

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 19<sup>th</sup> day of  
October, 2011.

In The Matter of a Determination of Special )  
Contemporary Resource Planning Issues to be )  
Addressed by Kansas City Power & Light Company )  
in its Next Triennial Compliance Filing or Next )  
Annual Update Report )

**File No. EO-2012-0041**

**ORDER ESTABLISHING SPECIAL CONTEMPORARY RESOURCE  
PLANNING ISSUES**

Issue Date: October 19, 2011

Effective Date: October 29, 2011

A provision in the Commission's revised electric utility resource planning rule, 4 CSR 240-22.080(4), requires Missouri's electric utilities to consider and analyze special contemporary issues in their triennial compliance filings and in their annual update reports. The regulation requires the Commission to issue an order by November 1 of each year specifying the list of special contemporary issues that each electric utility is to address. The regulation also provides that by September 15, Staff, Public Counsel, and other interested parties may file suggested issues for consideration. The regulation then allows the utilities and other parties until October 1 to file comments regarding the suggested issues.

Staff and the Missouri Department of Natural Resources (MDNR) filed suggested special contemporary issues for Kansas City Power & Light Company's (KCP&L) analysis and response in its next IRP filing. MDNR and KCP&L filed responses to those suggestions. The Commission must now determine what special contemporary issues KCP&L should address.

This is not a contested case. The Commission does not need to hear evidence before reaching a decision and does not need to make findings of fact and conclusions of law in announcing that decision.<sup>1</sup> The Commission's rule gives the Commission broad discretion in determining what issues a utility should be required to address, indicating:

[t]he purpose of the contemporary issues lists is to ensure that evolving regulatory, economic, financial, environmental, energy, technical, or customer issues are adequately addressed by each utility in its electric resource planning. Each special contemporary issues list will identify new and evolving issues but may also include other issues such as unresolved deficiencies or concerns from the preceding triennial compliance filing.<sup>2</sup>

It is also important to note that KCP&L's next full IRP triennial compliance filing is due on April 1, 2012.<sup>3</sup> That means KCP&L will need to address the special contemporary issues identified in this order in its 2012 full IRP study, not in its annual update report, as is the case for Ameren Missouri and Empire District Electric Company.

That distinction is important because in its annual update report, the electric utility is only expected to address "changing conditions since the last filed triennial compliance filing or annual update filing."<sup>4</sup> The requirements for the full triennial compliance report are much broader and for that reason, it is appropriate to require KCP&L to address a more extensive and detailed set of special contemporary issues.

KCP&L's comments in response to the issues recommended by Staff and MDNR indicate that KCP&L generally accepts the proposed issues and explains how the company intends to address them. The only exception concerns issue number 4 proposed by MDNR. In that proposed issue, MDNR asks KCP&L to:

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<sup>1</sup> *State ex rel. Public Counsel v. Public Service Com'n*, 259 S.W.3d 23, (Mo App. W.D. 2008)

<sup>2</sup> 4 CSR 240-22.080(4).

<sup>3</sup> 4 CSR 240-22.080(1)(C).

<sup>4</sup> 4 CSR 240-22.080(3)(B).

analyze and document low probability outcomes with extremely high or low values (such as natural or man-made disasters that would result in energy emergency events including significant loss of load and equipment outages) as a part of risk assessment.

The Commission agrees with KCP&L that this proposed issue is too vague to be acted upon. Furthermore, the current risk analysis criteria established in the Commission's rule should be sufficient to address KCP&L's risk. The Commission will not establish this issue as a special contemporary issue.

In addition to the issues it proposed in its own filing, MDNR's response to the other filings supports and asks the Commission to require KCP&L to address several issues identified by the Natural Resources Defense Council (NRDC) in the parallel proceeding regarding Ameren Missouri, EO-2012-0039. The NRDC did not raise those issues with regard to KCP&L in this case. As a result, KCP&L and the other commenters have not had an opportunity to respond to those proposed issues. In any event, the NRDC issues that MDNR endorses are of a sort that KCP&L must address in its full IRP triennial compliance report even without being designated as a special contemporary issue. Therefore, the Commission will not include those issues as special contemporary issues for this case.

