

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of a General Investigation for the )  
Purpose of Investigating Whether Annual or )  
Periodic Cost/Benefit Reporting by the SPP ) Docket No. 17-SPPE-117-GIE  
And Kansas Electric Utilities that Participate in )  
SPP is in the Public Interest. )

**RESPONSE TO COMMISSION STAFF'S QUESTIONS OF KANSAS CITY  
POWER & LIGHT COMPANY, THE EMPIRE DISTRICT ELECTRIC  
COMPANY, AND WESTAR ENERGY, INC.**

COME NOW Kansas City Power & Light Company ("KCP&L"), The Empire District Electric Company ("Empire") and Westar Energy, Inc. ("Westar") (collectively the "Companies"), and in response to the May 22, 2017 *Reply Comments of Commission Staff* by the Staff of the State Corporation Commission of the State of Kansas ("Staff") in the above-captioned docket, submit the following answers to Staff's questions.

**I. BACKGROUND**

1. The Companies have been in consultation with the Southwest Power Pool ("SPP") since receiving Staff's reply comments and questions. The Companies have been provided advanced notice of the content of SPP's response and answers to Staff's questions which SPP filed on June 20, 2017.

2. The Companies are in general agreement with SPP's answers to Staff's questions as they relate to the utilities in general and to the Companies specifically.

3. As such, the Companies incorporate SPP's responses herein with the following additional comments and clarifications. Only those questions to which the Companies have additional comments to SPP's answers are listed below.

## **II. RESPONSES TO COMMISSION STAFF'S QUESTIONS IN ADDITION TO SPP'S ANSWERS**

### **(a) BENEFITS/COST OF EXISTING SPP STUDIES – RCAR**

In addition to SPP's comments, the Companies assert that SPP's RCAR process fails to capture the opportunity cost to the generator due to curtailments in the State of Kansas and all of SPP. As such, SPP fails capture the true cost to the market, for example, lost Production Tax Credits ("PTCs"). In other words, the RCAR is only looking at Adjusted Production Cost differential to the whole market which fails to fully account for lost revenue associated with PTCs for Kansas-owned wind generation when evaluating the Benefit-to-Cost ratio. As an example, due to a constraint in another State, a project is constructed which forces Kansas generation to be curtailed and the Kansas generator owner has lost the PTC value associated with these curtailments. The RCAR process does not account for this and therefore does not reflect true costs to the market, to market participants, and to Kansas' interests as a whole.

### **(b) TRANSPARENCY IN THE POTENTIAL STUDY**

In addition to SPP's comments, the Companies assert that a Kansas-specific Benefit-to-Cost ratio can be calculated for Kansas (as described by SPP in its response) and filed by SPP with the Commission following the completion of any RCAR or ITP study.

### **(c) ESTIMATES FROM CONSULTING FIRM**

Paragraph 23 of the Companies' Initial Comments states that KCP&L has worked with a consultant to estimate the cost of a cost/benefit study. The study cost was estimated at \$600,000. Staff's Reply Comments requested a copy of the budget estimate and identity of the consultant. While no copy of a budget estimate exists, the scope of work estimated was substantially equal to the scope of work provided in the Companies' response to question (a) in the Commission's initial list of questions in this case. The consultant, due to competitive bidding

concerns, prefers not to be identified. The consultant has experience in evaluating the costs and benefits of RTO participation.

### **III. CONCLUSION**

The Companies maintain their position that cost/benefit studies previously performed indicate significant benefits to SPP participation and that additional analysis is unlikely to reach a different conclusion. The Companies continue to recommend that the Commission not require utilities under their jurisdiction to perform additional analysis at this time. The Companies also encourage the Commission to continue participation in the SPP process and to monitor the issues raised by the Companies in this docket regarding market functions, RCAR, etc., as it relates to the interests of Kansas utilities and the State in general.

WHEREFORE, the Companies respectfully request that the Commission accept their responses to the Commission Staff's questions.

Respectfully submitted,

*/s/ Patrick T. Smith*

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**CERTIFICATE OF SERVICE**

I do hereby certify that on the 21<sup>st</sup> day of April, 2017, I electronically filed via the Kansas Corporation Commission's Electronic Filing System, a true and correct copy of the above and foregoing with a copy emailed to all parties of record.

*/s/ Patrick T. Smith*  
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