

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Capital Plan Compliance)
Docket for Kansas City Power & Light)
Company and Westar Energy, Inc. Pursuant to) Docket No. 19-KCPE-096-CPL
the Commission's Order in Docket No. 18-)
KCPE-095-MER.)

NOTICE OF COMPLIANCE FILING

COME NOW, Staff of the State Corporation Commission (“Staff”), Citizens’ Utility Ratepayer Board (“CURB”), Kansas City Power & Light Company (“KCP&L”), Westar Energy, Inc. and Kansas Gas and Electric Company (“KG&E”) (collectively referred to herein as “Westar”; and all collectively referred to herein as “Joint Parties”), and submit this Notice of Compliance Filing:

1. In the Commission’s Order issued in Docket No. 18-KCPE-095-MER (“18-095 Docket”) on May 24, 2018 (“Merger Order”), the Commission approved the Non-Unanimous Settlement Agreement submitted on March 7, 2018, by certain parties to the 18-095 Docket (“Settlement Agreement”). Paragraph 50(iv) of the Settlement Agreement indicates that Staff, CURB, KCP&L, and Westar will initiate a Capital Plan Reporting compliance docket to provide capital plan reports and that the goal of the compliance docket will be to determine the appropriate information and data to report and the format of such reporting.

2. In paragraph 94 of its Merger Order, the Commission required Westar and KCP&L to work with the parties to develop and submit to the Commission a reporting format for an Integrated Resource Plan (“IRP”) process. In its Order Denying Petitions for Reconsideration from the Sierra Club and Kansas Industrial Consumers, paragraph 23, the Commission clarified

that KCP&L, Westar, Staff and CURB should work together to submit the IRP reporting format and that other parties would have the opportunity to comment on the filing after it is made.

3. Over the course of time since the orders in the 18-KCPE-095-MER docket, the parties have been working diligently to finalize a capital plan reporting and IRP process framework. However the press of other business and commitments required the parties to extend the deadline for submitting the framework on several occasions with the latest update extending the filing deadline to March 1, 2019.

4. The intent of the Capital Plan Report is to provide Staff and the Commission with the information and data necessary to understand forecasted capital expenditures. The goal of this compliance docket is to determine the appropriate information and data to report as well as the appropriate format of such reporting. The parties understand capital planning is a dynamic process and do not construe the information provided through the framework determined in this compliance docket as binding commitments on any party. The parties also recognize that the framework may need alternations or refinements in the future to achieve the goal of this compliance docket.

WHEREFORE, the Joint Parties submit their proposed Capital Plan Reporting and IRP Process framework.

Respectfully submitted,

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Capital Plan Reporting & IRP Process Framework

Purpose of Capital Plan Reporting

- The purpose of Capital Plan reporting is:
 - To provide the Commission visibility into Evergy's forecast for new investments as well as replacement of aging utility infrastructure; and
 - To identify strategic and major capital projects that will set Evergy's short-term and long-term direction

Capital Plan Structure

- The Capital Plan will be based on Evergy's five-year budgeting process and practices
- Capital expenditure projections will include generation, transmission, distribution, and general plant investments. There will be more detail in year one with less detail in years two through five, consistent with the structure of Evergy's five-year budget
- Submittal of the Capital Plan for 2019 will follow 30 days after Commission approval of the Capital Plan Reporting & IRP process. Thereafter, the Capital Plan will be presented by February 28 annually

Purpose of IRP Process

- The purpose of the IRP process is to present the utility's preferred portfolio of resources to customers and the Commission
- The resource modeling identifies the portfolio of resources that meets customer requirements at the lowest reasonable cost given an uncertain future
- The optimal portfolio of resources will vary based on the modeling assumptions
- The flexibility and robustness of an optimal portfolio is determined by input sensitivity analysis and contingent scenario analysis

Standard IRP Structure

- Load forecast with a matching supply plan (Demand and Supply of Energy)
- Current utility status and near-term expectations as set forth in the Current Status and Near-Term Expectations direction below
- Medium-Run future expectations (10 – 15 years)¹ will be for Evergy as well as for each jurisdictional utility

Multiple Levels of Uncertainty²

- Predictable short-run current trends (base case forecast)
- A few alternative futures, for example generation retirement
- A range of alternative futures, for example medium-run load forecast

¹ It is recognized that given the long-lived nature of some utility investments, the IRP evaluation timeframe may need to extend beyond the specified 10-15-year period.

