal provided by Roger Steiner does not contain the required commitment to the approved preferred resource plan and resource acquisition strategy and does not appear to be signed by an officer of the utility having the authority to bind and commit the utility to the resource acquisition strategy.

Suggested Remedy: The Company should file a transmittal letter that complies with the requirements in **4 CSR 240-22.080(2)(A)**.