

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

In the Matter of a Determination of Special)
Contemporary Resource Planning Issues to be) File No. EO-2014-0065
Addressed by the KCP&L Greater Missouri)
Operations Company (“GMO”) in its Next)
Triennial Compliance Filing or Next Annual)
Update Report.)

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

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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 Response to the lists of special contemporary issues suggested by Missouri Public Service Commission Staff (“Staff”) and Missouri Department of Economic Development - Division of Energy (“Division of Energy”).

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 Special Contemporary Issues. The Company has an opportunity to respond to the lists provided in (A) by October 1, according to Rule 4 CSR 240-22.080(4)(B).

The definition of “Special Contemporary Issue” is found at 4 CSR 240-22.020(55): (55) Special contemporary issues means a written list of issues contained in a commission order with input from staff, public counsel, and intervenors that are evolving new issues, which may not otherwise have been addressed by the utility or are continuations of unresolved issues from the preceding triennial compliance filing or annual update filing. Each utility shall evaluate and incorporate special contemporary issues in its next triennial compliance filing or annual update filing.

II. Staff List of Special Contemporary Issues

On September 13, Staff filed six suggestions for special contemporary issues.

a. Describe and document the process GMO used to quantify all cost-effective demand-side savings in its most recent annual update filing;

GMO Response:

GMO will incorporate the findings of the demand-side management (“DSM”) Potential study in its annual update. The process used to quantify all cost-effective demand-side savings is described in Section 3.7 of Navigants_KCPL_Demand_Side_Resource_Potential_Study_Report and Appendix L of the Navigant Potential Study.

b. Describe and document the quantification of all cost-effective demand-side savings for GMO in its most recent annual update filing; and

GMO Response:

GMO will incorporate the findings of the DSM Potential study in its annual update. The process used to quantify all cost-effective demand-side savings is described in Section 3.7 of Navigants_KCPL_Demand_Side_Resource_Potential_Study_Report and Appendix L of the Navigant Potential Study.

c. Describe and document how GMO’s portfolio of demand-side resources in its adopted preferred resource plan in its most recent annual update filing is – or is not – designed to achieve a goal of all cost-effective demand-side savings during the 3-year implementation plan period and during the 20-year planning horizon.

GMO Response:

GMO's Preferred Plan will be based on the results of the Navigant Potential Study and is designed to achieve all cost-effective demand-side savings during the 20-year planning horizon. The first year of the study will be based on the Company's approved MEEIA filing.

d. Describe and document generally GMO's plans and timing to replace the Ventyx Midas® model currently used to perform its integrated resource plan and risk analysis required in 4 CSR 240-22.060;

GMO Response:

This suggestion does not meet the definition of "special contemporary issue". It is not an evolving new issue, which may not otherwise have been addressed by GMO. This proposed issue deals with a very narrow topic regarding the software model used to perform the integrated analysis in 4 CSR 240-22.060, which makes no reference to selection of software models. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

GMO has no plans to replace Midas®, but certainly would not rule out a change at some point in the future if another product could better serve GMO needs. GMO is not aware of another product that could effectively replace Midas®. Other models are available, but most only do part of what Midas® currently does, usually lacking the integration of financials along with the economic dispatch model, which are necessary components for revenue requirement and other performance measures used in the IRP process and rate case work.

e. Describe and document generally GMO's plans to work collaboratively with Staff, the Office of the Public Counsel and other parties to consider the possible transition - over time - to a common software platform to perform the analyses required by 4 CSR 240-22.060; and

GMO Response:

This suggestion does not meet the definition of “special contemporary issue”. It is not an evolving new issue, which may not otherwise have been addressed by GMO. This proposed issue deals with a very narrow topic regarding the software model used to perform the integrated analysis in 4 CSR 240-22.060, which makes no reference to selection of software models. It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

GMO would welcome a collaborative effort aimed at improving the entire process of performing this analysis, but views the choice of software platform(s) as merely one aspect of that. Addressing and targeting areas for improvement should be driven by rule requirements, not a selection of software.

f. Analyze and document the impacts of opportunities for GMO to implement distributed generation, DSM programs, combined heat and power (CHP), and micro-grid projects in collaboration with municipal, agricultural, and/or industrial processes with on-site electrical and thermal load requirements, especially in targeted areas where there may be transmission or distribution line constraints.

