

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Joint Application of Kansas)
City Power & Light Company and Osage Valley)
Electric Cooperative Association for approval)
of a written Territorial Agreement designating)
boundaries of each as electric service supplier)
in Cass County, Missouri.)

CASE NO. EO-92-313

APPEARANCES: Mark G. English, Deputy General Counsel, P. O. Box 418679,
Kansas City, Missouri 64141-9679 for Kansas City Power &
Light Company.

Rodric A. Widger, Attorney at Law, Stockard, Andereck,
Hauck, Sharp & Evans, P. O. Box 4929, Springfield,
Missouri 65808, for Osage Valley Electric Cooperative
Association.

John B. Coffman, Assistant Public Counsel, P. O. Box 7800,
Jefferson City, Missouri 65102, for the Office of the
Public Counsel and the Public.

Mary Ann Young, General Counsel, P. O. Box 360, Jefferson City,
Missouri 65102, for the Staff of the Missouri Public Service
Commission.

REPORT AND ORDER

On June 22, 1992, a Joint Application was filed by Kansas City Power & Light Company (KCPL) and Osage Valley Electric Cooperative Association (Osage Valley) for approval of a Territorial Agreement in which they have specifically designated the boundaries of the electrical service area between them in Cass County, Missouri, and have mutually agreed to certain service responsibilities within those areas.

In accordance with Section 394.312, RSMo Supp. 1991, notice was given of the joint application. No applications to intervene were filed. On August 19, 1992, an order was issued by the Commission establishing a hearing date and a procedural schedule for the filing of direct, rebuttal and surrebuttal testimony.

On October 8, 1992, a Joint Recommendation was filed by KCPL, Osage Valley, Commission Staff and the Office of the Public Counsel (OPC) resulting from negotiations among the parties which resolved various issues and concerns.

Hearing was held in this matter on October 9, 1992, in which all four parties made appearance and in which prefiled testimony and the joint recommendation were entered into evidence.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

KCPL is a Missouri corporation in good standing with its principal office located at 1330 Baltimore Avenue, Kansas City, Missouri, and is an electrical corporation and public utility as defined by Section 386.020, RSMo Supp. 1991, engaged principally in the operation, transmission, distribution and sale of electrical energy in its service territory.

Osage Valley Electrical Cooperative Association is a rural electric cooperative corporation in good standing with its principal offices located at Highway 71 North, Butler, Missouri, and engaged principally in the sale and distribution of electrical energy to its members in certain areas of the State of Missouri, including Cass County.

The Territorial Agreement entered into between KCPL and Osage Valley, specifically designates the service boundaries in Cass County, Missouri, for each supplier, thereby modifying KCPL's current service territory in Cass County and establishing a geographical boundary for exclusive electrical service for each utility. The proposed boundary is for the purpose of preventing unnecessary duplication of facilities and to advance the efficient operation of the Applicants' respective distribution systems.

The area covered by this agreement is located in southern Cass County and is not heavily populated. It is located at the southern edge of KCPL's certificated service area and, at present, very little duplication of facilities exists between KCPL and Osage in that area. The requested boundary line is an equal distant between the facilities of each supplier and a few distribution lines go into the other service area as defined by the proposed agreement. No customers are served by these lines. There is no exchange of customers or facilities under this agreement. The Territorial Agreement is for a term of 35 years and includes provision for extensions of the agreement which allows renewals for periods of five years each unless one year written notice of cancellation is given.

Commission Staff expressed concern in regard to the fixed term of the agreement for the reason that a certificate for a particular service area does not have a term limitation, thereby creating a problem if the proposed agreement would expire without renewal. Additionally, Staff was concerned that a territorial agreement case may fail to catch the attention of someone attempting to track service areas at a later date.

As a result of these Staff concerns, a Joint Recommendation was entered into between Staff, OPC, KCPL and Osage Valley, in furtherance of the Territorial Agreement. The Joint Recommendation is attached to this Report and Order as Attachment A and incorporated herein by reference. In this recommendation, the parties recommend to the Commission that the Territorial Agreement be approved as presented; that KCPL's certificated service territory not be altered but instead suspended for the areas subject to the Territorial Agreement; and, that KCPL file a tariff reflecting the suspension of service rights, duties and obligations for that area. In addition, the parties agreed that KCPL should file an application with the tariffs and maps necessary to

reflect the suspension of service in the area affected by the Territorial Agreement.

The Commission has reviewed the Territorial Agreement and the Joint Recommendation and finds that the Territorial Agreement should be approved and the Joint Recommendation adopted. The agreement complies with the statutory requirements specifically designating the boundaries of each electric supplier subject to the agreement. The fact this agreement was for only 35 years concerned the Commission but the Joint Recommendation resolves those concerns. In accordance with the modification made at the hearing, KCPL will be ordered to file tariffs which reflect the suspension of service obligation to the affected area. Based upon the foregoing, the Commission finds that the Territorial Agreement is in the public interest.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law:

KCPL is a public utility and electric corporation under Section 386.020, RSMo Supp. 1991, and Osage Valley is an electric cooperative subject to Chapter 394, RSMo 1986. Both parties entered into a territorial Agreement per Section 394.312. All parties in this case entered into a Joint Recommendation resolving all matters at issue. The Commission has found that the Territorial Agreement complies with Section 394.312 and that approval of the Territorial Agreement and Joint Recommendation is in the public interest, and therefore the agreement and recommendation should be approved.

IT IS THEREFORE ORDERED:

1. That the Territorial Agreement entered into by and between Kansas City Power & Light Company and Osage Valley Electric Cooperative Association be hereby approved.

