

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

In the Matter of the Determination of Special	)	
Contemporary Resource Planning Issues to be	)	
Addressed by the Empire District Electric	)	<b>EO-2018-0048</b>
Company in its Next Triennial Compliance Filing	)	
or its Next Annual Update Report	)	

**PUBLIC COUNSEL’S UPDATED MEMORANDUM OF  
SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES**

**COMES NOW** the Office of the Public Counsel (“OPC” or “Public Counsel”) and in its response to the Missouri Public Service Commission’s (Commission) August 14, 2017 *Order Opening a File Regarding Special Contemporary Resource Planning Issues and Offering an Opportunity to File Suggestions* submits the following Updated filing in its Memorandum of Special Contemporary Topics and issues for the Empire District Electric Company (Empire) pursuant to 4 CSR 240-22.080(4)(A):

1. As described in the Commission’s regulations, the fundamental objective of the Commission’s Electric Utility Resource Planning process for electric utilities is to provide the public with “energy services that are safe, reliable, 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.” Commission Rule 4 CSR 240-22.010(2).

2. Commission Rule 4 CSR 240-22.080(4)(A) provides that Public Counsel may file suggested special contemporary issues for the utility to consider in triennial compliance filings or annual update report of the utility’s resource plan. In light of the purpose of the rule, and because of recent announcements and developments, including the Mountain West Transmission

Group's announcement that it has completed initial discussions with the Southwest Power Pool's (SPP) about its utility members becoming part of SPP,<sup>1</sup> OPC submits the attached memorandum with its Updated Suggested Special Contemporary Topics containing recommended resource planning issues.

WHEREFORE Public Counsel respectfully submits these Updated Special Contemporary Resource Planning Issues and asks the Commission to order Empire to address these issues in its next triennial compliance filing or annual update report.

Respectfully submitted,  
/s/ Lera Shemwell  
Lera L. Shemwell  
Senior Counsel (#43792)  
P. O. Box 2230  
Jefferson City, MO 65102  
(573) 751-5565 (Telephone)  
(573) 751-5562 (Fax)  
[lera.shemwell@ded.mo.gov](mailto:lera.shemwell@ded.mo.gov)

Attorney for the Office of the Public Counsel

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties of record electronically on this 28<sup>th</sup> day of September 2017.

*/s/ Lera Shemwell*  
Lera L. Shemwell

---

<sup>1</sup> The Mountain West Transmission Group (Mountain West) announced today that it has completed initial discussions with the Southwest Power Pool's (SPP) management team, concerning membership in the SPP regional transmission organization (RTO). Through these discussions, Mountain West has determined that membership in SPP would provide opportunities to reduce customer costs, and maximize resource and electric grid utilization.  
[www.wapa.gov/newsroom/NewsReleases/2017/Pages/Mountain-West-SPP-negotiations.aspx](http://www.wapa.gov/newsroom/NewsReleases/2017/Pages/Mountain-West-SPP-negotiations.aspx)

## MEMORANDUM

To: Missouri Public Service Commission Official Case File,  
Case No. EO-2018-0048 (Empire)

From: Geoff Marke, Chief Economist  
Lena Mantle, Senior Analyst  
John Robinett, Engineering Specialist

Subject: OPC suggested Special Contemporary Topics (updated)

Date: September 28, 2017

### **Suggested Topics:**

- Supply-Side Management Topics:
  1. Provide an explanation for stranded costs and ratepayer impact for the premature retirement of the “next in line” coal plant(s).
    - 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;
    - All “cost of removal” considerations (dismantle, demolition) for plants that are retired early;
    - Costs associated with transmission upgrades or additions necessary for transmission grid reliability, stability, or voltage support affected by retirement.
  2. The Company should model scenarios that examine the impact of the retirement of 10% and 25% of all of the coal generation of Southwest Power Pool (SPP) members and replacement with wind generation energy and capacity including:
    - The effect on reliability of energy availability on an hourly basis;
    - The effect on SPP monthly market prices, taking into account the impact of the reliability of energy availability;
    - The expected impact on the amount of energy purchased from the SPP Integrated Marketplace;
    - The effect on subsequent changes in Empire’s customers’ rates (including FAC rates) by season; and
    - The effect of inclusion of Mountain West Transmission into the SPP.
- Demand-Side Management Topics:
  1. The upcoming energy efficient potential study should include adoption (or “take”) rate considerations that are modified (+/-) with the following elements:

