

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 1st day of
November, 2017.

In The Matter of a Determination of Special)	
Contemporary Resource Planning Issues to be)	
Addressed by The Empire District Electric)	<u>File No. EO-2018-0048</u>
Company in Its Next Triennial Compliance)	
Filing or Next Annual Update Report)	

**ORDER ESTABLISHING SPECIAL CONTEMPORARY RESOURCE
PLANNING ISSUES**

Issue Date: November 1, 2017

Effective Date: November 10, 2017

A provision in the Commission's 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 integrated resource plan (IRP) triennial compliance filings or in their annual IRP update reports. The regulation provides that by September 15 of each year, Staff, Public Counsel, and other interested parties may file suggested issues for consideration. The regulation allows the utilities and other parties until October 1 to file comments regarding the suggested issues. The Commission must then issue an order by November 1 of each year specifying the list of special contemporary issues that each electric utility must address.

The Commission's Staff,¹ the Missouri Department of Economic Development – Division of Energy, and the Office of the Public Counsel filed suggested special contemporary issues for The Empire District Electric Company (Empire) to analyze and respond to in its 2018 IRP annual update filing. Empire offered a general response

¹ Staff recommended Empire prepare to address an additional issue in its 2019 triennial IRP filing.

reminding the Commission that it will be filing an annual update in 2018 and suggesting the special issues to be addressed in such update should be more limited than the special issues to be addressed in a triennial IRP filing.

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.² 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.³

Empire raised a specific objection to only two proposed issues. First, it objected to the Division of Energy's suggestion to require the identification and evaluation of quantifiable non-energy benefits that could be included in its demand-side management portfolio planning process. Empire contends the issue would improperly require it to consider non-energy benefits for specified resources. Consideration of non-energy benefits can be problematic because such benefits can be difficult to quantify, and their effect on the utility's costs and revenue may be unclear. However, the Commission has recently amended its MEEIA rule, 4 CSR 240-20.092(1)(II), to provide that non-energy benefits can be included in the utility's calculation of its total resource cost test if they result in avoided utility costs that may be calculated with a reasonable degree of confidence. In addition, such non-energy benefits can always be considered in the utility's calculation of its societal cost test. Therefore, the consideration of non-energy benefits as a special contemporary issue as proposed by the Division of Energy is appropriate.

² *State ex rel. Public Counsel v. Public Service Com'n*, 259 S.W.3d 23, 29 (Mo. App. W.D. 2008).

³ 4 CSR 240-22.080(4).

As always, the Commission does not intend that a utility spend an unreasonable amount to address this, or any, special contemporary issue. If Empire finds that the cost to address a special contemporary issue is excessive, it may explain its concerns in its next IRP filing, while addressing the issue to the extent reasonably possible.

Empire's other specific objection was to an issue proposed by Public Counsel that would require it to examine the impact of the retirement of coal generation by other members of the Southwest Power Pool (SPP). Subsequently, Empire and Public Counsel filed a notice indicating their agreement that Empire will address that issue in a filing other than its annual IRP update. Consequently, Public Counsel withdrew its proposed issue. The Commission will accept that resolution and will not order Empire to address that issue in its annual IRP update report.

The Commission will adopt the list of special contemporary issues set forth in this order.

THE COMMISSION ORDERS THAT:

1. Empire shall analyze and document the following special contemporary issues in its 2018 annual IRP update report:

A. Document Empire's most recent economic analysis for its system-wide implementation of AMI meters. Provide projected implementation dates and annual budget for AMI implementation.

B. When complying with 4 CSR 240-22.060(5)(A), analyze and document the impact of electric vehicle usage for the 20-year planning period upon the high-case load forecasts.

C. Analyze and document the cost of any transmission grid upgrades or additions needed to address transmission grid reliability, stability, or voltage support

impacts that could result from the retirement of any existing coal-fired generating unit in the time period established in the IRP process.

D. Identify and evaluate the quantifiable non-energy benefits (NEBs) that could be included in Empire's demand-side management (DSM) portfolio planning process for the purposes of IRP planning under the Commission's recently revised Missouri Energy Efficiency Investment Act (MEEIA) rules. Additionally, evaluate the impact of a NEBs percentage "add-on" on Empire's demand-side management portfolio planning process for the purposes of IRP planning. Discuss Empire's preference for either a study to determine NEBs or the use of a NEBs percentage add-on.

E. Evaluate, describe, and document the feasibility, cost-reduction potential, and potential benefits of joint DSM programs, marketing, and outreach with water utilities.

F. Describe and document the benefits and detriments for integrated resource planning to require achievement of targets under MEEIA.

