

Exhibit No.:  
Issues: Marketing  
Witness/Type of Exhibit: Haskamp,  
Surrebuttal  
Sponsoring Party: Missouri Public  
Service Commission  
Company: Kansas City Power  
and Light Company  
Case No.: HO-86-139

MISSOURI PUBLIC SERVICE COMMISSION  
UTILITY DIVISION

SURREBUTTAL TESTIMONY

OF

KEITH A. HASKAMP

Jefferson City, Missouri  
April, 1987

OFFICIAL CASE FILE  
MISSOURI PUBLIC SERVICE COMMISSION

Exhibit No. 43  
Date 4/9/87 Case No. HO-86-139  
Reporter Tweedy

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the investigation )  
of steam service rendered by ) Case No. HO-86-139  
Kansas City Power & Light Company. )

AFFIDAVIT OF KEITH A. HASKAMP

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

Keith A. Haskamp, of lawful age, on his oath states: That he has participated in the preparation of the attached written surrebuttal testimony and attached appendices/schedules in question and answer form, consisting of 12 pages of surrebuttal testimony to be presented in the above case, that the answers in the attached written surrebuttal 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.

Keith A. Haskamp  
Keith A. Haskamp

Subscribed and sworn to before me this 8th day of April, 1987.

Luoy Fritsch  
LUOY FRITSCH Notary Public  
NOTARY PUBLIC STATE OF MISSOURI  
COLE CO.  
MY COMMISSION EXP. JULY 31, 1993  
ISSUED THRU MISSOURI NOTARY ASSOC.

My Commission expires \_\_\_\_\_



**Surrebuttal Testimony of  
Keith A. Haskamp**

1 with the current opportunity to convert steam customers to the electric  
2 system, the Company provides not only rate information and energy analyses  
3 but an array of inducements to promote electric service to the current  
4 steam customers.

5 Q. What inducements are you referring to?

6 A. I am referring to the installation of electric boilers and  
7 spacing heating equipment under the Company's "Downtown Steam System  
8 Conversion Study" (Conversion Plan) as well as the provision of "energy  
9 audits". Both types of inducements were discussed in my rebuttal  
10 testimony and the prefiled direct testimony of Staff witness James L.  
11 Ketter.

12 Q. Are the energy analyses, discussed by Mr. Graham on page 2  
13 of his rebuttal testimony, similar in scope to the "energy audits"  
14 discussed in your rebuttal testimony and Mr. Ketter's prefiled direct  
15 testimony?

16 A. No. The energy analyses discussed by Mr. Graham only  
17 examine and compare KCPL's energy costs for the customer. These were  
18 typical of the work done by the Company in "marketing" their steam  
19 service. The "energy audits" referred to by Mr. Ketter and myself went  
20 much further. They established the groundwork and provided the  
21 preliminary design work for the conversion of the Company's steam  
22 customers to electric service.

23 Q. Does the Company normally perform such "energy audits" in  
24 the marketing of its steam service to potential customers?

25 A. No. Company response to Staff Data Information Request No.  
26 633 states that:

27 [i]n most cases, the owner and/or consultant will expect  
28 KCPL to provide operating cost estimates and will develop  
the first cost and operating costs from other sources.

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(Surrebuttal Schedule 1-2)

Therefore, KCPL usually just provides "rate information and energy analysis" as Mr. Graham states. As discussed on pages 6-8 of my prefiled direct testimony, the provision of this information was essentially the Company's entire steam marketing approach. However, in the case of the "energy audits", the Company contracted with Energy Masters Corporation to have very elaborate studies performed that evaluated the conversion of each steam customer to electric service.

Q. Mr. Graham states on page 4 of his rebuttal testimony that:

any steam cost per Mlb. over \$12 would not be competitive today with other forms of heating. The significant number of customers converting from steam or deciding not to go with steam, over the past few years indicates that steam has not been competitive at \$10 per Mlb. or less.

Are there other Company witnesses who make similar statements?

A. Yes. Mr. Bernard J. Beaudoin states on page 3, beginning on line 24 and continuing through line 5 on page 4 of his rebuttal testimony that:

[i]t is the price of steam that drives the customers' decisions to stay with central station steam distribution service or convert to on-site gas or electric installations. I do not believe that 'aggressive' marketing can prevail over such a pricing disadvantage. Even with central station steam prices of less than \$10/Mlb., KCPL has lost many customers over the past years to gas and electric options. It is inconceivable that, as Staff's rehabilitation economic analyses assume, no more customers will leave the system if steam prices increase further.

[Emphasis added.]

Also, Mr. Beaudoin states on page 4, lines 19 and 20, of his rebuttal testimony that "the customer base will unavoidably decrease."

[Emphasis added.]

1 Mr. Robert W. Levesque states on page 5, beginning on line 26  
2 and continuing on through line 9 of page 6 of his rebuttal testimony,  
3 that:

4 [f]lying in the face of our experience and that of most  
5 other steam systems, Staff has assumed that all steam  
6 customers are retained. That is a very grave, misleading,  
7 and, we think, erroneous assumption. The number of steam  
8 retail customers has been falling in recent years, even  
9 when steam prices were below \$10/mlb. The number of  
10 customers can be expected to fall in the future as steam  
11 rates increase. This means that each of the remaining  
12 customers who stay on the system will be paying for an  
13 increasing percentage of the fixed plant costs. As we note  
14 in Mr. Graham's rebuttal testimony, it is our contention  
15 that no amount of marketing or "rate stabilization" would  
16 have resulted in 100% customer retention.

17 [Emphasis added]

18 Q. Does Staff agree with the assumptions made by Messrs. Graham,  
19 Beaudoin and Levesque?

20 A. No. Because the Company has operated under these  
21 assumptions in the past, the tendency is for the Company to continue to  
22 assume customer loss. If the steam product is not marketed, it is  
23 reasonable to expect customers to continue leaving a system which is not  
24 being portrayed by the Company as a viable alternate energy source. Given  
25 the Company's attitude toward the marketing of steam, it is not surprising  
26 to find that KCPL believes it is "inconceivable" to retain or even add  
27 steam customers at \$10 per MLb, let alone \$12 per MLb.

28 Q. Is Staff aware of information which contradicts the  
Company's assumption?

A. Yes. Included in Staff witness Featherstone's rebuttal  
testimony is information obtained regarding other steam systems which have  
retained and in fact added customers as well as increased sales despite  
having steam prices that KCPL suggests would not be competitive.

