

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

In the Matter of the 2009 Resource Plan of)
KCP&L Greater Missouri Operations Company)
Pursuant to 4 CSR 240-22.)

Case No. EE-2009-0237

Staff's Post Hearing Brief

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Post Hearing Brief*, states as follows:

Executive Summary

1. It is Staff's position that KCP&L Greater Missouri Operations Company ("GMO") has complied with the Commission's integrated resource planning rules at Chapter 22, 4 CSR 240, albeit tardily. Nonetheless, Staff has concerns which were addressed by Staff witness Lena Mantle in her hearing testimony, particularly with respect to GMO's lack of generation resources sufficient to serve its native load over the next twenty years. Staff does not seek any particular Commission action at this time.

Statement of the Case

2. This matter concerns GMO's compliance with the Commission's integrated resource planning rules at Chapter 22, 4 CSR 240.¹

3. Pursuant to statutory authority, the Commission has promulgated its Chapter 22 rules relating to Electric Utility Resource Planning. Chapter 22 sets out a comprehensive planning process intended to provide the electric utilities with the information necessary to make decisions that "ensure that the public interest is

¹ A revised 4 CSR 240-22 Electric Utility Resource Planning chapter became effective June 30, 2011 after GMO made its initial filing. All references to 4 CSR 240-22 are to the rules effective May 6, 1993.

adequately served.”² The Commission has stated that the “fundamental objective” of the planning process is: “to provide the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a manner that serves the public interest.”³ Chapter 22 imposes certain reporting obligations and deadlines upon electric utilities such as GMO.

4. On April 12, 2010, GMO joined in a *Nonunanimous Stipulation and Agreement* in Case No. EE-2009-0237 that represented a joint plan to remedy deficiencies in GMO’s Chapter 22 Integrated Resource Plan (“IRP”) filings of August 5, 2009, and November 2, 2009.

5. In the *Nonunanimous Stipulation and Agreement*, GMO committed to filing a revised IRP compliance filing by December 17, 2010. The Commission approved the *Nonunanimous Stipulation and Agreement* on June 2, 2010, and specifically directed GMO to file its revised IRP not later than December 17, 2010. However, on December 17, 2010, GMO moved for an extension, until January 18, 2011, stating that it had been unable to complete the required analyses in time due to lack of resources in that key personnel were unavailable due to the demands of its ongoing general rate case, Case No. ER-2010-0356. The Commission granted the requested extension on December 28, 2010.

6. On January 18, 2011, GMO filed its first revised IRP, which stated, at Paragraph 6:

As a result of this additional analysis completed per the Stipulation and Agreement in Case No. EE-2009-0237, GMO has determined that the preferred resource plan filed in August, 2009 is no longer appropriate.

² Rule 4 CSR 240-22.010(1), “Policy Objectives.”

³ *Id.*, at (2).

Significant changes have occurred in projections of both natural gas costs and CO2 emission costs along with recently proposed U.S. Environmental Protection Agency regulations, (Transport Rule) that dictates [sic] the need to fully evaluate additional alternative resource plans prior to determining a revised preferred plan. GMO will be conducting this additional analysis and expects to have results available in the summer of 2011[.] (Emphasis added).

7. GMO's first revised IRP was deficient because it did not meet the requirements of Commission Rule 4 CSR 240-22.070, (10) and (11), and Commission Rule 4 CSR 240-22.080, (1)(A)-(D) and (7). Therefore, GMO failed to meet the requirements of Commission Rule 4 CSR 240-22.010(2) and violated the *Nonunanimous Stipulation and Agreement* of April 12, 2010, and the Commission's specific Order of June 2, 2010, as extended by its Order of December 28, 2010, that GMO file a revised IRP not later than January 18, 2011. Consequently, Staff filed its *Complaint* on February 8, 2011, which was docketed as Case No. EC-2011-0250.

8. As ordered by the Commission in its *Order Directing Filing, Providing Notice and Setting Hearing* in this docket, GMO filed its second revised IRP on July 1, 2011.

9. A hearing was held on August 1, 2011, in this docket, and not in Case No. EC-2011-0250, to determine whether or not GMO violated the *Nonunanimous Stipulation and Agreement* of April 12, 2010.

10. On August 3, 2011, Staff advised the Commission that GMO had met its obligations under Chapter 22 with the filing of its second revised IRP. On that day, Staff filed its *Voluntary Dismissal* in Case No. EC-2011-0250 and requested that the Commission provide guidance as to whether or not a new complaint should be pursued with respect to GMO's tardy compliance. On August 10, 2011, the Commission granted Staff leave to dismiss its *Complaint* and directed Staff to not file any additional complaint

with respect to GMO's IRP.

Staff's Concerns

11. Staff is concerned that GMO did not incorporate the agreements reached in the stakeholder process outlined in its Risk Analysis and Strategy Selection that it filed on July 1, 2011.

12. Staff continues to be concerned that GMO's adopted preferred resource plan lacks sufficient generation and firm long-term power supply contracts to meet anticipated demand over the next twenty (20) years. See Staff Exhibits 4 and 5 (EFIS items 88 and 90, Case No. EE-2009-0237). GMO has advised the Staff that it intends to rely on short-term purchased power agreements ("PPAs") to fulfill its capacity requirements and that there will be sufficient capacity available in the Southwest Power Pool to meet GMO's needs. However, Staff points out that, similar to the capacity constraints of many of the KCPL and GMO's plants this summer due to flooding, the future availability and cost of that power cannot now be known and that the ratepayers are thus exposed to potentially unreasonable and unjust costs.

13. Staff is concerned that GMO's demand-side resources in its second revised IRP filing have expected energy savings and expected demand savings that are lower than the expected energy savings and expected demand savings of the demand-side resources included in GMO's first revised IRP filing.

14. However, Staff is encouraged by the statement in GMO's second revised IRP filing that GMO intends to make a filing under the recently effective Commission Missouri Energy Efficiency Investment Act rules.⁴ On July 5, 2011, GMO filed a notice

⁴ Rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094

of intended case filing (in Case No. EO-2012-0009) stating GMO's intent to file an application pursuant to Section 393.1075, 4 CSR 240-20.093, 4 CSR 240-20.094, 4 CSR 240-3.163 and 4 CSR 240-3.164 for authority to approve demand-side programs, and authority to establish a Demand-Side Programs Investment Mechanism (DSIM) that will include cost recovery of demand-side program costs, recovery of a portion of the net shared benefits, lost revenues and an incentive mechanism. KCPL made a similar filing on that date in Case No. EO-2012-0008. To date, GMO has not yet made this filing.

15. Staff is also aware of GMO's activities to complete a DSM market potential study in the near future, and Staff is supportive of GMO's activities to conduct a DSM market potential study.

WHEREFORE, Staff prays that the Commission will accept its *Post Hearing Brief*, find that GMO's second revised IRP satisfies GMO's obligations under the applicable Chapter 22 rules, and take note of Staff's stated concerns with that IRP; and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

s/ Kevin A. Thompson
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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **8th day of September, 2011**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson