

Exhibit No.:  
Witness/Type of Exhibit: Ketter/Direct  
Testimony  
Issue: Promotional  
Practices/Tariffs  
Sponsoring Party: Missouri Public  
Service Commission  
Company: Kansas City Power  
and Light Company  
Case No.: HO-86-139

MISSOURI PUBLIC SERVICE COMMISSION  
UTILITY DIVISION

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. HO-86-139

DIRECT TESTIMONY

OF

JAMES L. KETTER

Jefferson City, Missouri  
February, 1987

OFFICIAL CASE FILE  
MISSOURI PUBLIC SERVICE COMMISSION  
Exhibit No. 49  
Date 4-10-87 Case No. HO-86-139  
Recorder Dyers 20

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. )

AFFIDAVIT OF JAMES L. KETTER

State of Missouri) ) ss  
County of Cole )

James L. Ketter, of lawful age, on his oath states: that he has participated in the preparation of the attached written testimony in question and answer form consisting of eleven pages, to be presented in the above case; that the answers in the attached written testimony were given by him; that he has knowledge of the matters set forth in such statements; and that such matters are true to the best of his knowledge and belief.

James L. Ketter  
James L. Ketter

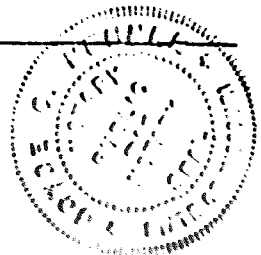
Subscribed and sworn to before me this 20th day of February, 1987

Joyce C. Neuner  
Notary Public

My Commission expires

June 18, 1989.

Joyce C. Neuner, Notary Public  
Osage County, State of Missouri  
My Commission Expires June 18, 1989



1 PREPARED TESTIMONY

2 OF

3 JAMES L. KETTER

4 KANSAS CITY POWER & LIGHT COMPANY

5 CASE NO. HO-86-139

6 Q. State your name and business address.

7 A. My name is James L. Ketter, 301 West High, Jefferson City,  
8 Missouri 65101.

9 Q. By whom are you employed and in what capacity?

10 A. I am employed by the Missouri Public Service Commission  
11 (Commission) as Assistant Manager of Electric Rates.

12 Q. Please describe briefly your educational and professional  
13 background.

14 A. I received a Bachelor of Science degree in Electrical  
15 Engineering in May, 1970, from the University of Missouri-Columbia. I  
16 served for 4½ years as an officer in the U.S. Navy and returned to the  
17 Columbia campus to pursue an advanced degree. In December, 1977, I  
18 received a Masters degree in Business Administration from the University  
19 of Missouri. I have been employed by the Public Service Commission since  
20 1976. As staff engineer, I have testified before the Commission on  
21 electric transmission and power plant certification cases, presented  
22 testimony on rate design in electric and gas rate cases and testimony on  
23 allocations between jurisdictions. A list of the cases in which I have  
24 filed testimony is attached in Schedule 1.

25 Q. Are you a registered Professional Engineer?

26 A. Yes, I am registered as a professional engineer in the State  
27 of Missouri.

28 Q. What is the purpose of your testimony?

Prepared Testimony of  
James L. Ketter

1           A. I will address the energy audits conducted by Kansas City  
2 Power and Light Company (KCPL or Company) as well as the provision of  
3 electric boilers or space heating equipment to steam customers by KCPL as  
4 part of the Company's proposed abandonment of the steam system and the  
5 conflicts it causes with the Commission Rule on Promotional Practices  
6 contained in 4 CSR 240-14. I will also address tariff changes proposed by  
7 KCPL to the steam General Rules and Regulations and the appropriate  
8 tariffs that should be applied to any of the Company's steam customers who  
9 choose to use electric boilers or electric space heating equipment.

10           Q. Have you reviewed the proposed tariffs filed by Kansas City  
11 Power and Light Company?

12           A. Yes, I have.

13           Q. Have you reviewed the Downtown Steam Service Plan?

14           A. Yes, I have.

15           Q. Please summarize the Downtown Steam Service Plan proposed by  
16 KCPL.

17           A. The Downtown Steam Service Plan proposes to discontinue  
18 central station steam service from Grand Avenue Station in 1990 and  
19 terminate all steam service by December 31, 1995. KCPL has proposed a  
20 phase-out plan to discontinue steam distribution service and has offered  
21 to provide on-site heating equipment, either electric steam boilers or  
22 electric space heating equipment. Under the Company's plan, those steam  
23 customers that request an on-site electric boiler will continue to be  
24 treated as steam customers and served under the applicable steam tariffs,  
25 until they purchase that equipment or until December 31, 1995, when  
26 ownership of the boiler will pass to the customer. Under Company's plan  
27 the electric tariff will apply when the customer assumes ownership. Those  
28

1 steam customers that request electric space heating equipment will become  
2 electric customers and will be billed on an electric tariff. KCPL  
3 contracted to have building energy use studies performed to determine  
4 appropriate size of the on-site equipment.

