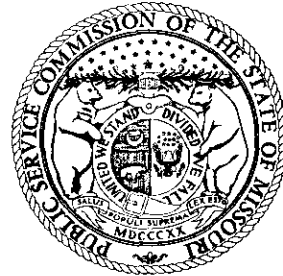


Notice of *Ex Parte* Contact

TO: Data Center
All Parties in Case No. EO-2005-0329

FROM: Commissioner Steve Gaw *SG*

DATE: July 5, 2005



On June 29, 2005 the attached e-mail was received from Mr. Byron Combs. The Commission is currently considering the issues addressed in the e-mail in Case No. EO-2005-0329 and is bound by the same *ex parte* rule as a court of law.

Although communications from the public are always welcome, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or the Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the substance of the communication and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, this report is submitted pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Commissioners
Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel

From: Byron Combs [mailto:byroncom@sbcglobal.net]
Sent: Wednesday, June 29, 2005 12:58 PM
To: steve.gaw@psc.mo.gov
Subject: re: Case # EO-2005-0329 KCPL Evidentiary Hearing

Commissioner Gaw:

I watched a good part of the evidentiary hearings at my computer at home, and you brought up my testimony concerning the rate of increase in customer sales verses the increase in off-system sales for the last five years. Mr. Wood was correct in that I hadn't adjusted my figures for the amount of purchased power. This did drop the percentages down 4 to 5 percentage points, but either way you look at it, there is still a dramatic increase in wholesale sales while retail sales remain flat. One thing I did notice is that when Mr. Wood was asked about annualized growth, he went back to 1996, whereas all of his the other figures were from 1999-2004. His annualized growth figure was 15.9%. I believe that he went back to 1996 because if you just look at the years 1999-2004 for his adjusted figures, the annualized growth rate is about 48%.

Mr. Wood's comments on the peak demand of 3610MW which occurred between 3-4 PM on Aug 21, 2003, I have trouble verifying. I had failed to consider purchases in my testimony, but since then, I have looked for purchases, but I was able to find only 151 MW hours purchased by KCPL during that hour. They sold 528 MW hours. According Mr. Wood's testimony, they had a net purchase during that period. The FERC files are geared more toward finding sales data so I could be missing some. To be sure that I found all of the purchases, I would have to know all of the entities that sold power to KCPL and look at each one separately. I mentioned in a note to Kathleen Henry that she might want to ask KCPL to provide further information on actual purchases- company name, quantities and date/time of sales.

Assuming that 3610 MW is a peak demand for KCPL retail customers alone, and the growth rate for retail customers is as high as 2%, it would take six years for that peak demand to reach their current capacity of about 4040 MW. Considering that and the 170 MW saved through efficiency measures and the addition of 100 MW of wind, I don't believe that there is not an immediate urgency for KCPL to increase base load capacity. Also, there is the less expensive option of purchasing power on peak demand days when necessary, peak load requirements are fairly rare events. A new coal plant may be required in the future, but I believe there is time to look at growth trends over the next few years and analyze the effects of the addition of wind generation and an efficiency program before embarking on an irreversible path. The extra time would also provide more time for analyzing new IGCC plants and the technology involved.

Thank you for following up on this issue.

Byron Combs
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6/29/2005