BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Resource Plan of KCP&L Greater Missouri Operations Company	))	Case No. EO-2015-0252
In the Matter of the Resource Plan of Kansas City Power & Light Company	))	Case No. EO-2015-0254

KANSAS CITY POWER & LIGHT COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY'S RESPONSE TO ORDER SETTING TIME FOR FURTHER FILINGS

COME NOW Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO"), collectively (the "Companies") and hereby responds to the Missouri Public Service Commission's ("Commission") November 18, 2015, Order Setting Time for Further Filings ("Order").

1. On November 25, 2015, pursuant to the Commission's Order, the Natural Resources Defense Council ("NRDC") filed Additional Comments of NRDC, with the stated purpose of attempting "to clarify what it views as the deficiencies in KCP&L's and KCP&L-GMO's (KCP&L/GMO) triennial plan filings under Chapter 22."

2. KCP&L and GMO offer the following responses to Additional Comments of NRDC:

NRDC Deficiency 16 – KCP&L/GMO improperly reduced cumulative savings for RAP and MAP by 30-40%. This is important because it arbitrarily undercuts the assessment of Maximum Achievable Potential and Realistic Achievable Potential required by 4 CSR 240-22.050(2) and deliberately understates cost-effective demand-side saving potential.

Response:

As the Companies understand NRDC's claimed Deficiency 16, NRDC believes the adjustments made to the Demand-Side Management ("DSM") Potential Study were improper. Specifically, NRDC claims the Companies' adjustments for measure roll-off, and the 2014 and 2015 adjustment should not have been made.

First, NRDC specifically takes issue with the Companies' adjustment to the DSM Potential Study for measure roll-offs. The Companies point out the adjustment for measure roll-offs has no impact on the actual demand-side savings that will be achieved. The number of measures installed and the savings of those installed measures during their lives remain the same. The adjustment recognizes that a measure can only save energy during its life. For example, a light bulb with a ten year life can only save energy for ten years. When that bulb stops working, it no longer saves energy. When a measure, the light bulb in this example, reaches the end of its life a new purchase decision must be made. When that new purchase decision is made there may be an even more efficient option available, but this new purchase decision may well also have a new baseline. Without knowledge of what may replace the measure, its cost, and the incentives that may be offered to acquire the new measure, the Companies believe it is appropriate to reflect the measure roll-off rather than simply reflect savings indefinitely. The adjustment does not constitute a deficiency with any Commission planning rule, but does reflect an analytical choice the Companies have made.

Second, NRDC takes issues with the Companies' adjustment for 2014 and 2015 savings, stating "KCP&L/GMO adjusted the cumulative potential by subtracting the 2014 and 2015 actual savings from the savings found in the potential study. The result of this adjustment is that RAP shows about 11% fewer savings in 2033 after the adjustment then it did before". KCP&L's

and GMO's adjustment for the 2014 and 2015 savings was misunderstood by NRDC. This adjustment was necessary since the time period of the DSM Potential Study was different than the 2015 Integrated Resource Plan ("IRP") filing. Since KCP&L and GMO already have approved energy efficiency and demand side programs (Missouri Energy Efficiency Investment Act ("MEEIA") cycle 1) through 2015, these savings are already reflected in the IRP. The planning need in the 2015 IRP was to determine what level of energy efficiency would be appropriate following the conclusion of the current MEEIA cycle 1 programs. Since the MEEIA cycle 1 programs end December 31, 2015, new programs would begin in 2016. Therefore, the incremental annual savings from the DSM Potential Study were used for each year beginning with 2016. Note that this does not mean that there were not energy efficiency savings prior to 2016, just that the "start date" of the cumulative total of savings is January 1, 2016. The "start date" in the next triennial IRP will also be shifted by three years, but this does not mean that no energy efficiency has occurred before that date. This adjustment does not constitute a deficiency with any Commission planning rule, and was made solely to align the timing of the IRP and DSM Potential Study.

