

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

In the Matter of the Application of)
John Maggard for a Change of) **File No. EO-2012-0286**
Electric Supplier.)

STAFF RECOMMENDATION

COMES NOW, the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and for its *Staff Recommendation* states as follows:

1. On March 6, 2012, Mr. John Maggard filed an *Application* with the Commission requesting that his electric supplier for the structure located at 3699 NE Hwy 13, Osceola, Missouri, be changed from “KCP&L” to “SAC Osage.”

2. On March 7, 2012, the Commission ordered SAC Osage Electric Company (“SAC Osage”) and Kansas City Power & Light Company (“KCP&L”) to respond to the *Application* by no later than April 6, 2012, and further ordered Staff to file a recommendation by April 13, 2012.¹

3. On March 16, 2012, SAC Osage filed its’ *Response to Order Directing Filing* in which it stated that it would serve the structure only with written permission from KCP&L. SAC Osage also stated that should Mr. Maggard’s request be upheld, that it would extend service at a cost determined by the line extension policy in effect at the time.

4. On April 5, 2012, KCP&L Greater Missouri Operations Company (“GMO” or “Company”) identified itself as Mr. Maggard’s current electric service provider² and requested the Commission to allow it to work with Mr. Maggard to reach a

¹ This filing date has been extended to May 7, 2012.

² Both Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company do business under the servicemark “KCP&L,” which is how both represent themselves to their customers.

mutually agreeable solution. GMO also requested permission to file periodic status reports with the Commission.

5. On April 12, 2012, an e-mail from Mr. Maggard was filed in this matter as an ex parte communication. This e-mail indicates Mr. Maggard's wish not to delay this matter due to his age, and his wish to expediently reopen his business.

6. As indicated in the Staff Memorandum, attached as Attachment A, Staff has conducted an investigation of the request contained in Mr. Maggard's *Application*. Most notably, Staff conducted an on-site examination of the electrical facilities present on Mr. Maggard's property. GMO presently serves the structure on the property through a residential-sized meter. When there were commercial operations in the structure in the past, GMO served them through a commercial-sized meter. GMO's facilities for that service are still on the property. Mr. Maggard plans to restart commercial operations in the structure, but wants SAC Osage to provide that service.

7. Based upon its investigation, Staff understands that GMO has offered to reenergize Mr. Maggard's current system for commercial operations. The Company's offer includes replacing the current transformers and rewiring the existing meter socket for commercial service at no cost to Mr. Maggard.

8. Sections 393.106 and 394.315 RSMo, the "anti-flip-flop" statutes, authorize the Commission upon application by an affected party, to order a change of electrical suppliers if it is in the public interest for a reason other than a rate differential.

9. There are no territorial agreements between GMO and SAC Osage that are applicable to this matter.

10. As indicated in Attachment A, it appears that both GMO and SAC Osage have the ability to provide safe and reliable electricity to the structure at this location. However, Mr. Maggard, GMO ratepayers, GMO shareholders, and SAC Osage's customer could all incur costs if this change of supplier request is granted. While Staff understands that Mr. Maggard has a tenuous relationship with GMO, it appears that the Company has made a reasonable offer. Further, Staff would also point out the economic development aspect of the motel and restaurant operating again as quickly as possible.

WHEREFORE, for the reasons indicated in this pleading and the attached Staff Memorandum, Staff recommends that the Commission issue an order denying Mr. Maggard's request to change his electric service provider from GMO to SAC Osage.

Respectfully submitted,

/s/ Meghan McClowry

Meghan E. McClowry

Legal Counsel

Missouri Bar No. 63070

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 7th day of May, 2012.

/s/ Meghan McClowry_____

MEMORANDUM

TO: Missouri Public Service Commission Official Case File No. EO-2012-0286,
Change in Electric Supplier filed by John Maggard

FROM: Daniel I. Beck, Energy Department – Engineering Analysis

/s/ Lena M. Mantle 05/04/12
Energy Unit / Date

/s/ Nathan Williams 05/04/12
Staff Counsel's Office / Date

Subject: Staff Recommendation

Date: May 7, 2012

OVERVIEW

On March 6, 2012, John Maggard (“Applicant”) filed an application with the Missouri Public Service Commission (“Commission”) requesting that his electric supplier to a structure located at 3699 NE Hwy 13, Osceola, Missouri, be changed from KCP&L Greater Missouri Operations Company (“GMO”)¹ to Sac Osage Electric Cooperative, Inc. (“Sac Osage” or “Cooperative”). Sac Osage filed its response on March 16, 2012, and GMO filed its response on April 5, 2012. Sac Osage stated in its response that it would serve the motel if Mr. Maggard’s request were granted, but did not specifically support or oppose the Application. GMO stated in its response that it believed that a mutually agreeable solution could be found and that it would file a status report to the Commission on or before May 4, 2012, but it also did not specifically support or oppose the Application.

