



Commissioners

WILLIAM D. STEINMEIER
Chairman

CHARLOTTE MCGRAVE
ALLAN G. MUELLER
CONNIE B. HENDREN
JAMES M. FISCHER

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
314 751-3234
314 751-1847 (Fax Number)

ROBERT J. SCRIBNER
Staff Director

HARVEY G. HUBBS
Secretary

MARY ANN YOUNG
General Counsel

January 20, 1989

FILED

JAN 20 1989

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

PUBLIC SERVICE COMMISSION

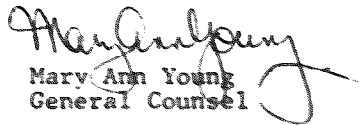
Re: Case No. HO-86-139 - In the matter of the investigation of
steam service rendered by Kansas City Power & Light Company.

Dear Mr. Hubbs:

Enclosed for filing in the above-captioned case is an
original and fourteen (14) conformed copies of Staff's Response
and Recommendation. Copies have been sent this date to all
parties of record.

Thank you for your cooperation in this matter.

Sincerely,


Mary Ann Young
General Counsel

MAY:nsh

Enclosures

cc: All parties of record

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

JAN 20 1989

PUBLIC SERVICE COMMISSION

In the matter of the investigation of)
steam service rendered by Kansas City) Case No. HO-86-139
Power & Light Company.)

STAFF RESPONSE AND RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission ("Staff") and for its Response and Recommendation states as follows:

1. On December 30, 1988, Kansas City Power & Light Company (KCPL) filed its REPORT OF KANSAS CITY POWER & LIGHT REGARDING ITS GOOD FAITH EFFORTS TO SELL ITS KANSAS CITY, MISSOURI STEAM DISTRIBUTION SYSTEM (hereafter referred to as Report of KCPL) and a MOTION TO CONFIRM TERMINATION OF STEAM UTILITY SERVICE AND TO CLOSE DOCKET. In addition, the cover letter which accompanied these pleadings stated "Because of the impact of this matter on KCPL's steam customers, KCPL today sent to each of them a copy of the Report (minus the attachments) and a copy of the enclosed press release." On January 10, 1989, the Staff filed its REQUEST FOR ADDITIONAL TIME TO RESPOND TO REPORT AND MOTION and on that same date Kinetic Energy Development Corporation filed its APPLICATION TO INTERVENE and its RESPONSE TO REPORT OF KCPL.

2. Staff members have met once with KCPL and Kinetic, have had numerous conversations with representatives of KCPL, Kinetic, and customers currently on the steam system, and have reviewed documentation of KCPL regarding the efforts to sell the steam system.

3. On the basis of the activities described above, Staff believes that there remains some possibility that KCPL and Kinetic may come to mutually acceptable terms for sale of the downtown Kansas City steam loop. Staff concurs with KCPL that protracted negotiations would not be in the best interest of the customers in this matter. However, Staff does believe that the Commission should refrain from closing this docket and give the parties an additional reasonable period within which to conclude negotiations, whether successfully or

52

✓ X

unsuccessfully. It is Staff's understanding that a meeting will be scheduled approximately February 2, 1989 between KCPL and Kinetic along with Trigen Energy Corporation (Trigen), Kinetic's financial backer. In Staff's opinion, it would be appropriate to permit up to two months for the parties to attempt to resolve any outstanding issues and to determine whether or not a sales contract can be reached. Not later than the end of that time period, the parties should report back to the Commission.

4. If the parties execute a contract, they should be prepared very soon thereafter to file the appropriate applications to the Commission for approval of those aspects of the transaction which are within the Commission's jurisdiction. Staff will be prepared to review such documents on an expedited basis and make its recommendation to the Commission thereon within a fairly short time frame.

5. There is, however, also a likelihood that the parties will not come to terms. Staff is aware that the recent entry of Trigen into the process, the requested schedule included in Kinetic's Response, the question of availability of financing, and the wording of a cogeneration restriction may present potential obstacles to the resolution of the matter.

6. Staff also would note its objection to KCPL's provision of notice to the customers of its December 30, 1988 filing. This action clearly went beyond what was required by the Commission as to a report on the status of KCPL's attempts to sell the steam system. Staff is uncertain what impact the notice may have on the remaining customers and the negotiations.

7. In the event that the parties are unable to reach agreement, Staff believes that it would be appropriate for the Commission to schedule proceedings for the purpose of inquiring into the reasons that KCPL's sale attempt was unsuccessful and into the reasonableness of KCPL's actions in attempting to sell the system.

8. Staff does not intend to take an active part in the discussions or negotiations of KCPL and Kinetic. Staff believes this is appropriate to allow the parties the opportunity to resolve these

matters between themselves and come to a satisfactory contract which would then govern the transaction. Staff does, however, intend to continue to monitor developments relating to sale of the steam system.

9. Staff would note that the City Council Resolution which was submitted to the Secretary of the Commission indicates the ongoing interest of one of the largest customers of the steam system in the continued provision of central steam service in downtown Kansas City.

WHEREFORE, for the reasons stated above, Staff suggests that Docket No. HO-86-139 should remain open for the purpose of scheduling further proceedings, including setting a date sometime prior to April 2, 1989 for the receipt of reports from KCPL and intervenor Kinetic as to the status of negotiations for the sale of the KCPL downtown steam system.

Respectfully submitted,


Mary Ann Young
General Counsel

Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102
(314)751-7485

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all parties of record this 20th day of

January, 1989.

