

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission (Staff) and files its Memorandum Recommendation (Appendix A hereto) respecting the Application filed on November 2, 2005 of Kansas City Power & Light Company (KCPL) for approval of (1) a new rate schedule, "Special Contracts – Customer Specific," authorizing the use of Special Contracts with large customers subject to certain conditions contained in the tariff, and (2) a specific Special Contract between KCPL and an existing industrial customer. KCPL's filing is related to, and addressed in, its Experimental Regulatory Plan, which was approved by the Commission in a July 28, 2005 Report And Order in Case No. EO-2005-0329. The Staff notes that pursuant to 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. As Appendix 1 to its Application, KCPL has attached its proposed rate schedule/tariff sheet.

The identity of the customer and the specific terms of the Special Contract are designated as Highly Confidential and filed under seal. In its First Amended Motion For Protective Order, KCPL states that it seeks protection of the Special Contract, which is Appendix 2 HC to its Application, "because it 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 publicly.” KCPL further states in its First Amended Motion For Protective Order, “None of the information for which a claim of confidentiality is made can be found in any format in any other public document.”

KCPL proposes that the rate schedule will list, among other non-customer specific information, the case number wherein each Special Contract was approved by the Commission. KCPL states in its Application, “This practice of identifying the case number, but not the name of the specific customer that is a party to the Contract, has been customarily used by KCPL and approved by the Commission with regard to other Special Contracts in past cases.”

The Staff has reviewed the terms of the Special Contract attached to the Application in Appendix 2 HC 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. The proposed tariff sheet itself states, “KCP&L agrees that for ratemaking determinations, that Customers using Special Contracts, under this Rate Schedule, will be treated as if they were paying the full generally applicable tariff rate for service from KCP&L, and other provisions in the Special Contracts will not affect rate base for regulatory purposes.” The Staff recommends that KCPL should be authorized by the Commission to file a tariff sheet to implement the Special Contract in question.

The Staff notes that the new tariff sheet filed by KCPL in Case No. EO-2006-0192 on November 2, 2005 and the new tariff sheet filed by KCPL on November 2, 2005 in Case No. EO-2006-0193 are identical.

Wherefore the Staff files its Memorandum Recommendation (Appendix A hereto) recommending that the Commission approve (a) Kansas City Power & Light Company’s proposed rate schedule/tariff sheet and (b) the specific Special Contract between Kansas City

Power & Light Company and one of its existing customers, which Special Contract is addressed, in part, in Case No. EO-2005-0329 respecting the Kansas City Power & Light Company Experimental Regulatory Plan.

Respectfully submitted,

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General Counsel

/s/Steven Dottheim
Steven Dottheim
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 16th day of December 2005.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. E0-2006-0192
Kansas City Power & Light Company

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator

/s/ James Watkins/ 12-16-05 /s/ Steven Dottheim/ 12-16-05
Energy Department / Date General Counsel's Office / Date

SUBJECT: Staff Recommendation For **Approval** Of A New Rate Schedule And Terms Of A Special Contract

DATE: December 16, 2005

On November 2, 2005, Kansas City Power & Light Company (KCPL or Company) of Kansas City, Missouri, filed its Application with the Missouri Public Service Commission (Commission) requesting that the Commission issue an order approving: (1) a new rate schedule, "Special Contracts - Customer Specific - Schedule SCCS" (Rate Schedule); and (2) the terms of a specific Special Contract. Also, on that date, KCPL filed its Motion For Protective Order and a Special Contract Between KCPL and an existing customer, which was designated as "Highly Confidential." On November 10, 2005, KCPL filed its First Amended Motion For Protective Order, which was granted on November 14, 2005.

As the Application states:

Revenue Imputation Related To Special Contracts

6. In its Report and Order in *Re: In the Matter of a Proposed Regulatory Plan of Kansas City Power & Light Company*, Case No. EO-2005-0329, 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.

7. 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.

The Missouri Public Service Commission Staff (Staff) has reviewed the Rate Schedule and the terms of the Special Contract attached to the Application in Appendix 2 HC 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. KCPL should be authorized to file tariff sheets to implement the Rate Schedule listing this case number, Case No. EO-2006-0192.

The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The following electric cases involving KCPL are also before the Commission at this time:

EF-2004-0512
EF-2005-0498

EO-2000-210
EO-2004-0590
EO-2006-0094
EO-2006-0142
EO-2006-0192
EO-2006-0193

ET-2006-0257