5 Q. What aspects of the Promotional Practice Rule prohibit the  
6 provision or installation of equipment?

7 A. 4 CSR 240-14.020, entitled Prohibited Promotional Practices.  
8 The provision of free or less than cost or value equipment is prohibited  
9 by paragraph (5) of Commission Rule 4 CSR 240-14.020. The provision of  
10 free or less than cost or value, installation, operation, repair,  
11 modification or maintenance of appliances, equipment, wiring or piping of  
12 any other person is prohibited by paragraph (6) of 4 CSR 240-14.020. The  
13 entire text of 4 CSR 240-14 is provided in Schedule 2.

14 Q. What utilities are subject to the provisions of the  
15 Promotional Practices standards?

16 A. All gas and electric utilities under the jurisdiction of the  
17 Missouri Public Service Commission as well as their affiliates.

18 Q. What is an affiliate?

19 A. An affiliate includes any person or organization who,  
20 directly or indirectly is controlled by a public utility. 4 CSR  
21 240-14.010 provides the complete definition of the terms "affiliates" and  
22 "person" as used in the rule.

23 Q. Are KCPL's steam operations subject to this rule?

24 A. Yes, they are. The steam operation must comply with the  
25 Promotional Practice Rule because KCPL electric operations are clearly  
26 subject to the rule and the steam operation is an affiliate. The steam  
27 operation is an affiliate because it is under the direct control of an  
28 electric utility, namely KCPL. It is located in KCPL's Internal Services

1 and Steam Operations Department and appears on the organizational  
2 structure under the Vice President of Operations.

3 Q. What utility service is being promoted by the plan proposed  
4 by the Company?

5 A. KCPL's proposed plan is promoting electric service. The  
6 present steam customers will be required to seek a different source of  
7 energy if the present central station steam plant is phased out and  
8 retired as proposed by the Company. The Company's Conversion Plan is  
9 promoting electric service by offering to install electric equipment to  
10 offset the up-front capital necessary to convert to an alternate source.  
11 Absent this Conversion Plan, each customer would have to investigate  
12 alternate sources to meet their energy requirements. A thorough analysis  
13 of alternatives would include a consideration of the cost and feasibility  
14 of gas boilers or cooperation with neighboring businesses to share  
15 facilities. The customer would be evaluating each option based on the  
16 total cost of conversion, and would not be induced toward electric  
17 options.

18 Q. How would a public utility seek approval of a promotional  
19 activity?

20 A. Commission Rule 4 CSR 240-14.040 provides that each utility  
21 shall file with the Commission a schedule setting forth all promotional  
22 practices being engaged in by a utility or its affiliate which are not in  
23 violation of Commission rules on promotional practices. Such practices  
24 are subject to further order of the Commission on its own motion or on  
25 complaint of an aggrieved person.

26 Q. What is a promotional practice, and why is the conversion  
27 plan a promotional practice?  
28

1           A. "Promotional practices" are defined in 4 CSR  
2 240-14.010(5)(G) as any consideration offered by a public utility or its  
3 affiliate to any person for the purpose, express or implied, of inducing  
4 such person to select or use the service or additional service of such  
5 utility, or to select or install any appliance or equipment designed to  
6 use such utility service.

7           Providing space heating equipment to the customer at no cost, or  
8 incremental value over the cost of an electric boiler, is clearly an  
9 inducement to use electric service. The advantage given a steam customer  
10 is relief from the capital costs of installing a new heating system if the  
11 customer wants the electric equipment.

12           The conversion plan is also promotional with respect to the  
13 proposed on-site electric boilers. KCPL is promoting electric service to  
14 the steam customers by offering equipment at no cost on the conversion  
15 date. Deferring the capital costs of the conversion to an electric boiler  
16 provides the inducement to choose electric heating, the heating source  
17 with the highest energy costs. This is discussed in greater detail in the  
18 testimony of Staff consultant Derick Dahlen.

