

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

*PdO  
Binder*

CASE NO. GR-88-235

In the matter of The Kansas Power and Light Company to establish an Economic Development Rider for the purpose of encouraging economic development in the Company's Missouri service area.

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APPEARANCES: Martin J. Bregman, Assistant General Counsel, 818 Kansas Avenue, Topeka, Kansas 66612, for The Kansas Power and Light Company.

Stuart W. Conrad, Attorney at Law, Lathrop, Koontz & Norquist, 2345 Grand Avenue, Kansas City, Missouri 64108, for Armco Inc., and Midwest Gas Users Association.

Gary W. Duffy, Attorney at Law, Hawkins, Brydon, Swearingen & England, P.C., P. O. Box 456, Jefferson City, Missouri 65102, for St. Joseph Light & Power Company, The Empire District Electric Company, and UtiliCorp United, Inc., d/b/a Missouri Public Service.

Douglas M. Brooks, Public Counsel, and Lewis R. Mills, Jr., Assistant Public Counsel, P. O. Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the Public.

Douglas C. Walther, Assistant General Counsel, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

HEARING

EXAMINER: C. Gene Fee

REPORT AND ORDER

On March 7, 1988, The Kansas Power and Light Company (Company) submitted to the Commission an Economic Development Rider which proposed to implement certain incentives for economic development to qualifying new or existing large commercial and large industrial customers in its Missouri service area.

By order of the Commission a procedural schedule was established, including dates for intervention, filing of prepared testimony, and prehearing conference and hearing.

#### 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:

Pursuant to the Commission's order, the hearing was convened on September 22, 1988. Timely prepared testimony had been prefiled by the Company, the Commission Staff, and the Office of the Public Counsel. In lieu of the presentation of witnesses, Company, Commission Staff and Public Counsel offered a Joint Recommendation for disposition of all issues in this matter.

Intervenors Armco, Inc., and Midwest Gas Users Association had no desire to oppose the Joint Recommendation and had no desire to cross-examine any of the witnesses. Intervenors St. Joseph Light & Power Company, The Empire District Electric Company, and UtiliCorp United, Inc., d/b/a Missouri Public Service also had no desire to cross-examine any of the witnesses and took no position in opposition to or in favor of the Joint Recommendation. Intervenor Kansas City Power & Light Company did not appear at the hearing, but had authorized the Commission Staff to state that the Joint Recommendation was not opposed by Kansas City Power & Light Company which had no desire to cross-examine any of the witnesses.

Although the City of Kansas City had intervened in support of the tariffs, no appearance was made. The presiding officer requested that the Company tender a copy of the Joint Recommendation to Intervenor Kansas City Power & Light Company and solicit any opposition or support for the Joint Recommendation. The City, by letter dated September 27, 1988, supports adoption of the Joint Recommendation.

The Joint Recommendation sets forth the matters of agreement between the signatory parties, and adequately sets forth the factual and procedural matters, is attached hereto as Appendix A, and is incorporated herein by reference.

#### Conclusions

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

The Kansas Power and Light Company is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 382 and 392, RSMo 1986. The Company's tariffs which are the subject matter of this proceeding, were suspended pursuant to the authority vested in this Commission by Section 392.230, RSMo 1986. In the instant case the parties have entered into a nonunanimous stipulation and agreement which is unopposed by any party. Pursuant to the Commission's Rules of Practice, if no party requests a hearing on any of the issues the Commission will treat the stipulation and agreement as a unanimous stipulation and agreement. See: 4 CSR 240-2.115.

For ratemaking purposes, the Commission may accept a stipulation and agreement in settlement of any or all contested matters submitted by the parties. Since, in the instant case the hearing was convened pursuant to notice to all interested parties, all have had adequate opportunity to oppose the stipulation, cross-examine witnesses, or offer a contrary position. Since no party desires to take advantage of its opportunity to oppose the stipulation, the Commission is of the opinion that the matters of agreement between the signatory parties in this case are reasonable and proper and should be accepted.

It is, therefore,

ORDERED: 1. That the Joint Recommendation entered into between The Kansas Power and Light Company, the Commission Staff, and the Office of the Public Counsel in Case No. GR-88-235 as described herein, is hereby accepted and adopted in disposition of all matters in this proceeding.

ORDERED: 2. That for purposes of implementing the Joint Recommendation in this proceeding, the revised tariffs herein suspended are hereby disapproved and the Company is hereby authorized to file in lieu thereof tariffs consistent with the Joint Recommendation.

ORDERED: 3. That the tariffs to be filed for Commission approval pursuant to this Report and Order, may be effective for service rendered on and after the 1st day of October, 1988.

ORDERED: 4. That this Report and Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs  
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Hendren,  
and Fischer, CC., Concur.  
Mueller, C., Not Participating.

Dated at Jefferson City, Missouri,  
this 30th day of September, 1988.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of The Kansas )  
 Power and Light Company to )  
 establish an Economic Develop- )  
 ment Rider for the purpose of ) Docket No. GR-88-235  
 encouraging economic develop- )  
 ment in the Company's Missouri )  
 service area. )

JOINT RECOMMENDATION

On March 7, 1988, The Kansas Power and Light Company (KPL) submitted to this Commission for approval an Economic Development Rider for the purpose of implementing certain rate incentives to encourage industrial development in KPL's Missouri service area. By order of the Commission, the Economic Development tariffs were suspended until August 4, 1988. By agreement of the Company, the effective date of the tariffs were again extended until December 5, 1988.