¹ The Application describes the current supplier as “KCPL”, “KCP&L”, and “the new KCPL.” The Commission’s Order Directing Notice and Order Directing Responses to Application noted the fact that the current supplier was likely GMO and this was confirmed by GMO in its Response dated April 5, 2012.

As discussed below, GMO is currently serving the structure through a residential-sized meter that was installed for service to an apartment in the structure. GMO also provided service to the structure through a commercial-sized meter for a motel, a restaurant and a gift shop located in the structure until the businesses closed.

Typically, the Missouri Public Service Commission Staff ("Staff") does not file a recommendation in a change of supplier case until after the parties have taken positions on the filing. However, since Mr. Maggard sent an e-mail on April 12, 2012, requesting that "additional delays not be allowed," Staff is filing its Recommendation based on the information that it currently has. Since GMO has yet to file a detailed response to the Application and Mr. Maggard has not had a chance to respond to that response, Staff expects additional relevant information to be introduced in this case. If so, this additional information could cause Staff to alter its recommendations.

Based on the limited information that Staff currently has, it appears that Applicant and GMO have significantly different views on the facts surrounding this change of supplier request. While the Application talks about \$40,000 for modifications to restart the facility, GMO has provided Staff with an April 25th letter (Attached as Exhibit A) stating GMO's willingness to reconnect the customer "at no cost to you." It appears that some of this difference is due to the timing of these two documents, since the Application was filed on March 6, 2012, while the GMO letter is dated April 25, 2012. Staff attempted to arrange a conference call between Mr. Maggard and GMO to discuss the differences, but Mr. Maggard declined to participate in a conference call with the Company and Staff. Instead, Mr. Maggard's son, Mr. Jim Maggard, called Staff on April 23, 2012, and discussed the topic with Staff. In that discussion, Mr. Jim Maggard

indicated that the Company had never provided them with written documentation and that Applicant wants to change suppliers regardless of the cost to reconnect commercial service to the structure.

While Staff recommends that the Commission deny the Applicant's request for a Change of Supplier because it does not meet the public interest standard required by Statute, Staff continues to maintain that a meeting or possibly mediation between Applicant and GMO would be beneficial since one of the stated goals in the Application is to "avoid unnecessary costs to restart our facility" and the GMO letter appears to be the least cost option.

DISCUSSION

GMO has a long history of serving the structure at 3699 NE Hwy 13, Osceola, MO 64776, that goes back to when there was only a motel at this location. Later, a restaurant, a vacant gift shop and an apartment for the manager of the motel were added to the existing structure, and GMO, then d/b/a Aquila, served these operations. In August 2007, Mr. Maggard filed an informal complaint with the MOPSC, C200800670, involving this structure. It appears that the restaurant and motel closed about the same time that Staff was conducting the informal complaint investigation. At the time of the informal complaint, GMO served the structure by two meters, with service to one meter being in Mr. Maggard's name and service to the other being in the name of the Old Plantation Motel. In the Application, Mr. Maggard states, "The Motel is not connected, part of the facility is KCPL, the other part is Sac Osage. Staff is not completely sure of the meaning of this statement, but based on the previous complaint, and observations during a site visit by Staff with Mr. Maggard on April 13, 2012, Staff believes that there

are two meter bases at this location and that both of those meter bases are connected to GMO facilities, but only one meter base currently has a meter installed and therefore only one meter/meter base is active. Based on conversations with Mr. Maggard, this meter primarily serves the apartment, while the second meter base would provide power to the motel, the restaurant, and the gift shop. Sac Osage distribution lines are located behind and to the side of the structure, but do not serve the structure in question. Staff notes that there is one structure that houses the motel, restaurant, apartment and gift shop.