Surrebuttal Testimony of  
Keith A. Haskamp

1 Mr. Featherstone's Rebuttal Schedule 2-3 indicates that since  
2 1984 the price per Mlb. of steam in Baltimore has been stable at \$12 and  
3 has even decreased to a little over \$11 per Mlb. by 1986. Mr.  
4 Featherstone's Rebuttal Schedule 2-4 indicates that the number of  
5 customers on the Baltimore steam system has remained basically the same  
6 since 1983 and has even increased slightly by 1986. Despite \$12 per Mlb  
7 steam, the Baltimore system was able to retain its steam customers.

8 Q. Do you have an example of a steam system more comparable to  
9 KCPL's?

10 A. Yes. Featherstone Rebuttal Schedule 2-13 shows the price of  
11 steam on the St. Louis steam loop. In 1984 the price of steam in St.  
12 Louis was about \$12 per Mlb. but by 1985 had risen to about \$12.50 per  
13 Mlb. Since then, it has remained at basically the same level.  
14 Interestingly enough, even with an increase in the price of steam, the  
15 annual steam sales have risen since 1984. This can be seen on  
16 Featherstone's Rebuttal Schedule 2-12. Also, in Featherstone's Rebuttal  
17 Schedules 2-36 through 2-39, there is a recap of the 1986 customer  
18 additions and the net effect in terms of sales that was accomplished by  
19 this turnaround. Furthermore, as shown on Featherstone's Rebuttal  
20 Schedule 2-1, Catalyst Thermal Energy Corporation, the owner of the St.  
21 Louis system, is prepared to invest \$5.3 million to connect the St. Louis  
22 Housing Authority which would add 243,000 Mlbs to the system. Other  
23 potential expansion projects are shown on Featherstone's Rebuttal Schedule  
24 2-40. Coupled with Catalyst Thermal Energy Corporation's willingness to  
25 invest in the future of central district heating is a strong and  
26 aggressive marketing campaign. This can be seen in Featherstone Rebuttal  
27 Schedules 2-60 through 2-72. This revitalization, which KCPL says is  
28 "inconceivable", is being accomplished with other steam systems that have

1 been sold to Catalyst Thermal Energy Corporation which, in contrast to  
2 KCPL, does not believe that loss of the customer base is "unavoidable".

3 Q. Was other information obtained on Catalyst Thermal Energy  
4 Corporation's turnaround of district steam systems?

5 A. Yes. In Featherstone's Rebuttal Schedule 2-67, Mr. John H.  
6 Poelker, former Mayor of St. Louis, states that:

7 [w]hen Union Electric decided to sell off their steam  
8 business interests so they could concentrate on the  
9 production and distribution of electricity, we were  
10 concerned about the future of our Downtown. We knew that  
district heating was a strong economic development tool for  
cities around the country and we didn't want to lose that  
asset.

11 . . .

12 Catalyst Thermal has followed through on its promises and  
13 commitments--and I am happy to see the future of district  
14 heating is secured for our city.

15 [Emphasis added.]

16 Also, in Featherstone's Rebuttal Schedule 2-69, Mr. P. A.  
17 Fetterolf, Division Manager of Ohio Edison Company, states that:

18 [w]hen we decided in 1980 to concentrate on our electric  
19 utility business and sell the steam system, we were  
20 fortunate to be introduced to Youngstown Thermal.  
21 Negotiations were successfully concluded to the  
22 satisfaction of both parties, and since that time,  
23 Youngstown Thermal has operated the steam system to the  
24 satisfaction of its customers, the community and City  
25 Council.

26 Finally, in Featherstone's Rebuttal Schedule 2-71, Mr. George V.  
27 McGowan, President and Chief Operating Officer, Baltimore Gas and Electric  
28 Company, states that:

29 [w]hen we made the decision to divest ourselves from  
30 District Heating and concentrate on our gas and electric  
31 business, we had to find a professional company to take  
32 over. We chose Catalyst Thermal Energy Corporation's  
33 management to fulfill this responsibility to more than 450  
34 steam customers. The transition, with all of the employee  
35 adjustments, as well as customer services and relations,  
36 went very well.



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1 Q. Has the Company investigated divesting themselves of their  
2 district heating system and negotiating the sale of their system to  
3 another party who possibly could achieve the same turnaround as witnessed  
4 at other systems?

5 A. No. The Company has not explored the possibility of selling  
6 their steam system to another party. The Company has presented no  
7 evidence indicating that this could not be accomplished in Kansas City.

8 Q. Do you agree with Mr. Graham's observation on page 6 of his  
9 rebuttal testimony that "aside from the wrecking ball" and economic  
10 reasons, there were no other reasons that customers left the steam system?

11 A. No. As stated in my prefiled direct testimony, the Company  
12 began demarketing its steam service as early as 1972 and thus began  
13 sending negative signals to its customers. As stated on page 13 of my  
14 prefiled direct testimony, Company's demarketing resulted in rumors  
15 concerning the termination of central station steam service. These rumors  
16 apparently reached such a level that the Company had to send a letter to  
17 the steam customers in an effort to dispel their fears. This letter is  
18 contained in Schedule 12 of my prefiled direct testimony. However, as I  
19 pointed out on page 14 of my prefiled direct testimony, Staff finds it  
20 noteworthy that the letter points to the Company's commitments to supply  
21 steam to the Vista Hotel and the Jackson County Jail, two customers which  
22 the Company considered not serving at all.

23 Q. Mr. Graham states on page 7 of his rebuttal testimony that  
24 "Staff has apparently misinterpreted my internal memo" and has arrived at  
25 the erroneous conclusion that the Company demarketed steam since 1972.  
26 Does Staff believe that it has misinterpreted this internal memorandum?

27 A. No. Staff believes that the memorandum, included as  
28 Schedule 8-3 to my prefiled direct testimony, speaks for itself and shows

Surrebuttal Testimony of  
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1 the Company's desire to gain the Mercantile Bank as an electric heat  
2 customer, not as a steam customer.

3 Q. How did Staff arrive at this position?

4 A. As stated on page 9 of my prefiled direct testimony, Staff  
5 received this document on February 20, 1987, three days before Staff filed  
6 its testimony. Follow-up Data Information Requests Nos. 720-726 were  
7 submitted to the Company. Copies of these Data Information Requests are  
8 contained in Schedule 2 of this surrebuttal testimony. These requests  
9 were submitted to the Company because Staff was concerned about the reason  
10 why the Company informed the agent of a potential customer that "steam  
11 might not be available."

