

Exhibit No.:
Issue: Termination Issues
Witness/Type of Exhibit: Oligschlaeger,
Rebuttal
Sponsoring Party: Missouri Public
Service Commission
Company: Kansas City Power
& Light Company
Case No.: HO-86-139

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY DIVISION

REBUTTAL TESTIMONY
OF
MARK L. OLIGSCHLAEGER

Jefferson City, Missouri
April, 1987

Exhibit No. 39
Date 4/9/87 Case No. HO-86-139
Reporter Twecoy

OFFICIAL CASE FILE
MISSOURI PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation
of steam service rendered by
Kansas City Power & Light Company.

)
)
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Case No. HO-86-139

AFFIDAVIT OF MARK L. OLIGSCHLAEGER

STATE OF MISSOURI

)

COUNTY OF COLE

)

ss

Mark L. Oligschlaeger, of lawful age, on his oath states: That he has participated in the preparation of the attached written rebuttal testimony and attached appendices/schedules in question and answer form, consisting of 6 pages of rebuttal testimony to be presented in the above case, that the answers in the attached written rebuttal testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Mark L. Oligschlaeger
Mark L. Oligschlaeger

Subscribed and sworn to before me this 2nd day of April, 1987.

Judy Fritsch
Notary Public

My Commission expires _____
JUDY FRITSCH
NOTARY PUBLIC STATE OF MISSOURI
COLE CO.
MY COMMISSION EXP. JULY 31, 1989
ISSUED THRU MISSOURI NOTARY ASSOC.

1 REBUTTAL TESTIMONY

2 OF

3 MARK L. OLIGSCHLAEGEL

4 KANSAS CITY POWER AND LIGHT COMPANY

5 CASE NO. HO-86-139

6 Q. Please state your name for the record.

7 A. Mark L. Oligschlaeger.

8 Q. Are you the same Mark L. Oligschlaeger who has previously
9 filed prefiled direct testimony in Kansas City Power and Light Company's
10 (KCPL or Company) Case No. HO-86-139?

11 A. Yes, I am.

12 Q. What is the purpose of this rebuttal testimony?

13 A. The purpose of this testimony is to rebut the Company's
14 Downtown Steam System Conversion Study (Study), which is attached to the
15 prefiled direct testimony of Company witness Bernard J. Beaudoin. The
16 portions of the Study I am specifically rebutting involve the Company's
17 assumptions concerning the level of future steam customer loss and sales
18 loss contained within the KCPL Study.

19 Q. Has the Company assumed a declining level of future steam
20 sales and number of customers within its study?

21 A. Yes. In the Study the Company has assumed a continuation
22 into the future of the current trend of sharply declining customer numbers
23 and steam sales for KCPL's steam business. As was stated in a portion of
24 the Study excerpted in Company witness Beaudoin's prefiled direct
25 testimony on page 11:

26 Importantly, these analyses recognize that KCPL's steam
27 customer sales base has declined by 60% over the last 15
28 years. Currently, 134 customers consume only 477,000 Mlb
(one thousand pounds) of steam per year. Customer decline
is likely to continue to the year 2000 because of steam

1 rate increases, other energy competition, Downtown building
2 rehabilitation, and small business closures. If so, KCPL
3 could be left with fewer than 91 customers consuming about
4 191,000 Mlb per year and paying more for each pound.

5 Q. What were the different scenarios assumed within the Study
6 concerning steam load loss?

7 A. The three scenarios utilized by KCPL in its Study concerning
8 future steam load loss are:

9 -- retention of the current customer level through the year
10 2000;

11 -- loss of 60% of customer sales by the year 2000; and

12 -- loss of 60% of customer sales by the year 1990.

13 Q. What was the source for the Company's projected loss of 60%
14 of load by 1990 and 2000, respectively?

15 A. Rebuttal Schedule 1 to this testimony consists of the
16 Company's answer to Staff Data Information Request No. 12, including both
17 an original response and an updated response. The original response
18 reads:

19 The steam conversion plan scenarios G1C, G4C, C1C assume a
20 60 percent loss of steam sales by the year 1990. The basis
21 for this assumption: what would be the effect of a large
22 steam rate increase when combined with the building
23 demolition and business closures that have been occurring
24 in the downtown area.

25 . . .

26 The steam conversion plan scenarios G1B, G2B, G3B, G4B,
27 G5B, G6B, C1B, C2B, C3B, C4B, C5B, C6B, C7B assume about 60
28 percent loss of steam sales by the year 2000. This loss
estimate is based on the actual historical trend of steam
sales which have dropped from 1,220,016 Mlbs. in 1970 down
to 544,668 Mlbs. in 1985.

Q. Does the Company believe that future customer loss is an
important consideration in its study of its steam system?

1 A. Yes. Company witness Beaudoin's updated response to Data
2 Information Request No. 12 notes that "customer loss is a critical
3 parameter in the Plan analysis."

4 Q. Why would customer loss be a "critical parameter" in the
5 Company's analysis?

6 A. As shown in the portion of the Study excerpted on pages
7 12-13 of Company witness Beaudoin's prefiled direct testimony, it is the
8 Company's assumption of a 60% loss of steam load by 1990 that makes
9 conversion of present steam customers to KCPL's electrical system less
10 expensive than the option of maintaining and rehabilitating the present
11 steam system. As explained by Company witness Beaudoin in the Company's
12 response to Staff Data Information Request No. 541 (Rebuttal Schedule 2),
13 "our economic analysis indicated that with a declining customer base the
14 continuation of central station steam production and underground steam
15 distribution was not economic compared to on-site production of steam."

16 Q. Does the Staff agree with the Company's assumption that the
17 system's number of customers and sales will continue to sharply decline in
18 the near future?

19 A. No, not under all circumstances. While the Company's
20 assumptions of sharply declining sales are probably reasonable if one also
21 assumes a continuation of the management practices that contributed to the
22 decline in sales in the past ("demarketing" of steam to potential
23 customers, the promise of substantial future rate increases, etc.),
24 decline in customer numbers and sales is not inherent in an alternative
25 the Company should have considered in its Study, but did not.

26 Q. Please explain.

27 A. The Company did not consider the possible sale of its steam
28 system in its Conversion Study. Information contained within Staff

1 witness Cary G. Featherstone's rebuttal testimony demonstrates that after
2 utility steam systems were sold to other parties in St. Louis and
3 elsewhere negative trends in sales loss and rate increases were halted and
4 even turned around. The data shows new customers being added to the
5 systems and steam rates per Mlb. stabilizing rather than escalating. This
6 suggests that there is nothing necessarily inherent about ongoing loss of
7 load and customers in central district steam heating systems, and that
8 steps can be taken to arrest negative trends in these areas.

