

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY**

**OCTOBER 6, 1995**

**CASE NO: EO-94-360**

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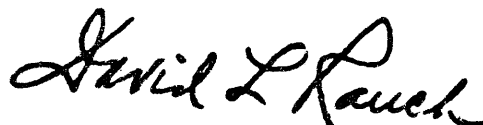
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Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102

**Enclosed find certified copy of ORDER in the above-numbered case(s).**

**Sincerely,**



**David L. Rauch  
Executive Secretary**

**Uncertified Copy:**

Myron W. McKinney, Vice President-Customer Services, The Empire District Electric Company,  
602 Joplin, P.O. Box 127, Joplin, MO 64801

Stephen K. Swinson, President, Trigen-Kansas City Energy Corporation, 115 Grand Ave.,  
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Robert M. Lee, Sr. Vice President-Marketing, Laclede Gas Company, 720 Olive Street, Room 1419,  
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Gary Clemens and Robert Atkins, Missouri Public Service, 10700 East 350 Highway, Kansas City, MO 64138

John M. Fernald, Director-Rates and Regulatory Affairs, Missouri Gas Energy, 3420 Broadway,  
Kansas City, MO 64111

At a session of the Public Service Commission held at its office in Jefferson City on the 6th day of October, 1995.

## ORDER CONCERNING COMPLIANCE

On December 19, 1994, all parties to this proceeding, except the City of Kansas City, Missouri (City), filed a joint filing. Although not a signatory to the joint filing, the City has expressed no objection to the joint filing and the joint filing itself states that the City has indicated that it does not object to the joint filing. The joint filing contains alleged deficiencies and recommendations. An alleged deficiency occurs where a party contends that KCPLAN 94 is not in compliance with the Commission's Electric Utility Resource Planning rules (hereinafter, "rules"). A recommendation occurs where a party is suggesting action that, in that party's opinion, would improve KCPL's resource planning process. A recommendation, however, does not mean that the party making the recommendation believes KCPLAN 94 is out of compliance with the rules with respect to the recommendation.

The joint filing makes no specific request of the Commission. The Commission will address the joint filing sua sponte. The Commission finds that the agreements between the parties at pages 5 through 31 of the joint filing are reasonably calculated to move KCPL towards compliance with the rules. Furthermore, the Commission finds that the recommendations contained at pages 39 through

47 of the joint filing are reasonably calculated to move KCPL towards complete compliance with these rules.

The Commission agrees with the Office of the Public Counsel (OPC) with respect to deficiency 58 on page 32 of the joint filing, which states that "KCPL should have used minimization of the present worth of long-run utility costs as the primary selection criteria (sic) for choosing its preferred plan." 4 CSR 240-22.010(2)(B).

The filings in this docket demonstrate that KCPL used minimization of average system rates (ASR) as its sole selection criterion in connection with DSM planning. The rules states in no uncertain terms that the utility shall use minimization of the present worth of long run utility costs as the primary selection criterion in choosing the preferred resource plan. Thus, the Commission finds that KCPLAN 94 is deficient in demonstrating full compliance with the requirements of the rules and presenting resource acquisition strategy in a manner that meets the requirements of 4 CSR 240-22.010(2)(A)-(C) of the rules.

The Commission finds that KCPL should modify its process for the selection of a preferred resource plan in connection with KCPLAN 97. In particular, KCPL must strictly follow 4 CSR 240-22.010(2)(B) and 22.010(2)(C). In sum, KCPL's filing should respect the distinction between a "primary selection criterion" (22.010(2)(B)) and "considerations which are critical to meeting the fundamental objective of the resource planning process, but which may constrain or limit minimization of the present worth of expected utility costs" (22.010(2)(C)) in presenting its view of the interplay between them.

The Commission finds that the deficiency in KCPLAN 94 is KCPL's failure to explain how the selection criterion used by KCPL legitimately results from the process identified in 4 CSR 240-22.010. The Commission generally agrees with the characterization of this deficiency in the joint filing at pages 5 and 6 (deficiency 1). The Commission finds that KCPL's submission of a separate

volume in KCPLAN 97 as described in the response to deficiency 1 appears to be a reasonable step towards compliance with the Electric Utility Resource Planning rules.

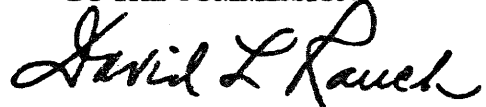
OPC and Trigen-Kansas City Energy Corporation (Trigen) listed numerous alleged deficiencies other than number 58 (discussed above). The Commission will not make specific findings on these other alleged deficiencies at this time. The Commission is not persuaded that a hearing in this docket would be beneficial at this time. Rather, the Commission would encourage KCPL, OPC and Trigen to continue using their best efforts to resolve these other disputes in connection with KCPLAN 97.

**IT IS THEREFORE ORDERED:**

1. That the record will reflect that KCPLAN 94 does not demonstrate compliance with the requirements of 4 CSR 240-22.010(2)(A)-(C), et seq.

2. That this order shall become effective on the 17th day of October, 1995.

**BY THE COMMISSION**



**David L. Rauch  
Executive Secretary**

( S E A L )

Mueller, Chm., Kincheloe and  
Crompton, CC., concur.  
McClure, C., dissents.  
Drainer, C., not participating.

L. L. L. / Pope

CASE NO. E 0 - 9 4 - 3 6 0

                      
Chairman *Ken 182 NO*  
                      
Commissioner   
                      
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**STATE OF MISSOURI**  
**OFFICE OF THE PUBLIC SERVICE COMMISSION**

3-1584c

*3-1 AA*  
*1-NP*  
*Cont. to 10/6*  
*TO 13*

I have compared the preceding c  
in this office and I do hereby certify the same to be a true copy  
therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at  
Jefferson City, Missouri, this 6 day of OCTOBER,  
1995.

*David L. Rauch*  
David L. Rauch  
Executive Secretary