

**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-2014-0064
Addressed by the Kansas City Power & Light)	
Company ("KCP&L") in its Next)	
Triennial Compliance Filing or Next Annual)	
Update Report.)	

**RESPONSE OF
KANSAS CITY POWER & LIGHT COMPANY**

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Pursuant to Missouri Public Service Commission ("Commission") Rule 4 CSR 240-22.080(4)(B), Kansas City Power & Light Company ("KCP&L" or "Company") hereby respectfully submits its Response to the lists of special contemporary issues suggested by Missouri Public Service Commission Staff ("Staff"), Missouri Department of Economic Development - Division of Energy ("Division of Energy"), and Sierra Club.

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 KCP&L used to quantify all cost-effective demand-side savings in its most recent annual update filing;

KCP&L Response:

KCP&L will incorporate the findings of the demand-side management (“DSM”) Potential study in the 2014 Annual Update and describe and document the process in the 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 KCP&L in its most recent annual update filing; and

KCP&L Response:

KCP&L will incorporate the findings of the DSM Potential study in the 2014 Annual Update and describe and document the process in the Update. The process used to quantify all cost-effective demand-side savings is described in Section 3.7 of the Navigants_KCPL_Demand_Side_Resource_Potential_Study_Report and Appendix L of the Navigant Potential Study.

c. Describe and document how KCP&L’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.

KCP&L Response:

KCP&L's Preferred Plan DSM resource will be based on the results of the Navigant Potential Study and be designed to achieve all cost-effective demand-side savings during the 20-year planning horizon.

d. Describe and document generally KCP&L'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;

KCP&L 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 KCP&L. 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.

KCP&L 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 KCP&L needs. KCP&L 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 KCP&L's willingness 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

KCP&L 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 KCP&L. 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.

KCP&L 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 KCP&L 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.

KCP&L Response:

KCP&L 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: DSM, Combined Heat and Power (CHP) and Distributed Generation (DG)

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.

KCP&L Response:

KCP&L 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 the potential for CHP, in KCP&L, was in the chemical, metals, food, healthcare, transportation, large office, petroleum, rubber-plastics and stone-clay-glass sectors.

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

KCP&L 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 KCP&L. It was specifically addressed by KCP&L in both the 2012 triennial filing and the 2013 annual update filing. KCP&L and GMO (collectively, the “Companies”) prepared separate triennial and annual update IRP studies for KCP&L and GMO 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 KCP&L and GMO 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: KCPL should describe and document its methodology for allocating combined company resources to its component companies

In its annual update, KCP&L 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.

KCP&L 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 KCP&L. It was specifically addressed by KCP&L 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.

KCP&L 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.

KCP&L Response:

KCP&L 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".

IV. Sierra Club List of Contemporary Issues

On September 13, Sierra Club filed eleven suggestions for special contemporary issues.

1. Developing and documenting for use in all economic modeling and resource planning low, base, and high projections for natural gas prices, CO2 prices, and coal prices;

KCP&L 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 KCP&L. KCP&L has developed

low, base, and high forecasts for natural gas, CO₂, and coal for all previous IRP filings and intends to continue developing these forecasts for future IRP filings. 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.

2. *The prospects for the future price of electricity in the wholesale market, and the impact of any changes in wholesale market prices on KCP&L's ability to generate revenue through off-system sales;*

KCP&L 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 KCP&L. KCP&L continually develops several wholesale energy market price curves and incorporates these price curves into the integrated analysis process of the triennial IRP and annual updates.

3. *Analyzing and documenting low, base, and high scenarios of projected off-system sales revenues under a range of assumed natural gas prices, CO₂ prices, and coal prices;*

KCP&L Response:

The Company disagrees with this issue and the Commission should exclude this proposed issue from the final list of suggested issues. Off-system sales will be reported as a additional performance measure as described in Rule 22.060 (2) A 7.

Off-system sales cannot be analyzed as a scenario because it is an output of the integrated analysis. However, off-system sales will rise or fall depending on the impact of scenario drivers such as natural gas prices, CO₂ prices, etc.