19           Q. Does the conversion plan proposed by KCPL violate the  
20 Promotional Practices Rule?

21           A. Yes, it does violate the rule. Company's plan of providing  
22 space heating equipment or electric boilers to the customer at less than  
23 cost or value is prohibited by the rule. Under the Company's plan the up  
24 front capital costs are borne by the Company. In this way the Company is  
25 providing equipment at less than cost or value.

26           Q. What is your recommendation concerning the test boilers that  
27 have been installed by KCPL?

1           A. Providing equipment is prohibited by the Promotional  
2 Practices Rule. However, should the Commission not adopt the Conversion  
3 Plan, these customers should be allowed to purchase this equipment. Some  
4 financing plan or other arrangements may be appropriate for these test  
5 boilers if these customers want to continue to use these electric boilers.

6           Q. What rates would be applicable for the customers buying the  
7 electric boilers?

8           A. The appropriate electric schedule.

9           Q. Are the energy audits provided by KCPL to the steam  
10 customers a promotional practice?

11          A. Yes, they are an inducement to select or use the electric  
12 service of KCPL.

13          Q. Are these energy audits prohibited under the Promotional  
14 Practices Rule?

15          A. Yes, the Prohibited Promotional Practices, found in 4 CSR  
16 240-14.020(2), include the furnishing of consideration to a person for  
17 work done on property not owned by the utility. An exception is provided  
18 for studies to determine comparative capital costs and expenses to show  
19 the desirability or feasibility of selecting one form of energy over  
20 another, but the studies provided by KCPL to the steam customers are not  
21 comparative. The energy audits focus on inducing steam customers to  
22 select an electric alternative. These audits promote the electric option  
23 and do not provide comparative analysis.

24          These audits represent work done on the customer's property that  
25 are an inducement to select electric service. As stated in the direct  
26 testimony of Staff witness Haskamp, the Company contracted with the Energy  
27 Masters Corporation (EMC) to conduct these audits. EMC was instructed by  
28 KCPL not to examine or provide comparative costs of gas as an alternative



1 in the audit, but only to examine the cost of electric equipment.  
2 Therefore, these audits constitute a promotional practice that is  
3 prohibited by the rule.

4 Q. How is the conversion from central station steam to on-site  
5 boilers or electric space heating embodied in the proposed tariffs?

6 A. The Steam Service Conversion Agreement contained in Section  
7 9.02 of the Company's proposed tariffs (Sheet 10.20) outlines the  
8 Company's plans to terminate central station steam service by December 31,  
9 1990. As stated earlier, the agreement provides for the installation of  
10 either an electric boiler and associated equipment or certain electric  
11 space heating equipment if the customer accepts terms of the agreement.

12 A conversion schedule has been filed by KCPL on Sheet No. 3 of  
13 the proposed tariffs which designates specific areas of the steam system  
14 and the proposed conversion date for each area.

15 There are a number of other proposed changes in the General  
16 Rules and Regulations related to KCPL's proposal to terminate central  
17 station steam service by December 31, 1990 and terminate all steam service  
18 by December 31, 1995. Other proposed changes add "electric boiler" as a  
19 system facility in Sections 1.13, 3.07 and 4.07. Further, the proposed  
20 tariffs omit the minimum initial term, unusual load, and temporary steam  
21 service provisions from the section on service agreements in the present  
22 tariff. These and other wording changes filed by KCPL in this case  
23 reflect KCPL's plan of conversion and termination of central station  
24 steam. No changes would be required in the absence of the plan. If a  
25 termination date for steam service is determined by the Commission, this  
26 should be reflected in tariffs filed in compliance with the Commission  
27 Order.  
28

1 Q. Are there any other proposed changes in the Rules and  
2 Regulations of the steam tariff?

3 A. Yes, changes are proposed to limit the time period that  
4 billing adjustments would be made due to meter error or malfunctions. The  
5 present tariff allows adjustment over the entire period during which the  
6 malfunction existed, and the Company proposes to limit any adjustment to  
7 60 months.

8 Q. What is your recommendation concerning this proposed change  
9 in the adjustment period?

10 A. I recommend that this proposed change be rejected in this  
11 case. Tariffs containing similar electric billing adjustment changes have  
12 been filed by KCPL and are under suspension in Case No. EO-87-69. The  
13 billing adjustments should be addressed in that separate docket.

14 Q. Under the conversion proposal of the Company, the steam  
15 customers who chose to convert to electric facilities are charged for  
16 steam used at the current steam rate until such time that they own the  
17 equipment. What is your recommendation concerning the appropriate tariff  
18 for these customers?

19 A. I recommend that customers who convert to electric  
20 facilities, either an electric boiler or electric space heat, be billed on  
21 the appropriate electric schedule.

