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BEFORE THE PUBLIC SERVICE COMMISSION

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CASE NO. HO-83-274

In the matter of the

Steven Dottheim, Deputy General Counsel, Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

REPORT AND ORDER

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On May 24, 1983, KCPL duly filed the testimony and supporting schedules of M. C. Mandacina. On September 9, 1983, the Commission Staff duly filed the testimony and supporting schedules of J. L. Ketter.

KCPL, Commission Staff and Office of Public Counsel are the only parties to this case; there was no requested intervention or other participation by any other person.

A prehearing conference in this matter was duly held on September 19, 1983, as ordered by the Commission, and formal evidentiary hearings were held pursuant to Commission order on October 3, 1983. KCPL and Commission staff were the only parties appearing at the prehearing conference and formal evidentiary hearings. At the formal evidentiary hearings, KCPL offered the prefiled testimony and supporting schedules of M. C. Mandacina, and the Staff offered the prefiled testimony and supporting schedules of J. L. Ketter. KCPL, Staff and Public Counsel, by Stipulation and Agreement offered at said formal evidentiary hearings, stipulated and agreed that the Commission should enter an order approving and allowing the tariffs as filed in this case. Upon the offering of the prefiled testimony and supporting schedules of M. C. Mandacina and J. L. Ketter and said Stipulation and Agreement, the formal evidentiary hearings were then recessed for disposition by the Commission of said Stipulation and Agreement.

Findings of Fact

Kansas City Power and Light Company is a public utility corporation duly organized and existing under the laws of the State of Missouri. The Company is an electric corporation as defined in Chapters 386 and 393, RSMo 1978, with its administrative offices and principal place of business located at 1330 Baltimore Avenue, Kansas City, Missouri 64105. It is engaged principally in the generation, transmission, distribution and sale of electric energy and to a lesser extent in the furnishing of steam service. Electric energy is distributed and sold to the public on a retail basis in an area in the State of Missouri and Kansas, and steam service is supplied and sold to the public on a retail basis in Kansas City, Missouri.

KCPL and its predecessors have supplied steam for heating and other purposes to downtown Kansas City, Missouri customers since 1888. Throughout the first thirty (30) years of this service, numerous electric companies competed in the Kansas City area for retail electric business for essential lighting and transit purposes. Through a series of business failures, mergers and acquisitions, Kansas City Power and Light Company emerged as a certificated electric and steam utility for what is now KCPL's metropolitan, Kansas City, Missouri service area. In 1922, this Commission approved the consolidation of Kansas City Power and Light Company and Carroll County Electric Company (now KCPL's East District) forming Kansas City Power & Light Company. On July 31, 1922, the Commission's order in Case No. 3387 approved the consolidation, and issued the new Kansas City Power & Light Company a Certificate of Convenience and Necessity to provide service in those areas "in which the Commission has heretofore authorized to said Kansas City Power and Light Company and Carroll County Electric Company to conduct the business of a public utility". Of necessity, but without specific mention, KCPL's public utility steam service to downtown Kansas City, Missouri was included. To eliminate certain administrative problems that had developed, in Case No. 8560 (1934) the Commission issued a blanket Certificate of Convenience and Necessity for KCPL's Missouri service territory, again presumably including the downtown, Kansas City, Missouri public utility steam territory, but without specific mention.

By its proposed tariffs, KCPL wishes to clearly define its steam service territory. KCPL's only source for public utility steam service presently is Grand Avenue Station, located at the north end of the downtown Kansas City, Missouri area. KCPL is thus limited in area and distance over which steam can be economically transmitted. Because downtown Kansas City, Missouri is a mature area, with steam supply facilities being underground, the cost of installing expanding facilities is extremely high, exceeding \$300 per foot. For an average city block of approximately 400 feet, this means a cost in excess of \$120,000 to extend new facilities one block.

Given the existence of steam supply facilities within downtown Kansas City, Missouri and the attraction that public utility steam service can provide to potential downtown customers exclusively, KCPL is hopeful that its steam service can assist in the revitalization efforts of downtown Kansas City, Missouri.

Staff witness Ketter testified that he had reviewed the Commission order in Case No. 8560, and noted no reference to the steam operation of the Company or definition of boundaries relating to steam facilities. However, there are two references to boundaries in KCPL's General Rules and Regulations respecting steam service. Staff recommends that this Commission approve the Company's proposed steam service boundary tariffs as filed.

The proposed boundaries include all of the Company's existing customers and existing steam facilities. The practical limits of the Company's steam service territory are defined by the Company's existing steam facilities. The Company's filing in this matter provides a tariff definition of the territory in which the Company must provide and maintain service, and the proposed boundaries more clearly define current practical limits regarding how far customers can be from the steam source.

A copy of the Stipulation and Agreement entered into in this case is attached to this Report and Order as "Appendix A", and is hereby incorporated by reference herein.

Conclusions

KCPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapters 386 and 393, RSMo 1978. KCPL's proposed tariffs, which are the subject matter of this proceeding, were suspended pursuant to authority vested in this Commission by Section 393.150, RSMo 1978.

The Commission, after notice and hearing, may order a change in any rate, charge or rental, and any regulation or practice affecting any rate, charge or rental, and it may determine and prescribe the lawful rate, charge or rental, and the

lawful regulation or practice affecting said rate, charge or rental thereafter to be observed.