During the site visit on April 13, 2012, Mr. Maggard provided Staff with several documents including two color photographs of the premises where the structure is located (Attached as Exhibit B and C), three black and white photographs showing where Mr. Maggard believes new underground wiring and conduit would be required to be installed at his cost prior to GMO serving the structure (Exhibits D, E, and F), two drawings showing the typical configuration of a splice box, CT (current transformer) cabinet, and a meter base with notes added by Mr. Maggard (Exhibits G and H), and a printout from a catalog showing retail prices for some of the equipment (Exhibit I). Mr. Maggard stated that since all of the underground conduit and lines would have to be installed under the existing parking lot and the facilities shown in the diagram would have to be placed on a rack that would have to be built, the cost to reconfigure the system would be expensive. Staff has been unable to obtain any documents that specifically explain the \$40,000 estimate that Mr. Maggard raised in his Application and “confirmed” in his subsequent e-mail and GMO has stated that it does not know the basis for the \$40,000 estimate.

In contrast, in conversations with GMO between April 19th and April 24th, GMO told Staff that while the splice box, CT cabinet and meter base configuration is the

preferred design, GMO is proposing to utilize the existing pad mounted transformer enclosures in place of a new splice box and a new CT cabinet because that was the Company's standard design at the time the facilities were installed. The work would be done by GMO at no direct cost to the customer and no materials would be provided by the customer. Use of the pad-mounted transformer enclosures would eliminate the need for the new conduit and wiring that Mr. Maggard believes GMO requires. Staff attempted to arrange a conference call between Mr. Maggard, Staff and GMO to discuss this alternative design further, but Mr. Maggard declined the invitation. Instead, Mr. Maggard's son, Mr. Jim Maggard, called Staff on April 23, 2012, and discussed the matter at length with Staff member Dan Beck. In that conversation, it became clear that the Maggards believe that switching to Sac Osage is in their best interest because they are upset by the past discussions with GMO, and they simply do not trust GMO.

Sections 394.315 and 393.106, RSMo are the statutes that address the change of supplier from an electric cooperative and from an electrical corporation to another electric utility. These statutes are commonly referred to as the "anti-flip-flop" statutes. The statutes include the following language: "The public service commission, upon application made by an affected party, may order a change of suppliers on the basis that it is in the public interest for a reason other than a rate differential." The Application and the responses from the parties have not specifically addressed the topic of public interest. In the Application, the customer's interest appears to be financial, especially with regard to the \$40,000 in "modifications to meet KCPL's requirements"; however, GMO's current offer to provide service at no cost to Applicant appears to address the issue. In contrast, Sac Osage states that it "will extend service at a cost determined by the line

extension policy at that time.” Given this statement, it appears that there could be some cost to Applicant. In addition, during the site visit, Mr. John Maggard stated that Sac Osage would require him to install a conduit under his parking lot so that power could be brought from a new overhead service pole to the area where the pad-mounted transformers and meters are currently. Staff roughly estimates that it would cost at least \$5000 to install the conduit and patch the existing blacktop.

Other than Applicant, Staff is aware of two other groups that could potentially be affected by this change of supplier request, GMO’s current customers and Sac Osage’s current members. Each of these groups will be impacted by the costs that the utilities have/will incur to bring/remove service to Applicant. Although the loss/addition of one customer/member of this size is not enough to immediately change the rates charged to other customers and members, it cannot be said that these costs are insignificant. GMO has invested in overhead wires, a service pole, underground wires, two pad-mounted transformers and all of the related equipment to provide service to this customer. Since the businesses have not been operating for the last four (4) years, GMO has recovered little of its investment in these capital costs during that four year period. If these facilities are removed, GMO will likely only recover the scrap value for most of them, while incurring labor costs to remove them. While it is possible that the items like the pad-mounted transformers can be reused, the age of some of these items makes that less likely. The unrecovered costs that GMO incurs are typically referred to as stranded costs, that is, costs that do not have an associated future revenue stream. Likewise, Sac Osage will incur both labor and material costs to install a new overhead line, a new service pole, new underground lines, new pad-mounted transformer(s) and all of the related facilities.

Sac Osage's ability to recover these costs will depend on its extension policies and on the future usage of the customer. To the extent that the future usage is less than expected, Sac Osage's other members will have to bear those costs.

