

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

In the Matter of The Empire District Electric)
Company's 2014 IRP Annual Update) File No. EO-2014-0243
Being Filed Pursuant to Rule 4 CSR 240-22.080.)

**EMPIRE'S RESPONSE TO THE MISSOURI DEPARTMENT OF ECONOMIC
DEVELOPMENT – DIVISION OF ENERGY COMMENTS**

COMES NOW The Empire District Electric Company ("Empire" or "Company"), by and through the undersigned counsel, and hereby responds to the Missouri Department of Economic Development – Division of Energy ("DE") Comments filed herein. In this regard, Empire respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. Empire filed its 2014 Annual Update Report on March 11, 2014, pursuant to Commission Rule 4 CSR 240-22.080(3). The annual update workshop meeting followed on April 10, 2014, and the workshop summary report was filed by Empire on April 21, 2014.

2. Empire's 2014 annual update provided updates to the stakeholders concerning the current preferred resource plan; the status of the identified critical uncertain factors; progress in implementing the resource acquisition strategy; and, changing conditions in general, since the filing of the most recent integrated resource plan ("IRP") in File No. EO-2013-0547. This IRP was filed with the Commission on July 1, 2013 ("2013 IRP"). The annual update also addressed the 2014 annual update special contemporary issues that were identified pursuant to 4 CSR 240-22.080(4).

3. Stakeholders were permitted to file comments with the Commission pursuant to Rule 4 CSR 240-22.080(3)(D) regarding Empire's 2014 Annual Update Report and the annual update workshop within 30 days of the utility's filing of the workshop summary report. DE filed its Comments on May 21, 2014.

4. As mentioned in Empire's 2014 annual update report, the timing of the filing of Empire's 2013 IRP case and the timing of the 2014 IRP annual update is of importance. The work on the 2014 IRP annual update report began at about the same time as a possible joint filing to address the 2013 IRP alleged deficiencies and concerns in EO-2013-0547 was being discussed. In fact, when the 2014 annual update report was filed the 2013 IRP case, EO-2013-0547, was still open. The 2013 IRP joint filing was filed on January 31, 2014, with Commission approval on March 12, 2014. The 2014 annual update report was filed on March 11, 2014, following several weeks of development. Therefore, there is a compression of the filing dates in the 2013 IRP and the 2014 IRP Annual Update cases. As stated in the IRP Rule, "the depth and detail of the annual update report shall generally be commensurate with the magnitude and significance of the changing conditions since the last filed triennial compliance filing or annual update filing." As discussed with stakeholders during the preparation of the 2013 IRP joint filing, Empire would not have time to address most of the 2013 IRP joint filing issues in the 2014 annual update. Those items that were to be addressed in the 2014 annual update were specifically noted.

5. **Paragraph 4 of the DE comments:** DE discusses an alleged deficiency from the 2013 IRP related to an analysis of various distributed generation technologies, in particular combined heat and power ("CHP"), residential/commercial solar and small wind, in the screening of potential supply-side resources.

Empire Response: In the 2013 IRP, DE claimed that Empire "lacked a detailed analysis" of the specified technologies as a supply-side alleged deficiency. However, residential/commercial solar and small wind technologies were addressed as demand-side resources in the demand-side analysis of the 2013 IRP since they would be on the customer side

of the meter. In the joint filing, Empire pointed out that the other items, particularly CHP were addressed, not in the supply-side analysis, but as a special contemporary issue, and further pointed out that this same issue was again listed as a special contemporary issue for the 2014 annual update. Since this was a repeat issue, and the 2013 IRP and 2014 annual update cases overlapped, Empire requested clarification from the Commission on how to handle this situation. The Commission responded: “If it believes that it has already adequately addressed any of the identified special contemporary issues [for the 2014 annual update] in an earlier filing, Empire need only establish that fact in its 2014 annual update filing to comply with the Commission’s directions.” No party alleged any concerns or deficiencies with Empire’s response to this contemporary issue from the 2013 IRP. Therefore, based on the Commission’s guidance, Empire believed that it had already adequately addressed this special contemporary issue in an earlier filing (the 2013 IRP) and stated this in the 2014 annual update. In other words, dating back to the 2013 IRP alleged deficiency, Empire did not feel that this was a deficiency in the first place and therefore, was not deficient in the response in the 2014 annual update.

6. **Paragraph 5 of the DE comments:** DE discusses an alleged deficiency from the 2013 IRP related to an analysis of generation plant efficiency improvements.

Empire Response: In the joint filing, Empire agreed to “continue to explore plant efficiency improvements in subsequent IRPs.” However, there has not yet been a subsequent triennial IRP. There should be a distinction between an IRP and an annual update since they are two very different things. The 2014 annual update did not incorporate a new supply-side analysis at the level of a full triennial compliance filing. The next Empire triennial compliance filing (IRP) is scheduled for 2016. Again, the 2014 annual update report was being developed prior to having a final joint agreement. Even if it was interpreted that the analysis was to be

conducted for the 2014 annual update, with the overlap of the cases, Empire could not have feasibly conducted the requested analysis. Empire will address this subject in its next IRP filing and no 2014 annual update deficiency exists as to this issue.

7. **Paragraph 6 of the DE comments:** DE discusses an alleged concern from the 2013 IRP related to closely monitoring the EPA’s upcoming rulemaking process on carbon regulation on existing power facilities and developing corresponding compliance plans in subsequent years.

Empire Response: Empire provided an update on carbon regulation in the 2014 annual update. It does not appear that DE is alleging any deficiency in this instance. Instead, it appears that DE is using the 2014 annual update comments to urge Empire to stay abreast of environmental regulations and utilize this information in the 2015 annual update and 2016 IRP. Empire continuously monitors environmental issues and, since environmental cost is a critical uncertain factor in the IRP process, it is required to report on this factor during the annual update and triennial IRP.

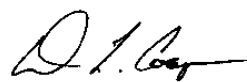
8. **Paragraph 7 of the DE comments:** DE discusses an alleged deficiency from the 2013 IRP related to the definition of the term “decision makers” in the context of the demand-side analysis section of the IRP Rule at 4 CSR 240-22.050(1)(A)(2).

Empire Response: It should be pointed out that the original alleged deficiency from the 2013 IRP was based on a question of how the new, revised IRP rule used the term “decision makers” in the context of a particular section of the rule. The term itself is not defined, so some discussion and clarification would be helpful going forward as Empire develops the next triennial compliance filing. However, this was not a critical aspect of the overall IRP and did not harm the analysis. Again, based on the joint filing, this is an issue to be addressed in a future

IRP, after discussion with the stakeholders. These stakeholder discussions have not yet occurred. In fact, no stakeholder IRP meetings were held in the period between the joint filing and the 2014 annual update. The Rule reference at 4 CSR 240-22.050(1)(A)(2) applies to the triennial compliance filing, not to the annual update. Any clarification to the term “decision makers” as it applies to the referenced rule was not critical to the annual update process. Further, DE is incorrect in stating that the Company agreed to provide clarification of the term “decision makers” as used in 4 CSR 240-22.050(1)(A)(2). The remedy in the joint filing was to discuss with stakeholders an appropriate identification of all significant decision makers. Therefore, Empire will be seeking clarification from the stakeholder group. These discussions will happen in the future, and no deficiency occurred related to the 2014 annual update.

WHEREFORE, Empire respectfully provides this response to the Commission for its consideration.

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on May 30, 2014, to the following:

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