The Commission may consider all facts which, in its judgment, have any bearing on a proper determination of the Company's steam service territory boundaries.

For the purpose of determining just and reasonable terms and conditions for the provision of steam heat service, the Commission may accept a Stipulation and Agreement in settlement of any matters submitted by the parties. The Commission is of the opinion, after due consideration of the Stipulation and Agreement submitted by the parties hereto, that the matters of agreement contained therein are reasonable and proper and should be accepted.

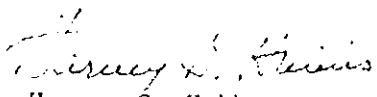
The prefiled testimony and supporting schedules of M. C. Mandacina and J. L. Ketter are received into evidence, and the formal evidentiary hearings are hereby adjourned and the recommendations of the parties hereto are adopted.

It is, therefore,

ORDERED: 1. That the tariffs as filed by Kansas City Power & Light Company in Case No. HO-83-274 be, and hereby are, allowed to go into effect on the effective date of this Report and Order.

ORDERED: 2. That this Report and Order shall become effective on the 24th day of December, 1983.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Shapleigh, Chm., Musgrave, Mueller
and Hendren, CC., Concur.

Dated at Jefferson City on this
1st day of December, 1983.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the filing by Kansas)	
City Power & Light Company of Kansas City,)	
Missouri, of tariffs designed to establish)	Case No. HO-83-274
and define steam service area boundary)	
lines.)	

STIPULATION AND AGREEMENT

WHEREAS, on January 26, 1983, Kansas City Power & Light Company (KCPL) filed proposed tariffs with the Commission designed to define the boundary lines of the service area in which KCPL is authorized or obligated to provide steam service;

WHEREAS, the Commission docketed said tariffs in Case No. HO-83-274 and duly suspended said tariffs by Suspension Order dated February 25, 1983;

WHEREAS, by Order of Consolidation and Second Suspension, Requiring Notice to Customers, Modifying Schedule of Proceedings, and Granting Interventions dated March 4, 1983, the Commission inter alia consolidated for joint hearing Case Nos. HR-83-245 and HO-83-274 and further suspended to December 26, 1983 tariff sheets previously suspended in Case No. HO-83-274;

WHEREAS, KCPL submitted to the Commission on May 20, 1983 Affidavit of Publication in The Daily Record, a daily newspaper of general circulation published in Kansas City, Jackson County, Missouri, respecting notice of intervention deadline and hearings in Case Nos. HR-83-245 and HO-83-274;

WHEREAS, by Order Dismissing Certain Tariffs and Modifying Notice to Customers dated August 31, 1983, the Commission dismissed and closed Case No. HR-83-245 pursuant to the request of KCPL and authorized KCPL to modify pursuant to its request the notice to be given its steam heat customers respecting Case No. HO-83-274;

WHEREAS, KCPL on May 24, 1983 and the Commission Staff on September 9, 1983 duly filed testimony and associated schedules in support of said proposed tariffs, and

WHEREAS, no person has intervened in opposition to said proposed tariffs, and the parties hereto are unaware of any opposition whatsoever to said proposed tariffs; and

WHEREAS, a prehearing conference in Case No. HO-83-274 was held on September 19, 1983 as ordered by the Commission.

Now, therefore, the parties hereto do stipulate and agree as follows:

1. That the proposed tariffs filed by KCPL in this matter be approved and allowed by the Commission as filed.

2. That the direct testimony and associated exhibits of KCPL witness M. C. Mandacina, filed on May 24, 1983, and the direct testimony and associated exhibits of Commission Staff witness J. L. Ketter, filed on September 9, 1983, are hereby submitted for the record, shall be received into evidence without objection, and the appearance and cross examination of said M. C. Mandacina and J. L. Ketter shall be excused and waived.

3. That the evidence referred to in Paragraph 2 hereof and any additional evidence adduced at the hearing held for submission of this Stipulation and Agreement to the Commission constitutes and comprises all the evidence submitted in this case.

4. That the Staff shall have the right to provide to the Commission, in memorandum form, whatever further explanation the Commission requests and that such memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. It is understood by the parties hereto that any rationales advanced by the Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by such other parties.


5. That the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced in any ratemaking principle, value methodology, cost of service method, or rate design proposal underlying any of the rates and tariffs provided for in this Stipulation and Agreement.

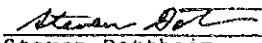
6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties hereto waive their respective rights pertaining to (a) the presentation of oral argument or filing of written briefs, pursuant to Section 536.080(1) RSMo 1978; (b) the reading of the transcript by the Commission

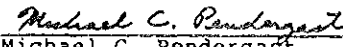
pursuant to Section 536.080(2) RSMo 1978; and (3) judicial review, pursuant to Section 386.510, RSMo 1978 with respect to all issues in this matter.

7. That in the event the Commission does not approve and adopt this Stipulation and Agreement in total, and in the event the tariffs agreed to herein do not become effective for service rendered in accordance with the provisions contained herein, this Stipulation and Agreement shall be void, and no party hereto shall bound by any of the agreements or provisions hereof.

Respectfully submitted,

By 
Mark G. English
ATTORNEY FOR
KANSAS CITY POWER & LIGHT COMPANY

By 
Steven Dottheim
ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE COMMISSION

By  BY SD
Michael C. Pendergast
ATTORNEY FOR THE
OFFICE OF THE PUBLIC COUNSEL