Another group that could be affected if this change of supplier is allowed is GMO's shareholders (or in this case the shareholders of Great Plains Energy). The since stranded costs are often borne by both ratepayers and shareholders, the earnings to shareholders will likely be reduced. Note that since Sac Osage is a member-owned cooperative, that issue of shareholder versus ratepayer is moot.

To summarize, based on Staff's analysis of the information of which it is now aware in this case, it appears that Applicant, GMO ratepayers, GMO shareholders, and Sac Osage's members could all incur costs if this change of supplier request is granted. While Staff understands that Applicant no longer wants to work with GMO, it appears that the Company has made a reasonable offer given the circumstances and that offer is in the interest of the other most affected groups that make up the public interest. Staff points out that the economic development impact from reopening the motel and restaurant expediently should be considered in determining the public interest. Staff also notes that both GMO and Sac Osage have the ability to provide safe and reliable electricity to this structure.

STAFF RECOMMENDATION

Based on the information of which Staff is now aware, Staff recommends the Commission find that this change of supplier request is not in the public interest; however, Staff does not know what evidence the Applicant and utilities may present at a hearing in this case. Staff also recommends that the Applicant and Company meet to

discuss this further since the April 25, 2012 letter seems to address some of the Applicant's concerns.

The Staff has verified that the Company filed its 2010 annual report, has been granted an extension to file its 2011 annual report, and is not delinquent on its assessments. Sac Osage Electric Cooperative, Inc. is a rural electric cooperative that provides electric service to its members, and no annual reports or assessments are required from the Commission.



April 25, 2012

Mr. John Maggard
3699 NE Hwy 13
Osceola, MO 64776-2421

Mr. Maggard,

In response to your request for service to the Old Plantation Motel and Restaurant located on Hwy 13 in Osceola, MO, our supervisor tried to contact you on Monday, April 9, 2012 at 9:00am and again at 12:05pm to discuss your service.

Based on our last conversation with you, we expected to hear from you last Tuesday, April 17th. We cannot proceed to do the work necessary to supply service to your location until we have confirmation from you that you are accepting our proposal.

With your approval we will re-energize the current system that is in place after we replace the current transformers located inside the transformers and rewire the existing meter socket. All of this will be at no cost to you. All you will have to do is withdraw your application for change of service provider with the Missouri Public Service Commission.

Please contact me at your earliest convenience at 660-232-1204.

