

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service Commission held at its office in Jefferson City on the 7th day of January, 1997.

In the Matter of St. Joseph Light)
and Power Company's Electric Resource) Case No. EO-96-5
Plan Pursuant to 4 CSR 240-22.)

**ORDER REGARDING ST. JOSEPH LIGHT AND POWER COMPANY'S
ELECTRIC RESOURCE PLAN FILING AND JOINT AGREEMENT**

This docket was opened on July 10, 1995, for the purpose of allowing St. Joseph Light and Power Company (SJLP) to file its integrated resource plan pursuant to 4 CSR 240-22 of the Commission's rules. In accordance with Chapter 22, the Commission published notice and allowed intervention by proper parties. After substantial review of the SJLP filing, reports on the filing were made by both the Staff of the Commission (Staff) and the Office of the Public Counsel (OPC).

In those reports alleged deficiencies were outlined and discussed, and resolution of those deficiencies was suggested. As a result, on December 23, 1996, a joint agreement between the parties was filed, (appended hereto as Attachment A) setting out a detailed plan to address the alleged deficiencies noted by the Staff and the OPC. The joint agreement purports to represent a complete resolution of all issues regarding this filing.

The Commission must determine whether SJLP has demonstrated, through its filing and the execution of the joint agreement, substantial compliance with the rules contained in Chapter 22 and, more specifically, whether SJLP's resource planning meets the requirements set out in 4 CSR 240-22.010(2) (A)-(C), which states:

(2) The fundamental objective of the resource planning process at electric utilities shall be to provide the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a manner that adequately serves the public interest. This objective requires that the utility shall--

(A) Consider and analyze demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process;

(B) Use minimization of the present worth of long-run utility costs as the primary selection criterion in choosing the preferred resource plan; and

(C) Explicitly identify and, where possible, quantitatively analyze any other considerations which are critical to meeting the fundamental objective of the resource planning process, but which may constrain or limit the minimization of the present worth of expected utility costs. The utility shall document the process and rationale used by decision makers to assess the tradeoffs and determine the appropriate balance between minimization of expected utility costs and these other considerations in selecting the preferred resource plan and developing contingency options. These considerations shall include, but are not necessarily limited to, mitigation of --

1. Risks associated with critical uncertain factors that will affect the actual costs associated with alternative resource plans;

2. Risks associated with new or more stringent environmental laws or regulations that may be imposed at some point within the planning horizon; and

3. Rate increases associated with alternative resource plans.

The parties characterize the agreement as being a proposal by which the Commission would allow SJLP to submit a resource planning analysis that is focused on those areas the parties believe to be relevant to SJLP's resource needs over the next 6 years. The parties are of the opinion that

the agreed-upon analysis and periodic filings required in the joint agreement are in keeping with the Commission's resource planning rules.

Generally, the areas specified in the joint agreement in which alleged deficiencies exist and in which various solutions were agreed to are in the areas of load analysis and forecasting, demand-side and supply-side analysis, and the creation of a contingency plan. As set out in the joint agreement, SJLP has agreed to perform various analyses, plans and other determinations in the above-stated areas, and make periodic filings and reports in this docket.

After review of the integrated resource plan filing and joint agreement, the Commission finds that SJLP has made substantial effort to achieve compliance with 4 CSR 240-22. The Commission regards the integrated resource plan process as an ongoing one and will allow this docket to remain open for the filing and review of the various matters as set out in the joint agreement of December 23, 1996. The Commission will order SJLP to take the actions specified in the joint agreement of December 23, 1996, and will allow the parties to submit reports to the Commission on any subsequent filing and to continue necessary discovery.

IT IS THEREFORE ORDERED:

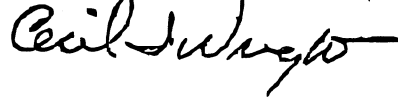
1. That St. Joseph Light and Power Company is hereby ordered to do and perform all those matters agreed to in the joint agreement in this case, filed December 23, 1996.

2. That the integrated resource plan filed by St. Joseph Light and Power Company has met the requirements of Chapter 22 of the Commission's rules, pending continued compliance as set out in the joint agreement of December 23, 1996.

3. That this docket will remain open for periodic filings by St. Joseph Light and Power Company and periodic reports by the remainder of the parties regarding those filings.

4. That this order shall become effective on the date hereof.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., McClure,
Crumpton, and Drainer, CC., Concur.
Kincheloe, C., Absent.