9 Q. How does this information concerning other central district
10 steam heating systems impact the conclusions reached within KCPL's
11 Conversion Study?

12 A. In light of the data presented in Staff witness
13 Featherstone's rebuttal testimony, it appears to Staff that KCPL's Study
14 is largely irrelevant to the question of the future viability of its steam
15 system. KCPL's Study assumed an ongoing decline in its steam business, as
16 measured by such parameters as customer and sales loss and sharply
17 escalating steam rates, and devised a strategy for conversion of steam
18 customers to electric use purported to be the most economic course of
19 action by the Company in conditions of steam system decline. However, the
20 information presented in Staff witness Featherstone's rebuttal testimony
21 strongly suggests that certain steam systems around the nation, including
22 St. Louis, are enhancing their viability after a period of decline similar
23 to that currently faced by KCPL in downtown Kansas City. The evidence
24 available to Staff suggests a 60% loss of steam load for the downtown
25 Kansas City steam system would probably not occur if another entity
26 operated the system. Therefore, a proper investigation by the Company of
27 the alternatives for the future of the Company's steam business should
28 have included serious consideration of the possibility of selling the

cem, as another owner may be better able to maintain the future
ility of the system than KCPL. Instead, KCPL chose to assume in its
study what is in effect continued mismanagement of its system into the
4 future, resulting in the unsurprising conclusion that its steam system
5 will not be viable.

6 Q. Should KCPL have been aware of the events taking place in
7 St. Louis and other cities concerning those cities' central district
8 heating systems that are noted in Staff witness Featherstone's rebuttal
9 testimony?

10 A. Yes. The course of events in St. Louis and elsewhere should
11 have been of interest to KCPL management, either to gain knowledge from
12 the experience of other systems so that KCPL could attempt to maintain a
13 viable steam system in Kansas City, or as part of an investigation of the
14 feasibility of selling the steam system. Information concerning other
15 district heating systems was easily attainable by KCPL, as is shown by the
16 Company response to Staff Data Information Request No. 17 (Rebuttal
17 Schedule 3), which shows that Catalyst Thermal (the owner of St. Louis'
18 and other district heating systems) contacted KCPL to inquire about
19 availability for sale of the KCPL steam system in 1983, 1984, 1985, and
20 1986. It is not clear why KCPL did not use these opportunities to learn
21 about the experience of other district heating systems around the country,
22 and explore the possibility of selling its steam system to another
23 operator.

24 Q. What overall conclusion do you reach from the evidence
25 presented in this rebuttal testimony?

26 A. Staff concludes that the Commission should reject KCPL's
27 Conversion Plan and its recommendation for electric conversion of current
28 KCPL steam customers as being based on an incomplete investigation of

1 alternatives and a premature conclusion that central district steam
2 service is not viable in Kansas City. Further, to initiate a serious
3 investigation of the future viability of central district steam service in
4 Kansas City, the Commission should order KCPL to solicit bids for the sale
5 of its steam system from interested parties. This point is addressed more
6 fully in the prefiled direct testimony of Staff consultant Derick O.
7 Dahlen.

8 Q. Are there any other points you wish to discuss concerning
9 the Company's assumption of customer loss in its Study?

10 A. Yes. If under their Conversion Plan KCPL still expects to
11 lose 60% of its sales by 1990, this seems to indicate a lack of confidence
12 on the Company's part in its Plan. Implicit in KCPL's own Conversion Plan
13 the Company anticipates that a good number of its customers will reject
14 KCPL's offer of a "free" boiler and supply the capital costs of converting
15 to an alternative energy source themselves. This is another indication
16 that KCPL-supplied electric heat is unable to compete effectively with
17 natural gas. This is further addressed in the prefiled direct testimony
18 of Staff consultant Dahlen.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes.
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No. 12
Class _____Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139Requested From: Steve CatronDate Requested: October 7, 1986Information Requested: Please provide the basis for the 60% customer loss over the four years assumed in Company Steam Conversion Plan.Requested By: Sharon K. WhiteInformation Provided: See attached material

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

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Signed By: Joseph D. Lawton

Date Received: _____

October 28, 1986

TO: Steve Cattron
FROM: J. Gawron
RE: Steam Rate Case, MPSC Information Request,
Docket HO-86-139 - Data Request No. 12

Information Requested:

Please provide the basis for the 60 percent customer loss over the four years assumed in Company steam conversion plan.

Reply:

The steam conversion plan scenarios G1C, G4C, C1C assume a 60 percent loss of steam sales by the year 1990. The basis for this assumption: what would be the effect of a large steam rate increase when combined with the building demolition and business closures that have been occurring in the downtown area. Attached is a list of changes that have occurred from January 1981 to September 1986.

The steam conversion plan scenarios G1B, G2B, G3B, G4B, G5B, G6B, C1B, C2B, C3B, C4B, C5B, C6B, C7B assume about 60 percent loss of steam sales by the year 2000. This loss estimate is based on the actual historical trend of steam sales which have dropped from 1,220,016 Mlbs. in 1970 down to 544,668 Mlbs. in 1985.

JG:sk
Attachments

CUSTOMERS THAT HAVE LEFT THE STEAM SYSTEM

<u>Date Disconnected</u>	<u>Customer</u>	<u>Address</u>	<u>Cause</u>
December, 1985	Majestic Hotels & Inns	1335 Baltimore	Closed
May, 1986	Muelebach Hotel	1050 W. 12th	Closed (Renovation)
March, 1983	Continental Hotel Corp.	106 W. 11th	Converted to gas
January, 1983	Helping Hand	523 Grand	Converted to gas
January, 1986	H. T. Poindexter	801 Broadway	Converted to gas
February, 1985	F.A.C. Inc.	313 W. 8th	Converted to gas
August, 1985	Royal Tower Inc.	933 McGee	Converted to gas
March, 1985	Hassie Carter	1116 McGee	Razed
August, 1985	MO Commercial - Ill. Ltd.	324 E. 12th	Converted to gas
January, 1986	Ray Printing Company	1012 Locust	Converted-elec. heat
June, 1985	University Towers	600 Admiral Blvd.	Converted to gas
September, 1985	Western Adhesives	225 Grand	Converted to gas
November, 1984	Metzner Stove Company	19th W. 4th	Converted to gas
June, 1986	Durwood Am. Inc.	1228 Main	Converted to gas
June, 1986	Midland Building	1221 Baltimore	
March, 1983	Brookfield Building	101 W. 11th	Converted to gas
December, 1985	H.R.L. Baltimore Corp.	1016 Baltimore	Demolished
April, 1986	James B. Nutter Company	931 Broadway	Converted to gas
December, 1985	Columbia Properties, Inc.	1012 Baltimore	Demolished