- Modified rate design scenarios (Inclining Block Rates, Time of Use, fluctuations in fixed charges +/- \$2, \$5 and \$10); and
- Increase in volatile weather (additional Heating Degree Days and Cooling Degree Days).

### **Additional Contextual Information for Consideration**

#### **Supply-Side Management:**

SPP IM does not operate in isolation. The resource capacity decisions of all of its members affect the SPP IM prices. There are SPP members who have announced that they are planning for early retirement of their low cost, dispatchable coal plants in favor of intermittent wind capacity. Many of these announcements were made after the June 2017 publication of the SPP Resource Adequacy report. These retirements have a yet-to-be determined impact on the SPP IM which in turn impacts the purchasers and sales of energy of Empire on the SPP market.

Additionally, last Friday, September 22, 2017 it was announced that negotiations had begun between the Mountain West Transmission Group and SPP. Mountain West is a coalition of ten electricity providers that, in 2016, included 10,503 MW of installed capacity that generated over 28,500 GWh of energy. It serves about 6.4 million customers and has over 16,000 miles of transmission lines. If the negotiations are successful, Mountain West's integration in the SPP could occur in late 2019. The addition of generation resources and load requirements would impact SPP market prices and thus creates an additional layer of uncertainty.

#### **Demand-Side Management:**

Expressed Commission interests in both recent rate cases (ER-2017-0285, ER-2016-0243, ER-2016-0156, ER-2016-0023) and regulatory workshops (EW-2017-0245) have heightened the importance of the relationship between rate design and energy efficiency adoption. The future deployment of AMI technology and exploration into value-added utility services is underscored by the need to mitigate peak energy demand. Future market potential studies (that inform future MEEIA applications) should be modeled with applicable “nudges.” Simply put, a ratepayer's decision to participate in MEEIA will be informed by the price signals they receive and by

changes in weather. A DSM market potential study should take these variables into account when it determines future RAP (realistic achievable potential) and MAP (maximum achievable potential) levels as these numbers form the foundation for future MEEIA targets.

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

**AFFIDAVIT OF LENA M. MANTLE**

STATE OF MISSOURI       )  
                                  )  
COUNTY OF COLE       )       SS.

COMES NOW LENA M. MANTLE and on his oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *ORDER OPENING A FILE REGARDING SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES AND OFFERING AN OPPORTUNITY TO FILE SUGGESTIONS*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


  
Lena M. Mantle  
Senior Analyst

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27<sup>th</sup> day September, 2017



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

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

**AFFIDAVIT OF GEOFF MARKE**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     SS.

**COMES NOW GEOFF MARKE** and on his oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *ORDER OPENING A FILE REGARDING SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES AND OFFERING AN OPPORTUNITY TO FILE SUGGESTIONS*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


  
\_\_\_\_\_  
Geoff Marke  
Chief Economist

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27<sup>th</sup> day September, 2017.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

  
\_\_\_\_\_  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

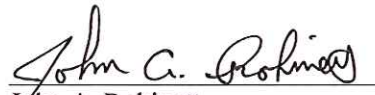
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**AFFIDAVIT OF JOHN A. ROBINETT**

STATE OF MISSOURI       )  
                                  )  
COUNTY OF COLE       )       SS.

**COMES NOW JOHN A. ROBINETT** and on his oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *ORDER OPENING A FILE REGARDING SPECIAL CONTEMPORARY RESOURCE PLANNING ISSUES AND OFFERING AN OPPORTUNITY TO FILE SUGGESTIONS*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27<sup>th</sup> day September, 2017.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

  
\_\_\_\_\_  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.