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August 22, 2007

Local Public
Hearing in
North Kansas City
Exhibit No. 1
Date 8-22-07 Case No. ER-2007-0291
Reporter N.K.C.

Public Service Commission
Governor Office Building
Suite 600
200 Madison Street
Jefferson City, MO 65102

RE: MoPSC Case No. ER-2007-0291
Local Hearing – Jackson County Courthouse
August 22, 2007

Commissioners of our Public Service Commission:

I would like to introduce myself. I am Joseph Becker, Manager of Plant Operations at the North Kansas City Hospital, which is located in North Kansas City, MO.

North Kansas City Hospital is the sole public hospital of North Kansas City, Missouri, which was organized under Chapter 96.150-96.228 of the Revised Statutes of Missouri. We are an acute care hospital licensed in the State of Missouri for 451 in-patient beds.

North Kansas City Hospital resides on a 77 acre campus that consists of 1.4 million square feet of finished and conditioned space that is dedicated to our direct patient care services, our outpatient services, and our physician offices.

North Kansas City Hospital had a budgeted positive net operating margin of only 2.9% for our fiscal year that ended June 30th. Expenses from operations included:

- Salaries for approximately 2,500 employees that has a positive impact to our local economy of \$120 M,
- Supplies and purchase services from the local community that has a positive impact to our local economy of \$108M,
- Charity care to our community of close to \$6M and,
- Covering the under insured patients at a cost to NKCH of \$43M.

North Kansas City Hospital supported the community's needs this past fiscal year with:

- 5,900 in-patient surgeries,
- 9,600 out-patient surgeries,
- 57,500 emergency room visits, and
- 1,880 deliveries of new borns.

North Kansas City Hospital is a not-for-profit organization that provides essential healthcare services to our community and the northland areas of greater Kansas City. We do so without any tax funds from our local residents or any local sales taxes whatsoever. North Kansas City Hospital is very much like Kansas City Power & Light Company (KCPL) in that it provides essential public services to our communities. However, North Kansas City Hospital does not enjoy a monopoly status within our greater Kansas City area, like KCPL enjoys with their business model. North Kansas City Hospital's business success is based solely on our performance and the satisfaction of our customers and our physicians.

Ending our fiscal year of June 30, 2007, North Kansas City Hospital spent \$1.8M with KCPL for electrical service. With KCPL's rate increase in January this year, North Kansas City Hospital's electrical costs increased for the same amount of services by an additional \$85,000 (approximately) between January and June. Our electrical costs will increase for the same amount of services to approximately \$171,000 by December 31st of 2007.

KCPL's proposed rate increase for 2008 (for the same amount of services) would add approximately \$160,000 more to North Kansas City Hospital purchase price for their electricity. This 2008 rate increase will cost North Kansas City Hospital approximately \$330,000 more annually to purchase the same electricity from KCPL than we did only two years ago.

North Kansas City Hospital is keenly aware of the economic pressures to be profitable yet competitive. We use our meager net operating profits to fund our staff's wages, to fund increased costs for supplies and services, and to fund our capital investments. We have managed to grow our business and to meet our community needs with our small profit margins. KCPL is a large monopoly and has done a good job of using technology and other business strategies to keep their costs in line over the past few decades; however, they have much less risk to their operations because of their monopoly status.

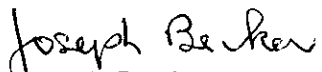
North Kansas City Hospital agrees that KCPL should be allowed sufficient compensation for their generated electricity in order to cover its prudent and reasonable expenses; however, the profit margin that you allow should be modest and reasonable. Their profit margin, or the "Rate of Return," should not be excessive or unreasonably high.

In summary, North Kansas City Hospital is considered a large business in the Kansas City area. We provide services in a very competitive healthcare market that requires our profit margins to be low for competitive purposes. This mid-west region has enjoyed lower electrical costs than some states have experienced, and this has allowed larger businesses, like North Kansas City Hospital, as well as smaller businesses to succeed. With this new proposed rate increase by KCPL, we would struggle to remain financially sound, as will many other businesses in the Kansas City area. The PSC needs to consider the economic impact that this rate increase and future rate increase like this increase will have on the Kansas City business environment.

North Kansas City Hospital does not support the "Rate of Return" requested by KCPL in their request. Thus, we ask that the Public Service Commission to approve a "Rate of Return" that is less than or equal to the recommendation of the PSC Staff.

Thank your for you time and for hearing my input.

Respectfully,

A handwritten signature in cursive script that reads "Joseph Becker".

Joseph Becker
Manager Plant Operation