G. Describe, document, and evaluate potential DSM programs that could address the needs of customers that might otherwise "opt out" of participation in MEEIA. In this evaluation, describe and document potential participation and savings (both energy and demand), as well as program costs and cost-effectiveness. Additionally, describe and document the impacts of additional customer "opt-outs" on the MEEIA charges to customer classes and the ability to achieve estimated savings targets.

H. Evaluate the potential demand and energy load associated with electric vehicles within Empire's service territory, discuss how the preferred plan addresses the additional demand and energy load requirements, and evaluate

potential means for shifting the additional demand and energy load to off-peak periods. Describe all current and planned electric vehicle initiatives undertaken by Empire.

I. Describe and document the roles that energy storage and conservation voltage reductions could play in Empire's system planning, particularly with regard to DSM and distributed energy resources.

J. Evaluate the need to upgrade and enhance Empire's delivery infrastructure to ensure and advance system resiliency, reliability and sustainability. In this evaluation, describe and document the potential job growth which utility investments in delivery infrastructure could create.

K. Separately describe and document how Empire's investments in grid modernization, DSM (as evaluated in the current or most recent IRP) and renewable energy will ensure the public interest is adequately served and other policy objectives of the state are met (see 4 CSR 240-22.010). For example, please describe and document the potential for job creation and economic development.

L. Describe and document Empire's coordination with the State Emergency Management Agency to ensure readiness for physical and cybersecurity threats.

M. Describe and document Empire's efforts to address the corporate social responsibility and renewable energy purchasing goals of commercial, industrial, institutional, and public-sector customers for increased access to renewable energy and distributed generation resources.

N. Describe and document how Empire's standby rates, cogeneration tariffs, and interconnection standards facilitate the development of customer-owned distributed generation resources and microgrids.

O. Describe and document the extent to which federal investment, production, and other tax credits reduce the costs for utility plant.

P. Provide an explanation for stranded costs and ratepayer impact for the premature retirement of the “next-in-line” coal plant, including:

(i) The total cost of all stranded assets, who will pay the stranded costs, and, if Empire expects the customers to pay the stranded costs, the impact on customer rates;

(ii) All “cost of removal” considerations (dismantle, demolition) for plants that are retired early;

(iii) Costs associated with transmission upgrades or additions necessary for transmission grid reliability, stability, or voltage support affected by retirement.

Q. For the upcoming energy efficient potential study, include adoption (or “take”) rate considerations that are modified (+/-) with the following elements:

(i) Modified rate design scenarios (Inclining Block Rates, Time of Use, fluctuations in fixed charges +/- at \$2, \$5 and \$10); and

(ii) Increase in volatile weather (additional Heating Degree Days and Cooling Degree Days).

2. Empire shall analyze and document the following special contemporary issues in its 2019 triennial IRP compliance filing:

A. When complying with 4 CSR 240-22.060(5)(M), include the following as uncertain factors that may be critical to the performance of alternative resource plans:

(i) Foreseeable demand response technologies, including, but not limited to, integrated energy management control systems, linking smart thermostats, lighting controls, and other load-control technologies with smart end-use devices;

- (ii) Foreseeable energy storage technologies; and
- (iii) Foreseeable distributed energy resources, including, but not limited to, distributed solar generation, distributed wind generation, combined heat and power (CHP), and microgrid formation.

3. This order shall become effective on November 10, 2017.

BY THE COMMISSION



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

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp,
and Coleman, CC., concur.

Woodruff, Chief Regulatory Law Judge

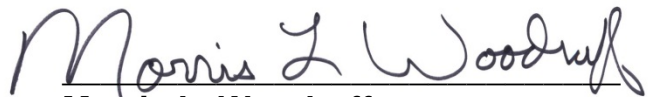
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 1st day of November 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

November 1, 2017

File/Case No. EO-2018-0048

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Hampton Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

Dogwood Energy, LLC

Legal Department
P.O. Box 110
25111 E 175th Street
Pleasant Hill, MO 64080

**Empire District Electric
Company, The**

Diana C Carter
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
DCarter@brydonlaw.com

Missouri Division of Energy

Brian T Bear
301 W. High St., Room 680
P.O. Box 1766
Jefferson City, MO 65102
bbear.deenergycases@ded.mo.gov

**Missouri Joint Municipal
Electric Utility Commission**

Legal Department
1808 Interstate 70 Dr. SW
Columbia, MO 65203

**Missouri Public Service
Commission**

Nathan Williams
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
nathan.williams@psc.mo.gov

Renew Missouri

Legal Department
409 Vandiver Dr., Building 5, Suite
205
Columbia, MO 65201

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.