

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

In the Matter of The Empire District Electric)
Company's 2015 IRP Annual Update) File No. EO-2015-0216
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 Comments of the Missouri Department of Economic Development – Division of Energy ("DE") filed herein. In this regard, Empire respectfully states as follows to the Missouri Public Service Commission ("Commission"):

1. Empire filed its 2015 Annual Update Report herein on March 13, 2015, pursuant to Commission Rule 4 CSR 240-22.080(3). The annual update workshop meeting followed on April 29, 2015, and the workshop summary report was filed by Empire on May 8, 2015.

2. As prescribed, Empire's 2015 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, and the previous annual update in File No. EO-2014-0243. The most recent triennial IRP was filed with the Commission on July 1, 2013 ("2013 IRP"), and the previous annual update was filed with the Commission on March 11, 2014 ("2014 annual update"). The 2015 annual update also addressed the 2015 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 2015 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 June 8, 2015.

4. After reviewing the DE comments, it is important to point out the distinction between the IRP triennial compliance filing ("Triennial Filing") and the annual update. In Missouri, utilities file an IRP once every three years. The Triennial Filing is a major study that is subject to the Chapter 22 electric utility resource planning rule ("IRP Rule"). The annual update on the other hand, is meant to provide an update to stakeholders and allow them input on IRP issues on an annual basis between Triennial Filings. While related, the scope of the Triennial Filing and the annual update is greatly different. The annual update process is referenced in the IRP Rule in the filing requirements and stakeholder process section. Some of DE's comments and requests are more applicable to a Triennial Filing and not with the annual update process.

5. As mentioned, the annual update provides updates concerning the current preferred resource plan; the status of the identified critical uncertain factors; progress in implementing the resource acquisition strategy; changing conditions in general; and addresses Special Contemporary issues. Based on those stated core requirements, Empire satisfied the annual update requirements with its 2015 annual update filing. The IRP Rule also states that the annual update may provide resolutions of any deficiencies or concerns from previous IRP filings. Following the 2013 IRP, a Joint Filing with stakeholders, as required under 4 CSR 240-22.080(9), was made in File No. EO-2013-0547 on January 31, 2014. There were only two issues in that Joint Filing that Empire agreed to address in its 2015 annual update. These issues were related to: (1) an analysis of advanced transmission and distribution technologies; and, (2)

an investigation of indigenous wind resources and the utilization of agricultural residues, poultry waste and landfill gas within its service territory. In the 2015 annual update report, Empire *did* address these two issues at a level appropriate for an annual update. In the Joint Filing, Empire further agreed to evaluate these items in its next Triennial Filing based on the preliminary findings reported on in the 2015 annual update. The 2013 Joint Filing also contains other issues that Empire will address in the next Triennial Filing. That Triennial Filing is scheduled for April, 2016. There were no other alleged deficiencies and concerns from either the 2013 Triennial Filing or the 2014 annual update that Empire was required to address in the 2015 annual update. Therefore, Empire satisfied all of the requirements of the 2015 annual update filing.

6. Most of the “deficiencies” that DE alleges in its June 8, 2015 comments concern DE’s review of last year’s 2014 annual update. First, it should be pointed out that those were DE’s own alleged “deficiencies” from the previous annual update. There has been no finding of deficiency. Secondly, those alleged deficiencies were already addressed by Empire in a response to the DE comments filed in File No. EO-2014-0243, on May 30, 2014. The Commission filed a notice closing that file 18 days later on June 17, 2014, with no other action in that docket. The Commission did not order Empire, nor did Empire agree to address the DE 2014 annual update alleged deficiencies in the 2015 annual update filing.

7. Another issue raised by the DE comments involves the timing of the 2015 annual update report. By Commission Rule, Empire was required to file the annual report at least twenty days prior to an annual update workshop to be held on or around April 1, 2015. Empire filed the 2015 annual update report on March 13, 2015, utilizing the best information available at that time. Multiple times in the DE comments, DE is requesting that Empire update its 2015

annual update report to acknowledge events that have happened since the filing of the 2015 annual update report. A utility's business is not static and issues are always evolving. This is one reason why an IRP compliance filing is made every three years and why an annual update is provided in other years. DE seems to be suggesting that Empire should be providing periodic updates to the annual update. This is not required, nor practical. However, Empire does acknowledge that the IRP Rule requires a notification process when a utility's business plan or acquisition strategy has become "**materially inconsistent** with the preferred resource plan." 4 CSR 240-22.080 (12) (emphasis added). In the past, Empire has provided information to the Commission via this requirement when appropriate, and will continue to utilize this notification process in the future when modifications are material.

8. Empire contends that all of the 2015 annual update requirements were met and that the DE claimed deficiencies are without merit. With that said, Empire will in the following paragraphs attempt to provide specific responses to DE's comments.

9. **Paragraph 2 of the DE comments:** DE states that none of its identified deficiencies in the 2014 annual update report have been sufficiently addressed in the 2015 update report, meeting or summary.

Empire Response: As discussed in paragraph 6 of this response, Empire previously addressed the DE alleged deficiencies from the 2014 annual update process and was not required to further address them in 2015. Empire does not believe that there were any deficiencies in the 2014 annual update filing; and certainly not any outstanding deficiencies that carried forward from the 2014 annual update to the 2015 annual update. Moreover, Empire did address the two Joint Filing items that were explicitly designated for the 2015 annual update report.

