

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 16th day
of March, 2006.

In the Matter of the Application of Kansas City)	
Power & Light Company for Approval of a Rate)	
Schedule Authorizing the Use of Special Contracts)	<u>Case No. EO-2006-0192</u>
and Approval of a Specific Special Contract)	
between KCPL and an Existing Customer.)	

**ORDER APPROVING PROPOSED RATE SCHEDULE
AND SPECIAL CONTRACT**

Issue Date: March 16, 2006

Effective Date: March 26, 2006

Syllabus: This order approves a new rate schedule that allows Kansas City Power & Light Company and large customers to enter into special contracts subject to certain conditions contained in the tariff. It also approves the terms of a specific special contract between the applicant utility and one of its industrial customers.

On November 2, 2005, KCPL applied for Commission approval of a new rate schedule, entitled "Special Contracts – Customer Specific" that would authorize special contracts between KCPL and large customers subject to certain conditions contained in the tariff. KCPL's Application also sought approval of a specific special contract between KCPL and an existing industrial customer.

KCPL attached to its Application Appendix 1, an illustrative tariff revision of Original Sheet No. 39, and Appendix 2HC, a copy of the special contract between KCPL and an industrial customer. KCPL stated that its Application is contemplated in its Experimental Regulatory Plan that was approved by the Commission in Case

No. EO-2005-0329. The KCPL Application was verified by the Affidavit of Tim M. Rush, KCPL's Director of Regulatory Affairs.

The identity of the customers and the specific terms of the special contract attached to the Application as Appendix 2HC were designated as Highly Confidential. KCPL sought a standard protective order from the Commission because it stated that the submitted contract contains "customer specific information and rate information that could be damaging to the commercial and financial interests of both KCPL and the customer if the information was disclosed." In its Application, KCPL proposes that the rate schedule will list, among other non-customer-specific information, the case number wherein each particular special contract was approved by the Commission. On November 14, 2005, the Commission issued its standard protective order and this case has proceeded under that order.

On December 16, 2005, the Staff of the Missouri Public Service Commission filed its recommendation. Staff stated that it had reviewed "the terms of the Special Contract attached to the Application in Appendix 2HC and has no objection to the Commission issuing an Order approving the terms of this Special Contract because no other customer class or individual customer will be adversely affected by its approval." Staff also noted that the proposed tariff sheet explicitly states that customers using the special contracts rate schedule will not affect rate base for regulatory purposes. Staff recommended approval of the proposed rate schedule.

The Commission has reviewed the Application, the proposed tariff, the special contract, and Staff's recommendation. The Commission finds that KCPL is a Missouri corporation in good standing, with its principal office and place of business at 1209 Walnut, Kansas City, Missouri 64106. KCPL is engaged in the business of the generation,

transmission, distribution, and sale of electric energy and power in those areas in Missouri certificated to it by the Commission, including the City of Kansas City, Missouri. The relief sought by KCPL in this proceeding and in its Application is sought pursuant to the Commission's earlier Report and Order and the underlying Stipulation and Agreement in Case No. EO-2005-0329.¹

In its Report and Order the Commission stated at page 17:

IMPUTATION OF REVENUES RELATED TO SPECIAL CONTRACTS. KCPL has agreed that for ratemaking determinations, customers using special contracts will be treated as if they were paying the full generally applicable tariff rate for service from KCPL, and other provisions in the special contracts will not affect rate base for regulatory purposes.

Consistent with the Report and Order, KCPL included the following statement as Paragraph 7 in its Application,

Pursuant to the Stipulation and Agreement approved in the Report and Order in Case No. EO-2005-0329 and as a specific condition of the Rate Schedule, KCPL agrees that for ratemaking determinations, customers using special contracts will be treated as if they were paying the full generally applicable tariff rate for service from KCPL, and other provisions in the special contracts will not affect rate base for regulatory purposes. As a result, no other customer class or individual customer will be adversely affected by the approval of such Special Contracts.

Furthermore, the Commission determines that under Sections 393.140(11) and 393.150.1, RSMo 2000, the Commission may authorize a contract for the provision of service by an electrical corporation.

The proposed tariff submitted as Appendix 1 to the Application is structured in such a way that no detriment can result to other ratepayers from the proposed relief. The

¹ Re: *In the Matter of a Proposed Regulatory Plan of Kansas City Power & Light Company*, Case No. EO-2005-0329.

special contract submitted as Appendix 2HC to the Application shows that the applicable industrial customer has unique load and usage characteristics that are appropriately addressed by the terms and conditions of the special contract and proposed rate schedule. The Commission finds that it is in the public interest and reasonable to approve the proposed rate schedule. The Commission further finds that it is in the public interest and reasonable to approve the terms and conditions of the special contract.

IT IS ORDERED THAT:

1. Kansas City Power & Light Company is authorized to file a tariff sheet similar to the illustrative Original Sheet No. 39 attached as Appendix 1 to its Application.
2. The terms and conditions of the submitted special contract, attached to the Application as Appendix 2HC are approved.
3. Kansas City Power & Light Company is hereby authorized to implement such special contract pursuant to its terms and conditions forthwith upon the effective date of the above-referenced rate schedule.
4. This order shall become effective on March 26, 2006.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
and Appling, CC., concur.
Gaw, C., dissents, with separate
dissenting opinion to follow.

Dippell, Deputy Chief Regulatory Law Judge