Of note, the DSM Potential Study used in this triennial IRP was finalized in August 2013 and based on data collected during the study period beginning January, 2012. This study, as with all such studies, is a snapshot in time. The Companies believe it is necessary to consider developments that have occurred since the study was finalized and to the extent they are material, adjust the study to incorporate them. This is no different than the evaluation of supply-side options. The Companies continually monitor supply-side options and incorporate technology and pricing changes as they occur, the same as demand-side options. KCP&L and GMO have initiated the process of conducting a new DSM Potential Study with an anticipated completion date of April 1, 2017. Stakeholders will be given the opportunity to participate in the study development. This new DSM Potential Study will be available for use in the next triennial filings in 2018.

NRDC Deficiency 17 – "GMO improperly further reduced the savings achieved in the RAP and MAP scenarios to arrive at its Preferred Plan." As with deficiency 16 above, this arbitrarily undercuts the assessment of Maximum Achievable Potential and Realistic Achievable Potential required by 4 CSR 240-22.050(2) and deliberately understates cost-effective demand-side saving potential, resulting in higher than necessary NPVRRs and failing to treat demand-side resources equally with supply-side.

<u>Response</u>:

It is the Companies' understanding that this claimed Deficiency 17 of NRDC further asserts the Companies improperly made adjustments to the DSM Potential Study. Specifically NRDC claims the Companies adjusted for 2013 Evaluation, Measurement, and Verification results, removed measures that only passed the potential study due to natural gas impacts, new codes and standards, and program modifications to reflect enhanced performance, and recent program and technological development. This is incorrect.

KCP&L and GMO Realistic Achievable Potential ("RAP") and Maximum Achievable Potential ("MAP") scenarios were adjusted for only three things: 1) measure roll-off, 2) opt-outs, and 3) to align the time period of the DSM Potential Study and the IRP. No other adjustments were made to RAP or MAP. NRDC's allegations are incorrect.

NRDC Deficiency 18 – KCP&L/GMO "did not optimize the scenarios to best take advantage of the benefits of DSM." This violates 4 CSR 240-22.060(3), which requires alternative plans that are "substantively different mixes" of demand- and supply-side resources.

Response:

KCP&L modeled 15 plans reflecting five different supply-side options and four different demand-side options. GMO modeled 25 plans reflecting nine different supply-side options and five different demand-side options. The Companies believe the demand-side options and supply-side options were developed in compliance with the Commission's planning rules and resulted in alternative plans that are "substantively different mixes" of demand- and supply-side resources.

NRDC Deficiency 19 – KCP&L/GMO did not examine any scenarios with savings and costs between RAP and MAP, nor the actual RAP and MAP estimates made by its potential study contractor, Navigant. By considering only scenarios reflecting lower-than-RAP potential, KCP&L/GMO violated 4 CSR 240-22.060(3) requiring more representative scenarios and 22.050(2) requiring MAP and RAP as the ends of the spectrum of DSM potential.

Response:

KCP&L and GMO are in compliance with 4 CSR 240-22.050(2) requiring the companies to conduct market research studies "to estimate the maximum achievable potential, technical potential, and realistic achievable potential of potential demand-side resource options…". KCP&L and GMO did, in fact, use the RAP and MAP scenarios from the DSM Potential Study conducted in 2013 with the necessary adjustments as previously discussed. Rule 22.050(2) certainly does not characterize the RAP and MAP scenarios as "the ends of the spectrum of DSM potential".

KCP&L and GMO are also in compliance with rule 4 CSR 240-22.060(3) requiring the development of Alternative Resource Plans. Nowhere does the rule require that the alternative resource plans be between RAP and MAP. It is true that DSM Potential Study developed two additional scenarios between RAP and MAP, but the rule also does not require that every scenario studied in the DSM Potential Study be included as an Alternative Resource Plan. Finally, nowhere does the rule prohibit Alternative Resource Plans from being included that are below RAP potential.

