Exhibit No.:
Issue: Downtown Steam Service Plan

Witness/Type of Exhibits: Randy J. Lennan

Sponsoring Party: KPL Gas Service
Case No.: HO-86-139

DIRECT TESTIMONY OF

Randy J. Lennan

ON BEHALF OF

THE KANSAS POWER AND LIGHT COMPANY

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RANDY J. LENNAN

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Q. Please state your name and business address.

A. My name is Randy J. Lennan. My business address is 2460 Pershing Road, Kansas City, Missouri.

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

A. I am employed by KPL Gas Service as Marketing Supervisor for the Kansas City, Missouri and Kansas City/North Districts which includes most of the Kansas City, Missouri Metro area.

Q. What are your duties in that job?

A. I direct the gas marketing activities of the Company in the Kansas City, Missouri and Kansas City/North Districts. This includes the area served by KCP&L's central steam operations.

Q. How long have you been employed by KPL Gas Service?

A. I was first employed by KPL Gas Service in May, 1980.

Q. How long have you been involved in marketing gas in downtown Kansas City?

A. Since 1982.

Q. What is the purpose of your testimony?

A. To respond to the proposal of KCP&L to provide electric boilers to its existing steam loop customers and to charge steam rates to those customers.

Q. What is KPL's position concerning the proposal?

A. We believe that the proposal would give an unfair competitive advantage to KCP&L over KPL in the competition to acquire the business of those customers after KCP&L terminates its steam business.

Q. Please explain.

A. Under KCP&L's proposal, electric boilers would be provided at no charge to existing steam customers. KCP&L would operate and maintain the boilers until 1995. The customers would be charged for steam under the rates set by the Commission. Alternatively, the customers could install gas boilers or space heating equipment and take service under our tariffed rates. Customers taking that option would have to purchase and install the equipment at their own expense. Even though our rates are substantially below the KCP&L's current and proposed steam rates, the avoidance of substantial investment costs by accepting KCP&L's offer would probably make continuation of "steam service" attractive to many customers.

Q. Does KPL have an alternative proposal to that offered by KCP&L?

A. If KCP&L is allowed to implement its proposal, it is only fair that we be allowed to make a similar offer. We would request authority to provide on-site gas-fired boilers and chillers and to charge rates which are equivalent on a Btu basis to those set by this Commission for KCP&L's steam service until 1995.

Q. What is the basis of your proposal?

A. It would put services offered by KCP&L and KPL on an even basis from now until the termination of KCP&L's steam business. Equal incentives offered by the companies would establish an equally competitive environment in the short run therefore customer decisions would be made based on the long term cost and availability of gas from KPL and electric service from KCP&L from 1995 on.

Q. Isn't your proposal merely an effort by KPL to seize upon the opportunity raised by the closing of KCP&L's central steam system to steal KCP&L's customers?

A. No. In a very real sense, the steam customers are KPL's customers. What KCP&L is selling to the customers on the steam loop is <u>heat</u>. That heat is generated with natural gas which we sell to KCP&L. In calendar year 1986 we sold 1,284,486 Mcf of gas to KCP&L to produce steam at the Grand Avenue plant. All we are seeking is a chance to compete to retain a portion of our existing heating load in downtown Kansas City.

Q. In the event the Commission rejects your proposal do you have an alternate suggestion?

A. Yes. The alternative is that neither company should be allowed to install equipment on the customers' premises and that electric customers be charged electric rates and that gas customers be charged gas rates.