22 Q. What would be the appropriate electric schedules?

23 A. The General Service Schedules (GS or GL) offer a separately  
24 metered space heating rate. The General Service - All Electric (GA) is  
25 provided through a single meter and all usage is billed from one schedule.  
26 The electric facilities of each customer and the metering arrangement  
27 would determine which electric schedule would apply. Staff Data  
28 Information Request No. 538, attached as Schedule 3, shows existing KCPL

1 customers with electric boilers and the electric schedules from which they  
2 are billed. The Staff is treating the revenue from the test boilers as  
3 electric revenue and not steam revenue.

4 Q. Why are steam rates not appropriate for these customers?

5 A. Because they are not based on cost of service.

6 Q. Why should the rates be based on the cost of service?

7 A. The steam rates reflect the cost of providing service from  
8 the Grand Avenue Station through a central distribution system and  
9 necessary valves and equipment on the customer's premises, at the rate  
10 found appropriate by the Commission. I recommend any electricity  
11 consumption on the customer's premise be metered as such and billed from  
12 the appropriate electric tariff. This allows the pricing of energy based  
13 on the cost of providing service, either central station steam or  
14 electricity.

15 It would also be feasible to design a steam rate based on the  
16 cost of electric energy and the cost of an on-site boiler. The recovery  
17 of the capital cost of the equipment, operation and maintenance expenses  
18 plus the cost of energy would reflect the cost of providing this on-site  
19 steam service. The capital costs could be amortized over a reasonable  
20 life to recover the cost of the equipment and installation. Operation and  
21 maintenance expenses would include the labor, repair and operation of the  
22 boiler. These costs plus the energy cost would reflect recovery of the  
23 cost of providing on-site steam service.

24 A cost of service based rate would help eliminate subsidies that  
25 discriminate between on-site steam customers and those still on the steam  
26 loop, as well as other KCPL customers who have previously purchased  
27 electric boilers at their own expense. Several such customers were  
28 identified in Company's response to Staff Data Information Request No. 538

1 which is attached as Schedule 3. These KCPL customers pay for their  
2 energy consumption from an electric tariff. There are no subsidies or  
3 reduced cost electric equipment to reduce the cost of their steam.

4 Q. How does the present energy rate for separately metered  
5 space heating compare to the average rate per kilowatt hour that the test  
6 boiler customers have been billed on the steam tariff?

7 A. The present rate for separately metered space heating on the  
8 General Service - Large Schedule is 3.691¢ per Kwh before adding  
9 applicable taxes and 4.331¢/Kwh with taxes. The metered steam use, the  
10 metered kilowatt hours, the steam revenue and the average cost per Kwh is  
11 shown on Schedule 4. This schedule also shows operating experience of the  
12 test boilers. The steam used by these customers was metered as well as  
13 the kilowatt hours used in producing the steam. The present steam rate  
14 converted to a Kwh basis is cheaper when the customer is billed from the  
15 steam tariff, versus the electric tariff. The average cost per kilowatt  
16 hour for the steam produced by the four on-site test boilers is 3.52¢/Kwh,  
17 3.21¢/Kwh, 3.35¢/Kwh, and 3.68¢/Kwh, respectively. These average costs  
18 can be compared to the electric rates to see cost differences between the  
19 steam rates and the electric rates. If the steam rates are increased to  
20 the point where electricity is cheaper, there will be an incentive to  
21 transfer from the steam tariff to the electric tariff by purchasing the  
22 electric boilers.

23 The present separately metered space heating rate of 4.331¢/Kwh  
24 including franchise and sales tax will increase to 5.369¢/Kwh under the  
25 next set of electric phase-in tariffs scheduled to be filed pursuant to  
26 the Commission Order in Case No. EO-85-185. This is shown on Schedule 5.

1 Q. What would be the effect of an increase in the steam rates  
2 on the customers who might select electric facilities provided by the  
3 Company under the Conversion Plan?

4 A. As the steam rates increase under the KCPL Conversion Plan,  
5 it may be to the customer's benefit to purchase energy from the electric  
6 tariff instead of the steam tariff. Each customer would have to look at  
7 the available alternatives and the capital costs involved to decide when  
8 other alternatives are economically feasible. As steam rates increase  
9 there will be more incentive to consider other sources of energy.

10 The steam rate proposal of KCPL to increase steam rates 22% a  
11 year for four years would have a significant effect on steam customers if  
12 they have chosen an on-site boiler. This customer has not invested his  
13 capital in the electric boiler but may pay higher operating costs. If  
14 steam rates increase above the electric space heating rate, there is an  
15 inducement to buy the boiler to accelerate movement to the electric  
16 tariff. Even though electric boilers may have high operating costs, if  
17 steam rates increase, the customer may be persuaded to purchase the  
18 equipment to get relief from the steam rates.

