

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

In the Matter of the Application of Kansas City)	
Power & Light Company's Request for)	File No. ER-2012-0174
Approval to Implement a General Rate Increase)	Tariff No YE-2012-0404
For Electric Service)	

and

In the Matter of the Application of KCP&L)	
Greater Missouri Operations Company's)	File No. ER-2012-0175
Request for Approval to Implement a General)	Tariff No. YE-2012-0405
Rate Increase for Electric Service)	

MISSOURI DEPARTMENT OF NATURAL RESOURCES' STATEMENT OF POSITION¹

COMES NOW the Missouri Department of Natural Resources ("MDNR"), and provides the following Statement of Position, on KCPL and GMO Common Issue 14 and KCPL and GMO Common Issue 15 in this case, and reserves the right to modify its positions or to assert additional positions as this case proceeds.

14. Low Income Weatherization

- A. At what level should low-income weatherization be funded and included in revenue requirement?
- B. Are the Companies distributing to agencies the weatherization funds collected from their ratepayers?
 - i. If not, why not?
- C. Should any weatherization funds which are collected during a year (plus any interest or return earned thereon) which are not distributed be available for distribution in subsequent years?
- D. Should the Companies consult the DSM Advisory Group ("DSMAG") on the allocation and distribution of funds?
- E. Should the Companies provide quarterly reports to the DSMAG on the allocation and distribution of funds?
- F. Should the Companies file revised tariff sheets regarding their low-income weatherization program?

MDNR POSITION

14. A. MDNR recommends that the Commission consider whether it is appropriate to increase the level of funds for the KCPL and GMO low income weatherization programs and, in light of decreasing funds from U.S. Department of Energy programs, supports increased funding to the

community action agencies to maintain the valuable services the agencies provide to KCPL and GMO customers.

14.B. MDNR, along with Staff, was under the impression that weatherization funds would be expensed as a result of the Commission's orders in ER-2010-0355 and ER-2010-0356, and recommends that the Commission clarify whether the Companies should continue its practice of booking weatherization expenses into a regulatory asset account or begin to collect these funds on an expense basis.

14.C. MDNR recommends that KCPL & GMO make all budgeted weatherization funds available to CAAs to support weatherization services, including appropriate communication with the CAAs of budgeted fund levels. MDNR acknowledges that the Companies have indicated that in the future, if an agency depletes its annual allocation of weatherization funding and requests additional funding, it will discuss that request with the DSM Advisory Group (DSMAG).

14.D and E. Each Company should consult with its DSMAG regarding the allocation and distribution of weatherization funds to CAAs to assure that all funds are available for distribution and to increase the likelihood that CAAs are aware of the funds available for weatherization services. The Company should provide quarterly reports on the number of homes weatherized and on the allocation and distribution of funds to individual CAAs.

14.F. Given the confusion about weatherization funding described in the testimony presented in this case, the Companies should file revised tariffs governing the weatherization program. The revised tariff should clarify the specifics of program communication and funds allocation highlighted in the testimony in this case. Revisions should include statement of total funds budgeted and available, the allocation methodology, the methodology for distributing unspent funds, and provide a plan for communicating with CAAs regarding the amount of funding available.

15. Joint Resource Planning

- A. Should KCPL and GMO be allowed to conduct joint resource planning?
 - i. If yes, should the Commission require KCPL and GMO to file with the Commission for approval a detailed proposal for allocating capacity and energy between them?
 - ii. If yes, should the Commission require KCPL and GMO to file a definitive plan for merging KCPL and GMO into one electrical corporation?

MDNR POSITION

15.A. MDNR is a party to each Company's recent IRP filings (EO-2012-0323 and EO-2012-0324). In those cases the Company conducted both Company-specific planning efforts and a "combined Company planning" effort. Given the similarities between the two companies in terms of the geography of their respective service territories, as well as the fact that the same

personnel contributed to each Companies' plans, there may be advantages to the Company engaging in a combined planning effort. If the Companies conduct combined-company planning, providing an explicit and detailed methodology for allocating capacity and energy resources between companies is essential to insuring that the combined Company plans will adequately serve each service territories' needs (e.g., KCPL vs. GMO and GMO L&P vs. GMO MPS). Also, any combined Company plans should consider the risks and opportunities of a formal merger as a critical uncertain factor in each Company's next resource planning case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 12th day of October, 2012.

/s/ Jessica L. Blome
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