Regards,

Corey Miller
KCP&L
C&M Manager
East and SE Districts



Exhibit B



Exhibit C



04/10/2012



Exhibit E

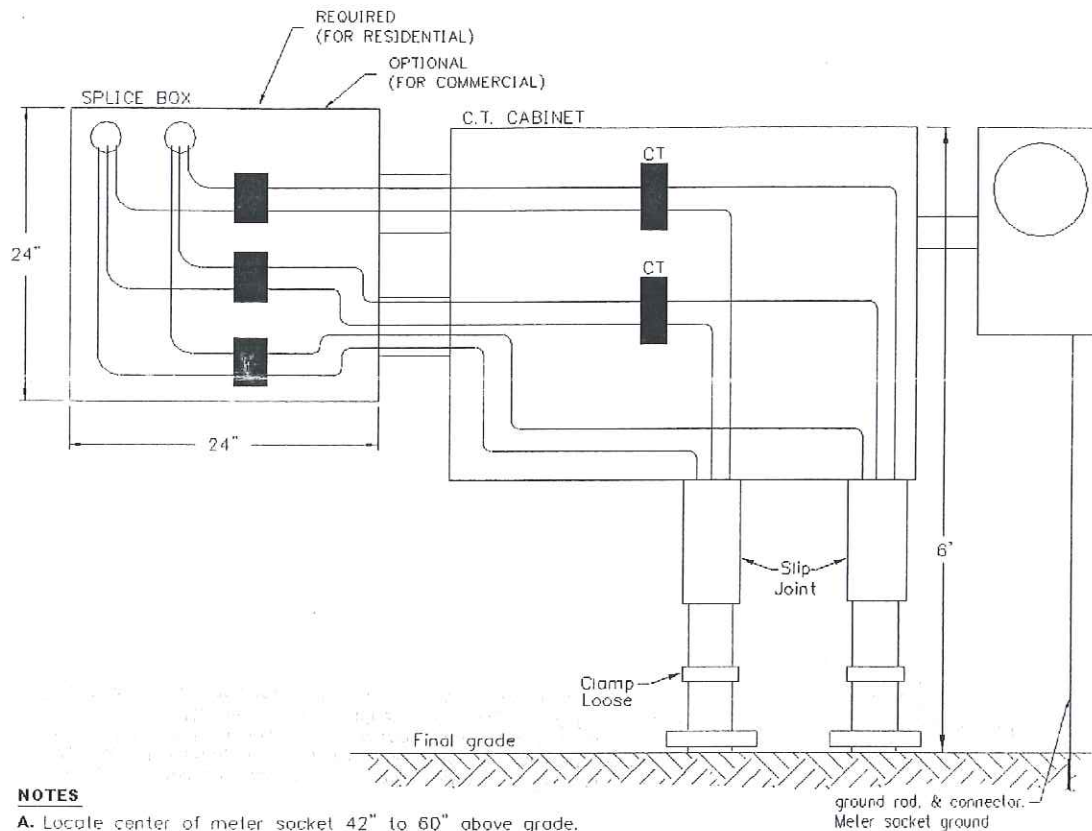


Prod for 3 ton Heat
pump has to be moved
to other side of Door
the piping change
04/10/2012

5

408 260 8018

36" X 48" X 12" C.T.



NOTES

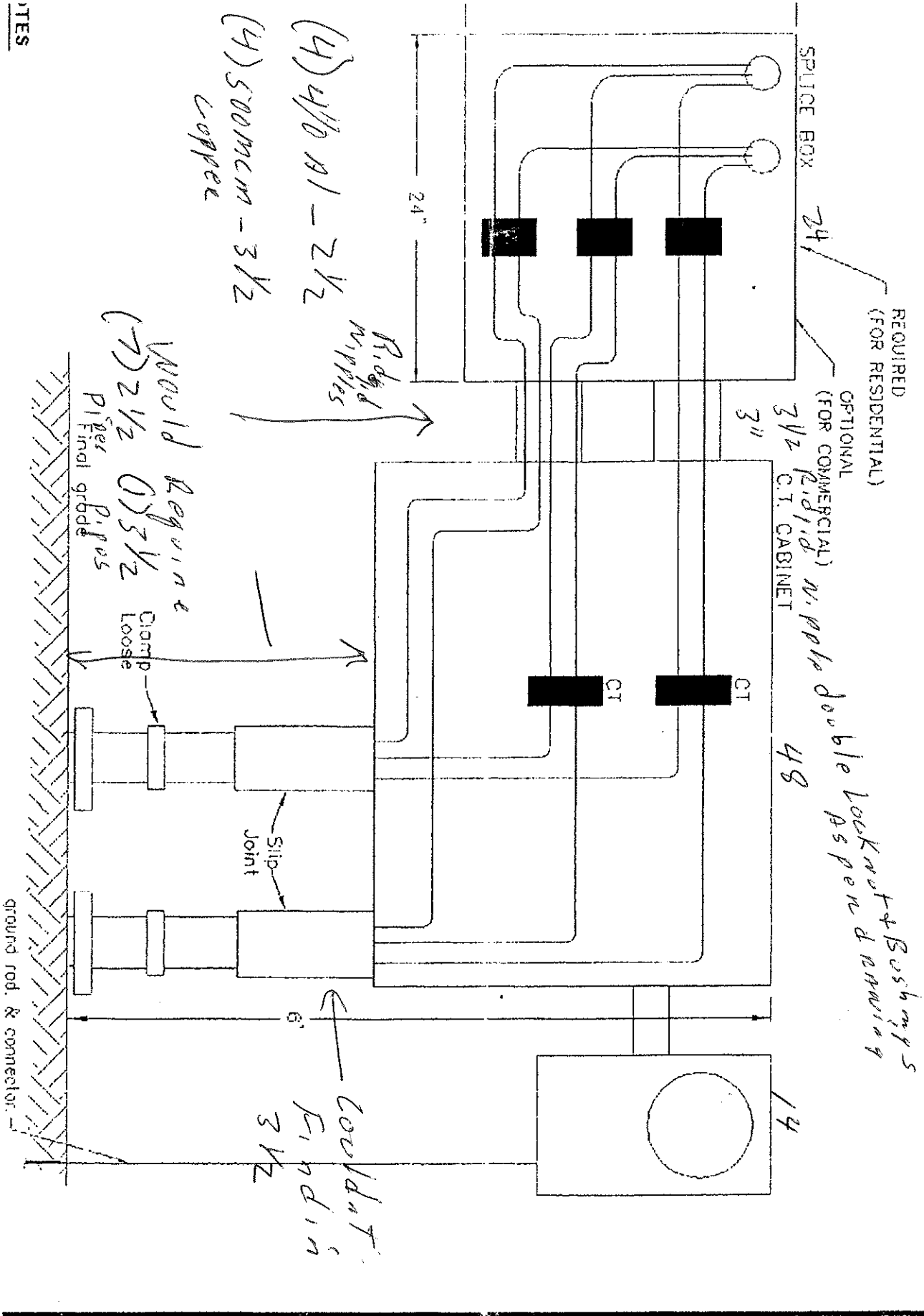
- A. Locate center of meter socket 42" to 60" above grade.
- B. 1½" rigid metallic conduit to ensure electrical bonding between CT cabinet, meter socket, and splice box.
- C. Ground shall not pass through CT cabinet.
- D. Conduit expansion joints to compensate for soil settling.
- E. Non-corrodible 2-hole conduit strap or strut, 1-hole clamps are not acceptable.
- F. Clamp system fastened to sill plate.
- G. Splice box and C.T. cabinet furnished & installed by Customer on outside of building.
- H. Meter can and C.T.'s furnished by KCPL & installed by Customer on outside of building.
- I. Customer shall furnish & install conductor and conduit. Service conductors must be continuous from transformer to the splice box.
- J. KCPL shall complete connections at the transformer. Call for an appointment.
- K. Customer shall furnish and install a hasp for C.T. cabinet and splice box.
- L. The C.T.'s shall be securely attached to either a piece of treated plywood, aluminum, or galvanized steel that is mounted to the back of the C.T. cabinet with the mounting studs that are permanently attached to the cabinet. Attaching the C.T.'s through the back of the cabinet to the wall is not acceptable.

