

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of the Empire)
District Electric Company for Authority to Transfer) **Case No. EO-2006-0141**
Functional Control of Certain Transmission)
Assets to the Southwest Power Pool, Inc.)

In the Matter of the Application of Kansas City)
Power & Light Company for Authority to)
Transfer Functional Control of Certain) **Case No. EO-2006-0142**
Transmission Assets to the Southwest Power)
Pool, Inc.)

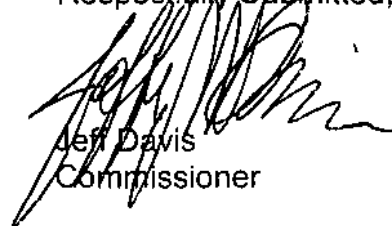
In the Matter of the Application of KCP&L)
Greater Missouri Operations Company for)
Authority to Transfer Functional Control of) **Case No. EO-2009-0179**
Certain Transmission Assets to the Southwest)
Power Pool, Inc.)

NOTICE REGARDING EXTERNAL COMMUNICATIONS

Issue Date: April 23, 2009

On April 22, 2009 I received the attached electronic mail message from Mike Proctor regarding the SPP Synergistic Planning Project Team report.

Respectfully Submitted,


Jeff Davis
Commissioner

Dated at Jefferson City, Missouri,
on this 22nd day of April, 2009.

Gregory, Sheryl

From: Proctor, Mike
Sent: Wednesday, April 22, 2009 12:10 PM
To: Davis, Jeff
Cc: 'Carl Monroe'; 'Bary Warren'; 'Fridley Todd'
Subject: High Priority

Commissioner Davis,

Apparently, the SPP Synergistic Planning Project Team (SPPT) is issuing its report this Thursday. Westar has pushed what is called a highway/byway proposal under which 345 kV and above facilities would be included in a region-wide postage stamp rate. The troubling part of this proposal is that they want to apply it to both existing and new transmission facilities. Here are my MAJOR concerns from applying this to existing transmission facilities:

1. I don't understand how applying this to existing facilities is even in the realm of the purpose of the SPPT. Their purpose was to look at all of the various cost allocation proposals for transmission upgrades, determine if these proposals were a barrier to getting new transmission (specifically the EHV system) built, and determine ways to bring these together. While the Highway/Byway proposal is a possible solution that could be applied to new transmission, applying it to existing transmission has no relevance to the intended purpose of the SPPT.
2. Politically, going back and applying this approach to existing transmission will result in significant cost shifts among the transmission customers in SPP. On what basis are such significant cost shifts justified? No studies have been performed to determine that these cost shifts would result in better matching costs and benefits. Causing cost shifts will result in greater opposition to any proposal from the SPPT, so why should such a proposal be made? I just don't understand the logic.
3. In Missouri, we required KCPL, EDE and KCP&L-GMO to enter into service agreements with SPP that are approved by FERC that would protect Missouri Jurisdiction over existing transmission and new transmission built within the state. This service agreement requires SPP to forego the recovery of costs from these utilities from the zonal rate portions of the SPP tariff, and thereby allows the Missouri Commission to regulate those costs in retail tariffs. Moving all of the 345 kV and above costs to a highway rate and leaving only below 345 kV costs in the zonal rate would have a major impact on the relevance of that service agreement. According to the settlement, anything that would have a major impact on the agreement is grounds for the **Missouri Commission to hold hearings to determine whether or not those utilities should remain in the SPP**. Why should a proposal that has nothing to do with the purpose of this committee be allowed to threaten the continued membership of our utilities in the SPP? Again, I don't understand this proposal.

The SPPT report will be a topic at the upcoming SPP RSC meeting, but you may want to contact other RSC Board members prior to that meeting to get clarification on the proposal, try to understand why existing facilities have been included in that proposal, and express the concerns of the Missouri Commission with this proposal.

This is of such great concern that I am copying both SPP, KCPL and EDE with this e-mail.

Mike Proctor