12 Q. Did the Company responses supply the information Staff asked  
13 for?

14 A. No. After receiving the Company's first response on March  
15 9, 1987, included as Schedule 3 to this testimony, the Staff realized that  
16 certain questions were left unanswered by the Company. Therefore, a March  
17 13, 1987 meeting was arranged with Mr. Graham to address the Staff's  
18 questions and concerns in regard to the June 28, 1972 memorandum.

19 Q. What was discussed by Staff with Mr. Graham in this meeting?

20 A. Staff requested that each of the questions contained in Data  
21 Information Requests Nos. 720-726 be answered. Staff discussed Mr.  
22 Graham's March 9, 1987 response and asked him why he told a potential  
23 customer's agent that "steam might not be available."

24 Q. What did Mr. Graham give as his rationale for this  
25 statement?

26 A. Mr. Graham failed to provide any solid basis or rationale  
27 for his statement. He thought the statement could possibly have been in  
28 reference to some concerns the Company had regarding the capacity of the

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1 steam distribution system and the impact of Mercantile's line extension on  
2 that system. Mr. Graham further stated that there probably was no study,  
3 analysis or report documenting that the Company had looked at this.

4 Q. Did Staff ask the Company for any studies, analyses or  
5 reports reflecting its concerns on the capacity of the distribution system  
6 or the cost of line extension to customers?

7 A. Yes. Staff Data Information Request No. 732 asked for such  
8 studies, analyses or reports.

9 Q. What did the Company's response to this data request  
10 indicate?

11 A. The Company's reponse, included as Schedule 4 to this  
12 testimony, indicated that there were no such studies, analyses or reports  
13 found.

14 Q. In the meeting of March 13, 1987, did Mr. Graham inform  
15 Staff, as he stated on page 7 of his rebuttal testimony, that "[t]he old  
16 desuperheating stations used to supply low pressure steam were operating  
17 at or near their capacity"?

18 A. No. He made no reference to this situation.

19 Q. When was the Staff made aware of the capacity problems of  
20 "the old desuperheating stations"?

21 A. Staff was made aware of this on April 3, 1987 after reading  
22 Mr. Graham's rebuttal testimony.

23 Q. Wouldn't Staff have expected to find documents during its  
24 document review of KCPL steam files regarding something as vital and  
25 important as system capacity concerns for the desuperheating stations?

26 A. Yes. If there was truly a concern on the Company's part  
27 that the desuperheating stations were operating at or near their capacity,  
28 then something should have been done to correct this situation or to at

Surrebuttal Testimony of  
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1 least investigate the problem. In any event, Staff believes that  
2 documentation should exist regarding system capacity related concerns,  
3 particularly if these concerns would have impacted the public utility's  
4 ability to serve its authority.

5 Q. Is there anything further relating to to the June, 1972  
6 memorandum?

7 A. Yes. Staff doesn't believe that the purported problem with  
8 the desuperheating stations occurred overnight. If there was a concern,  
9 corrective action should have been initiated before this concern became a  
10 system limitation and it became necessary to inform a possible steam  
11 customer that "steam might not be available." As stated in my prefilled  
12 direct testimony, it is Staff's belief that by sending such negative  
13 signals to current and potential steam customers rumors begin to spread  
14 regarding the future of the steam system.

15 Q. What energy alternatives did Mercantile choose for its  
16 heating purposes?

17 A. Mercantile uses electricity for its heating needs.

18 Q. Isn't it true that the Company did in fact hook the  
19 Mercantile Bank up as a steam customer?

20 A. Yes. However, Mercantile Bank took steam service for  
21 humidification purposes, not for heating purposes. The use of steam for  
22 humidification results in a much lower service load than the use of steam  
23 for heating.

24 Q. Isn't it true that the Company connected customers  
25 subsequent to 1972 and the Mercantile Bank project?

26 A. Yes. Even though the Company connected steam customers, it  
27 is clear that those additions were not the result of the Company's  
28 marketing efforts. As stated in my prefilled direct testimony, there was

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1 little, if any, attention ever paid to the marketing of steam service on  
2 the Company's downtown steam loop. Furthermore, when steam was marketed,  
3 it was done so as an alternative to electric energy. Also, in my prefiled  
4 direct testimony on pages 9-14, I describe the Company's "demarketing"  
5 efforts in regard to potential downtown steam customers such as the  
6 Mercantile Bank Building, the Vista Hotel, and the Jackson County Jail.

7 Q. What about the Company's efforts regarding service to Corn  
8 Products Corporation (CPC), a customer outside of the downtown steam loop?

9 A. As shown in my prefiled direct testimony on pages 10 and 11,  
10 the Company considered not serving CPC. This was also discussed in Staff  
11 witness Mark L. Cligschlaeger's prefiled direct testimony on pages 24  
12 through 29.

13 Q. Is Staff aware of any further information concerning the  
14 Company's attitude toward the connection of CPC?

15 A. Yes. The transcript of Company's Case No. ER-83-49 contains  
16 an explanation given by Mr. Arthur Doyle of the events surrounding the  
17 Company's connection of CPC to the steam system. This discussion begins  
18 on page 439 with Mr. Doyle stating that he would "be safe in saying that  
19 Corn Products approached us more than two years ago." [Emphasis added.]  
20 (Surrebuttal Schedule 5-2).

21 Q. Did Mr. Doyle state what the Company's reaction was to CPC?

22 A. Yes. Mr. Doyle stated that "our immediate reaction was:  
23 no, no way can we serve you. We're not going to expand our steam heat  
24 area at all, especially we're not going to build anything across the  
25 river." [Emphasis added.] (Surrebuttal Schedule 5-2) Mr. Doyle further  
26 stated:

27 [The Company's] immediate reaction a couple of years ago  
28 was no way do we want to get involved in expanding our  
service area or taking on a large load of this magnitude.

Surrebuttal Testimony of  
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1 250,000 pounds per hour, added on to our existing steam  
2 heat load. And we discouraged them. They kept coming  
3 back. They said we'll build to you. But the discussions  
4 never got serious until last summer, when we said can you  
5 take an interruption; can you be an interruptible customer?  
6 And they went back to the drawing boards and came back and  
7 said, yes, we can. That's when the discussions got serious  
8 then. And we started negotiations.

9 It was about a year ago that we started our long-term look  
10 at the steam heat system. We started that study on the  
11 basis that there was no CPC. Look at the existing loads as  
12 they are today and where are we going to go and where are  
13 we going to be. And we came about to the same conclusion  
14 that many of our other utilities around the country have  
15 come to with steam heat systems, which are all by-products  
16 of electric plants. We're going to have to shut it down.  
17 And that was a tragedy and a shame to deprive our downtown  
18 customers of that advantage.