2. That the Joint Recommendation, Attachment A, be hereby approved, as modified by this Report and Order.

3. That Kansas City Power & Light Company will, within thirty (30) days of this Report and Order, file amended tariffs with the Commission suspending their service obligations to such portion of their service territory subject to the Territorial Agreement.

4. That this Report and Order shall become effective on October 30, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
Perkins and Kincheloe, CC., Concur.

Dated at Jefferson City, Missouri,
on this 20th day of October, 1992.

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

FILED

OCT 8 1992

PUBLIC SERVICE COMMISSION

In the matter of the Joint Application)
of Kansas City Power & Light Company and)
Osage Valley Electric Cooperative)
Association for Approval of a written)
Territorial Agreement designating boundaries)
of each as electric service supplier in)
Cass County, Missouri.)

Case No. EO-92-313

Joint Recommendation

COME NOW Kansas City Power & Light Company (KCPL), Osage Valley Electric Cooperative Association (Osage Valley), the Staff of the Missouri Public Service Commission (Staff) and the Office of Public Counsel (Public Counsel), and enter into the following Joint Recommendation.

1. On June 22, 1992, KCPL and Osage Valley (the "Applicants") filed an Application for an Order approving a certain Territorial Agreement affecting portions of the Applicants' service territories in Cass County, Missouri. The Territorial Agreement established a definite boundary between KCPL's and Osage Valley's service territories in Cass County and provided that neither party had the right, obligation or privilege of extending retail electric service into the other party's Cass County service territory. The Application further requested the Commission to terminate all of KCPL's rights, duties and obligations to serve customers at new structures in the area set aside for Osage Valley service, and to authorize KCPL to file tariff sheets modifying KCPL's certificated service territory to reflect the boundaries set forth in the Territorial Agreement.

2. The parties have discussed various issues and concerns raised by the Application and Territorial Agreement, and propose the following Joint Recommendation for the Commission's approval:

A. The Territorial Agreement should be approved as presented;

B. KCPL's certificated service territory boundary will not be altered. Instead, for so long as the Territorial Agreement remains in effect, all of KCPL's electric public utility service rights, duties and obligations in the shaded areas of Exhibit 2 to the Territorial Agreement shall be suspended and KCPL shall have no right or obligation to serve any new structure in said shaded areas.

C. That upon approval of the Territorial Agreement by the Commission, KCPL shall make an appropriate application (to be styled as an Electric Application "EA" docket), with the requisite tariffs and maps, memorializing the suspension of KCPL's service rights set out in Paragraph B., above.

3. The parties recommend that KCPL's public utility service rights, duties and obligations be suspended in said shaded areas for so long as the Territorial Agreement is in effect, in order to carry out the purposes of the Territorial Agreement and to provide that in the event of termination of the Territorial Agreement, the Applicants will be returned as much as possible to their original positions. The suspension of service rights will also avoid potential complexities caused by a regulated utility subsequently requesting that the shaded areas be made part of its service territory.

4. The parties recommend that KCPL initiate the "EA" application so that the suspension of KCPL's service rights will be properly tracked and recorded in the Commission's administrative systems.

5. None of the parties to this Joint Recommendation shall be deemed to have approved or acquiesced in any question of Commission authority, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery or prudence that may underlie this document, or for which provision is made in this document.

6. The Staff shall have the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Joint Recommendation and to provide to the Commission whatever further explanation the Commission requests. 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 this Joint Recommendation. It is understood by the parties that any rationales advanced by the Staff in such a memorandum are its own and are not acquiesced in or otherwise adopted by any other party.

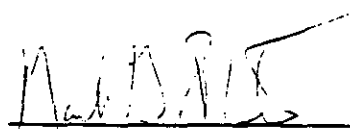
7. This Joint Recommendation represents a negotiated settlement for the sole purpose of addressing the Joint Application filed by KCPL and Osage Valley. Except as specified herein, the parties to this document shall not be prejudiced, bound by, or in any way affected by the terms of this document: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this

proceeding should the Commission decide not to approve this Joint Recommendation, or in any way condition its approval of the same.

8. The provisions of this Joint Recommendation have resulted from negotiations among the parties, and are interdependent. In the event that the Commission does not approve and adopt the terms of this Joint Recommendation in total, it shall be void and no party hereto shall be bound by, prejudiced or in any way affected by any of the agreements or provisions hereof unless otherwise provided herein.

9. In the event the Commission accepts the specific terms of this Joint Recommendation, the parties waive their respective rights to cross-examine witnesses, their respective rights to present oral argument and written briefs pursuant to §536.080.1, RSMo; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, RSMo; and their respective rights to judicial review pursuant to §386.510, RSMo. This waiver applies only to a Commission Report and Order issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this stipulation and agreement.

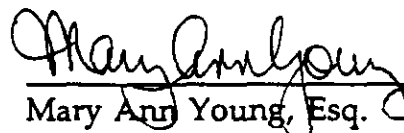
Kansas City Power & Light Company



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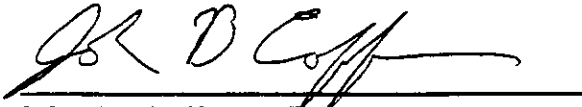
Respectfully Submitted,

Staff of the Missouri Public Service
Commission



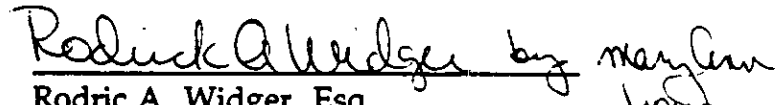
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing will be hand-delivered to all counsel of record prior to the hearing scheduled for 9:00 a.m. on October 9, 1992.

