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April 12, 2000

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**FILED<sup>2</sup>**

APR 12 2000

Missouri Public  
Service Commission

**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 the appropriate number of conformed copies of the **STAFF'S STATEMENT OF POSITIONS ON THE ISSUES**.

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,

Lera L. Shemwell  
Assistant General Counsel  
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LLS:sw  
Enclosure  
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>2</sup>

APR 12 2000

Missouri Public  
Service Commission

GS Technology Operating Company, Inc., )  
d/b/a GST Steel Company, )  
Complainant, )  
v. )  
Kansas City Power & Light, )  
Respondent, )

Case No. EC-99-553

**STAFF'S STATEMENT OF POSITIONS ON THE ISSUES**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and in response to the February 27, 2000 *Order Concerning Show Cause Hearing* submits the following statement of positions.

1. By its *Order Concerning Show Cause Hearing*, the Missouri Public Service Commission (Commission) established the current procedural schedule in this docket, and directed the parties to file a statement of their positions on the issues by April 13, 2000. The Commission subsequently amended the date to April 12, 2000.

2. This case comes before the Commission upon filing by GS Technologies Operating Company, Inc., d/b/a GST Steel Company (GST) of a complaint against Kansas City Power & Light Company (KCPL) as to the charges under the GST/KCPL Special Contract. GST alleges that imprudent management by KCPL has resulted in significantly higher charges for electric power, and reduced maintenance on KCPL's system has resulted in power disruptions.

3. The Staff of the Commission hereby submits the following positions on the issues identified in this case.

Please note: The issues are identified in the same way they were listed in the List of Issues and Order of Witness Examination submitted to the Commission on March 10, 2000. The statements below reflect Staff's position on these issues prior to hearing.

**a. Have the charges imposed under the GST/KCPL Special Contract been "just and reasonable" over the period of the contract?**

(1) Yes, the charges have been just and reasonable to the extent they have followed the pricing set out in the terms of the Special Contract.

(2) However, if the Commission were to find that KCPL has acted imprudently with respect to the Hawthorn 5 boiler explosion, the charges have not been just and reasonable.

**b. Has KCPL properly accounted for the insurance proceeds that it has received as a result of the Hawthorn incident?**

The Staff has not made any analysis concerning assignment of insurance proceeds to any particular account or accounts of the Uniform Systems of Accounts.

**c. Does the Commission have the authority to order KCPL to pay GST insurance proceeds received by KCPL as a result of the explosion of the Hawthorn 5 plant? If so, is it reasonable and appropriate to do so?**

The Commission has already determined that it does not have the authority to award equitable relief, and ordering KCPL to pay insurance proceeds would generally be considered an equitable remedy. In its August 19, 1999 *Order Denying Reconsideration*, the Commission stated: "The Commission is an administrative agency, a creature of statute, and cannot do equity."

In addition, Staff would note that the Special Contract does not include any provisions for sharing with or payments to GST of insurance proceeds for replacement power.

**d. Does the Commission have the authority to order KCPL to recalculate GST's bills under the contract? If so, should those bills be recalculated (i.e., by using KCPL's incremental costs as if Hawthorn continued to operate)? Is it reasonable and appropriate to do so?**

The Commission does have the authority to order KCPL to recalculate the bills. Whether or not a recalculation should be ordered depends on whether the Commission determines that the Hawthorn explosion was a result of KCPL's imprudence.

**e. Has KCPL operated and maintained its generation units in a reasonable and prudent manner?**

Staff has testified in this case that although GST Steel's allegations of the declining availability and reliability of KCPL's generating units are very serious, the Staff believes that with the exception of the Hawthorn 5 unit, which is currently out of service, that KCPL is currently operating and maintaining its generating units in an acceptable manner.

**f. Has KCPL operated and maintained its distribution and transmission facilities in a reasonable and prudent manner?**

The Staff has taken no position on this issue in its filed case. However, based on the testimony filed by both parties, it appears that GST has had problems with the transmission and distribution systems that serve it, and that KCPL is working toward correcting those problems.

**g. Should the Commission order a formal investigation into the operation and maintenance of KCPL's generation, transmission and distribution facilities?**

The Commission currently has an open docket concerning the investigation of the Hawthorn

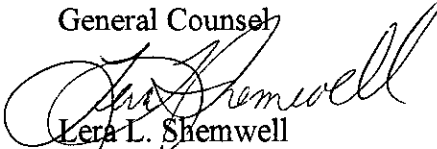
5 boiler explosion (ES-99-581). Based on the evidence presented by GST and KCPL concerning the operation of KCPL's other baseload generation (Montrose, Iatan, La Cygne and Wolf Creek), it appears that KCPL's system is operating acceptably.

**h. Should the Commission delay any decision in this case pending the outcome of the Staff's independent and final report of the boiler explosion at Hawthorn 5?**

The Commission has opened a separate docket (ES-99-581) concerning the boiler explosion at Hawthorn 5 pursuant to the Staff's recommendation. The Staff has recommended that the Commission may wish to delay any decision in this case regarding the Hawthorn 5 boiler explosion pending the outcome of the Staff's independent and final report on the incident at Hawthorn 5.

Respectfully submitted,

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## Certificate of Service

I hereby certify that copies of the foregoing have been mailed, faxed, or hand-delivered to all counsel of record as shown on the attached service list this 12th day of April, 2000.



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**Service List For**  
**Case No. EC-99-553**  
**April 12, 2000**

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