19 [Emphasis added.]

20 (Surrebuttal Schedules 5-3, 5-4)

21 Although the Company finally connected CPC, it was not as a  
22 direct result of any superlative marketing effort on the Company's part,  
23 but because the customer simply refused to take no for an answer. Despite  
24 the Company's effort to discourage CPC, the large industrial load customer  
25 continued to insist that serving them would be beneficial to all.

26 Q. Does this conclude your surrebuttal testimony?

27 A. Yes, it does.  
28

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

Requested From: \_\_\_\_\_

Steve Cathron

Date Requested: \_\_\_\_\_

January 27, 1987

Information Requested: \_\_\_\_\_

Does KCP&L have any existing marketing studies or economic analysis which it uses to determine and compare the economics of electric, gas and steam for

① rates of each

② installed first costs of initial investment

If so, please provide all such documents.

Requested By: \_\_\_\_\_

C. J. Featherston

Information Provided: \_\_\_\_\_

Please see the attached memo for the answer.

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: \_\_\_\_\_

[Signature]

Date Received: \_\_\_\_\_

2/1/87



February 9, 1987

TO: S. W. Cattron

FROM: R. H. Graham

RE: Data Request #633, Steam Rate Case No. HO-86-139

Question: Does KCPL have any existing marketing studies or economic analysis which it uses to determine and compare the economics of electric, gas and steam for:

(1) rates of each?

Answer: The rates used in any analysis comparing the three sources are the rates currently on file with the Missouri Public Service Commission.

Question: (2) installed first costs e.g., initial investment. If so, please provide all such documents.

Answer: The installed first cost for different types of heating systems are very difficult to develop. The only foolproof way is to obtain bids from the mechanical and electrical contractor on various systems. Contractors do not do this unless these bids, if low, will result in a job. Therefore, it is rarely, if ever done, if only for a study. The next best source is to have an experienced engineering firm make a cost estimate.

In most cases, the owner and/or consultant will expect KCPL to provide operating cost estimates and will develop the first cost and operating costs from other sources.

Any studies that we have done comparing electric gas and steam are included in the files that were furnished to the Staff on the major new buildings in the steam service area.

  
R. H. Graham

RHG:gp



No. 720  
Class \_\_\_\_\_Data Information Request  
Kansas City Power & Light Company  
Case No. HO-86-139

Requested From: STEVE CATIRON  
Date Requested: FEBRUARY 22, 1987  
Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST No. 692 AND MEMORANDUM TO MERCANTILE BANK FILE WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972. (BOTH ATTACHED)  
① PROVIDE CUSTOMER ADDITIONS AND DISCONNECTS SINCE 1972, OR AS FAR BACK AS THE TIME WHEN KCPL TOOK THE POSITION THAT "STEAM MIGHT NOT BE AVAILABLE", LISTING MAJOR CUSTOMERS HOOKED UP TO THE STEAM SYSTEM.  
② FOR THE TIME FRAME PRIOR TO JUNE 28, 1972 WHEN WAS THE FIRST TIME KCPL COMMUNICATED TO A CUSTOMER, BUILDER, CONSULTANT AND/OR AGENT ACTING ON BEHALF OF A CUSTOMER THAT "STEAM MIGHT NOT BE AVAILABLE?"

Requested By: Keith Staskamp  
Information Provided: \_\_\_\_\_

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, address, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "documents" 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: \_\_\_\_\_

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

Requested From: STEVE CATIRON

Date Requested: FEBRUARY 22, 1987

Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST NO. 632 AND MEMORANDUM TO MERCANTILE BANK FILE WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972. (BOTH ATTACHED)  
① IN VIEW OF THE FACT THAT THIS DOCUMENT, AS WELL AS OTHERS, WAS FOUND IN COMPANY STEAM FILES AND PROVIDED TO STAFF, (WHO WAS UNABLE TO LOCATE THIS DOCUMENT) PLEASE PROVIDE STAFF ACCESS TO THE FILES IN WHICH SUCH DOCUMENTS WERE FOUND.

② IF THESE DOCUMENTS WERE LOCATED IN THE JOB FILES PLEASE PROVIDE STAFF ACCESS TO THE JOB FILES FOR THE PROTECTS LISTED IN COMPANY'S RESPONSE TO STAFF DATA REQUEST 632 AND ALL OTHERS FROM THE SAME TIMEFRAME.

Requested By: Keith Spakamp

Information Provided: \_\_\_\_\_  
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\_\_\_\_\_

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Signed By: \_\_\_\_\_

Date Received: \_\_\_\_\_

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

Requested From:

STEVE CATTON

Date Requested:

FEBRUARY 22, 1987

Information Requested:

RE: COMPANY RESPONSE TO STAFF DATA REQUEST No. 632 AND MEMORANDUM TO MERCANTILE BANK FILE WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972. (BOTH ATTACHED)① PROVIDE A LISTING OF ALL CUSTOMERS KCPL CONSIDERED INTERNALLY NOT TO SERVE STEAM.② PROVIDE FOR EACH INSTANCE ALL RATIONALE, COMPLETE EXPLANATION AND DESCRIPTION OF WHY THE COMPANY CONSIDERED EACH.③ PROVIDE ALL DOCUMENTATION RELATING TO THESE DECISIONS.

Requested By:

Keith Gaskamp

Information Provided:

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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: \_\_\_\_\_

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

Requested From: STEVE CATIRON  
Date Requested: FEBRUARY 22, 1987  
Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST  
NO. 632 AND MEMORANDUM TO MERCANTILE BANK FILE  
WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972  
(BOTH ATTACHED)

- ① PRIOR TO THIS 1972 MEMO, WHAT OTHER MAJOR  
DEVELOPMENTS, CONSULTANTS OR AGENTS OF THOSE  
DEVELOPMENTS, WERE INFORMED THAT "STEAM MAY  
NOT BE AVAILABLE?"
- ② FOR EACH INSTANCE PROVIDE COMPLETE EXPLANATION,  
A DESCRIPTION OF THE CIRCUMSTANCES AND ALL  
RATIONALE FOR THIS DECISION. ALSO PROVIDE ALL  
CORRESPONDENCE RELATING TO THESE PROJECTS.
- ③ FOR EACH INSTANCE PROVIDE THE NAMES OF THOSE  
INDIVIDUALS WHO PARTICIPATED IN MAKING THE (CONT.)

Requested By: Keith Haskamp  
Information Provided: \_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Signed By: \_\_\_\_\_

Date Received: \_\_\_\_\_

DATA REQUEST NO.

(CONT.)