September, 1985
 March, 1983
 November, 1985
 June, 1985
 January, 1983
 March, 1983
 November, 1983
 November, 1983
 November, 1983
 November, 1983
 May, 1985
 February, 1983
 April, 1984
 April, 1984
 April, 1984
 April, 1984
 April, 1984
 April, 1984
 January, 1985
 January, 1985
 January, 1985

Fairport Properties
 Tower Properties
 Italian Gardens
 Bartco Inc.
 International Industries
 Beacon Printing Company
 First National Bank
 Isreal Bettinger
 Buzz Print
 Churches Chicken
 Wendy's
 Waldheim
 W.T. Grant
 Harzfelds
 Worthes Inc.
 A. & J. Drug
 Edison Brothers Shoes
 Seventh Heaven
 S.S. Kresge Company
 Pioneer Kitchen
 Stan Wisdom
 The Fish

913 Baltimore
 915 Wyandotte
 1012 Baltimore
 1114 Baltimore
 314 W. 10th
 1015 Central
 1044 Main
 1033 Main
 1003 Main
 1007 Main
 1015 Main
 6 E. 11th
 1017 Main
 1101 Main
 1105 Main
 1111 Main
 1117 Main
 1113 Main
 1125 Main
 1201 Baltimore
 1205 Baltimore
 1211 Baltimore

Converted to gas
 Vacant - no heat
 Converted to gas
 Converted-elec. heat
 Converted to gas
 Converted to gas
 Converted-elec. heat
 Razed
 Razed
 Razed
 Razed
 Vacant
 Razed
 Converted-elec. heat
 Razed
 Razed
 Razed
 Razed
 Razed
 Razed
 Razed
 Razed

OLIGSCHLAGER-REBUTAL

January, 1985	Gigi's	1219 Baltimore	Razed
January, 1985	George H. Weyer	1219 Main	Vacant-no heat
January, 1985	George H. Weyer	1221 Main	Vacant-no heat
March, 1981	Jones Store Company	1201 Main	Converted to gas
April, 1985	Ready Help	1234 Grand	Razed
December, 1982	K.C. Alterations	1226 Grand	Razed
June, 1984	Radio Shack	1221 Grand	Razed
April, 1983	Grand-McGee Auto	1229 Grand	Razed
December, 1982	Bell General	1209 Grand	Converted to gas
December, 1982	Building Leasing Company	1211 Grand	Converted to gas
March, 1984	Traders Bank	212 E. 12th	Closed
May, 1985	MO Comm. Partners of Ill.	1128 Grand	Converted to gas
June, 1982	National Garage	1100 McGee	Converted to gas
April, 1985	Sunday School Board	1017 Grand	Razed
April, 1985	O&P Building, Inc.	319 E. 11th	Converted to gas
December, 1982	Israel Bettinger	1225 Walnut	Razed
November, 1983	IAC Inc.	1227 Walnut	Converted to gas
April, 1984	Tower Properties	1128 Walnut	Razed
April, 1985	Nick Haywood	103 E. 12th	Razed
April, 1985	Fantasy World	105 E. 12th	Razed
April, 1985	Home Savings Assn.	105 E. 12th	Razed
April, 1985	Penner Men's Wear	109 E. 12th	Razed

May, 1983	Robert Tureman	121 A. E. 12th	Razed
May, 1983	Mercantile Bank	1331 Walnut	Converted-elec. heat
April, 1984	Lerner Shoes	1105 Walnut	Converted-elec. heat
April, 1984	Miller Wohl	1124 Walnut	Razed
April, 1984	King Optical	1122 Walnut	Razed
May, 1985	Lillis Holding Company	18 E. 11th	Vacant-no heat
June, 1985	Jaccard Jewelry Company	22 E. 11th	Closed
February, 1983	Affiliated Realty Company	1008 Walnut	Razed
January, 1986	Commerce Bank	922 Walnut	Converted to gas
February, 1983	National Fidelity Life	1002 Walnut	Razed
May, 1985	Western Union	114 E. 7th	Razed
May,, 1985	Joseph Dibella	104 A. E. 8th	Razed
April, 1982	Millis Holding Company	801 Walnut	Converted to gas
February, 1983	Park College	818 Grand	Converted to gas
March, 1985	Grand Association Inc.	900 Grand	Converted to gas
February, 1983	Pebely Floral	1004 Walnut	Razed
February, 1983	Lane Bryant Inc.	1009 Walnut	Razed
February, 1983	Meyers Jewelry Company	1013 Walnut	Razed
October, 1985	Federal Reserve Bank	912 McGee	Razed
August, 1985	Rosalin Webb	1200 McGee	Razed

CUSTOMERS ADDED TO THE STEAM SYSTEM

Brothers Houligan

113 E. 10th Street

Connected May, 1983

Building owner wanted restaurant on his own heat meter.

Phyllis Biddle

116 Baltimore

Connected November, 1985

Building owner wanted flower shop on own meter. Fed from his system.

Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139

Requested From:

Steve Catoron

Date Requested:

October 7, 1986

Information Requested:

Please provide the basis for the 60% customer loss over the four years assumed in Company Steam Conversion Plan.

Requested By:

Sharon K. White

Information Provided:

Attached is an analysis that develops the 60% customer loss by 1990 developed by A. R. Hopka of the Corporate Planning Dept. Since customer loss is a critical parameter in the Plan analysis, I would be happy to discuss this issue with you.

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

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Signed By:

B. J. Random 11/5/86

Date Received:

SKW 11/5/86

97 1086a

STEAM SYSTEM ANALYSIS

-- A. R. Hapka

Conclusions

1. The number of Downtown steam customers has steadily declined since 1950 when there were 394 customers. Between 1950 and 1977, the number of customers declined in a fairly linear fashion. Since 1977 though, the rate of decline has accelerated somewhat to its present level of 129 customers. Based on an extrapolation forecasting technique which places more emphasis on recent data, it is projected that KCPL will experience a loss of roughly 18 customers per year during the period 1986-1993. In fact, by 1990 the forecast model predicts a decline to 46 customers which would translate a loss of about 65% of our current customer base of 129.
2. Usage of steam per customer exhibited very healthy growth between 1945 and 1972 rising from about 1.6 MMlbs./customer to a peak of 4.5 MMlbs./customer. For the next ten years, however, Downtown customers began to use significantly less steam on a per capita basis. Actual usage declined to a low of 2.5 MMlbs./customer in 1981. Coupling this fact with the amount of customer losses during this period, it is evident that larger customers were being lost. Since 1981 this downward trend has reversed itself quite uniformly indicating that smaller customers are currently being lost. Today, the typical remaining customer uses about 3.4-3.5 MMlbs annually. A filtering-type of forecasting technique, which fitted the

- 2 -

historical time series most optimally, indicates that smaller usage customers (3.3-3.6 MMlbs./customer) will continue to be lost during the balance of the 1980's and early 1990's.

