

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 18<sup>th</sup> day  
of September, 2008.

In the Matter of the Trigen-Kansas City Energy	)	<b><u>Case No. HR-2008-0300</u></b>
Corporation's Tariffs to Increase Rates for	)	Tariff Nos. YH-2008-0553
Customers of its Steam Service	)	and YH-2008-0554

**ORDER APPROVING UNANIMOUS STIPULATION AND  
AGREEMENT AND AUTHORIZING TARIFF FILING**

Issue Date: September 18, 2008

Effective Date: September 26, 2008

**Syllabus:** This order approves the Stipulation and Agreement executed by Trigen-Kansas City Energy Corporation ("Trigen"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), Kansas City Power and Light Company ("KCPL"), the City of Kansas City ("Kansas City") and the County of Jackson, Missouri ("Jackson County") to resolve all pending issues in this matter. The order also rejects Trigen's initial tariff filing, and authorizes Trigen to file tariffs in compliance with the Stipulation and Agreement.<sup>1</sup>

**I. Procedural History**

**A. Tariff Filings and Company Overview**

On March 11, 2008,<sup>2</sup> Trigen submitted to the Missouri Public Service Commission certain proposed tariff sheets, i.e. Tariff File Tracking Nos. YH-2008-0553 and YH-2008-

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<sup>1</sup> All citations to the record evidence in this order reference exhibits admitted without objection as is further elucidated in Section II(D) of this order, entitled: "Proposed Effective Date and Testimony Received Into Evidence."

<sup>2</sup> All dates throughout the remainder of this order refer to the year 2008 unless otherwise specified.

0554.<sup>3</sup> The purpose of the filings, according to Trigen, was to implement a general rate increase for steam heat service to customers in its Missouri service area.

Trigen owns and operates the district steam system located in the central business district of the City of Kansas City.<sup>4</sup> Steam, as well as a significant amount of electricity, is produced at Trigen's Grand Avenue Station in a combined heat and power (cogeneration) process.<sup>5</sup> Trigen distributes steam through a network of approximately 6.5 miles of pipe buried under the streets of Kansas City.<sup>6</sup> At the present time, Trigen delivers and sells that steam to approximately 56 retail customers, principally for space heating purposes.<sup>7</sup> The steam is also used by Trigen's customers to humidify buildings, heat domestic water and, to a lesser extent, in food service applications.<sup>8</sup> Trigen's retail customers include commercial

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<sup>3</sup> Trigen is the surviving entity resulting from KCPL's divestment of its steam system serving downtown Kansas City in 1990. Exh. 3, Kirk Direct, p. 4. Trigen is currently a subsidiary company of Thermal North America, Inc. ("TNAI"), which is in turn, a management company owned by Veolia Energy North American Holdings, Inc. ("VENAH"). VENAH's parent company, Veolia Environnement, is the largest owner of district energy companies in the world. Exh. 1, Abbott Direct, pp. 1-3.

Trigen is a "heating company," and a "public utility" as those terms are defined in Sections 386.020(20). RSMo 2000 and 386.020(42), RSMo 2000, respectively (All statutory references throughout this order refer to RSMo 2000 and its supplements). Consequently, Trigen is subject to the jurisdiction, control and supervision of the Commission. The Commission has jurisdiction over Trigen's services, activities, and rates pursuant to Sections 386.250 and 393.290.

<sup>4</sup> Exh. 3, Kirk Direct, pp. 8-12. Trigen's service territory is largely confined to the downtown loop or central business district of Kansas City, MO. Stated another way, Trigen's services are available in the area roughly defined as being within the 1-35/1-70/1-670 highway loop; plus the River Market district; plus a four-block wide extension from the southeast edge of the loop to the "Hospital Hill" area. This latter area was appended to Trigen's service territory in 2006 pursuant to this Commission's ruling in Case No. HA-2006-0294. *Id.*

<sup>5</sup> Exh. 3, Kirk Direct, pp. 8-12. Trigen's steam production plant is located in the River Market district at 115 Grand Avenue. Bituminous coal from seams in the Missouri/Kansas and Illinois Basin regions is the primary fuel source, and natural gas is the secondary fuel source. Steam production capacity at Grand Avenue is greater than 1.2 million lbs/hour, and is delivered from the four boilers on site. Roughly half of this capacity is capable of being fueled by coal. *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

and governmental office buildings, hotels and owners/managers of multi-unit residential buildings.<sup>9</sup>

Trigen has not sought any increase in rates for operational costs since it acquired the system in 1990.<sup>10</sup> Trigen states that the proposed steam heat rates submitted in its application are designed to produce an additional \$1,228,000 in gross annual revenues, exclusive of applicable gross receipts and sales taxes, or an approximate 19.5%<sup>11</sup> increase over existing steam heat service revenues.<sup>12</sup> The tariff sheets attached to Trigen's pleading bore an issue date of March 11, and were proposed to become effective on April 11.<sup>13</sup> Together with its proposed tariff sheets and other minimum filing requirements, Trigen also filed prepared direct testimony in support of its requested rate increase.