19 The steam phase-in proposal of KCPL also will influence a  
20 customer that may be interested in electric space heating. The projected  
21 large increases for steam rates may show that central station steam  
22 service is not an economic or long term alternative and may encourage the  
23 customer to convert sooner to electric space heating.

24 Q. Does this conclude your testimony?

25 A. Yes, it does.  
26  
27  
28

## SCHEDULE 1

### CASE PARTICIPATION

ER-79-169	St. Joseph Light and Power Company
ER-79-48	Arkansas-Missouri Power Company
GR-79-126	Associated Natural Gas Company
GR-79-145	Great River Gas Company
ER-80-17	Union Electric Company
ER-80-32	Arkansas-Missouri Power Company
ER-80-53	St. Joseph Light & Power Company
GR-80-117	Missouri Public Service Company
HR-81-15	Kansas City Power & Light Company
ER-81-42	Kansas City Power & Light Company
ER-81-180	Union Electric Company
ER-80-215	Missouri Utilities Company
ER-78-252	Kansas City Power & Light Company
HR-81-259	Union Electric Company
ER-82-52	Union Electric Company
ER-80-300	Sho-Me Power Corporation
ER-82-134	Sho-Me Power Corporation
ER-81-364	Arkansas Power & Light Company
ER-83-163	Union Electric Company
ER-83-206	Arkansas Power & Light Company
ER-83-49	Kansas City Power & Light Company
ER-83-274	Kansas City Power & Light Company
EX-83-131	Rulemaking 4CSR 240-20.020
ER-86-52	Arkansas Power & Light Company
EA-86-13	Cuivre River Electric Cooperative
ER-85-128	Kansas City Power & Light Company
EO-85-272	Arkansas Power & Light Company
ER-85-265	Arkansas Power & Light Company

## Title 4--DEPARTMENT OF CONSUMER AFFAIRS, REGULATION AND LICENSING

## Division 240--Public Service Commission

## Chapter 14--Utility Promotional Practices

## 240-14.010 General Provisions

**PURPOSE:** This rule sets forth the general provisions of and defines the terms used in Chapter 14, "Utility Promotional Practices."

(1) This rule and the other rules contained in Chapter 14 govern promotional practices of all gas and electric utilities under the jurisdiction of the Public Service Commission.

(2) On written application of a utility and proper showing by it that it is faced with and must meet unregulated competition the commission may grant a departure from the rules contained in Chapter 14 to the extent requested.

(3) The rules contained in Chapter 14 shall not supersede nor are they intended to conflict, in any way, with rules issued or to be issued by the commission pertaining to or governing the installation of underground electric distribution service.

(4) Nothing contained in the rules of Chapter 14 shall be construed to prohibit or restrict any industrial development or Missouri Community Betterment Program activities by any utility.

(5) The following words, when used in Chapter 14, shall have the following meanings:

(A) "Affiliate" shall include any person who, directly or indirectly, controls or is controlled by or is under common control with, a public utility.

(B) "Appliance or equipment" shall mean any device which consumes electric or gas energy and any ancillary device required for its operation.

(C) "Consideration" shall be interpreted in its broadest sense and shall include any cash, donation, gift, allowance, rebate, bonus, merchandise (new or used), property (real or personal), labor, service, conveyance, commitment, right, or other thing of value.

(D) "Financing" shall include acquisition of equity or debt interests, loans, guarantee of loans, advances, sale and repurchase agreements, sale and leaseback agreements, sales on open account, conditional or installment sales contracts, or other investments or extensions of credit.

(E) "Person" shall include any individual, group, firm, partnership, corporation, association, or other organization.

(F) "Public utility" or "utility" shall mean any electrical corporation or gas corporation as defined in Chapter 386, RSMo (1978).

(G) "Promotional practices" shall mean any consideration offered or granted by a public utility or its affiliate to any person for the purpose, express or implied, of inducing such person to select or use the service or additional service of such utility, or to select or install any appliance or equipment designed to use such utility service. The term "promotional practices" shall not include the following activities:

1. Making any emergency repairs to appliance, or equipment of customers.

2. Providing appliances or equipment incidental to demonstrations of sixty (60) days or less in duration.

3. Providing light bulbs, street or outdoor lighting service, wiring, service pipe or other service equipment or appliances, in accordance with tariffs filed with and approved by the commission.

