

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of The Kansas Power and Light Company)
of Topeka, Kansas, for authority to file a tariff)
reflecting a change in rates for its Missouri)
customers in accordance with the Purchased Gas)
Adjustment Clause on file for the Company.)

CASE NO. GR-90-16

APPEARANCES: Michael C. Pendergast, Managing Attorney--Regulation, P. O. Box 889,
818 Kansas Avenue, Topeka, Kansas 66601, for The Kansas Power
and Light Company.

Stuart W. Conrad, Attorney at Law, 2600 Mutual Benefit Life Building,
Kansas City, Missouri 64108, for Midwest Gas Users Association and
Armco, Inc.

Paul W. Phillips, Attorney at Law, 1000 Independence Avenue, S.W.,
Washington, D. C. 20585, for the United States Department of
Energy.

John B. Coffman, Assistant Public Counsel, P. O. Box 7800,
Jefferson City, Missouri 65102, for the Office of the Public
Counsel and the Public.

William M. Shansey, Assistant General Counsel, P. O. Box 360,
Jefferson City, Missouri 65102, for the Missouri Public Service
Commission.

Hearing
Examiner: C. Gene Fee

REPORT AND ORDER

Procedural History

This case commenced as a result of the filing, on July 24, 1989, by The Kansas Power and Light Company (KPL or Company) of tariffs proposing its annual purchased gas adjustments (PGA) settlement for the year ended June, 1989. The proposed tariffs purported to be the Actual Cost Adjustment (ACA) to determine the correctness of all of the previously determined rates under the Company's PGA clause.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

Pursuant to a procedural schedule established by Commission order testimony has been filed in this matter by all parties, numerous prehearing conferences and meetings have been held, and the hearing was scheduled for December 4, 1990. On October 26, 1990, the parties requested a suspension of the procedural schedule to permit the continuance of settlement negotiations in progress. In response to various requests of the parties the Commission suspended the procedural schedule and scheduled a further prehearing conference for January 31, 1991.

On April 29, 1991, the parties submitted to the Commission a Stipulation and Agreement in proposed settlement of all issues. The Stipulation and Agreement is attached hereto as Appendix A.

Pursuant to paragraph 10 of the Stipulation and Agreement, the Commission Staff, on June 14, 1991, filed its recommendation concerning the concrete actions being requested by the parties. The Staff's recommendation states that based on the Staff's audit, the evidence filed, and discovery conducted, the Staff and other parties are requesting the following concrete actions:

1. That tariffs in this matter previously approved on an interim basis subject to refund should be made permanent and the Company should be declared to have no refund obligation.
2. That the take-or-pay costs at issue in this case be combined with the Company's take-or-pay costs under consideration in Case No. GR-90-40 which involves the ACA of the Company for the year ending June, 1990.
3. That Case No. GR-90-16 be closed and no further proceedings be held therein.

Upon consideration of the Stipulation and Agreement, and the Staff's explanation, the Commission is of the opinion it is reasonable and proper and should be accepted in disposition of all issues.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law:

The Company is subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo 1986, as amended.

The tariffs at issue herein may be approved, modified, suspended, or rejected by the Commission pursuant to Section 393.150, RSMo 1986.

The Commission may accept a proposed Stipulation and Agreement in disposition or settlement of any or all issues in any matter, if, in the Commission's judgment the Stipulation and Agreement is reasonable and proper. In the instant case protracted and extensive negotiations by representatives of all classes of the Company's customers have resulted in a proposed agreement in disposition of all issues. In consideration of the extensive negotiations on behalf of all customer classes the Commission approves the proposed settlement of the parties.

IT IS THEREFORE ORDERED:

1. That the following tariff sheet filed July 24, 1989, previously approved in this matter on an interim basis subject to refund is declared to be permanent and The Kansas Power and Light Company be absolved of any refund obligation under that tariff.

P.S.C. MO. No. 1

45th Revised Sheet No. 18 cancelling 44th Revised Sheet No. 18

2. That the take-or-pay costs previously at issue in this matter may be combined with other take-or-pay costs under consideration in Case No. GR-90-40 for final disposition in that docket.

3. That Case No. GR-90-16 be dismissed and no further proceedings be held herein.

4. That this Report and Order shall become effective on July 5, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Rauch, McClure and
Perkins, CC., Concur.
Steinmeier, Chm., Absent.

Dated at Jefferson City, Missouri,
on this 25th day of June, 1991.

FILED

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APR 29 1991

PUBLIC SERVICE COMMISSION

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 Company of Topeka, Kansas, for authority to)
 file a tariff reflecting a change in rates)
 for its Missouri customers in accordance)
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 file for the Company.)