#### **B. Suspension Orders, Interventions, and Procedural Schedule**

So the Commission would have sufficient time to study the effect of the proposed tariffs and to determine if they were just, reasonable, and in the public interest, the Commission decided that it must suspend Trigen's tariffs. Consequently, on March 12, the Commission suspended the effective date of the proposed tariffs for 120 days plus an additional six months to allow for a hearing on the matter, or until February 9, 2009.<sup>14</sup> The

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<sup>9</sup> *Id.*

<sup>10</sup> Exh. 3, Kirk Direct, p. 4. Trigen had filed a rate increase request in the early 1990's; however, it withdrew that request. Exh. 3, Kirk Direct, p. 4; Exh. 11A, Staff Report: Cost of Service, p. 3 (NP).

<sup>11</sup> In the Stipulation and Agreement, the parties had determined that the amount requested represented and approximate increase of 20.5% in Trigen's Gross annual steam tariff revenues.

<sup>12</sup> Letter from Trigen (Brian P. Kirk, Vice-President and General Manager) to Judge Dale, dated March 11, 2008; Exh. 3, Kirk Direct, p. 5.

<sup>13</sup> See Tariff Tracking Nos. YH-2008-0553 and YH-2008-0554.

<sup>14</sup> See Section 393.150, RSMo 2000; EFIS Docket No. 9, *Order Directing Notice, Suspending Tariff, Setting Hearings, and Directing Filings*, Issued March 12, 2008. (EFIS is the Commission's Electronic Filing and Information System).

Commission also issued notice and set a deadline for intervention requests for no later than April 1.<sup>15</sup> Intervention was granted to KCPL, Kansas City and Jackson County.<sup>16</sup>

On April 24, the parties jointly filed a proposed procedural schedule culminating with an evidentiary hearing to be held on October 20-24 and 27-31.<sup>17</sup> The proposed schedule was adopted and subsequently modified to eliminate the days of October 30-31 from the hearing schedule.<sup>18</sup>

### **C. Test Year and True-up**

The test year is a central component in the ratemaking process. A historical test year is usually used because the past expenses of a utility can be used as a basis for determining what rate is reasonable to be charged in the future.<sup>19</sup>

The parties agreed to a test year consisting of the calendar year of 2006.<sup>20</sup> The parties further agreed that if an anticipated customer addition was completed in time to gather a month's worth of that customer's data that no true-up hearing would be necessary. The Commission found the proposed test year recommended by parties to be suitable and it was adopted by order.<sup>21</sup> Because the parties had not solidified their positions regarding true-up prior to the evidentiary hearing, the Commission reserved dates for a true-up hearing.

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<sup>15</sup> EFIS Docket No. 9, *Order Directing Notice, Suspending Tariff, Setting Hearings, and Directing Filings*, Issued March 12, 2008.

<sup>16</sup> EFIS Docket Nos. 15 and 22, issued April 14, 2008 and May 12, 2008, respectively.

<sup>17</sup> Transcript, Volume 2.

<sup>18</sup> EFIS Docket No. 17, *Order Adopting Procedural Schedule and Test Year*, issued April 28, 2008, and EFIS Docket No. 28, *Order Modifying Procedural Schedule*, Issued June 24, 2008.

<sup>19</sup> See *State ex rel. Utility Consumers' Council of Missouri, Inc. v. Public Service Commission*, 585 S.W.2d 41, 59 (Mo. banc 1979).

<sup>20</sup> EFIS Docket No. 16, *Jointly Proposed Procedural Schedule & Recommendations Regarding Test Year, True-Up, & Local Public Hearings*, filed April 24, 2008.

<sup>21</sup> EFIS Docket No. 17, *Order Adopting Procedural Schedule and Test Year*, issued April 28, 2008.

## **II. Stipulation and Agreement**

On September 9, prior to hearing, the parties jointly filed a Stipulation and Agreement (“Agreement”) that purports to resolve all issues in this matter.<sup>22</sup> All of the parties are signatories to the Agreement. The parties also jointly request the Commission to approve the Agreement subject to the specific terms and conditions in the Agreement and to authorize Trigen to file tariff sheets in conformance with the specimen tariff sheets attached to the Agreement as Appendix A.