4. Providing appliances or equipment to an educational institution for the purpose of instructing students in the use of such appliances or equipment.

5. Merchandising appliances or equipment at retail and, in connection therewith, the holding of inventories, making and fulfillment of reasonable warranties against defects in material and workmanship existing at the time of delivery, and financings; provided that such merchandising shall not violate any prohibition contained in 4 CSR 240-14.020.

6. Inspection and adjustment of appliances or equipment by a public utility.

7. Repairs and other maintenance to appliances or equipment by a public utility if charges are at cost or above.

8. Technical or engineering assistance offered to present or prospective customers by a public utility.

9. Advertising or publicity by a public utility which is under its name and on its behalf and which does not in any manner directly or indirectly identify, describe, refer to, mention, or relate to any architect, builder, engineer, subdivider, developer or other similar person, or which mentions no less than three (3) existing projects, developments or subdivisions.

Auth: Section 393.140(11), RSMo (1978). Original rule filed June 28, 1971, effective July 8, 1971. Amended: Filed September 15, 1972, effective September 25, 1972.

#### 240-14.020 Prohibited Promotional Practices

PURPOSE: This rule sets forth those promotional practices of gas and electric utilities which are prohibited by the Public Service Commission.

(1) The financing of real property, including the construction of any building thereon, when such property is not owned or otherwise possessed by the utility or its affiliate is prohibited.

(2) The furnishing of consideration to any architect, builder, engineer, subdivider, developer or other person for work done or to be done on property not owned or otherwise possessed by the utility or its affiliate is prohibited except for studies to determine comparative capital costs and expenses to show the desirability or feasibility of selecting one form of energy over another.

(3) The acquisition from any builder, subdivider, developer or other person of any easement, right-of-way, license, lease or other property for consideration in excess of the reasonable cost or value thereof is prohibited.



(4) The furnishing of consideration to any dealer, architect, builder, engineer, subdivider, developer or other person for the sale; installation or use of appliances or equipment is prohibited.

(5) The provision of free, or less than cost or value, wiring, piping, appliances or equipment to any other person is prohibited, provided that a utility, engaged in an appliance merchandising sales program, shall not be precluded from conducting legitimate closeouts of appliances, clearance sales, and sales of damaged or returned appliances.

(6) The provision of free, or less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring or piping of any other person is prohibited.

(7) The granting of a trade-in allowance on the purchase of any appliance or equipment in excess of the market value of the trade-in is prohibited as well as the granting of an allowance for such appliance or equipment when such allowance varies by the type of energy consumed in such appliance or equipment.

(8) The financing of the acquisition of any appliance or equipment at a rate of interest or on terms more favorable than those generally applicable to sales by non-utility dealers in such appliances or equipment, except sales to company employees, is prohibited.

(9) The furnishing of consideration to any person for any advertising or publicity purpose of such person is prohibited except for payments not exceeding one half of the reasonable cost or value for joint advertising or publicity with a dealer in appliances or equipment for the sale or other provision of same if the utility is prominently identified as a sponsor of the advertisement.

(10) The guaranteeing of the maximum cost of electric or gas utility service, except the guaranteeing of the cost of space heating or cooling for a single season, when such cost is at or above the cost of providing service and when such guarantee is for the purpose of improving the utility's off peak season load factor is prohibited.

(11) Nothing contained in this rule shall be construed to prohibit any activity, practice or business otherwise allowed by statute and particularly those businesses exempt from the jurisdiction of this commission as provided under Section 393.140(12), RSMo (1978), or employee benefit programs approved by the commission and consistent with the provisions of 4 CSR 240-14.040.

Auth: Section 393.140(11), RSMo (1978). Original rule filed June 28, 1971, effective July 8, 1971. Amended: Filed September 15, 1972, effective September 25, 1972.

#### 240-14.030 Promotional Practices Standards

**PURPOSE:** This rule prescribes standards governing promotional practices.

(1) All promotional practices of a public utility or its affiliate shall be just and reasonable, reasonable as a business practice, economically feasible and compensatory, and reasonably calculated to benefit both the utility and its customers. The cost of promotional practices must not be so large as to impose a burden on customers in general and must be recoverable through related sales stimulation within a reasonable period of time.

(2) No public utility or its affiliate shall, directly or indirectly, in any manner or by any device whatsoever, offer or grant to any person any form of

promotional practice except such as is uniformly and contemporaneously extended to all persons in a reasonable defined class. No public utility or its affiliate shall, in the granting of a promotional practice, make, offer or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage. No public utility or its affiliate shall establish or maintain any unreasonable difference in the offering or granting of promotional practices either as between localities or as between classes to whom promotional practices are offered or granted. No public utility or its affiliate shall classify the persons to whom its promotional practices are offered or granted except to the extent permitted by the laws of this State.