3. Using an average composite figure of about 3.45 MMlbs./ customer as the value of losing a customer from the system, it is estimated that by 1990 an estimated load loss of about 286 MMlbs. [(3.45 MMlbs./customer x 83 lost customers)] will be experienced. This loss represents about 61 percent of our present downtown steam of 470 MMlbs.

ARH:rmb
Attachments

cc: B. Beaudoin
R. Levesque
J. Evans

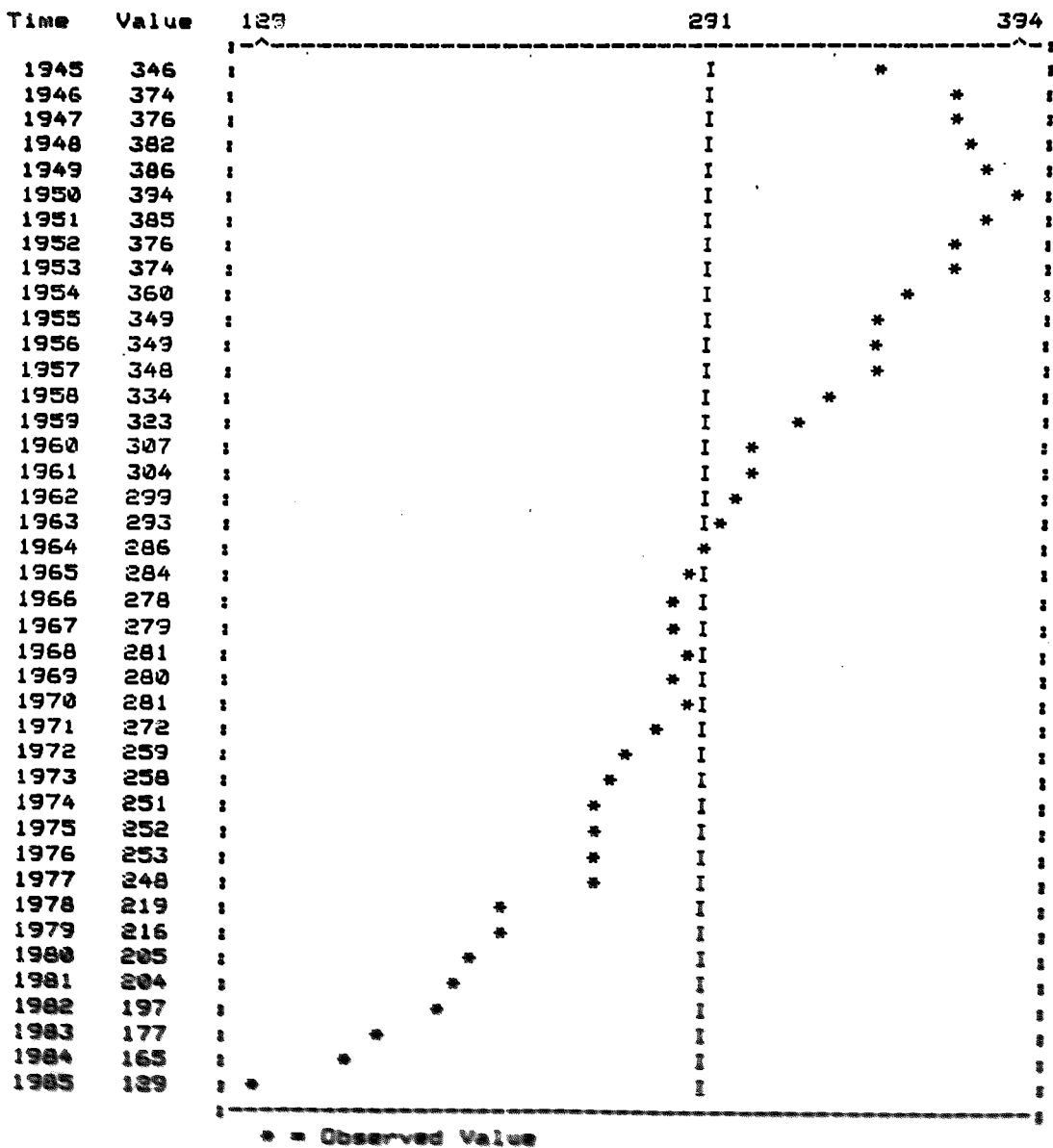
DOWNTOWN STEAM COSTS - EXPLORATORY DATA ANALYSIS

TIME PLOT

41 observations in the series

Mean of the series = 291.05

Standard deviation of the series = 68.086



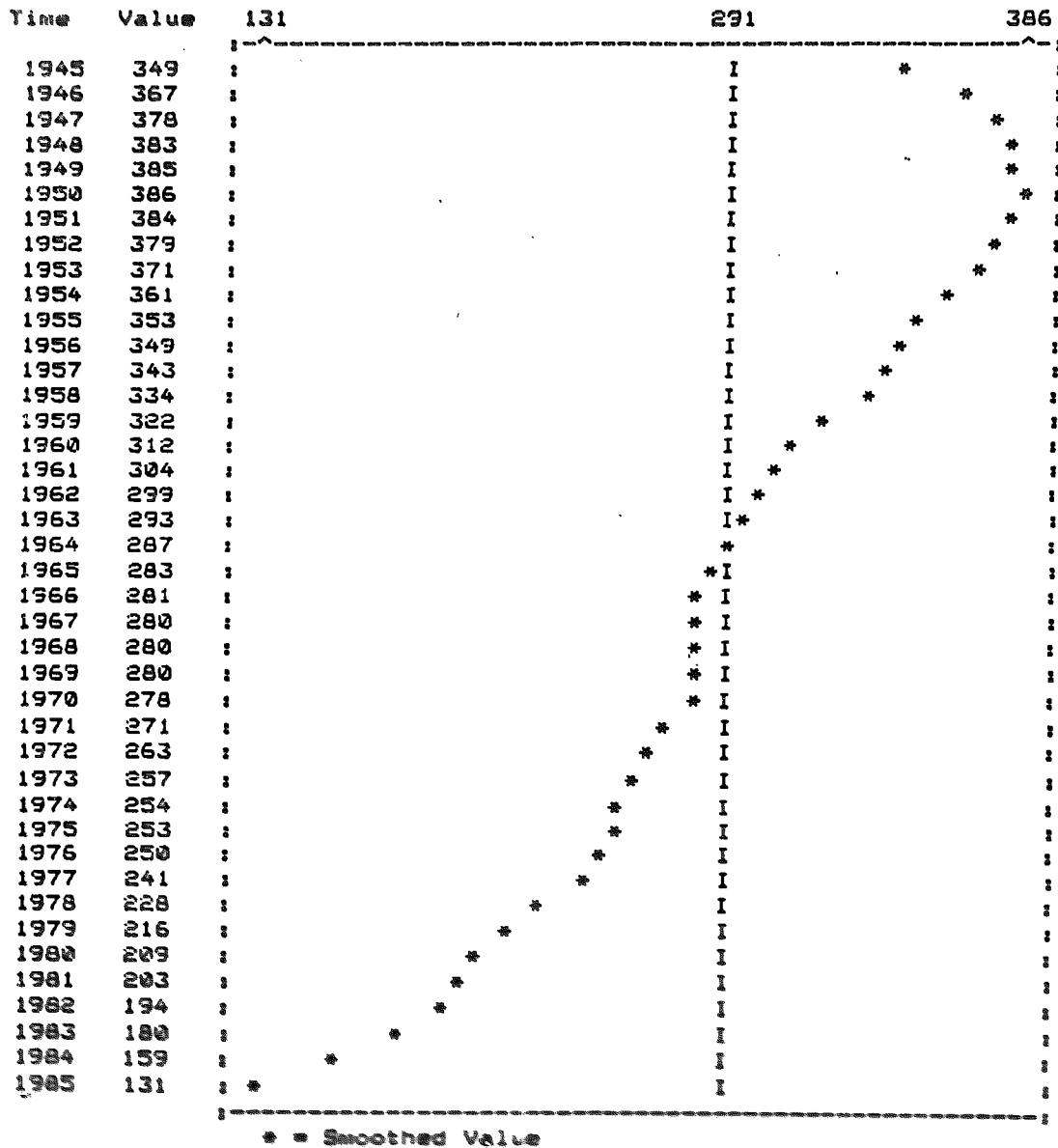
DOWNTOWN STEAM CUSTS - EXPLORATORY DATA ANALYSIS

4253HT ROBUST SMOOTHING: SMOOTHED VALUES

41 observations in the series

Mean of the series = 290.99

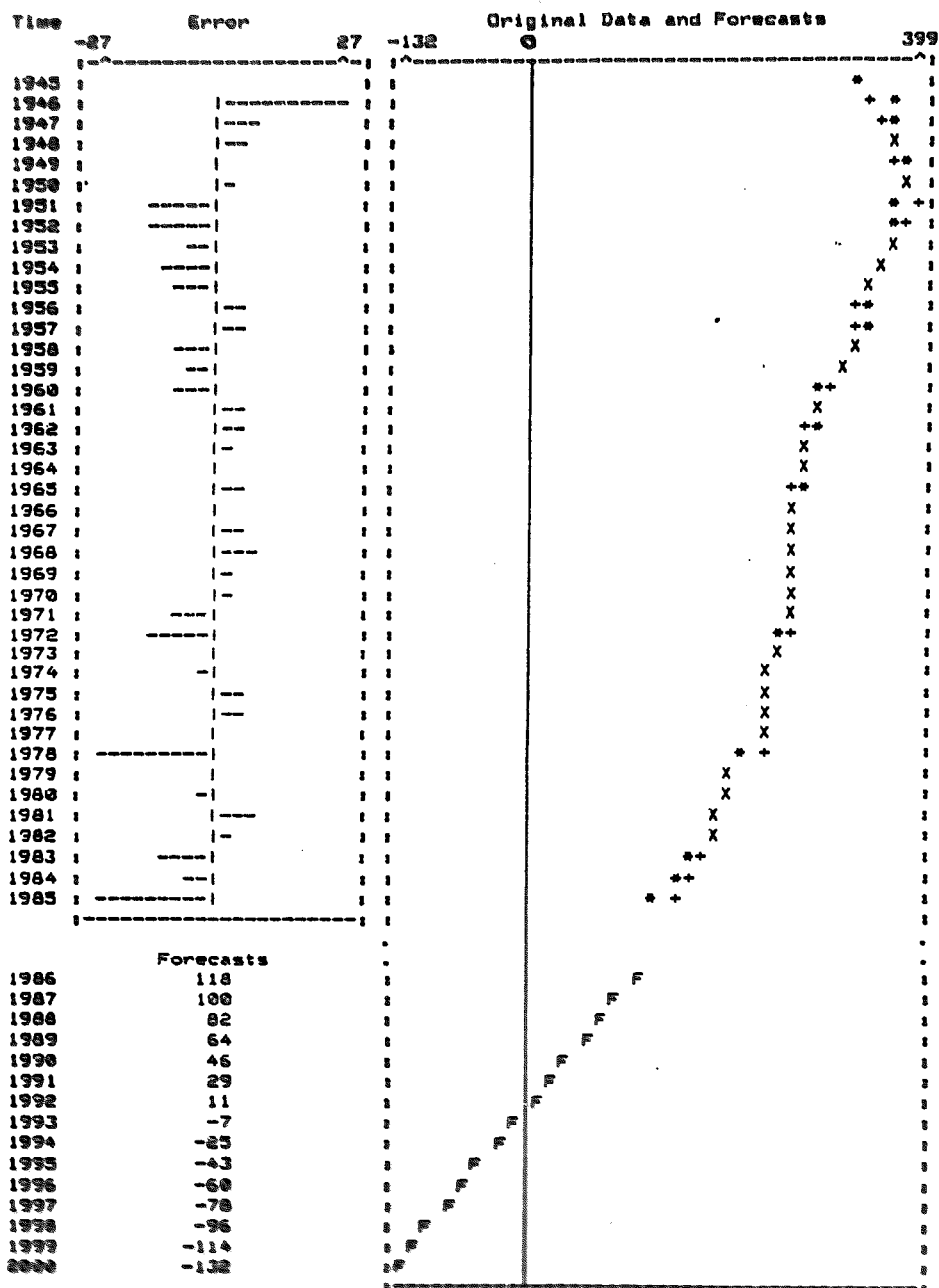
Standard deviation of the series = 67.653



DOWNTOWN STEAM COSTS - DOUBLE EXPONENTIAL SMOOTHING

Smoothing Constant = 0.50 Lead Time = 1

TIME PLOT OF ORIGINAL DATA, FORECASTS, AND ERROR



* = Observed Data Value
 ++ = 1 - Step Ahead Forecast
 F = Forecast From Origin Period 41
 X = Overlay

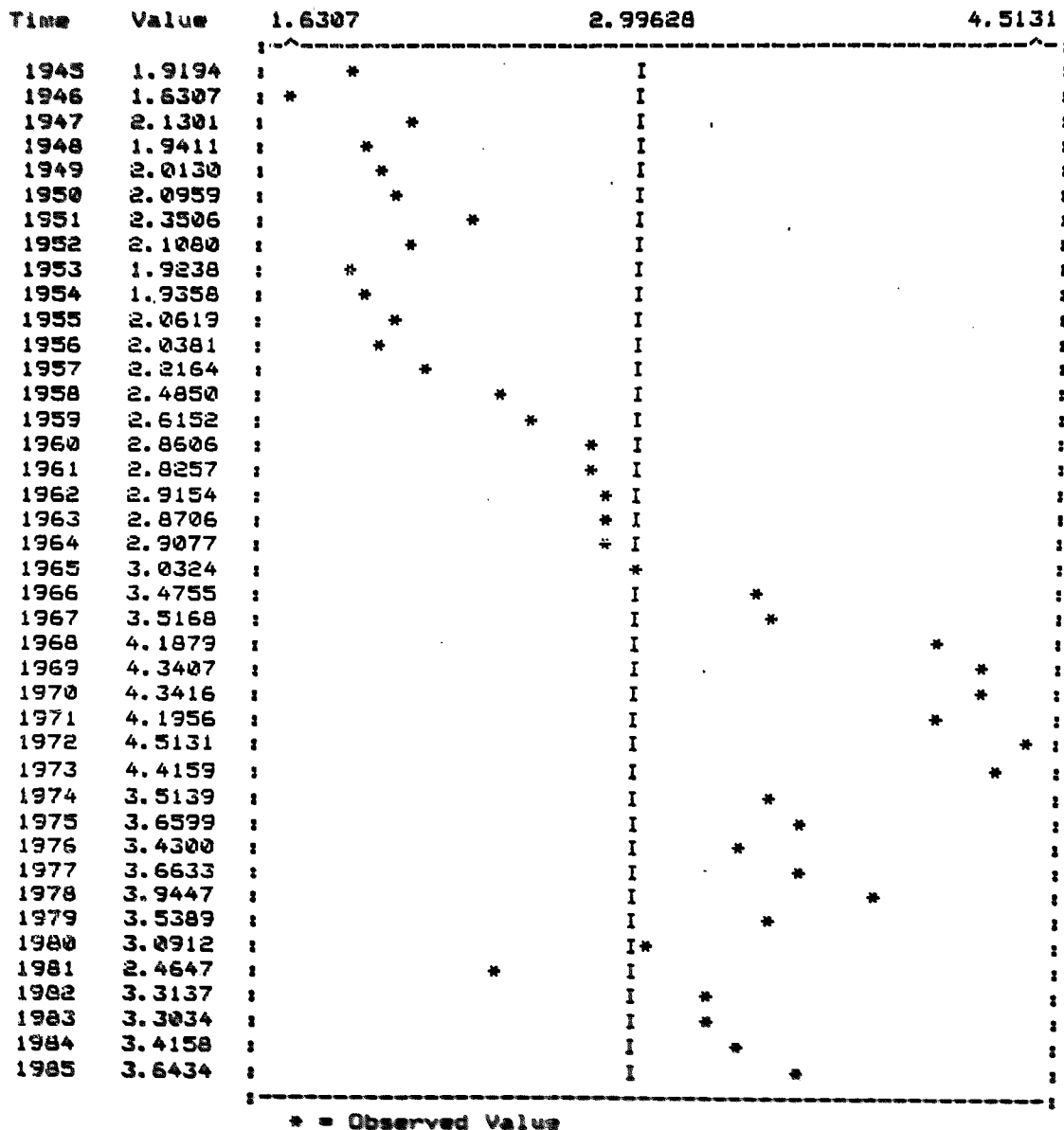
SALES/CUST - EXPLORATORY DATA ANALYSIS (MM163/CUST)