10. **Paragraph 3 of the DE comments:** DE states that Empire is required to definitively address whether or not any changes have occurred to its current resource acquisition strategy.

Empire Response: In its 2015 annual update report, Empire provided a Resource Acquisition Strategy Update on pages 10-13, and a Preferred Plan Update on pages 30-35. These updates contain information about the status of Empire's acquisition strategy based on the most current information available at that time.

11. **Paragraph 4 of the DE comments:** DE references "DE deficiency 1" from last year's 2014 annual update review.

Empire Response: Again, Empire responded to that issue in its May 30, 2014 response to the DE comments in File No. EO-2014-0243.

12. **Paragraph 4 of the DE comments:** DE states that it is "concerned with the Company's promise to perform an adequate analysis of its DG resource potential in the future."

Empire Response: Empire is unsure how to respond to an alleged concern related to analysis that has not yet been performed.

13. **Paragraph 4 of the DE comments:** DE requests that Empire update its 2015 annual update filing due to events that have taken place with regard to PV solar since the time the 2015 annual update report was filed.

Empire Response: As addressed in paragraph 7 of this response, the 2015 annual update report was filed on March 13, 2015, utilizing the best information available at that time. Since then, Empire has obtained approval of a Missouri retail solar tariff and has been issuing solar rebates to qualifying customers.

14. **Paragraph 5 of the DE comments:** DE references “DE deficiency 2” from the 2014 annual update review and states that Empire did not perform an analyses of potential future supply-side efficiency gains in its 2015 annual update report.

Empire Response: Empire responded to this issue in its May 30, 2014 response to the DE comments in File No. EO-2014-0243, and will not repeat it here in its entirety. However, Empire would like to point out that this analysis will be performed in the 2016 Triennial Filing, which is set to be filed in April, 2016. This is a Triennial Filing issue and not annual update issue.

15. **Paragraph 6 of the DE comments:** DE claims that Empire did not provide substantive information regarding potential compliance options under the Environmental Protection Agency (“EPA”) Clean Power Plan.

Empire Response: Empire believes that this is not required in an annual update. More importantly, as pointed out in the annual update report, the referenced EPA rule has not been finalized. The EPA is scheduled to issue a final rule for existing power plants by the summer of 2015. Each state must submit its initial compliance plan by the summer of 2016, with additional time available by request until summer of 2017, for a single state or summer of 2018, for a multi-state approach. Additionally, the EPA received more than 2 million public comments by the December 1, 2014 closure of the comment period. State, federal, and industry representatives voiced their concerns with the regulation as written and as to its potential impact on electric grid reliability and the cost to implement. State and industry representatives, including Empire, continue to evaluate potential paths forward if the rule is finalized as proposed by the EPA. Empire believes that its compliance planning is appropriate given the status of the proposed rule.

16. **Paragraph 7 of the DE comments:** DE references “DE deficiency 4” from last year’s 2014 annual update review about 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: Empire responded to this Triennial Filing issue in its May 30, 2014 response to the DE comments in File No. EO-2014-0243.

17. **Paragraph 8 of the DE comments:** DE correctly states that since the time that the 2015 annual update report was filed, the Company has entered into a Global Stipulation and Agreement (“Agreement”) in its general rate case ER-2014-0351. DE also points out that in that Agreement, Empire agreed to continue its current DSM programs and make changes to its Low-Income Weatherization program. DE requests an acknowledgement of this information in either this current filing or, at the very latest, in the 2016 Triennial Filing.

Empire Response: As mentioned in paragraph 7 of this response, the 2015 annual update report was filed on March 13, 2015, utilizing the best information available at that time. The Global Stipulation and Agreement referenced by the DE comments was filed with the Commission on April 8, 2015. To date, this Agreement has not been approved.

18. **Paragraph 8 of the DE comments:** DE requests that the Company include a more detailed analysis of emerging energy efficiency technologies.

Empire Response: In its 2015 annual update report, Empire addressed this issue as a response to Special Contemporary Issue (a), on pages 38-40. The Commission approved “issue” was to *“Review the impact of foreseeable emerging energy efficiency technologies....”* Empire contends that its response was consistent with the scope of an annual update report and the fact that the directive was to provide a “review” and not a costly, detailed analysis. In fact,

this was a repeat issue from Empire's 2014 annual update. Empire updated its response from last year as appropriate for the 2015 annual update report.

19. **Paragraph 9 of the DE comments:** DE requests an analysis of the potential change in the Company's load profile resulting from increased electric vehicle penetration (as per DE's suggested Special Contemporary Issue in File No. EO-2015-0042).

Empire Response: In its 2015 annual update report, Empire addressed all five Special Contemporary Issues as was required by the Commission's Order on October 22, 2014, in File No. EO-2015-0042. *None of the Commission-approved Special Contemporary issues dealt with the potential load impact of increased electric vehicle penetration.* In its comments, DE mentions that it had suggested a Special Contemporary Issue on this topic. However, the Commission did not select this particular DE suggestion for the final list of Special Contemporary Issues.

WHEREFORE, Empire respectfully provides this Response to the DE Comments.

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ATTORNEYS FOR THE EMPIRE DISTRICT
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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 June 16, 2015, to the following:

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