² Staff adapted the general structure for dealing with planning uncertainty from the article "Strategy Under Uncertainty" by Hugh G. Courtney, Jane Kirkland, and S. Patrick Viguier, *Harvard Business Review*, November-December, 1997

Financial Impact of Alternative Scenarios

- Establish a criterion or criteria for evaluation of supply options (net present value of the revenue requirement, change in rates, etc.)
- If the preferred resource portfolio selected is not based on the alternative scenario exhibiting the lowest present value of revenue requirements, document the rationale for such selection.
- For each scenario, “what-if” contingency analysis needs to be conducted to determine how flexible and robust each supply option is

Commission Staff and CURB Review of Capital Plan Reporting and IRP Process

- Staff and CURB recognize that medium-run forecasts may be inaccurate and that changing economic factors can lead to the need for the utility to revisit investment decisions
- Given the dynamic environment facing utilities today, the IRP process will include review of major capital investment decisions during their implementation to determine if the planned course of action remains prudent
- When Staff and CURB agree that the utility’s initial decision for a major capital investment was prudent, but current events require the utility to adjust or abandon planned or in-progress investments as a result of unexpected developments, Staff and CURB will **not** seek to financially penalize the utility and will not apply hindsight judgement in evaluating the utility’s initial decisions. In such instances, Staff and CURB will consider recovery of investments that should be adjusted or abandoned in order to pursue an alternative investment or option that benefits customers in the long-term

Status Quo and Near-Term Expectations (Short-Run Demand and Supply of Energy)

Demand

- History of Annual and Seasonal Load Requirements
- Service Territory Areas of Decline and Growth
- Current Penetration of DSM Programs
- Current Penetration of Distributed Generation
- Current short-run load forecast

Supply

- Current Generation Portfolio
- Planned Generation Retirements
- Transmission Commitments
- Distribution Requirements
- Current Capital Expenditure Budget

Medium-Run Future Expectations (Medium-Run Demand and Supply of Energy)

Demand Forecast

- Load Forecast Using Multiple Methodologies
 - For five year and longer time horizons, forecast on a daily or monthly basis
 - Econometric Models

- Structural Models, for example PLEXOS
- Sensitivity Analysis of Input Assumptions
- Business as Usual (Baseline Case)
- Alternative Scenario Analysis
 - Increased Distributed Generation
 - Rapid Increase in Electric Vehicles
 - Energy Efficiency
 - Macroeconomic Fluctuations (Cyclical and Irregular)

Supply Options for Demand Forecast

- Supply Response to Business as Usual (Baseline Case)
- Sensitivity Analysis of Input Assumptions for Baseline Case
- Additional Supply Uncertainty
 - Changes in Regulatory Milieu (Political Transitions)
 - Federal
 - State
 - Changes in Technology
 - Wind
 - Solar: Both Utility and “Rooftop” solar
 - Energy Efficiency Engineering Improvements
 - Cost Effective Electric Storage

Filing Schedule and Requirements

PURPOSE: This filing process section specifies the requirements for Evergy to demonstrate compliance with the provisions of the Capital Plan Reporting and IRP Process Framework established above. The purpose of the compliance review required by this filing process is not Commission approval of the substantive findings, determinations, or analyses contained in the filing. The purpose of the compliance review required by this filing process is to determine whether Evergy’s Capital Plan Reporting and IRP Process Framework complies with the stated structure and expectations outlined in this document.

Capital Plan Process

(1) Evergy shall make its initial Capital Plan Report filing for its Westar and KCP&L subsidiaries in this docket 30 days after Commission approval of the Capital Plan and IRP Process Framework. Thereafter, the Capital Plan Report will be filed by February 28 annually. The filing shall demonstrate compliance with the provisions of this framework. Evergy’s filing shall include the following items:

- (A) Letter of Transmittal;
- (B) Five Year Summary of Capital Investment Plan by category, consistent with Evergy’s other external reporting requirements;
- (C) Year 1 Project Detail of Capital Investment Plan by project, consistent with Evergy’s capital project planning process;

(D) Comparison of prior year projected versus actual capital investments by project, consistent with Evergy's capital project planning and accounting processes. The comparison will begin with the second filing and each filing thereafter.

(2) Commission Staff, the Citizens' Utility Ratepayer Board (CURB), and any Intervenor shall review the compliance filing required by this framework and may file responsive comments providing any remarks and/or identifying any concerns regarding the Capital Plan, not later than one hundred twenty (120) days after the Capital Plan Report filing date. Any responsive comments by Staff, CURB, or Intervenors shall not be construed as acceptance or agreement with every investment in the Capital Plan contained in Evergy's filing

(3) Commission Staff, CURB, and any Intervenors may file cross-answering comments in response to the other parties' comments no later than 30 days after the initial responsive comments are filed.