The Commission's rule also allows the Commission to adopt special contemporary issues that have not been proposed by any party.<sup>5</sup> The Commission notes that potential or anticipated changes in state and federal environmental or renewable energy standards could have a substantial impact on Missouri's electric utilities. Therefore, the Commission will direct the utilities to examine the potential or proposed changes in state or federal regulations and explain how the adoption of such changes would affect their compliance plans.

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<sup>5</sup> 4 CSR 240-22.080(4)(C).

The Commission is also concerned about the type and amount of any federal or state subsidies the electric utilities expect to receive in conjunction with their proposed resource planning. Therefore, the Commission will direct the utilities to disclose and discuss the amount of any estimated federal or state subsidies either implicit or explicitly part of their proposed resource planning.

After considering these factors, the Commission will adopt the list of special contemporary issues set forth in this order.

**THE COMMISSION ORDERS THAT:**

1. Kansas City Power & Light Company shall analyze and document the following special contemporary issues in its 2012 IRP triennial compliance filing:
  - a. Investigate and document the impacts on KCP&L's preferred resource plan and contingency plans of aggressive regulations by the FERC, regional transmission organizations (RTOs) or Missouri statutes or regulations to allow aggregators of retail customers (ARCs) to operate and market demand response services in Missouri.;
  - b. Investigate and document the impacts on KCP&L's preferred resource plan and contingency plans of a new much more aggressive renewable energy standard (e.g., at least double the current standard for Missouri) with no rate cap;
  - c. Investigate and document the impacts on KCP&L's preferred resource plan and contingency plans of a very aggressive energy efficiency resource standard (e.g., annual energy savings of 1.5% each year for 20 years and

annual demand savings of 1.0% each year for 20 years from electric utility demand-side programs) with no rate cap in Missouri;

- d. Investigate and document the impacts on KCP&L's preferred resource plan and contingency plans of a loss of significant load for the short term and potentially for the long term that may be the result of a prolonged double-dip recession or a large customer or group of customers no longer taking service from KCP&L.
- e. Investigate and document the impacts of aggressive environmental regulations on KCP&L's preferred resource plan and contingency plans.
- f. Analyze and document relationships between uncertain factors when making a determination of whether uncertain factors are entirely independent or if they should be analyzed with covariant risk analysis.
- g. Analyze, rank, and document existing coal plant fleet as retirement candidates.
- h. Analyze and document aggressive DSM portfolios without constraints. Include analysis and documentation of demand-side investment mechanisms necessary to implement each DSM portfolio.
- i. Analyze and document the impacts of opportunities to implement distributed generation, DSM programs, and combined heat and power projects in collaboration with municipal water treatment plants and other local waste or agricultural/industrial processes with on-site electrical and thermal load requirements, especially in targeted areas where there may be transmission or distribution line constraints.

- j. Analyze and document analysis of DSM programs targeted to achieve energy efficiency savings in the agricultural sector.
  - k. Analyze and document alternative customer information/behavior modification program options to increase customer awareness and encourage more efficient use of energy.
  - l. Analyze potential or proposed changes in state or federal environmental or renewable energy standards and report how those changes would affect KCP&L's plans for compliance with those standards.
  - m. Analyze the levelized cost of energy needed to comply with the current Renewable Energy Standards law compared to the cost of energy resulting from a portfolio comprised solely of existing resources with no additional renewable resources.
  - n. Disclose and discuss the amount and impact of every state or federal subsidy KCP&L expects to receive with regard to any or all fuel sources it intends to use during the IRP study period.
2. This order shall become effective on October 29, 2011.

**BY THE COMMISSION**



**Steven C. Reed**  
**Secretary**

( S E A L )

Gunn, Chm., Davis, Jarrett, and  
Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge