

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. HA-2006-0294, Trigen-Kansas City Energy Corporation

FROM: Cary G. Featherstone, Regulatory Auditor – Auditing Department

/s/ Cary G. Featherstone 8/14/08 /s/ Steven Dottheim 8/14/08
Project Coordinator / Date General Counsel's Office / Date

SUBJECT: Staff's Recommendation Regarding Trigen-Kansas City Energy Corporation's Compliance Filing in Case No. HA-2006-0294

DATE: August 14, 2008

On July 31, 2008, Trigen-Kansas City Energy Corporation (Trigen, Company or Applicant), a Delaware corporation, filed its Final Report and Recommendation with the Missouri Public Service Commission (Commission) relating to the May 25, 2006 Report and Order (Order) issued in Case No. HA-2006-0294. The Commission authorized Trigen to expand its service area to serve a prospective customer, Truman Medical Center (Truman or TMC). Truman requested Trigen to provide steam heating service in an area south of its existing service area, commonly referred to as the "downtown loop" (Order, page 3).

Trigen is a wholly-owned subsidiary of Thermal North America, Inc. (Thermal), was authorized to provide steam heating service pursuant to authority granted by the Commission in Case No. HA-90-5 issued on December 29, 1989.

Trigen supplies district steam heating service to customers located in Downtown Kansas City and steam service used in industrial processes to customers taking this service from its Grand Avenue Station. This production facility is located on the northern edge of Downtown Kansas City along the southern border of the Missouri River.

Cary Featherstone of the Commission's Auditing Staff has conducted a review of the Compliance Filing made on July 31, 2008 by Trigen.

Overview of Trigen's Compliance Filing Application:

The Commission stated in Ordered Paragraph 3 of its May 25, 2006 Order that authorized the expansion of Trigen's service territory that "this Certificate is conditioned upon Truman Medical Center funding the cost of construction for the proposed extension of Trigen's facilities to serve Truman Medical Center."

Ordered Paragraph 4 states that "Trigen-Kansas City Energy Corp. and Truman Medical Center shall file a written agreement setting forth the details of their construction and funding plans for the project, as well as their agreement regarding the mechanism for any refund to Truman for advancing construction costs." Trigen made a compliance filing with the Commission on May 21, 2007 where the Company supplied highly confidential written agreements for both the construction and funding plans. Staff examined these documents in the context of its last recommendation regarding this case made June 11, 2007 and found these documents to be in compliance with the reimbursement of the total construction costs of the Truman Medical Center pipeline project.

Staff Recommendation and Conclusion Made on June 11, 2007

Staff's June 11, 2007 Recommendation Regarding Trigen-Kansas City Energy Corporation's Compliance Filing in Case No. HA-2006-0294 requested that the Commission keep this case open until such time that construction is completed and service is established with Truman. Staff further recommended that actual payments by Truman for reimbursement of the pipeline costs be reviewed and that a report and recommendation be presented to the Commission when this project is completed. At the completion of the Truman pipeline project, Staff would review all costs relating to the construction of the pipeline, payments to the contractor building the pipeline and reimbursement by Truman, as prescribed by the Commission's May 22, 2006 Order.

Overview of Trigen's Compliance Filing Made on July 31, 2008:

On July 31, 2008, pursuant to the March 26, 2008 Order Granting Third Extension of Time For Trigen-Kansas City Energy Corporation to File a Report and Recommendation, Trigen filed its Final Report and Recommendation indicating that Trigen had complied with the Commission's Order issued May 25, 2006. Said May 25, 2006 Order directed that all construction costs be reimbursed by Truman for the expansion of Trigen's distribution pipeline to the customer's premises.

Trigen provided as Highly Confidential Attachment A to its Final Report and Recommendation (Final Report) filing of July 31, 2008 a two page document providing an overview and final status of the Truman pipeline construction. Said document identified the costs of the construction and reimbursement. As of the July 31, 2008 date of this Final Report all construction costs have not been reimbursed to Trigen by Truman. Trigen identified that there was still outstanding ** _____ ** out of a total ** _____ ** of total construction costs yet to be reimbursed by Truman.

Also, Trigen stated in Highly Confidential Attachment A that ** _____

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Staff Recommendation and Conclusion Made on August 14, 2008

The Commission ordered on August 4, 2008 that "no later than August 14, 2008, the Staff of the Missouri Public Service Commission shall file with the Commission a report and recommendation regarding Trigen-Kansas City Energy Corporation's compliance filing stating whether Trigen-Kansas City Energy Corporation is in full compliance with the Commission's May 25, 2006 Report and Order and stating whether this case may now be finally closed."

As indicated by Highly Confidential Attachment A to Trigen's Final Report, Truman has not made all payments owed to the Company as of the July 31, 2008 Final Report date. Staff has received and reviewed construction invoices to Trigen and invoices Trigen sends to Truman for **_____** While most of the payments between the parties have been made as of the date of this recommendation, there remains outstanding a significant amount of construction reimbursement.

Therefore, Staff believes it is appropriate to keep this case open until such time as all construction payments are made to the contractor for the construction of the Truman pipeline project, all invoices are sent to Truman Medical Center for reimbursement, and Trigen has been reimbursed in total by Truman Medical Center.

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of Trigen-Kansas City Energy Corporation for a Certificate of Public Convenience and Necessity authorizing it to construct, install, own, operate, control, manage and maintain a steam heat distribution system to provide steam heat service in Kansas City, Missouri, as an expansion of its existing certified area.

Case No. HA-2006-0294


AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI


COUNTY OF Jackson

SS.

Cary G. Featherstone, of lawful age, on his oath states: that he has 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 developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.


Cary G. Featherstone

Subscribed and sworn to before me this 11th day of August, 2008.



Notary Public

MONICA J. CURLS
Notary Public - Notary Seal
STATE OF MISSOURI
County of Jackson
My Commission Expires 3/10/2009
Commission # 05679768