4. *Analyzing and documenting the future capital and operating costs faced by each KCP&L coal-fired generating unit in order to comply with all existing, pending, or potential environmental standards, including:*

- a) Clean Air Act New Source Review provisions;***
- b) 1-hour Sulfur Dioxide National Ambient Air Quality Standard;***
- c) National Ambient Air Quality Standards for ozone and fine particulate matter;***
- d) Cross State Air Pollution Rule in the event the Rule is reinstated;***
- e) Clean Air Interstate Rule;***
- f) Mercury and Air Toxics Standards;***
- g) Clean Water Act 316(b) Cooling Water Intake Standards;***
- h) Clean Water Act Steam Electric Effluent Limitation Guidelines;***
- i) Coal Combustion Waste rules;***
- j) Clean Air Act Section 111(d) Greenhouse Gas standards for existing sources;***
- k) Clean Air Act Regional Haze requirements***

KCP&L 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 KCP&L. 4 CSR 240-22.040 Supply-Side Resource Analysis (2)(B) includes instructions that cause probable environmental costs to be considered for purposes of integrated resource planning. The Company has conducted its integrated resource planning in accordance with the rule, and will provide capital and incremental operating costs for retrofit equipment that is potentially required to meet existing and future potential environmental regulations that would affect coal-fired units in the 2014 Annual Update. 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.

5. *Analyzing and documenting the cost of any transmission grid upgrades or additions needed to address transmission grid reliability, stability, or voltage support impacts that could result from the retirement of any existing KCP&L coal-fired generating unit;*

KCP&L Response:

KCP&L believes the Commission should exclude this proposed issue from the final list of suggested issues, as it is impossible to develop a reasonable estimate of the cost of transmission upgrades or additions needed to address transmission grid reliability impacts without identifying which generating unit(s) is retired and determining where the replacement generation will be located.

If the replacement generation resource is located at the same site as the retired generation, so that the existing transmission infrastructure can be utilized, there will be minimal cost incurred in transmission upgrades to maintain reliable service.

Alternatively, if the replacement generation is remote from the KCP&L load area, there would be significant transmission cost associated with delivery of that generation to load. If significant generation is retired, it would also be necessary to provide local dynamic var resources to maintain adequate voltage levels.

6. Analyzing and documenting on a unit-by-unit basis the net present value revenue requirement of the relative economics of continuing to operate each KCP&L coal-fired generating unit versus retiring and replacing each such unit in light of all of the environmental, capital, fuel, and O&M expenses needed to keep each such unit operating and compared to the cost of other demand side and supply side resources;

KCP&L 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 KCP&L. It is essentially Integrated Resource Planning at the unit level, which is neither appropriate nor contemplated in the current Chapter 22 Rules. The IRP is not a process by which individual assets are analyzed. The

Company shall test for the benefit of coal unit retirements in an integrated manner as specified by Chapter 22 rules. 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.

7. *Analyzing and documenting the technical, maximum achievable, and realistic achievable energy and demand savings from demand side management, and incorporating each level of savings into KCP&L resource planning process.*

KCP&L Response:

KCP&L will incorporate the findings of the DSM Potential study in the 2014 Annual Update.

8. *Analyzing and documenting the levels of achievable combined heat and power and incorporating such achievable CHP into KCP&L's evaluation of demand side management.*

KCP&L Response:

KCP&L will incorporate the findings of the DSM Potential study in the 2014 Annual Update. The potential for combined heat and power (CHP) is described in section 4 of Navigant's_KCPL_Demand_Side_Resource_Potential_Study_Report.

9. *Analyzing and documenting cost and performance information sufficient to fairly analyze and compare utility-scale wind and solar resources to other supply-side alternatives.*

KCP&L 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 KCP&L. 4 CSR 240-22.040 Supply-Side Resource Analysis includes instructions that cause renewable resources to be considered for purposes of integrated resource planning. The Company has conducted its integrated resource planning in accordance with the rule, and will provide capital and operating

cost estimates regarding future utility scale wind and solar resource additions in its next annual update. 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.

10. Analyzing the impact of emerging energy efficiency technologies throughout the planning period.

KCP&L 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 KCP&L. 4 CSR 240-22.050 Demand-Side Resource Analysis includes instructions for the consideration of demand-side resources to be considered for purposes of integrated resource planning. 4 CSR 240-22.050(1)(E) instructs the utility “To include the effects of improved technologies expected over the planning horizon to--1. Reduce or manage energy use; or 2. Improve the delivery of demand-side programs or demand-side rates.” The Chapter 22 rules already provide direction for analyzing demand-side resources including “improved technologies expected over the planning horizon”. 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.

11. Analyzing and documenting the long-term rate and bill impacts of any alternative demand-side management plan evaluated by the company.

KCP&L 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 KCP&L. The Chapter 22 rules already provide direction for analyzing demand-side resources within each alternative resource plan, but rate and bill impacts are not analyzed based upon DSM plans only. 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.

Respectfully submitted,

/s/ James M. Fischer

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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