

In the Matter of the 2011 Resource Plan) **Case No. EE-2011-0032**
of Kansas City Power & Light Company)

COMES NOW the Office of the Public Counsel for its Response in Opposition to Kansas City Power & Light Company's Renewed Application for Waiver and Alternative Request for Hearing states as follows:

1. On September 7, 2010, Public Counsel filed its first response in opposition to Kansas City Power & Light Company's application for waiver. In that response, Public Counsel noted that KCPL has abandoned its Preferred Resource Plan identified in KCPL's last IRP filing. Public Counsel also noted the apparently haphazard state of KCPL's resource planning at the current time, with the 2008 wind resource being deferred several times, followed by a frantic attempt to obtain expedited approval to sell certain turbines, which was followed in turn by a frantic (but perhaps successful) attempt to quickly put those same turbines into service. At the same time, KCPL appears to be scaling back on its Demand Side Management efforts. None of these factors have eased since Public Counsel's initial response in opposition to KCPL's request to delay the filing of its next IRP, and Public Counsel continues to oppose the request.

2. In addition, since Public Counsel's initial response in opposition, another factor has arisen which makes delaying another IRP even more suspect. KCPL has informed the Kansas Corporation Commission that KCPL intends to expend a staggering amount money in

retrofits to the La Cygne generating station.¹ The analysis that KCPL has provided to Public Counsel in support of its decision to quickly move forward with these retrofits is cursory and unconvincing. Based upon the information received to date, Public Counsel does not believe that KCPL would be prudent to proceed with the planned La Cygne retrofits without substantial additional analysis. The La Cygne coal units are 33 and 37 years old, and the proposed retrofits – despite the huge sums budgeted – would address only a selective few of the possible upgrades which might be necessary to keep the units operating in the future.

3. KCPL, in contrast to its Preferred Resource Plan, has decided to curtail spending on energy efficiency while at the same time pressing forward with supply-side expenditures. In the 1990s and the early years of the new millennium, the Commission and Missouri's electric utilities had the luxury of time to consider resource plans because the utilities planned relatively few significant resource expenditures. KCPL in particular no longer fits that paradigm. KCPL has been, and apparently intends to continue, spending huge amounts on supply-side infrastructure. The fact that KCPL has abandoned its Preferred Resource Plan, sees no urgency in presenting a new resource plan to the Commission, and intends to continue to investing heavily in old coal plants while giving short shrift to energy efficiency causes grave concern to Public Counsel and should gravely concern the Commission as well.

4. For the reasons stated herein and in Public Counsel's September 7 filing, Public Counsel opposes KCPL's request for extension and urges the Commission to deny it. The issues that KCPL alleges in support of its request (the possibility of two filings in a relatively short time and the possibility that it might seek to file a joint plan with KCPL-GMO) can both be resolved

¹ See Attachment 1, public version of the September 30, 2010 KCC letter. KCPL has designated its budgeted amount for the La Cygne retrofits as Highly Confidential.

without putting off KCPL's November 2011 filing. For example, KCPL's concern over the possibility of having to file two IRPs in a relatively short time could be solved by delaying the proposed April 2012 filing or by accelerating the November 2011 filing, or both. KCPL's notion of a combined KCPL and KCPL-GMO filing still appears to be more of a vague amorphous desire rather than an actual plan, and it should not be a basis for delaying a much-needed new IRP.

5. In the alternative, should the Commission desire to take evidence on the issue of whether an extension is in the public interest, Public Counsel requests that the Commission schedule an evidentiary hearing.

WHEREFORE, Public Counsel respectfully requests that the Commission deny KCPL's request for waiver, or in the alternative, requests that the Commission schedule an evidentiary hearing on the issue.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Lewis R. Mills, Jr.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been emailed to parties of record this 30th day of November 2010.

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/s/ Lewis R. Mills, Jr.



