

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

In the Matter of a Determination of Special)	
Contemporary Resource Planning Issues to)	<u>Case No. EO-2014-0063</u>
be Addressed by The Empire District Electric)	
Company in its Next Triennial Compliance)	
Filing or Next Annual Update Report)	

**STAFF RESPONSE TO EMPIRE’S MOTION
FOR RECONSIDERATION AND CLARIFICATION**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel of the Staff Counsel’s Office, and files in File No. EO-2014-0063, the *Staff Response To Empire’s Motion For Reconsideration And Clarification*. On October 31, 2013,¹ The Empire District Electric Company (“Empire”) filed its *Motion for Reconsideration And Clarification* in which Empire is seeking reconsideration and/or clarification of each of the ten (10) special contemporary issues included in the Missouri Public Service Commission’s (“Commission”) October 23 *Order Establishing Special Contemporary Resource Planning Issues* (“Ordered Issues”). Contained within the ten (10) Ordered Issues are six (6) special contemporary issues which were suggested by the Staff in its September 13 submission of *Staff’s Suggested Special Contemporary Resource Planning Issues* (“Staff’s Suggested Issues”). Ordered Issues a. through f. are the same as Staff’s Suggested Issues with one exception: the addition of the words “to the extent reasonable and possible” at the end of Ordered Issue c. In response to *Empire’s Motion For Reconsideration And Clarification* and in support of Staff’s Suggested Issues, Staff states as follows:

¹ All dates herein refer to 2013 unless otherwise noted.

Ordered Issues a., b., and c.

1. Staff recognizes and appreciates Empire's ongoing efforts to improve its Chapter 22 processes and to involve Staff and Empire's stakeholders in the continuous improvement of Empire's Chapter 22 process. While Staff is still reviewing Empire's 2013 Chapter 22 triennial compliance filing, made on July 1 in File No. EO-2013-0547, Staff can clearly see overall improvement from prior efforts. Staff is also encouraged by Empire's willingness to stretch its goals for energy efficiency through the demand-side resource portfolio in its adopted preferred resource plan, as well as in its recent Missouri Energy Efficiency Investment Act ("MEEIA") application in File No. EO-2014-0030. Nonetheless, Staff will be filing its Chapter 22 report on December 2 in File No. EO-2013-0547 identifying deficiencies and concerns relating to Empire's triennial compliance filing.

2. While *Empire's Motion For Reconsideration And Clarification* suggests that Ordered Issues a., b., and c. are onerous and will result in a duplication of effort and a considerable incursion of cost by Empire, that is not Staff's intent nor should that be the outcome. Ordered Issues a., b., and c. are the same as the first three special contemporary issues the Commission has ordered for the other three investor-owned electric utilities regulated by the Commission, none of which have requested reconsideration and/or clarification. Also, Empire may have the opportunity to learn about alternative approaches to achieving its integrated resource analysis through the responses of these other utilities to their ordered 2013 special contemporary issues a., b., and c.

3. Finally, Rule 4 CSR 240-20.094(2) contains the Commission's Guideline to Review Progress Toward an Expectation that the Electric Utility's Demand-Side Programs Can Achieve a Goal of All Cost-Effective Demand-Side Savings. Rule 4 CSR 240-20.094(2)(A) requires the Commission use the greater of the annual realistic achievable potential ("RAP") for

energy and demand savings, as determined through the utility's market potential study, or the Rule's specified annual incremental and cumulative energy savings and demand-side savings goals ("soft goals") as a guideline to review progress toward an expectation that the electric utility's demand-side programs can achieve a goal of all cost-effective demand-side savings. While the guidelines in 4 CSR 240-20.094(2) are useful and informative, the guidelines have distinct limitations in that each electric utility potential study defines RAP in its own unique way, which has resulted in "apples-to-oranges" when comparing the RAPs of different utilities. Further, the "soft goals" are merely a benchmark against which to measure the relative aggressiveness of each utility's proposal for annual energy and demand savings.

4. In summary, Ordered Issues a., b., and c. should give the Commission, utilities and utilities' stakeholders the opportunity to compare and contrast the various utility planning processes used to quantify all cost-effective demand-side savings, and over time allow the utilities and their stakeholders the opportunity to share best practices to increase the value of Chapter 22 and MEEIA for the State of Missouri. Staff's Suggested Issues a., b., and c. are intended to continue to challenge each utility's creativity and initiative to make future continuous process improvements in a transparent way to better achieve a goal of all cost-effective demand-side savings.

Ordered Issues d. and e.

5. Concerning Ordered Issues d. and e., *Empire's Motion For Reconsideration And Clarification* contains a statement at page 3, paragraph 4, that "Empire has no plans at this time to replace the Midas model currently being used to develop its periodic integrated resource planning ("IRP") filings." Should Empire have no plans to replace the Midas Model at the time of its March 2014 Annual Update filing, the Company should simply state so when responding to

Ordered Issues d. and e. The Commission has ordered special contemporary issues identical to Ordered Issues d. and e. for each of the other Missouri investor-owned electric utilities. While these other electric utilities are investigating alternatives to the Midas Model, Empire must decide if and when it will seek an alternative integrated resource analysis tool.

Ordered Issue f.

6. Ordered Issue f. is identical to the Commission's 2012 special contemporary issue a. for Empire in File No. EO-2013-0105. Empire's response to its 2012 special contemporary issue a. is contained on pages 185 – 188 of Volume 6 of Empire's 2013 Chapter 22 triennial compliance filing in File No. EO-2013-0547.

7. Should no Party identify a deficiency or concern on December 2 respecting Empire's 2013 Chapter 22 triennial compliance filing concerning its 2012 special contemporary issue a., Staff does not believe it is necessary for Empire to perform all of its research and analyses again – one year later. However, if Empire is aware of changes in its market place or changes to its transmission or distribution line constraints that would warrant additional research, analysis and reporting of results in its 2014 annual update report, it would be necessary for Empire to address those changes in its 2014 annual update report.

WHEREFORE, Staff submits *Staff Response To Empire's Motion For Reconsideration And Clarification* and requests that the Commission not grant Empire's request for relief from addressing Issues a. through f. in the Commission's October 23, 2013 *Order Establishing Special Contemporary Resource Planning Issues*.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing *Staff Response To Empire's Motion For Reconsideration And Clarification* have been transmitted electronically to all counsel of record this 8th day of November, 2013.

/s/ Steven Dottheim