ALJ: Derque

Attachment A

FILED

DEC 23 1996

**MISSOURI
PUBLIC SERVICE COMMISSION**

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

In the Matter of St. Joseph Light & Power Company's Electric Resource Plan Pursuant to 4 CSR 240-22.)
) Case No. EO-96-5
)

JOINT AGREEMENT AND FILING

Comes now St. Joseph Light & Power Company (SJLP or Company); Commission Staff (Staff); and the Office of the Public Counsel (OPC), pursuant to 4 CSR 240-22.080(8) of the Commission's rules on Electric Utility Resource Planning, and submit this Unanimous Agreement regarding the recommendations parties have made regarding SJLP's Electric Resource Plan.

To the extent that all of the parties agree, this document constitutes a unanimous agreement between SJLP and such parties as to these recommendations. Furthermore, the parties waive their respective rights under section (9) of 4 CSR 240-22.080 to file a response or comments and there will be no need for a hearing by the Commission. The parties are ready and willing to respond to any questions of the Commission which may arise during its consideration of this unanimous agreement.

This Joint Agreement and Filing has resulted from extensive negotiation among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Joint Agreement and Filing in total, then this Joint Agreement and Filing shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

In the event the Commission accepts the specific terms of the Joint Agreement and Filing, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.080.1 RSMo 1994 to present testimony, cross-examine witnesses, and present oral

argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994.

If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Joint Agreement and Filing. Each Party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any further proceeding or in this proceeding whether or not the Commission approves this Joint Agreement and Filing. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Joint Agreement and Filing, whether or not the Commission approves and adopts this Joint Agreement and Filing.

The Staff shall also have the right to provide, at any agenda meeting at which this Joint Agreement and Filing is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

I. THE CONTEXT OF THE AGREEMENT

This agreement is submitted by the undersigned parties as a "joint agreement on a plan" to remedy the identified alleged deficiencies as contemplated by 4 CSR 240-22.080(8). St. Joseph Light & Power Company (SJLP or Company) has filed its 1996 Electric Resource Plan (ERP) with the Missouri Public Service Commission (Commission) which documented the Company's decision to (1) replace the generation from purchased power contracts terminating in the year 2000 and (2) meet load growth with a ten-year contract to purchase up to 100 megawatts from the Nebraska Public Power District. Since SJLP's current forecasts do not anticipate the need for additional purchases of any significance or for the construction of generation facilities until after 2006, and barring substantial changes in load growth or an unexpected change in the availability of existing generation capacity (owned or under contract), SJLP will not need to make decisions regarding any significant supply-side additions until its Commission required ERP filing in 2002. It is in this context that the parties recommend that SJLP's scheduled 1999 ERP filing be modified as provided in this agreement.

The parties to this agreement have considered whether or not this agreement constitutes a request for a "complete waiver" from the Commission's ERP rules. There is an understanding among the parties that what is contained in this agreement does not constitute a request for a "complete waiver" from the Commission's ERP rules. Instead, it is a proposal by which the Commission would allow SJLP to submit resource planning analysis that is focused on areas that the parties believe to be relevant to the Company's resource needs over the next six years, and that is also consistent with the "spirit" and "intent" of the Commission's ERP rules. Thus, the parties

believe that the analysis and filings, which are set out and committed to in this agreement, are in keeping with the general analysis and filings required by the Commission's ERP rules and do not constitute a "complete waiver" from the rules.

The parties to this agreement have also discussed the possibility of retail competition and the effect it would have on resource planning for SJLP. There is consensus that retail competition could have a major impact on SJLP's obligation to provide both supply-side and demand-side resources for those who are currently its native load customers. If, because of retail competition, the Commission rescinds or suspends the operation of 4 CSR 240-22 before the date of SJLP's 1999 filing, the parties agree that SJLP will not be required to continue the analysis and make the filing herein scheduled for its 1999 filing date. If, because of retail competition, the Commission modifies 4 CSR 240-22, or for any other reason, the Commission rescinds, suspends the operation of or modifies 4 CSR 240-22 before the scheduled dates set out herein, the parties agree to renegotiate the terms of this agreement to meet the stated intent of the Commission, and in the event that a new agreement cannot be reached, the parties may present their positions to the Commission for final determination.

SJLP may request extensions of any of the filing dates herein should unforeseen circumstances arise. SJLP may request waivers of any of the requirements herein on the basis that completing a requirement would not be cost effective.