DECISION THAT "STEAM MAY NOT BE AVAILABLE."

- ④ DID THE COMPANY EVENTUALLY DECIDE IF STEAM WAS OR WAS NOT AVAILABLE FOR EACH OF THESE INSTANCES? PLEASE EXPLAIN.
- ⑤ FOR EACH OF THESE PROJECTS PROVIDE THE JOB FILES FOR STAFF REVIEW.

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

Requested From: STEVE CATIRON  
Date Requested: FEBRUARY 22, 1987  
Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST  
No. 632 AND MEMORANDUM TO MERCANTILE BANK FILE  
WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972.  
(BOTH ATTACHED)

- ① DID THE COMPANY ALSO INFORM THE OWNERS, BUILDERS, CONSULTANTS OR AGENTS OF THE CITY CENTER SQUARE COMPLEX, LIKE THEY DID THE MERCANTILE BANK BUILDING, THAT "STEAM MIGHT NOT BE AVAILABLE" FOR CITY CENTER SQUARE? PROVIDE ALL CORRESPONDENCE BETWEEN KCP:L AND CITY CENTER SQUARE.
- ② IF KCP:L INFORMED CITY CENTER SQUARE THAT "STEAM MIGHT NOT BE AVAILABLE" PROVIDE COMPLETE DETAILED EXPLANATION, DESCRIBE THE CIRCUMSTANCES SURROUNDING THIS AND GIVE ALL RATIONALE FOR THIS. (CONTINUED ON NEXT PAGE)

Requested By: Kirk Haskamp  
Information Provided: \_\_\_\_\_

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Signed By: \_\_\_\_\_

Date Received: \_\_\_\_\_

DATA REQUEST No. (CONT.)

- ③ IF KCPIL INFORMED CITY CENTER SQUARE THAT "STEAM MIGHT NOT BE AVAILABLE" WHO MADE THIS DECISION?
- ④ DID THE COMPANY EVENTUALLY DECIDE IF STEAM WAS OR WAS NOT AVAILABLE FOR THIS PROJECT? PLEASE EXPLAIN.
- ⑤ PROVIDE THE CITY CENTER SQUARE JOB FILE FOR STAFF'S REVIEW.

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

Requested From: STEVE CATTRON  
Date Requested: FEBRUARY 22, 1987  
Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST  
NO. 632 AND MEMORANDUM TO MERCANTILE BANK FILE  
WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972  
(BOTH ATTACHED)

- ① PROVIDE COMPLETE DETAILED EXPLANATION, DESCRIBE  
THE CIRCUMSTANCES SURROUNDING THIS AND ALL RATIONALE  
WHY "STEAM MIGHT NOT BE AVAILABLE FOR THIS PROJECT."  
② WHO MADE THE DECISION THAT "STEAM MIGHT NOT BE  
AVAILABLE?"  
③ PROVIDE ALL SUPPORTING DOCUMENTATION ON WHY MR. GRAHAM  
BELIEVED THAT "STEAM MIGHT NOT BE AVAILABLE."  
④ WHY DID MR. GRAHAM TELL MNIT THAT "STEAM MIGHT NOT BE  
AVAILABLE" AND THAT "THEY SHOULD VERY SERIOUSLY CONSIDER  
GOING TOTAL ELECTRIC?" (CONTINUED ON NEXT PAGE)

Requested By: (Keith) Jackson  
Information Provided: \_\_\_\_\_  
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\_\_\_\_\_

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Signed By: \_\_\_\_\_

Date Received: \_\_\_\_\_



DATA REQUEST<sup>\*</sup> (CONT.)

- (
- ③ PROVIDE ALL OTHER DOCUMENTS THAT SUPPORTED THE COMPANY'S POSITION THAT "STEAM MIGHT NOT BE AVAILABLE FOR THIS PROJECT"
  - ④ DID THE COMPANY EVENTUALLY DECIDE IF STEAM WAS OR WAS NOT AVAILABLE FOR THIS PROJECT? PLEASE EXPLAIN.
  - ⑤ DID MERCANTILE FINALLY DECIDE TO GO ALL ELECTRIC OR STEAM?
  - ⑥ WAS THIS COMPANY DECISION THAT "STEAM MIGHT NOT BE AVAILABLE," A CORPORATE POLICY, MISSION OR OVERALL GOAL? IF SO PROVIDE THE NAMES OF ALL INDIVIDUALS INVOLVED IN MAKING THIS POLICY OR GOAL AT THAT TIME (1972).
  - ⑦ PROVIDE THE MERCANTILE BANK JOB FILE FOR STAFF'S REVIEW.
- (

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

Requested From: STEVE CATIRON  
Date Requested: FEBRUARY 22, 1987  
Information Requested: RE: COMPANY RESPONSE TO STAFF DATA REQUEST  
NO. 632 AND MEMORANDUM TO MERCANTILE BANK FILE  
WRITTEN BY ROBERT GRAHAM DATED JUNE 28, 1972.  
(BOTH ATTACHED)  
① AFTER THIS 1972 MEMO, WHAT OTHER MAJOR DEVELOPMENTS,  
CONSULTANTS OR AGENTS OF THOSE DEVELOPMENTS, WERE  
INFORMED THAT "STEAM MAY NOT BE AVAILABLE?"  
② FOR EACH INSTANCE PROVIDE COMPLETE EXPLANATION,  
A DESCRIPTION OF THE CIRCUMSTANCES AND ALL  
RATIONALE FOR THIS DECISION. ALSO PROVIDE ALL  
CORRESPONDENCE RELATING TO THESE PROJECTS.  
③ FOR EACH INSTANCE PROVIDE THE NAMES OF THOSE  
INDIVIDUALS WHO PARTICIPATED IN MAKING THE DECISION  
THAT "STEAM MAY NOT BE AVAILABLE"

Requested By: Kirk Jaskamp  
Information Provided: \_\_\_\_\_  
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\_\_\_\_\_

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Signed By: \_\_\_\_\_

Date Received: \_\_\_\_\_

DATA REQUEST No. (CONT.)

- ④ DID THE COMPANY EVENTUALLY DECIDE IF STEAM WAS OR WAS NOT AVAILABLE FOR EACH OF THESE INSTANCES? PLEASE EXPLAIN.
- ⑤ FOR EACH OF THESE PROJECTS PROVIDE THE JOB FILES FOR STAFF REVIEW.

