

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

In the Matter of the Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by the Empire District Electric)	EO-2018-0048
Company in its Next Triennial Compliance Filing)	
or its Next Annual Update Report)	

**PUBLIC COUNSEL’S REPLY TO EMPIRE’S
OBJECTIONS AND COMMENTS REGARDING
SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES**

COMES NOW the Office of the Public Counsel (“OPC” or “Public Counsel”) and in its Reply to Empire District Electric Company’s (Empire or Company) October 1, 2017 *Objections and Comments Regarding Suggested Special Contemporary Resource Planning Issues*, (Empire Comments) page 2, OPC states:

1. In its Response to OPC, Empire objects to “OPC’s Supply-Side Management Topic 2 (Issue A(5) in OPCs original submission (analysis of coal generation retirements by all SPP members)” that the Company does not possess the systems or data (such as generator costs, load requirements, replacement resources, and resource efficiencies), for any Southwest Power Pool (SPP) member other than Empire. Empire further comments that, in order to respond, it would be necessary for Empire to perform an analysis of the impact of certain percentages of coal generation being retired by all SPP members. And further that, it would be cost prohibitive for Empire, or any other individual member of SPP, to conduct the study and analysis requested by OPC.

2. In response, OPC notes that Empire has stated that assumptions regarding SPP resources and changes in these resources are already an integral part of Empire’s current resource planning processes. Moreover, OPC is not requesting Empire identify which resources would be

retired. Instead Public Counsel is merely asking Empire to complete an analysis of the potential impact on market prices, and subsequent impact on customers' rates, given changes in the SPP resources. For example, early retirement of dispatchable base load generation units, with the addition of intermittent wind resources, is likely to result in increases in market prices during the summer peaking season in that energy from the dependable base-load units is no longer available. This may result in increases in Empire's off-system sales revenues in the summer. If Empire is retiring base load units, however, Empire may be forced to increase its purchases during these summer months when wind energy is not available resulting in higher prices to customers.

3. Given Empire's statement that it monitors and actively participates in SPP planning activities and working groups, Empire should be able to make an informed estimate of how such retirements and additions could affect market prices. The changes in market prices will directly impact Empire's customer's costs as long as the Company is able to pass increases in costs and increases in revenues through a fuel adjustment clause (FAC). In contrast to the effect on customers, as long as Empire has an FAC, such changes in market costs and revenues will have very little impact on Empire's earnings. Under these circumstances, it is vital that this analysis be conducted to calculate future costs to Empire's customers.

4. In addition, it is noteworthy that there were other contemporary issues suggested by OPC that Empire did not address in its Response. This includes an analysis of: 1) the impact on rates of potential early retirement of Empire base-load plants, 2) the impact of the addition of the Mountain West Transmission Group utilities into the SPP, and 3) the impact of rate considerations on Empire's energy-efficiency-potential study. For convenience, OPC has attached its Memorandum of Special Contemporary Topics and issues for Empire to the pleading as a complete list of the topics it asked the Commission to order Empire to address.

5. As described in the Commission's regulations, the fundamental objective of the Commission's Electric Utility Resource Planning process for electric utilities is to provide the public with "energy services that are safe, reliable, efficient, at just and reasonable rates, in compliance with all legal mandates, and in a manner that serves the public interest and is consistent with state energy and environmental policies." Commission Rule 4 CSR 240-22.010(2). Public Counsel submits that a Commission Order directing Empire to respond to OPC's issues, as discussed above, is in the public interest.

WHEREFORE Public Counsel respectfully submits its Response to Empire's October 1 Comments and respectfully requests the Commission issue its Order that order Empire address these issues in its next triennial compliance filing or annual update report.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

On this 10th day of October, 2017, I hereby certify that a true and correct copy of the foregoing reply was submitted to all relevant parties by depositing this motion into the Commission's Electronic Filing Information System ("EFIS").

/s/ Lera L. Shemwell