II. THE CONTENT OF THE AGREEMENT

Load Analysis and Forecasting Filings:

In order to address the deficiencies alleged by Office of the Public Counsel (OPC) in its November 8, 1996, filing and Missouri Public Service Commission Staff (Staff) in its November 8, 1996, filing with respect to 4 CSR 240-22.030 and in lieu of its 1999 filing to meet the detailed list of requirements on 4 CSR 240-22.030 and taking into account the agreements in Section I, SJLP agrees to file:

- (1) By July 31, 1997 - a report which covers the Company's proposal for incorporating load research and end-use information into its peak demand forecast;
- (2) At its scheduled 1999 filing date - estimates of weather normalized hourly demands for its net system load for the period 1990 through 1998;
- (3) At its scheduled 1999 filing date - estimates of weather normalized monthly energies and demands at time of monthly system peaks for each of its major classes, including estimates of losses, and separate estimates for the hours of the summer and winter peaks, all covering the period 1990 through 1998 and reconciled with the estimates in (2) for each month as well as the hours of summer and winter peaks;
- (4) At its scheduled 1999 filing date - estimates of end-use hourly demands (weather and non-weather sensitive end uses at a minimum) for each of the major classes over the 1990 through 1998 period that are reconciled with the estimates of monthly energies, monthly peaks and seasonal peaks in (3) above; and
- (5) At its scheduled 1999 filing date - ten year forecasts for summer and winter coincident peak demands for the system as well as for the major classes; and ten year forecasts for monthly energies for the system as well as for the major classes.

Demand-Side Resource Filings:

In order to address the deficiencies alleged by OPC and Staff with respect to 4 CSR 240-22.050 and in lieu of its 1999 filing to meet the detailed list of requirements on 4 CSR 240-22.050 and taking into account the agreements in Section I, SJLP agrees to file:

- (6) By July 31, 1997 - an explanation of what caused the change from the demand-side resources in its preferred resource plan to the demand-side programs in its marketing plan, including:
- Estimates of the capacity and energy savings that are expected from each of the demand-side programs described in its marketing plan; and
 - Comprehensive impact and process evaluation plans for each of the demand-side programs in its marketing plan;
- (7) For the end-uses found to be cost-effective in the program screening analysis of its filing, SJLP will determine the market barriers to implementation for various market segments. Market barriers considered will at least include, but not be limited to: high up-front costs, split incentives and limited product and service availability in local markets. Demand-side programs will then be designed that combine the end-use measures by common market barriers and customer market segments. The delivery mechanisms considered will range from low intensity (e.g., information only) to high intensity (e.g., low-interest financing, rebates or shared savings). The information obtained from considering a range of mechanisms will be utilized in determining which mechanisms are necessary to obtain the demand-side resource in SJLP's preferred resource plan and in developing contingency plans. By January 31, 1998, SJLP will file a report describing:
- The details of the program design to achieve the demand-side resources in its preferred plan including the targeted market segments, the barriers that SJLP will attempt to overcome and the delivery mechanism chosen;
 - The impact and process evaluation plans for the programs; and
 - Detailed implementation schedules for the years 1998 and 1999.
- (8) By January 31, 1998 - a cost-effective demand-side program designed for low-income residential customers to overcome market barriers that are specific to this group; and develop both implementation and evaluation plans for these low-income demand-side programs, with scheduled implementation for 1998.

(9) For building shell thermal integrity and HVAC related measures that were not screened for the residential and commercial new construction market segments, SJLP will perform the following analyses and tasks:

- Determine which measures are cost effective;
- Determine the market barriers to implementation. Market barriers considered will include but not be limited to: high up-front costs, split incentives and limited product and service availability in local markets;
- Design programs that combine the end-use measures by common market barriers;
- Consider delivery mechanisms ranging from low intensity (e.g., information only) to high intensity (e.g., low-interest financing, rebates or shared savings). A home rating system will also be considered as a delivery mechanism for the residential new construction market segment; and
- Perform cost effectiveness screening of the new construction programs for the residential and commercial market segments.

By SJLP's scheduled 1999 filing date, it will file a report describing:

- The measure screening results for building shell thermal integrity and HVAC related measures;
- The details of the program design for residential and commercial new construction programs;
- The impact and process evaluation plans for these programs; and
- Detailed implementation schedules.

With respect to the additional analysis that SJLP has agreed to perform in item (7) above, Staff and OPC agree that they will not request that the Commission require SJLP to revise the 4 CSR 240-22.060 and 4 CSR 240-22.070 analysis that it has already performed for its 1996 ERP filing.

