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December 22, 1999

VIA HAND DELIVERY

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Truman State Office Building, Room 530
PO Box 360
Jefferson City Missouri 65102

FILED²

DEC 22 1999

Missouri Public
Service Commission

Re: Case No. EC-99-553

Dear Judge Roberts:

Enclosed for filing in the above case is an original and fourteen copies of GST Steel Company's Reply to the Response of Kansas City Power & Light to GST'S Motion Seeking Clarification and Reconsideration of Order Regarding Kansas City Power & Light's Second Motion to Compel.

Thank you in advance for your attention to this matter.

Sincerely,

LATHROP & GAGE L.C.

By:

Paul S. DeFord

PSD/jf

cc: To all parties of record

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED²

DEC 22 1999

Missouri Public
Service Commission

GST Steel Company,)	
)	
Complainant)	
v.)	Case No. EC-99-553
)	
Kansas City Power & Light Company,)	
)	
Respondent.)	

GST STEEL COMPANY'S REPLY TO THE RESPONSE OF KANSAS CITY
POWER & LIGHT TO GST'S MOTION SEEKING CLARIFICATION AND
RECONSIDERATION OF ORDER REGARDING KANSAS CITY POWER &
LIGHT'S SECOND MOTION TO COMPEL

GST Steel ("GST") hereby replies to Kansas City Power and Light Company's ("KCPL") Response to GST's Motion to Seek Clarification and Reconsideration Regarding KCPL's Second Motion to Compel (the "Motion for Clarification"). GST reaffirms its request that its motion be granted, and in support thereof states as follows:

BACKGROUND

1. On September 17, 1999, KCPL served its Second Set of Interrogatories and Requests for Production of Documents on GST. As with KCPL's First set of Interrogatories, KCPL's Second set of Interrogatories routinely included a series of identical questions posed separately to GST, GST Technologies Operating Company ("GSTOC") and GS Industries, Inc. ("GSI") (e.g., KCPL requests Nos. 2.13, 2.14, and 2.15).

2. By letter dated September 27, 1999, GST filed objections to the majority of the Second Set of Interrogatories, including all questions directed to GST's corporate affiliates. On October 7 and 8, 1999, GST forwarded responses to interrogatories that were not objectionable.

3. On October 13, 1999, KCPL filed its motion to compel responses to its Second Set of Interrogatories. KCPL's motion to compel responses to its First Set of Interrogatories, as to which GST similarly objected to discovery of its corporate affiliates, was pending.

4. The Commission determined in its Order issued November 2, 1999, regarding KCPL's First Motion to Compel, that GST's corporate affiliates are not parties to this matter, and, therefore, that KCPL's discovery requests of those entities "exceed the scope of the pending action." November 2 Order at 9.

5. By order dated November 5, 1999, the Commission granted KCPL's Second Motion to Compel. By Motion dated December 2, 1999, GST requested that the Commission reconcile the November 5 and November 2 Orders in its Corrected Motion to Seek Clarification and Reconsideration of Order Regarding KCPL's Second Motion to Compel.

6. On December 2, 1999, GST provided additional responses to KCPL's Second Set of Interrogatories.

7. On December 13, 1999, KCPL filed its Response to GST's Motion for Clarification. In its Response, KCPL withdrew its information requests directed to GSI, but maintained its interest in responses to the remaining Second Set of Interrogatories.

8. The status of the Second Set of Interrogatories according to GST's records, are as follows:

- a. Answered by GST: 2.07, 2.08, 2.09, 2.10, 2.11, 2.15, 2.18, 2.21, 2.26, 2.29, 2.32, 2.35, 2.38, 2.41, 2.42, 2.43, 2.46, 2.49, 2.52, 2.53, 2.57, 2.58
- b. Withdrawn by KCPL: 2.01, 2.03, 2.05, 2.13, 2.16, 2.19, 2.22, 2.24, 2.27, 2.30, 2.33, 2.36, 2.39, 2.44, 2.4, 2.50 and 2.55.
- c. Outstanding items: 2.02, 2.04, 2.06, 2.14, 2.17, 2.20, 2.23, 2.25, 2.28, 2.31, 2.34, 2.37, 2.40, 2.45, 2.48, 2.51, 2.54, 2.56, 2.59, 2.60.