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

ASX

Requested From: Steve Catron

Date Requested: January 27, 1987

Information Requested: When KCP&L states that it "usually presents an estimated operating cost on both electric and steam and attempted to attract customers to either" as stated in MPR and Request No. 578 did KCP&L present this type of data to the owner within the design of City Center Square to so please provide such information.  
(2) Identify the new construction in downtown Kansas City where KCP&L presented an estimated operating cost on both electric and steam starting with City Center Square to assist recent projects and provide such information.

Requested By: C. Featherstone

Information Provided: \_\_\_\_\_

Please see the attached memo for the answer.

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Signed By: [Signature]

Date Received: 2-20-87



February 13, 1987

TO: S. W. Cattron

FROM: R. H. Graham

RE: Data Request #632, Steam Rate Case No. HO-86-139

Question: (1) When KCPL states that it "usually presented an estimated operating cost on both electric and steam and attempted to attract customers to either" as stated in MPSC Data Request No. 578, did KCPL present this type of data to the owner and/or the designer of City Center Square? If so, please provide such information.

Answer: We have not been able to find any estimate of operating costs for City Center Square that would have been presented to the owner or representative.

Question: (2) Identify the new construction in downtown Kansas City where KCPL presented an estimated operating cost on both electric and steam starting with City Center Square to the most recent projects and provide such information.

Answer: Attached are analysis and sale type letters on several jobs in this era. These projects are Mercantile Bank, 1101 Walnut, New Commerce Building, 10th Street-Main to Walnut, Twelve Wyandotte Plaza Building, New Mercantile Bank at 14th and Walnut, and a letter concerning steam to Bruce Hughes, a designer at Howard-Needles-Tammen & Bergendoff, who in this time period, was working on the AT&T Complex. These are representative of the analysis and data that was presented to new construction in the steam service area.

  
R. H. Graham

RHG:gp  
Attachments

June 28, 1972

## MEMORANDUM TO FILE

SUBJECT: Mercantile Bank

The first contact with reference to this job was from Ted Mead with the Concordia Management Company. Concordia Management is the coordinator of the Crown Center project. Apparently, this firm has been retained by Mercantile to coordinate their new building. At that time, Mr. Mead asked about the availability and cost of electrical power and steam at the corner of 11th and Walnut. Mr. Mead was soliciting proposals from Design Builder Mechanical Contractors for the heating and air conditioning system. Later, we were contacted by Jim Hasler of Temperature Engineering asking about the availability of steam at this location.

The present design of the building calls for the first three floors to be a bank facility with space for a large restaurant. The remaining 16 or 17 stories would be office space. Harry Wiese of Chicago is the architect for the project.

During the week of June 12th, we were contacted by a consulting firm in Chicago called M&T. Mr. Jim Martin called asking basically the same questions that had been asked by Concordia Management. We sent all the various rates on both steam and electric to this consulting firm. We also advised them that steam might not be available for this project and that they should very seriously consider going total electric.

I later asked Ted Mead whether the consulting firm would design the heat and air conditioning, in light of the fact that he was working with Design Builder Mechanical Contractors. Mr. Mead indicated that if a satisfactory proposal was received for the heating and air conditioning from a contractor, the engineer would design only the electrical and plumbing work.

The estimated load for the building with either steam or gas heating is estimated by the engineer at 2500 - 2700 KVA. The engineer indicated that if he uses electric heat, he would add a 3500 KW electric boiler. I do not believe this large of a unit would be required. The present design calls for 20 stories with 11,200 square feet per floor making a total of 224,000 square feet.

We will continue to work closely with both Concordia Management and the Architect Engineer Design team from Chicago. Pat Shelley will be coordinating the service for this project through the service engineers and Frank Brance will assist in any energy analysis made.

Robert H. Graham

RSG:cmh

cc: J. A. Mayberry

# MERCANTILE TRUST

## ALL ELECTRIC

ICANE (General Service All Electric)

Date	Dem	Kwh	Money
Jan	2892	1,004,352	\$12,808.72
Feb	2657	809,447	10,718.67
Mar	2408	764,030	10,115.10
Apr	2314	664,105	9,059.45
May	1940	551,548	7,709.48
Jun	1944	556,084	7,757.24
Jul	1993	548,597	7,711.77
Aug	1989	584,778	8,071.18
Sep	1937	531,689	7,592.29
Oct	2326	700,206	9,427.66
Nov	2429	720,155	9,688.95
Dec	2707	<u>860,130</u>	<u>11,255.50</u>
		8,295,121	\$111,916.01
			8,602.04
			13,390.76
			<u>4,686.81</u>
			\$138,595.62

154,772.80  
 17196.80  
 5417.05  
177,386.65

Average Fuel  
 City Tax  
 Sales Tax

## STEAM HEAT

General Service Large

Dem	Kwh	Money
1910	490,000	\$9,018.30
1911	463,300	8,753.33
1990	548,000	9,760.70
1975	519,000	9,440.25
1940	553,000	9,709.20
1944	558,000	9,767.32
1993	539,000	9,676.79
1989	584,000	10,118.67
1937	522,000	9,393.11
1985	567,000	9,940.55
1974	563,000	9,878.22
1972	<u>517,000</u>	<u>9,414.16</u>
	6,423,300	\$114,870.60
		6,660.96
		13,503.37
		<u>4,726.22</u>
		\$139,761.15
		<u>10,938.42</u>
		\$150,699.57

Steam



March 9, 1987

TO: S. W. Cattron

FROM: R. H. Graham

RE: Data Requests 720-726, Steam Rate Case No. HO-86-139

**QUESTION:** Company response to staff Data Request #672 and the memorandum to the Mercantile Bank file written by R. H. Graham dated June 28, 1972, and specifically the statement, "Steam might not be available."

**ANSWER:** The referenced statement was made not as any Company policy or position, but due to our concern about being able to serve the customers who were applying at that particular time. I have not been able to find the study.

Rather than a "study", it may only have been an inquiry to Engineering and Production that there was capacity in the steam distribution system and steam production facilities to serve a major office building. Under the general Rules and Regulations, the customer was responsible for the cost of any line extension or improvement cost necessary to serve a premise. A study or inquiry such as this would have determined any such cost so we could have advised the customer.

We did render a steam service to this building. The designers chose to use electric heat in the building and then requested a steam service for humidification. Since this was not a Company position, but only a concern about our capacity, we did not communicate to any other customers that steam might not be available.

The files for the Mercantile Bank job and City Center Square are enclosed. The fact that steam service was rendered to this project, I believe answers all other questions in this series of data requests.

A handwritten signature in cursive script, appearing to read "R. H. Graham".