Supply-Side Resource Filings:

In order to address the deficiencies alleged by OPC and Staff with respect to 4 CSR 240-22.040 and in lieu of its 1999 filing to meet the detailed list of requirements on 4 CSR 240-22.040 and taking into account the agreements in Section I, SJLP agrees to file:

(10) At its scheduled 1999 filing date - a report that includes the following elements:

- **Determination of the physical condition of each of the units and common facilities at its Lake Road plant, including the likelihood of failure for components that are determined to be critical;**
- **Determination of the effect that maintaining versus refurbishing would have on the likelihood of component failure;**
- **Determination of the levels and changes in costs of maintaining versus refurbishing the Lake Road plant; and**
- **Evaluate the overall cost effectiveness of maintaining versus refurbishing versus retiring, taking into account the uncertainties associated with the following areas - component failure, cost of replacement power, availability of replacement power, peak load growth, and environmental regulations.**

Contingency Plan Filings:

In order to address the deficiencies alleged by OPC and Staff with respect to 4 CSR 240-22.070(10) of the Commission's rules and in lieu of its 1999 filing to meet the detailed list of requirements on 4 CSR 240-22.070(10), SJLP agrees to file:

(11) By July 31, 1997 - a contingency plan that includes the following elements:

- **The ranges or combinations of outcomes for the critical uncertain factors that define the limits within which the preferred resource plan is judged to be appropriate;**
- **An explanation of how these limits were determined;**
- **A set of contingency options that are judged to be appropriate responses to extreme outcomes of the critical uncertain factors;**

- An explanation of why these contingency options are judged to be appropriate responses to the specified outcomes;
- A process for monitoring the critical uncertain factors on a continuous basis and reporting significant changes in a timely fashion to those managers or officers who have the authority to direct the implementation of contingency options when the specified limits for uncertain factors are exceeded; and
- Consideration of the following critical uncertain factors in SJLP's contingency analysis:
 - The price of purchases of short-term capacity and energy, as well as how those prices might vary with increasing demands made by SJLP within a given year;
 - The limits to the amount of capacity available for purchase in the short-term markets;
 - The effectiveness of various delivery mechanisms for achieving demand-side reductions;
 - The effectiveness of rate programs in achieving demand-side reductions;
 - The level of growth in summer peak demand; and
 - The operational life of Unit #3 at the Lake Road plant.

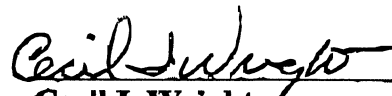
(12) At its scheduled 1999 filing date - an implementation plan as defined by 4 CSR 240-22.070(9) to update SJLP's implementation plan currently on file with the Commission as modified pursuant to requirements (7) and (8) of this agreement and an update to the contingency plan filed July 31, 1997 that meets the requirements of 4 CSR 240-22.070(10)(D) and (E).

The parties to this agreement understand that if there are any significant changes in the preferred resource plan which SJLP currently has on file with the Commission, the requirements of 4 CSR 240-22.080(10) still apply. Specifically, SJLP will notify the Commission within sixty (60) days of its determination to change its preferred resource plan. If this change results in SJLP's

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

**I have compared the preceding copy with the original on file 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 7 day of JANUARY, 1997.**


**Cecil L. Wright
Executive Secretary**

intention to implement resource options before its 1999 filing that are different from those in its preferred resource plan, SJLP will include in its filing a revised implementation plan.

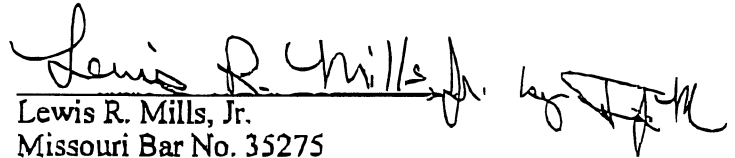
WHEREFORE, the signatories respectfully request that the Commission issue its order approving the terms of this Joint Agreement and Filing as soon as practicable.

Respectfully submitted,



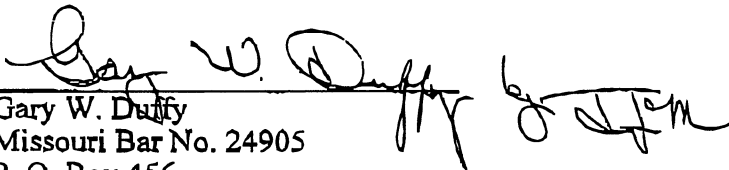
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ST. JOSEPH LIGHT AND POWER**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 23rd day of December, 1996.