(3) The promotional practices of a public utility or affiliate shall not vary the rates, charges, rules and regulations of the tariff pursuant to which service is rendered to a customer. No promotional practice shall be made or offered unless first placed on file with the commission.

Auth: Section 393.140(11), RSMo (1978). Original rule filed June 28, 1971, effective July 8, 1971. Amended: Filed September 15, 1972, effective September 25, 1972.

#### 240-14.040 Filing of Promotional Practices

PURPOSE: This rule prescribes the filing requirement of present and proposed promotional practices.

(1) Each public utility shall file with the commission, within twenty (20) days after the effective date of Chapter 14, a schedule setting forth all promotional practices being engaged in by the utility or its affiliate as of such effective date, which are not in violation of Chapter 14; and such practices shall be subject to further order of the commission on its own motion or on the complaint of an aggrieved person. Such schedule shall set forth:

(A) The name, number or letter designation of such promotional practice.

(B) The class of persons to which such promotional practice is being offered or granted.

(C) Whether such promotional practice is being uniformly offered or granted to the persons within such class.

(D) A description of such promotional practice which shall include a statement of the terms and conditions governing same.

(E) A description of the advertising or publicity employed with respect to such promotional practice.

(F) If such promotional practice is offered or granted, in whole or in part, by an affiliate or other person, the identity of such affiliate or person and the nature of such party's participation.

(G) Other information relevant to a complete understanding of such promotional practice.

(H) Each public utility shall send a copy of such schedule to each other public utility providing the same or competing utility service in all or any portion of the service area of the filing utility. No public utility or its affiliate shall continue to engage in any such promotional practice after the effective date of Chapter 14 unless such a schedule shall have been filed with the commission as provided.

(2) No public utility or its affiliate shall offer or grant any additional promotional practice or vary any existing promotional practice, directly or indirectly, or in concert with others, or by any means whatsoever, until a schedule showing such addition or variation in the form prescribed by 4 CSR 240-14.040(1) has been filed with the commission and a copy thereof furnished to each other utility providing the same or competing utility service in all or any portion of the service area of the filing utility. The schedule shall be subject to further order of the commission on its own motion or on the complaint of an aggrieved person.

Auth: Section 393.140(11), RSMo (1978). Original rule filed June 28, 1971, effective July 8, 1971. Amended: Filed September 15, 1972, effective September 25, 1972.

#### 240-14.050 Compliance

PURPOSE: This rule prescribes compliance standards needed for the enforcement of this chapter.

(1) No payment shall be made by any gas or electric utility to any builders, developers or others who have substantially performed under any legally binding and enforceable contract for the installation of facilities except on approval of this commission after said utility has first presented its verified petition to the commission setting forth facts substantiating the allegation that substantial performance of such contract has in fact occurred on or before July 8, 1971. "Substantial performance" is defined as that degree of performance which exists in the instances where footings have been poured for a dwelling house or apartment unit prior to July 8, 1971, pursuant to a legally binding and enforceable contract entered into with the builder of said house or unit prior to July 8, 1971, regardless of the number of houses or units that may have been mentioned in any such contract or agreement.

(2) The commission authorizes until November 1, 1972, the filing of applications praying that certain promotional payments which are otherwise prohibited under the provisions of Chapter 14, be permitted, on a proper showing, in verified form, that applicant would otherwise suffer a substantial legal detriment, and on further finding by the commission that said detriment occurred pursuant to a legally binding and enforceable contract entered into prior to July 8, 1971.

Auth: Section 393.140(11), RSMo (1978). Original rule filed June 28, 1971, effective July 8, 1971. Amended: Filed September 15, 1972, effective September 25, 1972.

State ex rel. Hoffman v. Public Service Commission 550 SW2d 875 (Mo. App. 1977). Contract between gas company and builder where gas company was to make promotional payments for apartment complex was sufficient to constitute a "substantial legal detriment" and therefore met the requirements of an exception to P.S.C. rule which prohibited promotional payments.



January 23, 1987

TO: Steven W. Cattron

FROM: R. H. Graham

RE: Data Request #538, Steam Rate Case No. HO-86-139

Question #1: In reference to DR 306, provide the electric schedule these customers are billed on.