NRDC Deficiency 20 – GMO (only): Though the unreasonably reduced level of RAP still resulted in the lowest PVRR, GMO arbitrarily rejected the reduced RAP plan and chose an even further reduced DSM-potential Option E, with a higher NPVRR, for its Preferred Plan, and in doing so disregarded the 20-year planning period of the IRP rules.

Response:

In the April 1, 2015 GMO IRP filing, GMO described the selection of the preferred plan choice, GBBEG, which had a $39 million increase in Present Value of Revenue Requirement ("PVRR") over the top-ranked plan GBBBA, but smaller rate impacts in the earlier years. GMO did not arbitrarily reject the lower Net Present Value of Revenue Requirement ("NPVRR") plan, but instead considered the customer rate impacts in its decision making process. The IRP rules do not require the Preferred Plan be the plan with the lowest NPVRR. It is to be the primary selection criteria, but other considerations may be considered. The other consideration in GMO's choice of the Preferred Plan was customer rate impact and that consideration was described in GMO's filing. GMO's Preferred Plan selection did not violated any IRP rule and is not deficient.

NRDC filed Comments on the GMO 2015 IRP on August 31, 2015 which included NRDC's quantification of GMO's choice of Preferred Plan vs. the lowest PVRR plan. GMO asked for clarification on this (and other) NRDC comment(s) at the October 5, 2015 stakeholder meeting, primarily regarding the $232 million (unreferenced) figure. NRDC has not provided further clarification.

There is no relevance of addressing DSM "Option C" in this comment, given that the top two plans were "Option B" and "Option E" levels of DSM and both had lower PVRR.

In review of the 25 GMO Plan rankings, we assumed that the $232 million was the delta between Plan #1 – GBBBA, and Plan #6 – GBBCG. If that is the basis for the $232 million figure, the preferred plan GBBEG is actually $193 million lower PVRR than the GBBCG (DSM Option C plan). However, with no further clarification from NRDC, the Company cannot address their comments.

NRDC Deficiency 21 – CONCERN GMO (only): Although the Preferred Plan ramps up to the inappropriately low adjusted estimate of RAP in 2019, NRDC is concerned that GMO will make the same arguments for delaying implementation of RAP in its next triennial IRP, thus saddling ratepayers with a higher NPVRR indefinitely.

Response:

GMO believes that it met the fundamental objectives outlined in 4 CSR 240-22.010(2)(B) using PVRR as the primary decision criteria, and (2)(C), by considering the customer rate impacts and risks associated with the preferred plan selected. These additional selection considerations were documented in Volume 7 of the April 1, 2015 filing.

Additionally, it should be noted that on November 23, 2015 the Companies and other stakeholders filed a Non-Unanimous Stipulation and Agreement Resolving MEEIA Filings in Case No. EO-2015-0240 and EO-2015-0241. Upon Commission approval, this Stipulation and Agreement ("S&A") defines both KCP&L's and GMO's DSM offerings for the next three year cycle. It is an inescapable fact that DSM in the early years of the IRP must reflect the MEEIA approved programs. NRDC is a signatory to the S&A, having participated extensively in the negotiations.

NRDC Deficiency 22 – GMO (only): Though RAP still resulted in the lowest NPVRR, GMO arbitrarily rejected the RAP plan and chose the reduced Option E potential as its Preferred Plan, potentially denying ratepayers $232 million in savings just in the next three years. In doing so they again ignored the directive to seek the lowest NPVRR.

Response:

GMO has addressed this issue in its response to Deficiencies 20 and 21 above, and believes it has complied with the rule. As discussed in its responses, GMO asked for clarification regarding NRDC's $232 million figure at the October 5, 2015 Stakeholder meeting. No clarification has been provided by NRDC. GMO believes the $232 million figure here is incorrect and misleading, but cannot verify without additional information regarding the calculation of the $232 million.

WHEREFORE, the KCP&L and GMO request that the Commission accept this filing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail, or mailed, First Class, postage prepaid, this 2nd day of December 2015, to counsel for all parties on the Commission's service list in this case.

/s/ Roger W. Steiner
Roger W. Steiner