(4) Evergy may file a report responding to responsive comments filed by each party no later than 180 days after the Capital Plan Report filing date.

(5) The Commission shall issue an order, which contains findings that Evergy's Capital Plan filing either does or does not demonstrate compliance with the requirements of the Capital Plan portion of this framework. The Commission may also address any comments or concerns raised by the parties if it so chooses. However, the Capital Plan Reporting framework does not constitute Commission approval or rejection of the plan.

IRP Process

(1) Evergy shall make a filing with the Commission every three (3) years that demonstrates compliance with the provisions of this framework. Evergy's filing shall include the following items:

- (A) Letter of Transmittal;
- (B) Summary information and any press release related to the filing;
- (C) Reports and information as outlined in this framework;
- (D) A narrative description and summary of the reports and information referred to in subsection (1)(C). The narrative shall specifically show that the resource acquisition strategy contained in the filing has been officially approved by the utility and that the methods used and the procedures followed by the utility in formulating the resource acquisition strategy comply with the provisions of this framework;

(2) Evergy shall make its initial compliance filings by 7/1/2020 based on the Missouri IRP update filing. After Evergy's initial compliance filing, all filings shall be filed three (3) months after each subsequent Missouri IRP filing.

(3) The Commission will establish a docket for the purpose of receiving Evergy's compliance filing. The Commission will issue an order that establishes an intervention deadline, sets an early prehearing conference, and provides for notice.

(4) Commission Staff, CURB, and any Intervenor (collectively "Parties") shall review each compliance filing required by this rule and shall file a report not later than one hundred twenty (120) days after each utility's scheduled filing date that identifies any deficiencies in Evergy's compliance with the provisions of this framework, any major deficiencies in the methodologies or analyses required to be performed by this framework and any other deficiencies which, in its limited review, the Parties determine would cause Evergy's resource acquisition strategy to fail to meet the requirements identified in this framework. If the limited review finds no deficiencies, the parties shall state such in the report. A report by any party shall not be construed as acceptance or agreement with the substantive findings, determinations or analysis contained in Evergy's filing.

(5) All workpapers, documents, reports, data, computer model documentation, analysis, letters, memoranda, notes, test results, studies, recordings, transcriptions, and any other supporting information relating to the filed resource acquisition strategy within Evergy's or its contractors' possession, custody, or control shall be preserved and made available in accordance with any protective order to the Staff, CURB and any Intervenor for use in its review of the periodic filings required by this framework. Evergy shall retain at least one (1) copy of the officially adopted resource acquisition strategy and all supporting information for at least five (5) years.

(6) If any Party finds any deficiencies, it shall work with Evergy and the other Parties to reach, within forty-five (45) days of the date that the report or comments were submitted, a joint agreement on a plan to remedy the identified deficiencies. If full agreement cannot be reached, this situation should be reported to the Commission through a joint filing as soon as possible, but no later than forty-five (45) days after the date on which the report or comments were submitted. The joint filing should set out in a brief narrative description those areas on which agreement cannot be reached.

(7) If full agreement on remedying deficiencies is not reached, then within sixty (60) days from the date on which the Parties submitted a report or comments relating to Evergy's compliance filing, Evergy may file a response and the Parties may file comments in response to each other's comments. The Commission will issue an order which indicates on what items, if any, a hearing will be held and which also establishes a procedural schedule if necessary.

(8) If Evergy determines that circumstances have changed so that the preferred resource plan is no longer appropriate for any reason(s), it shall notify the Commission in writing within sixty (60) days of its determination. If Evergy decides to implement any material changes to its preferred resource plan, it shall file supporting documents relating to the change for review in advance of its next regularly scheduled compliance filing.. This review shall not limit the ability of Evergy to take any actions deemed appropriate by Evergy.

(9) Between the triennial compliance filings, Evergy shall also provide an annual update to its IRP three (3) months after its Missouri IRP update. Stakeholders may file comments with the Commission concerning Evergy's annual update within thirty (30) days of the utility's filing.

(10) Upon written application, and after notice and an opportunity for hearing, the Commission may waive or grant a variance from a provision of this framework for good cause shown.

(11) The Commission may extend or reduce any of the time periods specified in this rule for good cause shown.

(12) The Commission shall issue an order, which contains findings that Evergy's filing and resource acquisition strategy either does or does not demonstrate compliance with the requirements of this framework.

CERTIFICATE OF SERVICE

19-KCPE-096-CPL

I, the undersigned, certify that a true and correct copy of the above and foregoing docket was served via electronic service this 1st day of March, 2019, to the following:

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