<u>Rate</u>	<u>Location</u>
GA - Mo	Mercantile Towers
GL - Mo	Kroh Brothers 680 Ward Parkway
GA - Mo	Chapel Hill Elementary School
GA - Mo	Jackson County Sports Complex
GL - Mo	United Missouri Bank
GA - Ks	Still Well Bunker Building
Not yet connected - Ks	LaCygne Elementary School
GL - Mo	31 Broadway Center
ES - Ks	Valley Park Elementary School
GA - Ks	Kings Cove
GL - Mo	Corrigan Associates, Inc.
GA - Ks	Capitol Federal
GL - Mo	Sheraton Kansas City Airport Hotel
GS - Mo	Main Mark
GL - Ks	Fairway Office
GL - Mo	Broadway Center
GA - Mo	Penn Tower
ES - Ks	Paola High School
ES - Ks	Sunflower Elementary School
GL - Ks	95 Metcalf Square
GL - Ks	ERC Corporation
PL - Ks	North Supply Company
GL - Mo	Wilcox Electric
GL - Ks	Mission Office
GA - Mo	HNTB/Kroh Brothers
	(United Mo. Bank South-9201 Ward Pky.)
GL - Ks	Embassy Suite Hotel

Attached is a copy of the following electric rate schedules referred to on the above list:

Missouri - GA, GL, GS  
Kansas - GA, ES, GL

Steven W. Cattron  
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Question #2: How many of these customers were charged for demand set in the winter period for the heating season 1985-86 because of demand higher than the ratchet demand?

Answer: The following customers were charged for a demand set in the winter period for the heating season 1985-86.

- (1) Chapel Hill Elementary School
- (2) Still Well Bunker Building (this building is vacant)
- \* (3) Kings Cove
- \* (4) Capitol Federal
- (5) North Supply Company

\*Note: The billing demand for these Kansas Rate GA customers is determined using different guidelines than for Missouri Rate GA customers. If these accounts had been billed according to KCPL's Missouri Rate GA, the customers would not have been charged for a demand set in the winter period.

  
R. H. Graham

RHG/sf

- OPERATIONAL STATISTICS OF TEST BOILERS

SCHEDULE 4

Stanley Sargent (1406 Main)					Upsher Labs (1336 Walnut)				McWirtter Printer (909 Wyandotte)				Home Savings			
Month	Steam	Steam Rev	Energy	Average	Steam	Steam Rev	Energy	Average	Station	Steam Rev	Energy	Average	Steam	Steam Rev	Energy	Average
	MLBS.	\$	Kwh	¢/Kwh	MLBS.	\$	Kwh	¢/Kwh	MLBS.	\$	Kwh	¢/Kwh	MLBS.	\$	Kwh	¢/Kwh
1985																
Oct	18	203	6960	2.92												
Nov	44	509	14,200	3.58												
Dec	117	1229	37,560	3.27												
1986																
Jan	68	750	21,840	3.43	100	1,079	33,840	3.19	202	2,121	70,080	3.03				
Feb	73	767	26,120	2.94	135	1,377	42,360	3.18	239	2,360	80,640	2.93				
Mar	59	606	19,360	3.13	62	634	21,840	2.90	183	1,767	67,680	2.61				
Apr	15	195	4,192	4.65	2	68	-	-	53	605	12,560	4.82				
Oct	23	328	8,208	3.99	39	522	13,528	3.86	55	706	12,944	5.46	51	668	18,000	3.71
Nov	60	770	18,308	4.20	194	2,380	29,448	3.13	199	2,430	56,240	4.32	529	6,882	174,900	3.93
Dec	84	1,171	28,616	4.09	134	N/A	46,560		258	3,405	99,928	3.41	971	12,434	350,760	3.54
	363	6,528	185,364	3.52	666	6,060	188,576	3.21	1,189	13,394	400,072	3.35	1,551	19,984	543,660	3.68

**SCHEDULE 5**

**- RATES FOR COMPARABLE ELECTRIC SERVICE**  
**General Service - Large**  
**Separately Metered Space Heating**

DATE	Rate (1) w/o Tax ¢	Rate (2) w/17.336% Tax ¢
1985 -		
-May 1986	4.000	4.693
May 1986	3.691	4.331
May 1987	3.863	4.533
May 1988	3.990	4.682
May 1989	4.129	4.845
May 1990	4.273	5.014
May 1991	4.422	5.189
May 1992	4.576	5.369
May 1993	4.007	4.702

(1) Tariff rate prior to and with Wolf Creek Rate Order

(2) Franchise tax, 11.111%; State Sales Tax, 4.225%; City and County Tax, 2%