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Chair

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ROBERT G. SCHEMENAUER

M. DIANNE DRAINER
Vice Chair

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.ecodev.state.mo.us/psc/>

June 1, 1999

GORDON L. PERSINGER
Acting Executive Director
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WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED

JUN 1 1999

**Missouri Public
Service Commission**

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No.EC-99-553 - Kansas City Power & Light Company

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF RESPONSE TO THE PETITION BY GST FOR AN INVESTIGATION INTO THE ADEQUACY OF SERVICE PROVIDED BY KANSAS CITY POWER AND LIGHT COMPANY.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Lara L. Shemwell
Assistant General Counsel
(573) 751-7431
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

FILED

JUN 1 1999

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Hawthorn Generating)
Station Unit No. 5 and the Adequacy of)
Service Provided by the Kansas City) Case No. EC-99-553
Power and Light Company)

**STAFF RESPONSE TO THE PETITION BY GST
FOR AN INVESTIGATION INTO THE ADEQUACY OF SERVICE
PROVIDED BY KANSAS CITY POWER AND LIGHT COMPANY**

COMES NOW the Staff of the Missouri Public Service Commission and, in response to the Petition filed by GST Steel Company (GST) for an Investigation into the Adequacy of Service Provided by Kansas City Power & Light Company, states:

1. GST is a special contract customer of Kansas City Power & Light Co. (KCPL), purchasing electricity under a Commission approved contract.¹ GST generally purchases power from KCPL on an incremental-cost-based arrangement, although other price schemes are available to it under the contract.²

2. On February 17, 1999, an incident occurred involving the number 5 boiler at the KCPL Hawthorn Station. There was complete destruction of the boiler, although there were no fatalities or significant injuries to personnel, and damage to other property was relatively limited.

3. On May 12, 1999, GST filed a Petition for an Investigation as to the Adequacy of Service Provided by the Kansas City Power and Light Company and Request for Immediate Relief in this matter. In its Petition, GST asked the Commission to, among other things, take

¹ GST has attached the contract to the Highly Confidential version of its pleading as Appendix A.

² See Appendix A, Amended and Restated Power Supply Agreement, Section 7.4

immediate action through this proceeding to protect GST from "exposure to unjust and unreasonable charges for electric service;"³ prohibit KCPL from collecting replacement power costs from GST and similarly situated customers (presumably large commercial customers under special contract); require KCPL to use any insurance proceeds to protect customers; and establish this docket as the Commission's formal investigation into the Hawthorn 5 incident specifically and generally into KCPL's overall power supply.

4. Staff does not usually respond to a complaint filing at this point in the process. In this case, Staff will respond only to GST's request that this docket be established as the formal Commission incident investigation docket. For the reasons stated herein, GST's request that this docket be established as the formal Hawthorn 5 incident investigation docket should be denied

5. GST's interest are solely economic, and GST's demands for immediate Commission action regarding, among other things, its claims of unjust and unreasonable rates should not be allowed to influence or distract from the need for a careful, methodical and thorough approach to this incident investigation.

6. The incident investigation process is specifically intended to be an objective search for the cause or causes of an incident so that, among other things, a determination may be made as to what corrective measures should be taken to prevent recurrence of that type of incident.

7. Staff will file a motion to open a docket to investigate the Hawthorn 5 incident in the next 30 days. Staff began an incident investigation immediately following the explosion and has been actively investigating the incident since it occurred, through regular communications with KCPL staff and site inspections. Staff had not requested the opening of a docket, not due to inaction on the part of Staff, but because there is a real possibility that the cause of the accident will not be determined by the end of this year. This means that a final report to the Commission

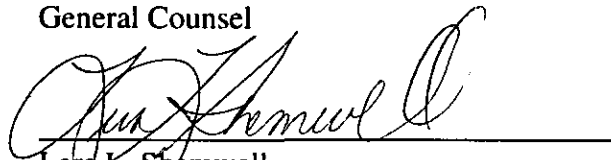
³ See GST Petition, p. 13.

is most likely many months away. Also, the Staff's approach should not be taken as disinterest to the concerns raised by GST. Nonetheless, the demands of a KCPL special contract customer should not distract from the orderly methodical process required for a thorough incident investigation.

WHEREFORE Staff urges the Commission to deny GST's request to include the Hawthorn 5 incident investigation as part of this docket.

Respectfully submitted,

DANA K. JOYCE
General Counsel

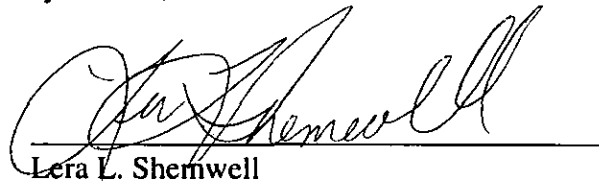


Lera L. Shemwell
Assistant General Counsel
Missouri Bar No. 43792

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 (Telephone)
(573) 751-9285 (Fax)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 1st day of June, 1999.



Lera L. Shemwell

**Service List For
Case No. EC-99-553
June 1, 1999**

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Paul S. DeFord
Lathrop & Gage
2345 Grand Boulevard, Suite 2500
Kansas City, MO 64108

William G. Riggins
Kansas City Power & Light Company
1201 Walnut, P.O. Box 418679
Kansas City, MO 64141-9679