R. H. Graham

RHG:gp  
Enclosures

3/10/87  
HAB



MAR 17 1987

Data Information Request  
Kansas City Power & Light Company  
Case No. HO-86-139Requested From: Steve Catron / Robert Graham  
Date Requested: 3/16/87  
Information Requested: \_\_\_\_\_Re: Staff meeting with R.H. Graham held 3/13/87:

Please provide all studies, analyses, reports and any other documentation reflecting KCP&L's concerns on the capacity of its steam distribution system and/or the cost of line extensions and improvements regarding the hooking of new steam customers, from 1970 to the present.

Requested By: Mark Olegichlaen  
Information Provided: The engineering files contain nothing in regard to the above request.

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Signed By: J. E. Smith 3/24/87Date Received: 3/31/87

MAR 17 1987

Data Information Request  
Kansas City Power & Light Company  
Case No. HO-86-139Requested From: Steve Catron / Robert Graham  
Date Requested: 3/16/87  
Information Requested: \_\_\_\_\_Re: Staff meeting with R.H. Graham held 3/13/87:

Please provide all studies, analyses, reports and any other documentation reflecting KCP&L's concerns on the capacity of its steam distribution system and/or the cost of line extensions and improvements regarding the hooking of new steam customers, from 1970 to the present.

Requested By: Mark Olejniczak  
Information Provided: \_\_\_\_\_Please see the attached memo for the answer.

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Signed By: [Signature]Date Received: 3/17/87



March 20, 1987

TO: S. W. Gattron

FROM: R. H. Graham

RE: Data Request #732, Steam Rate Case No. HO-86-139

Question: Please provide all studies, analysis, reports and any other documentation reflecting KCPL's concerns on the capacity of its steam distribution system and/or the cost of line extensions and improvements regarding the hookup of new steam customers, from 1970 to the present.

Answer: We have not found any of the above referenced studies.

A handwritten signature in cursive script, appearing to read "R. H. Graham".

R. H. Graham

RHG:gp

1 it is entirely possible that there will be some minor  
2 increase by that time. I think the KCPLAN and other figures  
3 that I've seen do contemplate some increase above the 3  
4 cents per kilowatt-hour over time. And certainly that has  
5 got to be because coal costs will be going up and other  
6 variable costs will be going up. But they won't be of the  
7 magnitude that demand costs will be going up.

8 Q. To try to be precise, at this point in time  
9 today, can you tell me what plan, if any, you have for the  
10 exact cost for the separately metered space heating rate  
11 when Wolf Creek goes on? You've indicated it might be  
12 something slightly higher than present. But, if you don't  
13 have an answer to that, that's fine, too. But I'm trying to  
14 probe the specific nature of what that charge would be, if  
15 you know.

16 A. I have seen some figures under which our  
17 people have made some very, very rough calculations as to  
18 what will happen to our 3-cent electric space heating rate.  
19 How valid they are, how much study has really gone into  
20 them, I don't know. But, in the short period of time  
21 between now and 1985, they wouldn't get up to 4 cents.  
22 They're something still in the 3-cent area.

23 Q. Now, there's been some testimony today with  
24 respect to a contract with Corn Products?

25 A. Yes, sir.

1 Q. And I believe there is some steam heat study  
2 that describes the period between 1984 to 2003, as I  
3 understand some of the previous testimony here today?

4 A. That's right.

5 Q. , And I believe you indicated that that  
6 particular scenario; namely, of a large steam customer  
7 coming along, was part of that study because--and I believe  
8 your testimony was--negotiations were under way at that  
9 time. Do you recall that testimony?

10 A. Yes, I certainly do.

11 Q. To try to clarify what you're describing  
12 there, could you describe when those negotiations took place?

13 A. With Corn Products?

14 Q. Yes, sir.

15 A. I believe I would be safe in saying that  
16 Corn Products approached us more than two years ago  
17 initially.

18 Q. Let's see, this is March of '83. Would that  
19 be then further back than March of '81?

20 A. I'm going to say, yes, because our immediate  
21 reaction was: no, no way can we serve you. We're not going  
22 to expand our steam heat area at all, especially we're not  
23 going to build anything across the river.

24 Q. I take it from your--pardon me. I'm sorry.  
25 You weren't finished?

1 A. Well, I was going to give you the evolution.

2 Q. Well, I think I have a few short questions  
3 that will probably bring us that. Let's try it.

4 A. Go ahead.

5 Q. Thank you. I understand that, from your  
6 testimony, Corn Products came to you and requested steam  
7 service; is that correct?

8 A. That is correct.

9 Q. And the results of that discussion was that  
10 you were unable to provide it, given the fact of the costs  
11 that would have been involved; is that true?

12 A. No, that is not.

13 Q. Would you expand on that, please?

14 A. Our immediate reaction a couple of years ago  
15 was no way do we want to get involved in expanding our  
16 service area or taking on a large load of this magnitude,  
17 250,000 pounds per hour, added on to our existing steam heat  
18 load. And we discouraged them. They kept coming back.  
19 They said we'll build to you. But the discussions never got  
20 serious until last summer, when we said can you take an  
21 interruption; can you be an interruptible customer? And  
22 they went back to the drawing boards and came back and said,  
23 yes, we can. That's when the discussions got serious then.  
24 And we started negotiations.

25 It was about a year ago that we started our

1 long-term look at the steam heat system. We started that  
2 study on the basis that there was no CPC. Look at the  
3 existing loads as they are today and where are we going to  
4 go and where are we going to be. And we came about to the  
5 same conclusion that many of our other utilities around the  
6 country have come to with steam heat systems, which are all  
7 by-products of electric plants. We're going to have to shut  
8 it down. And that was a tragedy and a shame to deprive our  
9 downtown customers of that advantage.

10 So, when the CPC came along and said, we can  
11 take an interruption and we can fit into that existing load  
12 out there and superimpose upon it and we'll come to you to  
13 get it, that's when we were able to work out this. It was  
14 at that time towards the final stages of that study we  
15 cranked in this as a possible scenario last fall sometime  
16 and approved how good and valid and to the benefit of the  
17 downtown customers. And in November, on November 3, we  
18 signed the contract with CPC. It was filed with this  
19 Commission and became effective, I believe, on December 18,  
20 1982.

21 Q. With respect to CP's expenditures to, quote,  
22 come to you, unquote, do you have any idea how much money  
23 they plan to spend to come to your Grand Avenue facility  
24 with their line?

25 A. No, sir.

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1 Q. Would you think \$5 million would be in the  
2 neighborhood of a correct number?