**1-PHASE
METERING INSTALLATION
FOR SERVICE
GREATER THAN 400A**

DWG REV: 07/31/09 DWG: 900.1-57

36" X 48" X 12" C.I.

Wall To Window 74" Not Enough Room on wall



NOTES

Hoffman Current Transformer Enclosures

- Designed as a housing for instrument current transformers and also may be used as a junction or service box and meter, transformer, relay or terminal assembly housing
- 14 or 12 gauge steel
- Dropshield top and seam free sides, front, and back protect from rain, snow or sleet
- With door handles and provision for padlock
- No gaskets or knockouts
- Gray finish inside and out
- NEMA 3R, UL-50 Type 3R

Dimensions
H W D Price

LIFT-OFF SCREW COVER

36"	36"	11"	843.20E
36"	30"	11"	772.00E

LIFT-OFF SCREW COVER (KCP&L APPROVED)

303811CT-KCPL	30"	36"	11"	920.80E
304514CTCJ-KCPL	36"	48"	14"	1739.20E

Current Transformer Enclosure Mounting Base

- 12 gauge steel
- Spacing for bar-type current transformer conforms to ANSI 12.11
- Neutral bar with 10-32 tap screw
- Mounting plate is galvanized
- A.I.C. Rating: 50,000
- No. of CT Provisions: 3
- Mechanical lugs

Amps	Volts	Service type	Price
800	600	3Ø4W	635.20E

← western Extralite
Catalog 2011
Page B107

500 MCM
750 191

9.65 + 7.17Y
4.10 + 7.18X

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

In the Matter of the Application of John)
Maggard for Change of Electric Supplier.)

File No. EO-2012-0286

AFFIDAVIT OF DANIEL I. BECK

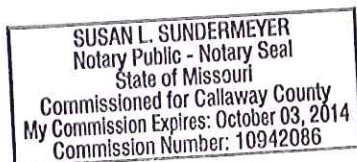
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

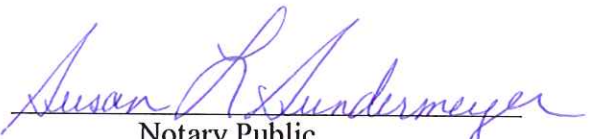
Daniel I. Beck, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Daniel I. Beck

Subscribed and sworn to before me this 7th day of May, 2012.





Notary Public