GMO Response:

GMO will incorporate the findings of the DSM Potential study in the 2014 Annual Update. This included the potential for DSM programs. The potential for combined heat and power (CHP) is described in Section 4 of Navigants_KCPL_Demand_Side_Resource_Potential_Study_Report. Navigant concluded that 85% of the potential for CHP was in the chemical, metals, food, healthcare, transportation and large office sectors.

III. Division of Energy List of Contemporary Issues

On September 13, Division of Energy filed five suggestions for special contemporary issues.

Issue 1: Provide a more detailed analysis of distributed generation and combined heat and power (CHP) sources

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, and large institutional customers, especially in targeted areas where there may be transmission or distribution line constraints.

GMO Response:

GMO will incorporate the findings of the DSM Potential study in the 2014 Annual Update. This included the potential for DSM programs. The potential for combined heat and power (CHP) is described in Section 4 of Navigants_KCPL_Demand_Side_Resource_Potential_Study_Report. Navigant concluded that 85% of the potential for CHP was in the chemical, metals, food, healthcare, transportation and large office sectors.

Issue 2: GMO should describe and document the legal and administrative steps necessary to allow for IRP planning on a combined company basis

GMO Response:

This suggestion does not meet the definition of “special contemporary issue”. It is not an evolving new issue, which may not otherwise have been addressed by GMO. It was specifically addressed by GMO in both the 2012 triennial filing and the 2013 annual update filing. GMO and KCP&L (collectively, the “Companies”) prepared separate triennial and annual update IRP studies for GMO and KCP&L as required by 4 CSR 240-22.080. In addition to the required analysis, a third planning view was developed that examined the needs of GMO and KCP&L combined in an attempt to minimize the risk that either stand-alone utility would implement an alternative resource plan that would not be in the best interests of Missouri retail customers under combined company operations. This additional analysis revealed that the stand-alone plans did not need to be adjusted to accommodate future potential combined operations at this time.

The IRP is a twenty year look into the future. By consistently analyzing each utility on a stand-alone basis, and then conducting additional analysis to validate the stand-alone plans vs. a combined company plan, the Companies will have the lead time necessary to consider legal and administrative steps that need to be taken to implement a combined plan should it become apparent that a combined plan is in the best interest of Missouri customers. The Companies believe there are no legal or administrative steps that must be taken to conduct combined company planning. It is the right thing to do and as such should be done.

It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

Issue 3: GMO should describe and document its methodology for allocating combined company resources to its component companies

In its annual update, GMO should describe and document its approach to constructing combined plans and its allocation procedures. If the Company uses a combined planning approach in the future, the combined plan should include an articulated methodology for sharing demand side, supply side and renewable resources between companies and demographic conditions.

GMO Response:

This suggestion does not meet the definition of “special contemporary issue”. It is not an evolving new issue, which may not otherwise have been addressed by GMO. It was specifically addressed by GMO in both the 2012 triennial filing and the 2013 annual update filing. The additional combined company analysis revealed that the stand-alone plans did not need to be adjusted to accommodate future potential combined operations at this time. Should it become apparent that a combined plan is in the best interest of Missouri customers, the Companies will need Commission approval that will include the methodology for allocating combined company resources if necessary. Without knowing the specific combined plan elements it is both premature and impossible to propose an allocation methodology. This exercise would of necessity be addressed either in a rate case or merger case, not in an IRP filing.

It is not appropriate to include this suggestion as a special contemporary issue and the Commission should exclude this proposed issue from the final list of such issues.

Issue 4: Customer Information/Behavior Modification DSM Programs

Analyze and document alternative methods of customer information/behavior modification and education programs to increase customer awareness and encourage more efficient use of energy.

GMO Response:

The Company's analysis will include a DSM program (Residential Reports) designed to increase customer awareness and encourage more efficient use of energy.

Issue 5: Demand Rate Mechanisms

Analyze and document the impact of opportunities to implement demand rate mechanisms and effects on the DSM portfolio in response to changing wholesale electricity prices. Analysis should consider implementation of such mechanisms compared to traditional real-time load forecasting and operational procedures.

GMO Response:

GMO will incorporate the findings of the DSM Potential study in the 2014 Annual Update. An analysis of the potential for demand-side rates will be included in the volume "DEMAND-SIDE RESOURCE POTENTIAL STUDY REPORT – DEMAND RESPONSE".

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of October, 2013.

/s/ James M. Fischer
James M. Fischer