

May 24, 2005

FILED⁴

JUN 03 2005

Public Service Commission Public Hearing

Comments by Susan Brown

Chairperson, Concerned Citizens of Platte County

Missouri Public
Service Commission

Ex. #2
Platte County
CPS

MISSOURI BUSINESSES WILL LOSE TO OTHER STATES IF THIS PLAN IS IMPLEMENTED

Thank you for the opportunity to be heard. A newspaper headline earlier this month read, "Energy conservation, renewable fuels popular with people at task force forum"^[1]. Sounds like something you would read in California, but this was from Springfield, Mo. Voters there rejected a 16% rate increase for a new coal plant so City leaders created a task force and at a recent forum "...almost no one backed using more coal to meet Springfield's growing demand for power." We don't get a vote here in KC, but we are telling you the same thing - if we need more electricity and you say we have to pay 15-20% more for it, we want the least expensive, the healthiest, the most business friendly option possible. That doesn't mean a HUGE, out-dated pulverized coal plant!

Yes, after hearing objections from the public, KCP&L's new plan includes some token wind and efficiency programs. They also plan on cleaning up their older polluting plants (which, by the way, they will be forced to do anyway due to new regulations). These are all nice ideas, but this plan is backwards - it all revolves around coal! In order for our businesses to flourish, the centerpiece of a least-cost energy plan for Kansas City should be reducing demand with energy efficiency, using clean wind power next, and as a last resort, burning coal!

Both

First

Here's why I say this. Energy efficiency and wind are less expensive than coal now AND in the future. Many other states are already generating energy by saving energy. Vermont's efficiency program costs just 2.8 cents/kilowatt hour (kwh)^[2] vs. 4.65 cents/kwh for new coal (according to Westar, a Topeka energy company). In another example, Nevada has "announced that new policies for increasing energy efficiency could save consumers and businesses in Nevada nearly \$5 billion over the next 15 years..."^[3]

~~Wind is already cost competitive with coal. Westar says it cost 2.5 to 3 cents/kwh for wind - again, much below the cost of new coal - 4.65 cents/kwh for new coal.~~ Empire Electric of Joplin, Mo entered into a contract for wind power and said, "it won't affect the rates of Empire customers. Because it (wind) is a cheap source of energy, it would be one of the first options for powering customers' homes and businesses."^[4] Iowa's governor signed an Executive Order requiring state agencies to purchase 10% of their energy needs from renewable energy by 2010.

What about the future cost of coal? It will only go up. Just as businesses are being asked to pay for pollution clean-up of KCP&Ls older plants today, they'll be asked to pay for mercury and carbon dioxide clean-up tomorrow. New mercury control rules have recently been enacted and only get tougher and more costly in the future. Global warming due to excess carbon dioxide is rapidly being accepted and will be regulated - increasing the cost of coal in the future. Last year it was reported that KCP&L had the 9th worst emission rate for CO2 out of the 100 largest US electricity producers.^[5] I'll read a few recent headlines - "Thirteen pension leaders ask SEC to require corporations to disclose global warming risks", ^[6] "California joins 8-State lawsuit to fight utilities' global-warming gases"^[7], and "Utility Fees on Carbon Dioxide Likely"^[8]. Missouri businesses will foot the bill for these future cost increases. When asked at their recent shareholder meeting about investor risk of being a huge CO2 emitter, Great Plain's CEO said "We think it (regulation) is a long time off, and we will get higher rates when it happens, so shareholders will be protected". This new plant will spew an estimated 5 million tons/year of carbon dioxide into our air and Missouri businesses will pay for it in the future.

Platte County
Public Hearing, Exhibit No. 2

Date 5-24-05 Case No. EO-2005-0329

Reporter Cross Reporting

Other utilities and businesses across the country are taking carbon regulation seriously. In some mid-western states, almost half of the new coal generation proposed is coal gasification, sometimes called “clean-coal” technology.^[9] AEP, the largest coal consumer in the nation, is currently petitioning their Public Utilities Commission in Ohio to build a coal gasification plant saying that not only is it environmentally superior, but costs less than pulverized coal when future carbon regulation is included.^[10] The chief executive of General Electric last week said the he “expected Washington to eventually impose controls on carbon emissions.”^[11]

As a division of the Missouri Dept. of Economic Development, a major part of your mission is to “support economic development”. Efficiency and wind create more jobs than coal. The Apollo Alliance, a coalition of environmental groups and labor unions, says, “increasing incentives for energy efficiency also creates substantial new construction investments and good jobs retro-fitting buildings.” Other studies estimate that wind “creates 3 times as many jobs as fossil fuels.”^[12] Energy efficiency also supports economic development by reducing energy bills for businesses, freeing up capital for more investment in job creation.

Finally, your mission statement is “safe, reliable and reasonable priced utility services that allow investors the opportunity for a fair return.” If you sign on to this plan, you will ensure that Missouri businesses receive ever-increasing rates that are only “reasonable” for KCP&L shareholders. Morningstar, an investment analysis company, says “If passed, this rate plan will be a substantial earnings driver over the next several years for KCP&L.”^[13] 850 new megawatts of pulverized coal capacity will only encourage token efficiency and renewable measures. Missouri businesses will be at a competitive disadvantage to states like Vermont, Nevada and Iowa that are making decisions now that will reduce their future energy costs. We urge you to reject KCP&L’s plan. As someone at the task force meeting in Springfield said, “Let’s stop sending money to Wyoming for coal and spend it here at home on energy efficiency.”

[1] Springfield News-Leader, 5/10/05

[2] *Efficiency Vermont* – 2003 Annual Report

[3] *Energy User News*, Feb 2005, “Guinn Announces New Nevada Energy Strategy”

[4] *Joblin Globe*, 2005, “Wind-farm deal designed as one step toward expanding capabilities”

[5] *KC Star* – 4/22/04, “Local Utilities Faulted for spewing Pollution”

[6] *Utility Automation and Engineering T&D*, 4/04

[7] *The Sacramento Bee*, 7/21/04

[8] *The Mercury News* (San Jose), 12/24/04

[9] John Thompson, Clean Air Task Force, (618) 457-0137

[10] Public Utilities Commission of Ohio, May 5, 2005, Testimony of Michael J. Mudd, American Electric Power Service Corp

[11] *The New York Times*, 5/10/05, “GE Chief Urges US to adopt Clearer Energy Policy”

[12] UC Berkeley, 4/14/04

[13] Morningstar Analyst Report, 5/2/05