

BB

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 28th
day of October, 1994.

Ahlstrom Development Corporation, and)	
Cottonwood Energy Partners, L.P.,)	
)	
Complainants,)	
)	
v.)	<u>Case No. EC-95-28</u>
)	
The Empire District Electric Company,)	
a corporation,)	
)	
Respondent.)	
)	

ORDER GRANTING LIMITED INTERVENTION

On September 14, 1994, the Commission issued an order providing notice and establishing a prehearing conference. In that order, an intervention date of October 14, 1994, was set for proper persons to file applications to intervene in this case. Pursuant to this order, Kenetech Energy Systems, Inc. (Kenetech) and KLT Power, Inc. (KLT) filed applications to intervene in this proceeding.

Kenetech states that it is principally engaged in developing, financing and managing power projects focusing specifically on biomass and cogeneration technologies. Kenetech states that it, in conjunction with R.O. Newman & Associates, Inc., has engaged in the development of a cogeneration project at Monett, Missouri (KES-Monett). Kenetech states that KES-Monett is a qualifying facility as defined in 4 CSR 240-20.060 and PURPA, as implemented through FERC regulations. Kenetech states that it has been involved for nearly two years in discussions with The Empire district Electric Company (Empire) to sell the output of KES-Monett. Kenetech states that it has invested substantial sums in

R

preparation, siting and development of KES-Monett, which investment will be directly affected by a Commission decision regarding the issues in this complaint. Kenetech further states that as a potential supplier of power to Empire and other utilities in Missouri, Kenetech is vitally interested in the issues which may be presented in this case including but not limited to: (1) the determination of avoided cost; (2) determination of mechanisms or procedures to determine avoided cost; and (3) the regulatory relationship between qualifying facilities (QFs) and utilities regulated by the Missouri Public Service Commission.

On October 14, 1994, KLT Power, Inc. (KLT) filed an application to intervene in this case. KLT states that it is a wholly-owned affiliate of Kansas City Power & Light Company and that KLT is engaged in nonutility electric generation activities. KLT further states that KLT along with Black and Veatch Power Development Corporation anticipate having affiliates entering into a limited partnership to permit, design, and construct Iatan Unit 2, an independent power production unit. KLT states that the limited partnership will be an Exempt Wholesale Generator as defined in 15 U.S.C. 79(52)(a)(1), of the Public Utility Holding Company Act of 1935, as amended. KLT states that its interest in this proceeding is different from the interest of the general public because KLT is a competitor of Ahlstrom in the marketplace for wholesale power production in Missouri. KLT further states that it has an interest in this proceeding because it will determine the appropriate method that will be used in Missouri for determining the avoided costs of electric utilities, pursuant to the provisions of the Public Utility Regulatory Policies Act of 1978.

On October 25, 1994, Ahlstrom filed a response to Kenetech's application to intervene. Ahlstrom's response requests that the Commission deny Kenetech's application to intervene or, in the alternative, limit Kenetech's participation to those interests which Kenetech identified in its application.

Upon review of Kenetech's application, the Commission finds that Kenetech should be allowed intervention on a limited basis because the positions of Kenetech will be reasonably pertinent to the issues already involved in the case and the outcome of this proceeding can reasonably be expected to establish precedent relating to the regulatory relationship between investor-owned public electric utilities and independent power producers and QFs in this state. Specifically, Kenetech is hereby allowed to participate in this proceeding as to the proper calculation of a Missouri-regulated electric utility's avoided cost, pursuant to the provisions of the Public Utility Regulatory Policies Act of 1978. Kenetech will be allowed to participate as a party with regard to the above-described generic issue. However, the Commission is of the opinion that Kenetech does not have an interest in the specific avoided cost of The Empire District Electric Company except to the extent that Kenetech believes the appropriate measure of Empire's avoided cost is affected by the price and terms under which Kenetech could provide Empire's power needs.

On October 25, 1994, Ahlstrom filed a response to KLT's application to intervene. Ahlstrom's response requests that the Commission deny KLT's application to intervene or, in the alternative, limit KLT's participation to those interests which KLT identified in its application.

Upon review of KLT's application, the Commission finds that KLT should be allowed intervention on a limited basis because the positions of KLT will be reasonably pertinent to the issues already involved in the case and the outcome of this proceeding can reasonably be expected to establish precedent relating to the regulatory relationship between investor owned public electric utilities and independent power producers and QFs. Specifically, KLT is hereby allowed to participate in this proceeding as to the proper calculation of a Missouri-regulated electric utility's avoided cost, pursuant to the provisions of the Public Utility Regulatory Policies Act of 1978. KLT will be allowed to

participate as party with regard to the above-described generic issue. However, the Commission is of the opinion that KLT does not have an interest in the specific avoided cost of The Empire District Electric Company except to the extent that KLT believes the appropriate measure of Empire's avoided cost is affected by the price and terms under which KLT could provide Empire's power needs.

IT IS THEREFORE ORDERED:

1. That Kenetech Energy Systems, Inc. is hereby allowed intervention on a limited basis as set forth above.
2. That KLT Power, Inc. is hereby allowed intervention on a limited basis as set forth above.
3. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in dark ink, reading "David L. Rauch". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

David L. Rauch
Executive Secretary

(S E A L)

McClure, Perkins, Kincheloe
and Crumpton, CC., concur.
Mueller, Chm., absent.