3 A. I have no idea.

4 Q. Do you believe the amount to be a  
5 significant number?

6 A. It's going to take some money to build a 20-  
7 inch line, or whatever the line might be, from its plant on  
8 the north side of the river across the ASB Bridge to our  
9 property, which is at the south end of the bridge.

10 Q. Corn Products is putting up all that money;  
11 is that correct?

12 A. Yes, sir.

13 Q. I understand that there's a curtailable  
14 feature to this contract which would permit when necessary  
15 your company to curtail service to Corn Products under  
16 certain conditions. Does that mean that Corn Products has a  
17 standby fuel, if you know?

18 A. No, sir.

19 Q. That does not mean that, or you don't know?

20 A. I do not know absolutely. But my  
21 understanding is, no, they can take the interruption without  
22 utilization of standby fuel.

23 Q. Do you know who is presently serving the  
24 energy needs of Corn Products at this time?

25 A. They have their own generation of steam



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1       boilers. And they do have topping turbines in producing  
2       some of their electric. That is fired by natural gas  
3       provided by The Gas Service Company.

4               Q.     One moment, please.

5               A.     I might add, Mr. McNeive, the alternative to  
6       CPC was closing the plant up and a loss of several hundred  
7       jobs to the Kansas City area. At least that's what they  
8       advised us and other members of state government interested  
9       in economic development.

10              Q.     One last question, Mr. Doyle. I think  
11       you've indicated that, in one of your reviews as to what  
12       plant to build, you decided you didn't want to have all your  
13       eggs in one basket, I think was your term, in the sense of  
14       coal-fired plants. Do you recall that?

15              A.     I certainly do.

16              Q.     And instead you wanted some diversity; is  
17       that correct?

18              A.     That is correct.

19              Q.     Was the diversity you're describing there in  
20       terms of types of plants, be they nuclear or be they coal-  
21       fired or whatever, would that same interest or desire be  
22       true with respect to the types of service that you provide;  
23       i.e., it would be nice to be able to sell steam heat as well  
24       as separately metered space heating as well as lighting and  
25       other products that are the result of energy? Would you

1 think it would be a good idea to have that diversity in  
2 terms of your product mix?

3 A. Certainly. Any time you can get that  
4 diversity and achieve efficiency of operation, it inures to  
5 the benefit of our customers completely, reduces the risk,  
6 helps stabilize a business through changing economic cycles.  
7 There are many advantages to you it, yes, indeed.

8 Q. Does it also permit you the ability to price  
9 each of of those services differently to promote their  
10 utilization?

11 A. Well, each of those services will have its  
12 own cost of service and pricing, yes, at least as a class.

13 Q. But I think you've indicated in your  
14 testimony today that decisions as to what price to propose  
15 are not necessarily totally based on cost of service; is  
16 that correct?

17 A. I think what we were talking about there was  
18 not necessarily pricing, although it would be that effect.  
19 We were talking about allocations between classes or groups.  
20 And, therefore, that will control cost of service as a class  
21 cost of service and, therefore, a pricing to the class, yes.

22 Q. For example, you indicated the lines crossed  
23 over. And that was apparently your primary basis for  
24 deciding to promote separately metered space heating,  
25 correct?

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1           A.     Yes. The lines crossed. And, therefore, it  
2 was to the economic advantage of the customer that we do  
3 promote electric space heating in lieu of gas-fired heating.  
4 And this has a double advantage to the customer because the  
5 customer is also an electric customer. That is true. We  
6 also, of course, have been doing studies in seeing about the  
7 availability of natural gas in the long term. And it does  
8 not look good in the long term. It's a finite resource.

9           Q.     And is it also true that you've indicated in  
10 your testimony here today that your steam heat operation was  
11 losing money for a number of years. And apparently one of  
12 the options to the company was to discontinue that type of  
13 service until the CP opportunity presented itself; is that  
14 correct?

15          A.     That is correct.

16          Q.     So I take it from that that the steam heat  
17 price that you had been permitted to charge or had asked to  
18 charge was less than what you would have liked to have  
19 charged; is that true?

20          A.     Yes, I think it's safe to say and I think  
21 you also heard the testimony. We've had a continuing change  
22 of methods of allocation. And I believe the last time when  
23 we were permitted to put our full request into effect  
24 without question--that's not the first time that's happened.  
25 I believe that at least twice before there have been--twice

1 before at least. And there's been a series of that going  
2 on. So as a result, when you apply that method to your  
3 books, you'll wind up with a net operating loss. I would  
4 not say that we have intentionally accepted net operating  
5 losses in our steam heat since 1979. But that has been the  
6 effect.

7 MR. MCNEIVE: Thank you, Mr. Doyle. I  
8 appreciate your answers.

9 EXAMINER FEE: Any redirect?

10 MR. JENNINGS: None.

11 MR. DOTTHEIM: Are we going to have recross?

12 EXAMINER FEE: I suppose so.

13 MR. BREGMAN: I just have a couple of  
14 questions if I may. Just one short line.

15 FURTHER CROSS-EXAMINATION BY MR. BREGMAN:

16 Q. You were talking before with Mr. McNeive  
17 about the Corn Products transaction. And you indicated,  
18 when they initially came to you, there was evidently no  
19 discussion of an interruptible rate and, therefore, you  
20 turned them down?

21 A. No, I did not. My impression was the first  
22 consideration and turn down was on the fact that we couldn't  
23 see building and expanding our territorial service north of  
24 the river because, once we served them north of the river as  
25 a utility operation, we've got to serve all customers. And

1       this would be a very bad situation.

2               Q.     Let me ask a different question that might  
3       get me where I think I want to go. Had they come to you and  
4       offered to build a line to you and offered to be a contract  
5       customer as opposed to a customer under a tariff so that you  
6       would not expand your obligation to serve, would you have  
7       agreed to serve them on an uninterruptible basis?

8               A.     I don't know and I rather doubt it, because  
9       it would probably have adversely affected reliability of our  
10      downtown steam heat customers. I do not believe the  
11      capacity of our Grand Avenue Station was of such a nature or  
12      so reliable because, you see, you're only talking four units  
13      at Grand Avenue Station, four boilers. As a result, without  
14      the interruption or interruptability, to have served CPC as  
15      a firm customer would have adversely affected the  
16      reliability in my judgment on the other customers.

17              Q.     Or to maintain reliability you would have  
18      had to add plant?

19              A.     Yes. And that would not have been  
20      advantageous to them at all because of the higher cost.

21              Q.     It would not have been cost effective to CPC  
22      or any of your other customers?

23              A.     I don't know that we've ever did any studies  
24      on that. But I think that's patently so, yes.

25              MR. BREGMAN: Thank you. I have no further