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PLEASE REPLY TO MISSOURI OFFICE  
May 15, 1987

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Mr. Harvey G. Hubbs  
Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Re: Case No. HO-86-139 In the Matter of the Investi-  
gation of steam service rendered by Kansas City  
Power & Light Company

Dear Mr. Hubbs:

Enclosed for filing in the above-captioned case is an original and fourteen copies of the Customer Intervenor's Brief. I have also enclosed a copy that I would request you file-stamp and return to me in the enclosed self-addressed and stamped envelope.

Appropriate copies of this pleading have been sent to all parties of record.

Thank you for your cooperation.

Yours truly,

DIETRICH, DAVIS, DICUS, ROWLANDS,  
SCHMITT & GORMAN

By

  
Darryl Gene Sands

DGS/bks  
enclosure  
cc/ All parties of record  
Intervenor's

FILED

MAY 18 1987

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE  
COMMISSION OF THE STATE OF MISSOURI

IN THE MATTER OF )  
THE INVESTIGATION OF )  
STEAM SERVICE RENDERED ) CASE NO. HO-86-139  
BY KANSAS CITY POWER )  
& LIGHT COMPANY. )

BRIEF OF CUSTOMER INTERVENORS

COME NOW Boatmen's First National Bank of Kansas City, Kansas City Southern Industries, Inc., Cathedral of the Immaculate Conception, Denson One Hour Optical, Inc., the Ashley Building Partnership, Gailoyd Enterprises Corp., John A. Marshall Co., Safety Federal Savings & Loan Association, MIMA Properties, Centerre Bank of Kansas City, Missouri and Performing Arts Foundation/Folly Theater, Inc., hereinafter referred to as "Customer Intervenor", by and through their attorneys of record, and for their Brief state as follows:

Many months have elapsed since KCP&L initially announced its intention to discontinue central district steam heating. In September of 1986, at the request of Customer Intervenor, counsel requested, and was granted, the right to intervene in these proceedings on their behalf.

However, proceedings before the Public Service Commission relative to steam heat are not new to the Customer Intervenor. All of them have been affected by various rate increase proposals, and many of them have been members of the Steam Heat Users Association.

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PUBLIC SERVICE COMMISSION

The Customer Intervenor are a diverse group. They range in size from 6,000 square feet to in excess of 340,000 square feet. Among other things, they are involved in banking, transportation, property management and charitable and religious activities. Indeed, except for government, the Customer Intervenor represent a broad cross section of the downtown steam heat users. But while their relative sizes and activities differ considerably, they all have one thing in common, i.e., uncertainty relative to steam heat. Over the years, especially during the last several months, the single most disconcerting issue confronting the Customer Intervenor and other steam users has been this uncertainty, both as to the delivery of steam and as to its cost.

This shared uncertainty has lead to another area of common ground--support for the KCP&L conversion plan.

The Customer Intervenor leave to KCP&L, the Public Service Commission Staff and others the job of briefing the legal issues that have been raised during the pendency of these proceedings. The Customer Intervenor choose, rather, to concentrate on their practical concerns, concerns which the Customer Intervenor believe should be taken into consideration by the Commission in reaching its decision.

Throughout these proceedings, the Customer Intervenor have made their position quite clear. While they are opposed to a rate increase of any sort, they do support the KCP&L's

proposed discontinuance of steam service. In terms of the rate issue, the record will reflect their outspoken opposition to a rate increase. They have borne the rate increases for steam service over the years and do not feel that they should have to bear more.

As to discontinuance of steam service, the Customer Intervenor's see nothing to be gained by maintaining the deteriorating downtown steam loop system. As the years have passed, the number of customers served by steam heat has dwindled such that by the time these proceedings were initiated there were only approximately 130 customers left. Concomitantly, steam sales have fallen 50% from their peak in 1971. If recent trends continue, additional users will leave the system, and those left behind will be paying even higher rates for steam service.

Much of what the users must pay is in the form of maintenance. As the testimony of Mr. Albert P. Mauro, the Customer Intervenor's spokesman, reflects, streets and sidewalks within the Downtown loop are in a constant state of disrepair owing to maintenance work on steam lines. Staff testimony faults KCP&L for its inadequate maintenance of the existing system and its failure to promote steam and add additional customers. Customer Intervenor's cannot speak to this. However, the sad state of the steam system is a reality that cannot be denied. Not only does it pose a hazard in terms of the frequent repairs necessitated by

leaks, but it also presents the potential for serious disruptions of service

There has been testimony to the effect that a buyer for the system might be found or that the system could be converted to a waste energy system. To the Customer intervenors, these proposals are pipe dreams. Either would require months and perhaps years to come to fruition. Under neither proposal can the current steam users be guaranteed that their rates would not substantially increase. Both would require that the current system be maintained until such time as the new system could be implemented. In the interim, it is likely that additional users would leave the system, resulting, as noted above, in those remaining paying an ever-increasing share of the cost of the system. As noted by counsel for the Customer Intervenors in his opening remarks, adoption of either of these proposals would keep the steam users prisoners to the uncertainty that has been central district steam service for too long now.