Case No. GR-90-16

STIPULATION AND AGREEMENT

On July 24, 1989, The Kansas Power and Light Company (KPL or Company) submitted to this Commission for approval, a tariff which primarily reflected a change in rates for natural gas due to the recalculation of its 1988-1989 Actual Cost Adjustment (ACA) factors. Case No. GR-90-16 was established to maintain interim subject to refund approval of the ACA factors in order for Staff to complete its audit of the ACA filing and submit a recommendation for Commission review.

Staff filed its recommendation on March 2, 1990 and requested that the Commission schedule hearings in this matter. In response to Staff's recommendation, the Commission set hearings to commence September 25, 1990. Subsequent to that order, the Midwest Gas Users Association and Armco Inc. and the United States Department of Energy filed motions to intervene which were granted by the Commission. Through subsequent revisions of the procedural schedule, the date for hearings was suspended pending the completion of a prehearing conference which was held on January 31, 1991.

As a result of the prehearing conference and previous meetings between the parties, the undersigned parties have reached the following stipulations and agreements which dispose of the issues in this case:

1. Staff will file its recommendation with the Commission that, based upon its examination of the Company's gas purchasing practices during the ACA period, there is no need for a hearing concerning KPL gas purchasing practices during the 1988-1989 ACA period as Staff does not believe there to be sufficient evidence for a finding that the rates which resulted from such practices are not just and reasonable.

2. KPL has reached preliminary agreement with WNG under which WNG would provide balancing services on behalf of KPL's transportation customers. Such agreement is anticipated to mimic the current balancing provisions of WNG's FERC-approved tariffs. KPL agrees that it will cooperate with WNG in preparing any state or FERC filings that may be required to implement this new arrangement. It is anticipated that such filings will be prepared and filed with the appropriate regulatory commissions at an early date. The parties reserve all rights with respect to any such filing by KPL or by WNG. A copy of the current WNG tariff relating to balancing will be provided by KPL to all signatories to this stipulation and any proposed changes thereto will be provided to such parties during the term of this stipulation.

Following approval of the new balancing arrangements, any existing imbalances on KPL's system will be corrected.

Corresponding accounting adjustments will also be made to KPL's deferred gas costs account to reflect such corrections and to reconcile them with prior and current treatment of the deferred gas costs associated with balancing. KPL will replace the gas owed at reasonable prices and only actual gas costs will be allowed. These costs will be subject to review by the Staff in future audits.

3. KPL will determine the amount of take-or-pay settlement costs direct billed to it by its pipeline suppliers during the 12 months ending June 30, 1989 which were recovered from each affected customer during the period such costs were a component of the ACA factor. The amount determined for each customer will be returned to the customer from which it was recovered by crediting the next invoice rendered by the Company for a full month's service to that customer after approval of this Stipulation and Agreement by the Commission. KPL's determination of the amount of the take-or-pay settlement costs to be refunded will be subject to verification and audit by the Staff of the Commission and upon request all data provided to Staff for its audit will be provided to signatories to this stipulation.

4. The parties agree that refund of such amounts shall in no manner prejudice the Company's right to seek recovery of such amounts at a later time in a manner consistent with the treatment afforded by the Commission to similar amounts billed to KPL in subsequent periods.

5. KPL shall in the future submit its tariff proposal to recover all direct billed take-or-pay costs. Such proposal may

include the take-or-pay costs which are being refunded under this settlement agreement as well as other direct bill take-or-pay costs billed or to be billed KPL. The other parties reserve all rights with respect to such filing when and if made by KPL, including the right to oppose such filing, except to the extent specified in paragraph number 4.

6. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of this case, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of the Stipulation and Agreement in any other proceeding, except as otherwise specified herein.

7. None of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this Stipulation and Agreement and the rates provided for herein.

8. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights to cross-examine witnesses, their respective rights to present oral argument and written briefs pursuant to Section 536.808.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986.

9. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, or in the event the revised tariffs do not become effective in accordance with the provisions contained herein, the Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

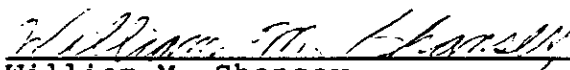
10. The Staff shall have the right to provide to the Commission whatever further explanation the Commission requests. The explanation shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. The contents of any explanation provided by the Staff are its own and not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement.

Respectfully submitted,

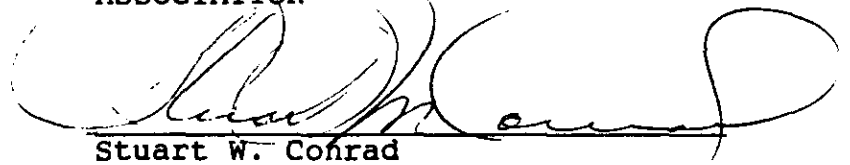
THE KANSAS POWER AND LIGHT COMPANY


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