September 30, 2010

Michael R. Schmidt
Director of Utilities
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Re: KCP&L's LaCygne Environmental Expenditures and the Environmental Cost
Recovery Rider Requested in Docket 10-KCPE-415-RTS

Dear Mr. Schmidt,

The purpose of this letter and the attached summary is to provide the Kansas Corporation Commission (Commission or KCC) Staff with notice of the commencement of the LaCygne Units 1 and 2 environmental compliance project in the event the Commission authorizes Kansas City Power and Light (KCP&L) to implement an Environmental Cost Recover (ECR) Rider.

KCP&L has requested an ECR Rider in the Company's current rate case, Docket 10-KCPE-415-RTS (415 Docket). The Commission is scheduled to issue an order in the 415 Docket, including whether or not the Company will be authorized to implement an ECR Rider, by November 22, 2010. As discussed in the rebuttal testimony of KCP&L witness Curtis D. Blanc and the direct testimony of KCC Staff witness Jeffrey D. McClanahan in the 415 Docket, if the Company is authorized to implement an ECR Rider it intends to recover its Kansas jurisdictional share of costs for environmental expenditures at LaCygne Units 1 and 2 through the ECR Rider. At this time KCP&L anticipates the construction of the environmental compliance project on LaCygne Units 1 and 2 will begin in the first half of 2011.

As discussed in the direct testimony of KCP&L witness Tim M. Rush in the 415 Docket and consistent with how Westar administers its ECR Rider, under the proposed ECR Rider, six months before the Company commences an environmental compliance project KCP&L will submit a summary to the KCC Staff. The summary is to contain the following information:

- A description of the project;
- The need for the project, including how it complies with legal requirements;
- The reasons for choosing a particular technology in lieu of possible alternatives;
and
- An estimate of the costs and duration of the project.



The summary containing this information is in the attached file titled "LaCygne Units 1 and 2 Environmental Project". We believe Westar has already provided its notice for these same La Cygne projects pursuant to the requirements of its ECR Rider.

Please contact me if you have any questions concerning this project.

Regards,

A handwritten signature in black ink, appearing to read "C.D. Blanc".

Curtis D. Blanc
Senior Director, Regulatory Affairs

cc: David Springe, CURB – Public Version

PUBLIC VERSION

*** Designates Confidential Information.
All Such Information Should Be Treated Confidentially.

**KCC Filing
Pollution Control Project
LaCygne Units 1 and 2 Environmental Project**

Description of the project

At KCP&L's LaCygne Generating Station the Company is preparing to install wet scrubbers, baghouses and a common chimney for both LaCygne Units 1 and 2, and a selective catalytic reduction (SCR) system and low-nitrogen oxide (NOx) burners for Unit 2.

The benefit of these projects will be to reduce the emission of stack particulate matter, NOx and sulfur dioxide (SO₂) emissions from the La Cygne Generating Station.

Need for the Project

Regional Haze Rule

The Environmental Protection Agency (EPA) has clarified the requirements of its Regional Haze Rule (RHR), which are intended to improve visibility over national parks and wilderness areas throughout the United States. In November 2007, KCP&L and the Kansas Department of Health and Environment (KDHE) executed a Regional Haze Agreement supporting KCP&L's intention to reduce LaCygne Units 1 and Unit 2 emissions to RHR compliance limits which require the installation of Best Available Retrofit Technology (BART). Under this agreement, KCP&L agreed to emission limits for La Cygne Units 1 and 2 that will be less than or equal to the presumptive emission limits established in the Code of Federal Regulations by 40 CFR Part 51, Appendix Y, averaged for both Units. The emission limits agreed to within the Regional Haze Agreement were included in KDHE's Regional Haze State Implementation Plan (SIP), which was submitted in October 2009 to the EPA for approval, KCP&L agreed to install and operate BART compliant equipment as expeditiously as practical, but in no event later than five years after EPA approval of the Kansas SIP or June 1, 2015, whichever date occurs first.