For a century now, steam has played a very important role for buildings within the steam loop. In past years, it offered a plentiful, clean, safe and cheap alternative to other fuels. Today, however, with advances in technology, other alternatives exist that are equally plentiful, safe, and clean. Additionally, in some instances, such alternatives are cheaper than steam. Customer Intervenors do not doubt that in other locales steam continues to play an important role in downtown heating. However, the Customer

Intervenors are not persuaded that what has worked in St. Louis or elsewhere would necessarily work in Kansas City. They find little comfort in the "mights", "potentials" and "presumablies" found in Staff's consultant's testimony. As a bottom line, they are not particularly interested in being "guinea pigs" for an experiment in Kansas City, Missouri.

KCP&L has proposed an alternative that the customer intervenors believe is fair under the circumstances. KCP&L would discontinue steam service and offer electric on-site facilities to those customers who decide to convert to electricity. It has been argued that the provision of on-site equipment is a prohibited promotional practice. However, Customer Intervenors would urge in this regard that the affected customers are all-existing KCP&L customers, not potential new customers. Additionally, they would point out the high capital costs of an alternative heating system. In any event, Customer Intervenors believe that some compensation should flow to the affected customers from KCP&L, and, through their counsel, have previously suggested that one possible measure of compensation is the cost of alternative heating equipment. Although each user, including the Customer Intervenors, must make an economic decision as to whether to opt for electric or gas heating equipment, if the cost of acquiring alternative heating equipment is deemed by the Commission to be proper compensation, the customer should be

permitted to choose between receiving cash and the equivalent equipment.

Customer Intervenor believe that it is now time to abandon central district steam service. Continued operation of the system by KCP&L does not appear to be a viable option. Furthermore, options involving operation of the system by a potential buyer or conversion to a waste energy system entail months or possibly years of delay and only add to the uncertainty that plagues steam users. It is time to break with the past and move forward.

For the foregoing reasons, Customer Intervenor request that the Commission's decision herein permit KCP&L to discontinue central district steam service, require KCP&L to fairly compensate steam users for alternative equipment and deny any rate increase. In the alternative, should the Commission decide that the steam system should be retained and operated, under any scenario, Customer Intervenor request that the Commission's decision deny any rate increase.

Respectfully submitted,

DIETRICH, DAVIS, DICUS, ROWLANDS,  
SCHMITT & GORMAN

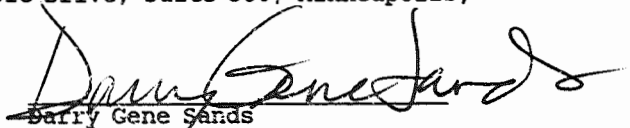
By 

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ATTORNEYS FOR CUSTOMER INTERVENORS

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he mailed copies of the foregoing to the following parties by first-class mail, postage prepaid this 15th day of May, 1987: Mark G. English, Kansas City Power & Light Company, 1330 Baltimore Avenue, Kansas City, Missouri 64105, Mary Ann Young and Douglas C. Walther, Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102, David Claycomb, 2460 Pershing Road, Kansas City, Missouri 64108, John K. Rosenberg, Kansas Power and Light Company, 818 Kansas Avenue, Topeka, Kansas 66601, Martin J. Bregman, 818 Kansas Avenue, Topeka, Kansas 66601, William Clark Kelly, Assistant Attorney General, P.O. Box 899, Jefferson City, Missouri 65102, David L. Schwaller, P.O. Box 809, Jefferson City, Missouri 65102, Carrol C. Kennett, Assistant City Attorney, 2800 City Hall, 414 East 12th Street, Kansas City, Missouri 64106, Jeremiah D. Finnegan, 4225 Baltimore, Kansas City, Missouri 64111, John B. Williams, County Counselor, Jackson County Courthouse, 415 East 12th Street, Kansas City, Missouri 64106, Office of Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102, Robert Miller, HDR Techserv, Inc., 5401 Gamble Drive, Suite 300, Minneapolis, Minnesota 55416.

  
Barry Gene Sands

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