The majority of the outstanding items, as noted below, are requests directed to GSTOC that are identical to requests directed at GST that have been answered.

<u>Request Directed to GST</u>	<u>GST Response Provided to the Same Question Regarding the Special Contract in Request No</u>
2.08	2.09
2.14	2.15
2.17	2.18
2.20	2.21
2.25	2.26
2.31	2.32
2.34	2.35
2.37	2.38
2.40	2.41
2.45	2.46
2.48	2.49
2.51	2.52
2.56	2.57

DISCUSSION

9. KCPL asserts that GST's motion raises untimely objections and that KCPL is entitled to seek information from GSTOC as well as from GST. Neither complaint warrants denial of GST's Motion. GST recognized that its motion was filed after the effective date of the November 5 Order, but asked the Commission to exercise its discretion to clarify or reconsider the Order in order to reconcile it with the determinations made in November 2 Order on matters common to both Orders.

10. As to the requests directed toward GSTOC, KCPL notes that GST Steel Company is a division of GSTOC, and that GST Steel Company is a registered name on file with the Missouri Secretary of State for the entity that does business in Kansas City, Missouri, and that is served by KCPL. This observation, however, fails to make a point. As the Commission stated in its November 2 Order, GST Steel Company is the KCPL customer and the party in this docket.

Corporate parents and affiliates of GST, including GSTOC, are not parties to this matter and discovery requested of those entities is beyond the scope of this docket, and, is therefore, improper. Moreover, as described below, requests concerning the special contract between GST and KCPL that are directed to GSTOC are redundant to those asked and answered by GST with respect to the special contract. In all other aspects the requests are not relevant to the matters before the Commission.

11. KCPL has requested information concerning other steel producing mills owned or controlled by GSTOC at other locales and served by other utilities with respect to electric suppliers (2.04), contracts for electric service (2.06), average electric rates paid (2.02), financial hedging instruments (2.23, 2.28), electric market analyses (2.40, 2.45) and co-generation opportunities (2.48). None of these requests are germane to the reasonableness of KCPL's charges to GST under the approved Special Contract. KCPL's claim that comparisons of electricity rates incurred at other steel mills owned or controlled by GSTOC are pertinent to the reasonableness of its charges to GST is baseless. The Special Contract is a cost based arrangement tied to KCPL's incremental costs. It is not tied to electricity rates charged elsewhere by other utilities to other steel mills. These requests are, therefore, irrelevant to the matters before the Commission in this docket because it is of no consequence in this proceeding whether another utility charges another steelmaking facility more, less, or roughly the same rates for electricity.

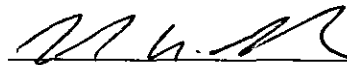
12. Questions posed to GSTOC regarding the Special Contract (2.14, 2.17, 2.20, 2.25, 2.51 and 2.56) are answered by GST's response to the same question (see responses to 2.15, 2.18, 2.21, 2.26, 2.52 and 2.57). Similarly, open-ended questions asked of GSTOC (2.31, 2.34, 2.37, 2.40 and 2.45) are answered by GST's answer to the same question with respect to the Special Contract (see responses to 2.32, 2.35, 2.38, 2.41, and 2.46).

13. KCPL has made no effort to establish that the forward looking GST business plan capital expenditure and annual budget information it seeks (2.54, 2.59 and 2.60), other than forecasts of electricity prices, which GST has provided, are in any way related to the reasonableness of KCPL's charges under the special contract. As for GST's awareness of the risks associated with the special contract KCPL already has an answer to that question (see response to 2.07). Of course, no customer assumes the risk that utility will imprudently incur expenses by blowing up a base load coal unit through incompetence.

14. GST's motion should be granted because there is a demonstrated need to reconcile the November 2 and November 5 Orders with respect to discovery of GST affiliated companies. GST has provided KCPL the information that it seeks that pertains to the Special Contract.

WHEREFORE, GST respectfully requests that the Commission grant its Motion for Clarification and Reconsideration.

Respectfully submitted,



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Dated: December 22, 1999.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, postage prepaid, to all counsel of record as shown on the following service list this 22nd day of December, 1999.

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