

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) Case No. HA-2006-0294
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.

AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
COUNTY OF COLE) ss.

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

Cary G. Featherstone
Cary G. Featherstone

Subscribed and sworn to before me this 8th day of June, 2007.

Bing M. Wells
Notary Public

ROBERTLY M. WEBB
 Notary Public - Notary Seal
 STATE OF MISSOURI
 City County
 My Commission Expires March 17, 2008

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 V, Auditing Department

/s/ Cary G. Featherstone /s/ Robert Franson
Project Coordinator Office of General Counsel

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

DATE: June 11, 2007

On May 21, 2007, Trigen-Kansas City Energy Corporation (Trigen, Company or Applicant), a Delaware corporation, filed its Compliance Filing 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).

Ordered Paragraph 3 states 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."

On May 22, 2007, the Commission ordered the Staff of the Missouri Public Service Commission (Staff) to file a report and recommendation by June 11, 2007 "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" (Commission May 22, 2007 Order, page 2).

Cary Featherstone of the Commission's Auditing Staff has conducted a review of the Compliance Filing made by Trigen. 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 heating steam 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.

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Recommendation and Conclusion

Staff recommends that Case No. HA-2006-0294 should remain open until such time that the construction is completed and service is established with Truman Medical Center currently expected to occur in September 2007. While the construction costs to expand and connect Trigen facilities to Truman Medical Center will be paid by Truman Medical Center to completion of the facilities, Staff recommends, in the interest of full compliance of the May 25, 2006 Order, to ensure those payments are actually made, a report and recommendation should be presented to the Commission when this project is completed. At that time Staff will review all costs relating to the construction of the pipeline, payments to ** _____ ** and reimbursement by Truman Medical Center, prescribed by the Commission's May 22, 2006 Order.

Staff further recommends that the Commission include the same language it did in the May 25, 2006 Order concerning any future ratemaking treatment regarding the Truman Medical Center expansion as follows:

The Commission reserves the right to consider any ratemaking treatment to be afforded the facilities, properties and transactions involved in this project in a later proceeding.