In March 2005, the EPA issued the Clean Air Interstate Rule (CAIR) which did not apply to Kansas. In July 2008, the D.C. Circuit Court of Appeals vacated CAIR in its entirety and remanded the matter to the EPA to promulgate a new rule consistent with its opinion. The CAIR remains in effect pending future EPA or court action.

Proposed Transport Rule

In July 2010, the EPA proposed the Transport Rule with the goal of reducing interstate transport of ozone and fine particle matter. This rule would replace the CAIR. This rule would require 31 states, including Kansas and Missouri, to reduce power plant emissions that contribute to ozone and fine particle pollution in other states.

EPA is proposing to put in place this new approach that helps states meet their obligations to reduce transported pollution and attain and maintain compliance with the national ambient air quality standards (NAAQS). Specifically, this proposal would require significant reductions in SO₂ and NO_x emissions that cross state lines by 2012 and 2014.

EPA is proposing one approach for reducing SO₂ and NO_x emissions in states covered by this rule and taking comment on two alternatives. In EPA's preferred approach, EPA is proposing to set a pollution limit (or budget) for each of the 31 states and the District of Columbia. This approach allows limited interstate trading among power plants but assures that each state will meet its pollution control obligations.

EPA has indicated it will finalize the ozone NAAQS in October 2010. To address the anticipated revised ozone standard, EPA proposes that a Transport Rule II will be proposed for additional NO_x reductions in summer 2011 and finalized in summer 2012. It is anticipated that the Transport Rule II will have additional phase reductions for annual and ozone season NO_x.

Analysis of KCP&L's proposed allocation to sources show allowance deficits that will have to be addressed through trading, if permissible, operational changes, and/or additional emission control equipment.

Proposed Ozone NAAQS Standard

In January 2010, EPA proposed to strengthen the 8-hour primary ozone standard, designed to protect public health, to a level within the range of 0.060-0.070 parts per million (ppm). EPA is also proposing to establish a distinct cumulative, seasonal secondary standard, designed to protect sensitive vegetation and ecosystems, including forests, parks, wildlife refuges and wilderness areas. EPA is proposing to set the level of the secondary standard within the range of 7-15 ppm-hours. The proposed revisions result from a reconsideration of the identical primary and secondary ozone standards set at 0.075 ppm in 2008. EPA has indicated it will finalize the ozone NAAQS in October 2010.

In March 2009, both KDHE and MDNR made non-attainment recommendations for the 2008 ozone NAAQS standard for Kansas City metropolitan counties. In 2009, the Kansas City area exceeded the 2008 standard of 0.075 ppm. The currently proposed range of 0.060-0.070 ppm will be very difficult for the Kansas City area to attain in the future.

By approximately 2014, KDHE will be required to develop a SIP outline how Kansas will reduce ozone to meet the standard in non-attainment areas. Non-attainment could require NOx reduction controls to be added to KCP&L's La Cygne Unit 2 by potentially as early as 2014.

Reasons for choosing a particular technology

Critical uncertainties such as gas prices, CO₂ allowance prices, load growth, capital costs and emerging technologies were analyzed over multiple scenarios in KCP&L's modeling and planning process. The results indicate that both LaCygne Units 1 and 2 should be retrofitted as part of the low cost plan in most scenarios, as compared to shutting the units down prior to June 1, 2015, which would be required absent the investments contemplated here.

An estimate of the cost and duration of the project

Based on the response to KCP&L's Request for Information (RFI) issued to potential Engineer, Procure and Construct (EPC) contractors, engineers, and equipment suppliers the Company issued a Request for Proposal (RFP) to six vendors in June 2010. Bids are due in November 2010 and the bid evaluation to support a short list is anticipated to be completed in December 2010.

KCP&L's capital budget currently includes an estimate of ** _____ ** for the Company's 50% share of retrofitting the LaCygne Generating Units 1 and 2. This number will be updated once the RFP process and bid evaluation has been completed.

Estimated Timeline

