BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Resource Plan of Kansas City Power & Light Company	))	**Case No. EO-0215-0254**

STAFF MEMORANDUM

COMES NOW the Staff of the Missouri Public Service Commission and files the attached memorandum to provide explanation and information to the Commission regarding the deficiencies Staff identified in Kansas City Power & Light Company's Chapter 22 triennial compliance filing that are shown as unresolved in the Joint Filing the parties made in this case on October 30, 2015.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy Staff Counsel
Missouri Bar No. 35512

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Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 17th day of November, 2015.

/s/ Nathan Williams

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case Files Case No. EO-2015-0252
KCP&L Greater Missouri Operations Company and Case No. EO-2015-0254
Kansas City Power & Light Company

FROM: David Roos, Regulatory Economist III
Matthew Barnes, Utility Regulatory Auditor IV

DATE: /s/ Natelle Dietrich 11/17/2015 — Staff Director / Date
/s/ Nathan Williams 11/17/2015 — Staff Counsel's Office / Date

SUBJECT: Summary of Unresolved Staff Deficiencies in KCP&L Greater Missouri Operations Company's and Kansas City Power & Light Company's 2015 Triennial Integrated Resource Compliance Filings

DATE: November 17, 2015

Summary

As explained following, the unresolved Staff deficiencies with KCPL's and GMO's 2015 Chapter 22 triennial Integrated Resource Plan compliance filings are based on KCPL reporting on a separate company basis to comply with some of the Commission's Chapter 22 rules, but reporting on a KCPL and GMO combined basis for others. Likewise, GMO reports on a separate company basis to comply with some of the Commission's Chapter 22, but reports on a KCPL and GMO consolidated basis for others. Further, with a few exceptions, KCPL and GMO report on a combined basis for some Chapter 22 rules, but not others. These are the same deficiencies Staff identified and reported on its limited review of KCPL's and GMO's 2012 Chapter 22 triennial Integrated Resource Plan compliance filings

History Summary

On April 1, 2015 KCPL and GMO made their 2015 Chapter 22 triennial Integrated Resource Plan (IRP) compliance filings, Case Nos. EO-2015-0254 and EO-2015-0252, respectively, as required by the Commission's Chapter 22 Electric Utility Resource Planning Rules. On August 31, 2015, the Staff of the Missouri Public Service Commission (Staff) filed in each case its reports on its limited review of both filings. On October 30, 2015, the parties in each of the KCPL and the GMO 2015 IRP cases filed Joint Filings that identified three (3) deficiencies found by Staff that were not resolved. Staff identified these three deficiencies in both in KCPL's 2015 IRP and in GMO's 2015 IRP. They are the same deficiencies that Staff identified in KCPL's and GMO's 2012 triennial IRP compliance filings, Case Nos. EO-2012-0323 and EO-2012-0324, respectively.

In the 2012 IRP cases, the Commission ordered that KCPL and GMO address these three unresolved deficiencies in their 2013 annual IRP updates. On June, 20 2013, KCPL and GMO, filed their 2013 Annual IRP Update Reports Case Nos. EO-2013-0537 and EO-2013-0538, respectively. Neither KCPL nor GMO directly addressed these three deficiencies in their 2013 Annual IRP updates. Staff did not raise this as an issue in its August 20, 2013, reports on these Annual IRP Update Reports. Similarly, neither KCPL nor GMO directly addressed these three deficiencies in their 2014 Annual IRP Update Reports, Case Nos. EO-2014-0256 and EO-2014-0257, respectively.

<u>Discussion</u>

As a result of its limited review of KCPL's and GMO's 2015 IRP Filings, Staff acknowledges that the methodologies and models used by KCPL and GMO are generally well established and can produce technically correct calculations for the numerous analyses which are required to be in the filing. However, Staff notes that the filings do <u>not</u> comply with the Chapter 22 requirement to *describe and document* a number of the triennial compliance filing requirements and do <u>not</u> achieve the "fundamental objective"[1] of the Commission's Chapter 22 Rules.

There are instances in their 2015 IRP filings where KCPL and GMO are required to *describe and document* specific requirements defined in 4 CSR 240-22.020(14):

> *Describe and document refers to the demonstration of compliance with each provision of this chapter. Describe means the provision of information in the technical volume(s) of the triennial compliance filing, in sufficient detail to inform the stakeholders how the utility complied with each applicable requirement of Chapter 22, why that approach was chosen, and the results of its approach. <u>The description in the technical volume(s), including narrative text, graphs, tables, and other pertinent information, shall be written in a manner that would allow a stakeholder to thoroughly assess the utility's resource acquisition strategy and each of its components.</u> Document means the provision of all of the supporting*

[1] Rule 4 CSR 240-22.010(2): "The fundamental objective of the resource planning process at electric utilities shall be to provide the public with energy services that are safe, reliable, and 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*." (Emphasis added)

information relating to the filed resource acquisition strategy pursuant to 4 CSR 240-22.080(11).

No single plan presented by KCPL or GMO meets all of the Chapter 22 requirement to *describe and document.* The electric utility resource plans on a combined companies basis comply with relatively few of the requirements of 4 CSR 240-22.060 Integrated Resource Plan and Risk Analysis. The stand-alone KCPL and GMO electric utility resource plans do not comply with many of the requirements of 4 CSR 240-22.070 Resource Acquisition Strategy Selection.

Some examples are:

1. KCPL and GMO met the *describe and document* requirements for 4 CSR 240-22.060(3)(A), in performing the analysis of the relative performance of the alternative resource plans on an individual utility basis, but did not meet the *describe and document* requirements for on a combined companies basis.