TIME PLOT

41 observations in the series

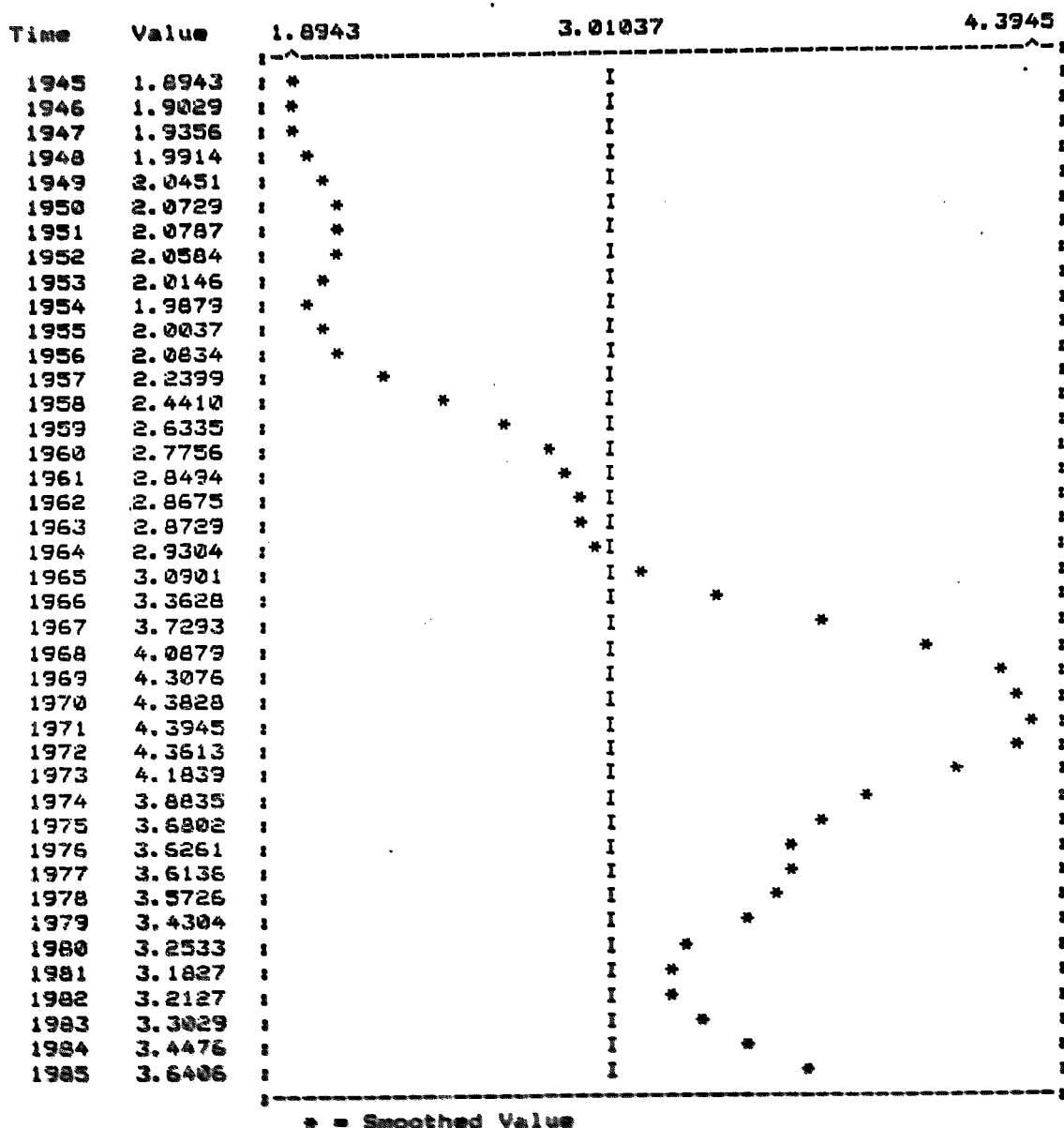
Mean of the series = 2.996278

Standard deviation of the series = .8357708



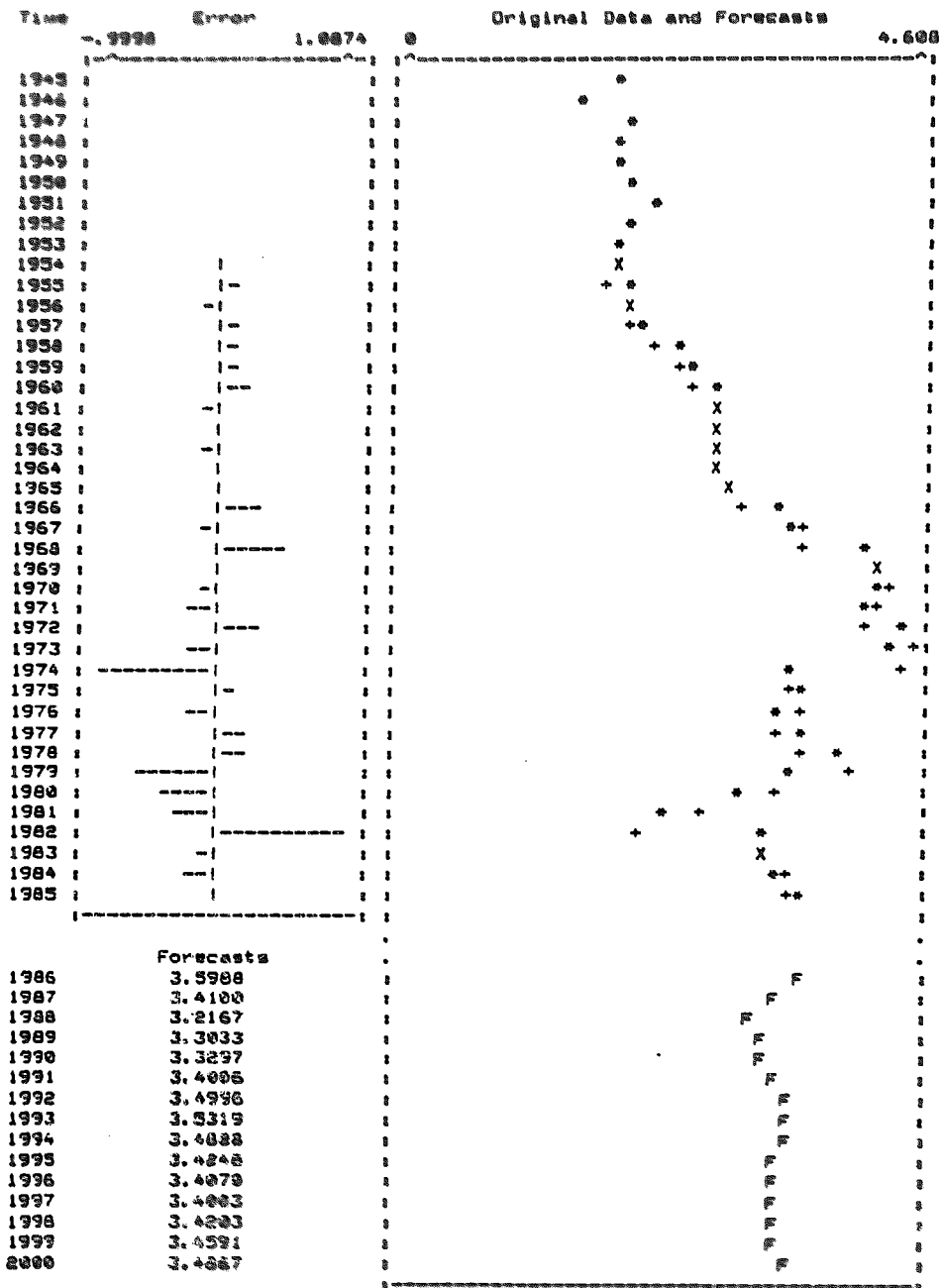
SALES/CUST - EXPLORATORY DATA ANALYSIS (MMbbl/CuH)
 4253HT ROBUST SMOOTHING: SMOOTHED VALUES

41 observations in the series
 Mean of the series = 3.010372
 Standard deviation of the series = .6229478



EMLEB/CVET - GENERALIZED ADAPTIVE FILTERING
 TIME PLOT OF ORIGINAL DATA, FORECASTS, AND ERROR

(MM/bs./CVET)



• = Observed Data Value
 + = 1 - Step Ahead Forecast
 F = Forecast From Origin Period +1
 x = Overlay

JAN 12 1981

Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139Requested From: Steve CatronDate Requested: 1/12/87

Information Requested: _____

Per attached document (p 2 of 3/82 Statement of Scope for KCP&L Long-Range Steam Heat Planning Study):

Why weren't the 'alternatives of discontinuing service, divestiture, or establishment as a non-regulated subsidiary' for the steam system explored by KCP&L in an effort similar to the 'Phase II' study suggested by ES&C when KCP&L made the determination that its Central District ^{Steam} System was uneconomic with the loss of the CPC load (Summer, 1986)?

