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MARY ANN YOUNG
General Counsel

May 15, 1989

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

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
Recommendation. Copies have been sent or hand-delivered this date
to all counsel of record.

Thank you for your cooperation in this matter.

Sincerely,


Mary Ann Young
General Counsel

MAY:nsh
Enclosures
cc: All parties of record

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission ("Staff") and pursuant to the instructions provided at the hearing held on March 27, 1989 in the above-referenced case, provides its recommendation to the Commission concerning this docket.

1. The parties to the potential sale of the downtown Kansas City steam system, Kansas City Power & Light Company (KCPL) and Kinetic/Trigen reported the status of the negotiations for sale of the system to the Staff on or about April 28, 1989. As a result of these reports, it appeared to Staff that very little progress had been made in negotiations; therefore, Staff requested a meeting with KCPL and Kinetic/Trigen.

2. A meeting was held in the Commission's Kansas City offices on Thursday, May 11, 1989. At that time, it appeared that there was still some potential for negotiations to conclude in a timely, successful manner. However, there are still some problems to be worked out by the parties if the steam system is to be transferred.

3. As has been previously stated by the parties to this matter, in the event the steam system is not sold and steam will be discontinued on December 31, 1990, customers should be specifically advised of the necessity of procuring an alternate source of energy prior to that date. In addition, extended uncertainty concerning whether steam service will be available beyond December 31, 1990, may result in additional steam customers dropping off the system. Therefore, timely resolution of this matter is of utmost importance.

4. In Staff's opinion, if the parties are able to conclude negotiations and file appropriate applications for transfer of the system and certification of the new owner by July 1, 1989, the Commission should be able to issue its Order regarding those

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applications in a timely manner to meet the needs discussed in paragraph 3 above. If the parties are not able to resolve matters and get applications filed by July 1, 1989, Staff recommends that the Commission close the docket and advise KCPL that it should notify its customers that efforts to sell the system were unsuccessful and that steam service will no longer be available from KCPL's downtown steam system after December 31, 1990.

5. Staff will remain in contact with KCPL and Kinetic/Trigen in order to continue to monitor progress of the negotiation process.

WHEREFORE, for the reasons stated herein, Staff recommends that the Commission hold this docket open until July 1, 1989. If, as of that date, appropriate applications are filed to transfer the system, this docket can be closed and the matter dealt with in the application dockets. If such applications are not filed by July 1, the docket may be closed by Commission Order which advises KCPL to notify its customers that steam service will no longer be available after December 31, 1990.

Respectfully submitted,


Mary Ann Young
General Counsel

Attorney for the Staff of the
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P.O. Box 360
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(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 15th day of

May, 1989.