2. KCPL and GMO met the *describe and document* requirements for 4 CSR 4 CSR 240-22.070(2), for assessing how uncertain factors may affect the preferred plan, for the combined companies' plan, but did not meet the *describe and document* requirements for the individual utility plan.

3. KCPL and GMO met the *describe and document* requirements for 4 CSR 240-22.070(3), in quantifying the expected value of better information for the combined companies' plans, but did not meet the *describe and document* requirements of the rule for the individual utility plans.

The table in Attachment 1 identifies separately where KCPL and GMO failed to *describe and document* as stand-alone utilities and on a combined companies basis.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Resource Plan of Kansas City Power & Light Company	))	File No. EO-2015-0254

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

COMES NOW Matthew J. Barnes and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Matthew J. Barnes

Matthew J. Barnes

Subscribed and sworn to before me this 17th day of November, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Susan L Sundermeyer

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Resource Plan of Kansas City Power & Light Company	))	File No. EO-2015-0254

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

COMES NOW David C. Roos and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

David C. Roos

David C. Roos

Subscribed and sworn to before me this 17th day of November, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Susan L Sundermeyer

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Resource Plan of KCP&L Greater Missouri Operations Company	)))	File No. EO-2015-0252

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

COMES NOW Matthew J. Barnes and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.

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Chapter 22 Rules	General Rule Description	KCPL Met Filing Requirements?	KCP&L-GMO Met Filing Requirements?	Met Filing Requirements For Joint Planning?
4 CSR 240-22.010	Policy Objectives	NO	NO	NO
4 CSR 240-22.020	Definitions	NO	NO	NO
4 CSR 240-22.030	Load Analysis and Load Forecasting	YES	YES	NO
4 CSR 240-22.040	Supply-Side Resource Analysis	YES	YES	NO
4 CSR 240-22.045	Transmission and Distribution Analysis	YES	YES	NO
4 CSR 240-22.050	Demand-Side Resource Analysis	YES	YES	NO
4 CSR 240-22.060(1)	The utility shall describe and document its additional planning objectives and its guiding principles to design alternative resource plans that satisfy all of the planning objectives and priorities.	YES	YES	NO
4 CSR 240-22.060(3)(A)	The utility shall develop, and describe and document, at least one (1) alternative resource plan, and as many as may be needed.	YES	YES	NO
4 CSR 240-22.060(4)	The utility shall describe and document its assessment of the relative performance of the alternative resource plans by calculating for each plan the value of each performance measure specified pursuant to section (2).	YES	YES	NO[1]
4 CSR 240-22.060(5)	The utility shall describe and document its selection of the uncertain factors that are critical to the performance of the alternative resource plans.	YES	YES	NO

Chapter 22 Rules	General Rule Description	KCPL Met Filing Requirements?	KCP&L-GMO Met Filing Requirements?	Met Filing Requirements For Joint Planning?
4 CSR 240-22.060(6)	The utility shall describe and document its assessment of the impacts and interrelationships of critical uncertain factors on the expected performance of each of the alternative resource plans developed pursuant to 4 CSR 240-22.060(3) and analyze the risks associated with alternative resource plans.	YES	YES	NO
4 CSR 240-22.060(7)	The utility shall describe and document its risk assessment of each alternative resource plan.	YES	YES	NO
4 CSR 240-22.070(1)	The utility shall describe and document the process used to select the preferred resource plan, including the relative weights given to the various performance measures and the rationale used by utility decision-makers to judge the appropriate tradeoffs between competing planning objectives and between expected performance and risk.	NO	NO	NO

Chapter 22 Rules	General Rule Description	KCPL Met Filing Requirements?	KCP&L-GMO Met Filing Requirements?	Met Filing Requirements For Joint Planning?
4 CSR 240-22.070(2)	The utility shall also describe and document its assessment of whether, and under what circumstances, other uncertain factors associated with the preferred resource plan could materially affect the performance of the preferred resource plan relative to alternative resource plans.	NO	NO	YES
4 CSR 240-22.070(3)	The utility shall describe and document its quantification of the expected value of better information.	NO	NO	YES
4 CSR 240-22.070(4)	The utility shall describe and document its contingency resource plans in preparation for the possibility that the preferred resource plan should cease to be appropriate.	YES	YES	NO
4 CSR 240-22.070(5)	Analysis of Load-Building programs.	YES	YES	NO
4 CSR 240-22.070(6)	The utility shall describe and document its implementation plan.	YES	YES	NO
4 CSR 240-22.070(7)	The utility shall develop, describe and document, officially adopt, and implement a resource acquisition strategy.	YES	YES	NO
4 CSR 240-22.070(8)	The utility shall describe and document its evaluation plans for all demand-side programs and demand-side rates that are included in the preferred resource plan selected pursuant to 4 CSR 240-22.070(1).	YES	YES	NO

Chapter 22 Rules	General Rule Description	KCPL Met Filing Requirements?	KCP&L-GMO Met Filing Requirements?	Met Filing Requirements For Joint Planning?
4 CSR 240-22.080(2)(C)	Technical volume(s) that fully describe and document the utility's analysis and decisions in selecting its preferred resource plan and resource acquisition strategy.	NO	NO	NO

[1]4 CSR 240-22.060(4) requires the utility to comply with numerous performance measures in 4 CSR 240-22.060(2). For joint planning, the utility complied with some of the performance measures, but not all performance measures .