

In the Matter of the Application of Kansas )  
City Power & Light Company for Authority to )  
Extend the Transfer of Functional Control of ) **File No. EO-2012-0135 et al.**  
Certain Transmission Assets to the Southwest )  
Power Pool, Inc. )

Issue Date: October 11, 2019      Effective Date: October 11, 2019

The motion explains that KCP&L, GMO, the Staff of the Commission, and Public Counsel have recently met to discuss the prudence of performing a cost/benefit analysis regarding KCP&L and GMO's continued participation in the SPP. As a result of those discussions, the parties agreed, given the substantial cost of performing such a study and the large exit fee obligations that would be incurred by the Company if they were to exit the SPP, the cost/benefit study should not be performed at this time. KCP&L and GMO would still be required to file their next application regarding participation in the SPP no later than June 30, 2020, but that application would not include the 2020 interim report regarding the cost/benefit analysis.

However, the Commission continues to have questions about the cost/benefit study and the Interim Report, and would like more information from the parties before deciding

whether to approve the motion to modify. And while the Commission recognizes that the \$600,000 estimated cost of performing that study, not including internal labor, is certainly a substantial barrier to the performance of the study, the Commission would like the parties to evaluate ways in which the cost to perform the cost/benefit study required by the stipulation and agreement could be reduced, while still providing a study that would be useful. In particular, the Commission is concerned that this cost/benefit study may be necessary to allow the Commission to fully consider the June 2020 applications regarding continued participation in SPP.

In accordance with the previous order of the Commission in EO-2012-0135, and taking into account the high cost estimate(s) of doing a full study to measure the benefits of the Company remaining in SPP, the Company and the other parties should produce, using cost-efficient methods, methodologies of calculating an estimate of the benefits of the Company remaining in SPP versus the next best option. Parties may evaluate alternative methodologies, and cost estimates of such methodologies, of estimating the benefits and costs of the Company remaining in SPP, including the possibility of one of the alternatives being a load ration share approximation methodology and/or updating the inputs from the original benefit cost study of 2013 justifying the Company's participation in SPP. For example, could such a study be done internally at the Company at a lower cost? Could the study be done at a lower cost if it only evaluated the option of becoming a member of the Midcontinent Independent System Operator (MISO) instead of SPP, rather than evaluating the option of operating under an ICT? Should the study be postponed until a future date certain? Could a less extensive method be used to evaluate whether the benefits of remaining in SPP outweigh potential exit fees? Do any

other alternatives exist that would reduce the cost of performing the study, while still providing useful information for the Commission's consideration?

The Commission will direct the parties to discuss these questions and to jointly or separately file suggestions in response.

**THE COMMISSION ORDERS THAT:**

1. No later than October 24, 2019, the parties shall jointly or separately file suggestions in response to the questions identified above in the body of this order regarding the reduction of the cost to perform a cost/benefit study.

2. This order shall be effective when issued.



**BY THE COMMISSION**

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Morris L. Woodruff, Chief Regulatory  
Law Judge, by delegation of authority  
pursuant to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,  
on this 11<sup>th</sup> day of October, 2019.