On May 3, 1988, the Commission issued an order establishing a schedule of proceedings in the above-captioned docket. Pursuant to that schedule, a prehearing conference was held on August 18, 1988. As a result of that prehearing conference and subsequent discussions among the parties, an agreement resolving the issues in this proceeding has been reached by the undersigned parties. Accordingly, the undersigned parties submit the following agreements and recommendations to the Commission for its consideration and approval.

1.

The revised Economic Development Rider set forth in Appendix A to this Joint Recommendation shall be approved by the Commission for service rendered on and after October 1, 1988.

2.

The total annual dollar amount of the incentive discounts authorized by the Economic Development Rider and

reasonably-related expenses shall not exceed one percent (1%) of KPL's Missouri jurisdictional gross revenues during the year in which such discounts are offered; provided that KPL shall have the right, at any time and for good cause shown, to seek a modification of this limitation upon application to the Commission.

3.

None of the parties to this Joint Recommendation shall be deemed to have approved or acquiesced in any question of Commission authority, ratemaking principle, value methodology, method of cost of service determination, rate design methodology, or cost allocation underlying any of the terms or conditions of the Economic Development Rider.

4.

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

5.

None of the parties to this Joint Recommendation shall be prejudiced, bound by, or in any way affected by, the terms of this Joint Recommendation in the event the Commission does not approve this Joint Recommendation in this proceeding.

In the event the Commission accepts the specific terms of this Joint Recommendation, the parties waive their respective rights to judicial review, pursuant to Section 386.510 RSMo 1978, with respect to all matters addressed in this Joint Recommendation. Said waiver applies only to judicial review of a Commission Order issued in this proceeding and does not apply to any matters raised in any subsequent Commission proceeding or to any matters not explicitly addressed by the Joint Recommendation.


Respectfully submitted,

THE KANSAS POWER AND LIGHT COMPANY

By 

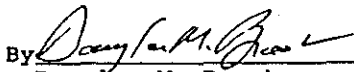
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The Kansas Power & Light Company For All Missouri Service Areas

ECONOMIC DEVELOPMENT RIDER

EDG

PURPOSE

The purpose of this Economic Development Rider is to encourage industrial development in Missouri.

AVAILABILITY

Service under this rider is available to customers qualified to receive service under the Company's contract rate schedule for large industrial customers and as further set forth herein.

APPLICABLE

Upon election of the customer and acceptance by the Company, the provisions of this rider are applicable to new large industrial customers and to the added consumption of existing customers who have been served under the large industrial rate schedule for the twelve months prior to customer's election of this rider (the base period).

All sales or transportation volumes delivered to new customers shall be considered qualified volumes with respect to the incentive provisions of this rider. For existing customers, qualified volumes shall be the sales or transportation volumes delivered during each contract year in excess of the base period volumes, provided customer's annual natural gas requirement in each contract year exceeds the base period requirement by at least 30,000 MCF.

DATE OF ISSUE September 19, 1988 DATE EFFECTIVE October 1, 1988

ISSUED BY Steven L. Kitchen Sr. Vice President 818 Kansas Ave., Topeka, KS  
name of officer title address

Steven L. Kitchen

P.S.C.MO. No. 1

Original SHEET No. 68

Cancelling P.S.C.MO. No. \_\_\_\_\_

SHEET No. \_\_\_\_\_

The Kansas Power & Light Company For All Missouri Service Areas

Economic Development Rider

EDG

All requests for service under this rider will be considered by the Company; however, in no event shall any provision of this rider apply to a customer's consumption for a period prior to the date the Company accepts the customer's application hereunder. If a qualifying customer's use of natural gas subsequently becomes insufficient to meet the requirements of this rider or the Company's contract rate schedule for large industrial customers, the incentive provisions contained herein shall cease and the customer will be served under the applicable rate schedule for such reduced requirements.

INCENTIVE PROVISIONS

The contract for service hereunder shall begin on the date the Company accepts the customer's application and shall continue for a period of five years. Customers receiving service under this rider shall be billed at the standard rates and charges for large industrial customers as adjusted by the following incentive provisions:

1. Rate Discount: With respect to the qualified volumes, the commodity margin of the sales and transportation rate will be discounted by 50% during the first contract year, 40% during the second contract year, 30% during the third contract year, 20% during the fourth contract year, and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease.

DATE OF ISSUE September 19 1988 DATE EFFECTIVE October 1 1988  
month day year month day year  
 ISSUED BY Steven L. Kitchen Sr. Vice President 818 Kansas Ave., Topeka, KS  
name of officer title address  
 Steven L. Kitchen

The Kansas Power & Light Company For All Missouri Service Areas

Economic Development Rider

EDG

- 2. Minimum Bill: The provision of the large industrial rate schedule which establishes the minimum bill as the monthly customer charge will be waived during the first five contract years. Other minimum charges, if any, shall continue to be applicable. After the fifth contract year, this incentive provision shall cease.
- 3. Local Service Facilities: The Company will not require a contribution in aid of construction for standard facilities installed to serve the customer if the Company's analysis of expected revenues from the new or expanded load on an ongoing basis calculated at the standard rates and charges for large industrial customers is determined to be sufficient to justify the investment in the facilities.

The total dollar amount of the incentives provided under this rider shall not exceed one percent (1%) of the Company's jurisdictional gross revenues during each calendar year, provided; however, the Company shall have the right at any time and for good cause shown to seek a modification of this limitation upon application to the Commission.

TERM

Upon application by the Company and approval of the Commission, this rider may be frozen with respect to new or expanded loads. Any customer receiving service under the rider on the date it is frozen may continue to receive the benefits of the incentive provisions herein through the first five years of such customer's contract provided the customer continues to meet the requirements of this rider.

DATE OF ISSUE September 19 1988 DATE EFFECTIVE October 1 1988  
month day year month day year

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