Requested By: Mack OligschlagerInformation Provided: See attached response

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Signed By: B. J. Reardon 1/13/87Date Received: 1/12/87 EAB

KANSAS CITY POWER & LIGHT COMPANY

Missouri Public Service Commission
Data Information Request No. 541
Case No. HO-86-139

Data Requested:

Per Attached document (p. 2 of 3/82 Statement of Scope for KCPL Long-Range Steam Heat Planning Study):

Why weren't the 'alternatives of discontinuing service, divestiture, or establishment as a non-regulated subsidiary' for the steam system, explored by KCPL in an effort similar to the 'Phase II' study suggested by ESCC when KCPL made the determination that its Central District Steam System was uneconomic with the loss of the CPC load (Summer, 1984)?

Information Provided:

The alternatives of "discontinuing service" (Abandon Steam Business) and "divestiture" (Sell Steam Business) were addressed in my testimony at pp 13 and 14. "Establishment as a non-regulated subsidiary" was a moot alternative because our economic analysis indicated that with a declining customer base the continuation of central station steam production and underground steam distribution was not economic compared to on-site production of steam.

**Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139**

*Bot 91
10/15/86*

Requested From:

Steve Catton

Date Requested:

10/7/86

Information Requested:

For the last ten years, provide the names of all parties contacting KCPL or contacted by KCPL in regards to the possible sale of KCPL's steam system to the interested party. Provide the year of contact in each case, and all internal and external documentation (letters, memoranda, etc.) available concerning each instance.

Requested By:

Mark Oligschlager

Information Provided:

KCPL has not offered the steam system for sale to anyone to the best of our knowledge. There have been several informal inquiries to KCPL as to the possibility of the system being for sale:

- 1) KEVY McCARD - LAFFAY EQUIPMENT CO - 5/86
- 2) CATALYST THERMAL ENERGY CORP 1993, 1994, 1995, 1996 (MEMOS ATTACHED 1996)
- 3) KCMs Energy Commission Meeting - Stated to Commission not for sale.
- 4) 2 place conversations 1 in 85 1 in 86 parties unknown. No Notes.

W. Oligschlager 10/14/86

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By:

Date Received:

10-16-86

201000

Catalyst Energy

DEVELOPMENT CORPORATION

180 Maiden Lane, New York, New York 10038 (212) 968-1700

March 18, 1986

RECEIVED
M. C. MANDACINA
MAR 19 1986

Attn:

Return

Mr. Arthur Doyle
Chairman of the Board
Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105

Dear Mr. Doyle:

Catalyst Energy Development Corporation (Catalyst) and Catalyst's district heating subsidiary, Catalyst Thermal Energy Corporation (Thermal) would like to offer an alternative proposal to Kansas City Power and Light (KCP&L) for the planned retirement of their downtown central district heating system. Within the past eighteen months, Catalyst and Thermal have successfully taken over the ownership and operations of the Baltimore, St. Louis and Youngstown steam systems to the benefit of the utilities, municipalities and customers alike. Each system is currently undergoing programs of expansion and improvement designed to maintain reliable, cost effective steam heat service. In the case of St. Louis, Catalyst and Thermal are about to begin construction of a 600 TPD Waste to Energy Facility at a cost of approximately \$50 million further indicating our dedication and commitment to the restoration of our nation's historic central district heating systems.

It is my understanding that KCP&L plans to retire their steam system over the next four years. It is also my understanding that the city and surrounding counties have expressed a sincere interest in developing a municipal waste to energy facility in conjunction with KCP&L. I strongly believe that Catalyst and Thermal have the technical and financial capability to provide KCP&L with a successful alternative for continued steam service and development of the waste to energy project.

I have enclosed our brochure and 1985 annual report, as well as additional information regarding Catalyst and Thermal's

-2-

experience and qualifications. We are prepared to meet with KCP&L immediately to discuss in detail our plans for continuing vital steam services to downtown Kansas City. I will contact you within a few days to determine KCP&L's interest in pursuing this matter.

Very truly yours,



Frank J. Ryder, III
Director of Marketing

cl

cc: Carl Avers
President of Catalyst Thermal

Mike Mandacina
Director

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 678

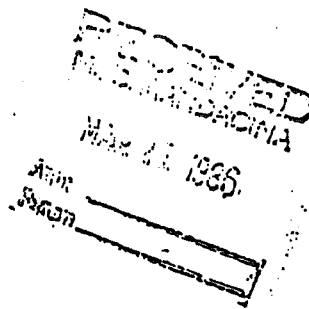
KANSAS CITY, MISSOURI 64141

March 20, 1986

ARTHUR J. DOYLE
Chairman of the Board

and
President

Mr. Frank J. Ryder, III
Catalyst Energy
280 Maiden Lane
New York, New York 10038



Dear Mr. Ryder:

As you may know, KCPL has under study a variety of alternative options for meeting the energy requirements of our customers at the least cost to them. Included in those options are a waste-to-energy facility, and alternative utility services to our existing downtown steam heat customers. By "least cost" I mean without hidden subsidies from either taxpayers or other utility ratepayers, which, of course, would be indirect additional cost burdens on our customers.

We believe that a waste-to-energy facility may be an attractive alternative because it solves a municipal refuse disposal problem in addition to supplying supplemental energy to meet customer needs. From the literature enclosed with your letter, we understand your expertise in these areas. We will add it to the literature we are compiling and analyzing as part of our studies.

We appreciate your interest. Should we be in need of your assistance, we will contact you.

Sincerely,

AJD:be

bcc: Messrs. J. R. Miller (Enc.)
M. C. Mandacina
F. L. Branca



September 23, 1986

Mr. Michael Mandacina
Director, Internal Services
& Steam Operations
Kansas City Power & Light
P.O. Box 679
Kansas City, MO 64141

Dear Mike:

Thank-you for bringing me up to date on the plans by your company to discontinue steam service in Kansas City. Please keep in touch if we can be of any assistance. I am enclosing a Thermal Update on our Philadelphia project for your general information.

Best regards,

A handwritten signature in cursive script, appearing to read "Carl".

Carl E. Avers
President

CEA/lk