### **A. Annual Revenue Requirement**

The Agreement provides that Trigen should be authorized to file revised tariff sheets containing new rate schedules for steam heat service designed to produce an increase in Trigen’s overall Missouri jurisdictional gross annual steam heat service revenues, exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes, in the amount of \$1,228,000 annually. This represents an approximate increase of 20.5% in Trigen’s gross annual steam tariff revenues and is 100% of the amount requested by the company.<sup>23</sup>

### **B. Rate Design/Rate Structure/Rate Classes**

The rate design/rate structure/rate classes agreed to among the parties reflect a change in Trigen’s rate design/rate structure/rate classes to (1) increase rates by the same percentage (20.5%) for all classes; (2) add demand based billing provisions for its larger customers in addition to its usage-based billing provisions; (3) eliminate its Vacant Building

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<sup>22</sup> EFIS Docket No. 47, Exh. 15, *Stipulation and Agreement*, filed September 9, 2008.

<sup>23</sup> Appendix A of the Agreement contains revised specimen tariff sheets designed to implement the rate increase.

Rider and Alternate Heating Source tariffs; and (4) adopt a new Interruptible Heating Service tariff.<sup>24</sup>

### **C. Other Provisions and Tariff Changes**

The Agreement recommends the Commission: (1) adopt certain depreciation rates; (2) make a finding that Trigen has complied with the requirements of Case No. HM-2004-0618 regarding the correction and restatement of its plant-in-service and accumulated depreciation reserve; (3) require Trigen to develop and implement an expansion of its current time reporting system to capture labor hours and allow the recording of labor costs by detailed operating and maintenance expense account; (4) require a specific accounting schedule for Kansas City and Jackson County for each of the first twelve months subsequent to the “Tariff Effective Date;”<sup>25</sup> and (5) require Trigen to file a class cost of service study as part of its next general rate case and file that general rate case no later than five years from the effective date of the rates implemented in this case.

The parties also agree that Trigen should be authorized to file with the Commission revised tariff sheets to implement certain other changes in its tariffs. These changes include revisions to the tariff language concerning interest on customer deposits, changes concerning estimation of bills, changes to reflect the changes which have been made to the rates, and changes to correct errors in Trigen’s existing tariffs. The parties further assert the Commission should authorize Trigen to adopt the reserve reallocation(s) as set forth in Column 9 of Appendix 3 to the Staff Report on Cost of Service filed in this case by Staff.<sup>26</sup>

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<sup>24</sup> These changes are embodied in the specimen tariff sheets attached to Agreement as Appendix A.

<sup>25</sup> If the City’s and/or County’s annual aggregate bill for all accounts increased by more than 20.5%, the amount over 20.5% will be refunded (in this or any subsequent rate case, all other customers will be held harmless from any resulting refund pursuant to this provision).

<sup>26</sup> Exh. 11A (NP) and 11B (HC).

**D. Proposed Effective Date and Testimony Received Into Evidence**

The parties have agreed to a goal of a November 1 for the effective date for the tariff sheets agreed to in the Agreement. The parties also agree that, unless called by the Commission to respond to questions, in the event the Commission approves this Agreement without modification or condition, the prefiled testimony (including all exhibits, appendices, schedules, etc. attached thereto) and reports of all witnesses in this proceeding shall be received into evidence without the necessity of those witnesses taking the witness stand.

**E. Contingent Waiver of Rights**

If Commission accepts the specific terms of the Agreement, then unless otherwise explicitly provided in the Agreement, none of the parties to the Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology, cost of capital methodology or capital structure, rate design principle or methodology, or depreciation principle or methodology, and except as explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Agreement (whether this Agreement is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Agreement.

The parties further agreed that if Commission accepts the specific terms of the Agreement without condition or modification, they would waive their respective rights to: (1) call, examine, and cross-examine witnesses pursuant to § 536.070(2); (2) present oral argument and written briefs pursuant to Section 536.080.1; (3) the reading of the transcript

by the Commission pursuant to Section 536.080.2; (4) seek rehearing, pursuant to Section 536.500; and, (5) judicial review pursuant to Section 386.510.<sup>27</sup>

#### **F. Objections to the Stipulation and Agreement**

Commission Rule 4 CSR 240-2.115, governing stipulations and agreements, allows seven days following the filing on a non-unanimous agreement for any party to file an objection to the agreement. As previously noted, all parties to this action are signatories to the Stipulation and Agreement making it unanimous, and no party has filed any objection to the agreement, in whole or in part, since its filing. Additionally, no party has requested a hearing concerning the Agreement. Consequently, on September 17, the Commission suspended the remainder of the procedural schedule set in this matter and will render a decision expeditiously regarding approval of the Agreement.

The Commission shall admit, without modification or condition, the prefiled testimony (including all exhibits, appendices, schedules, etc. attached thereto), all reports of all witnesses and a copy of the Agreement into evidence. A copy of the exhibits list will be attached to this order and the Commission will cite references to those exhibits throughout this order.

### **III. Rate Making Standards and Practices**

The Commission is vested with the state's police power to set "just and reasonable" rates for public utility services,<sup>28</sup> subject to judicial review of the question of reasonableness.<sup>29</sup> A "just and reasonable" rate is one that is fair to both the utility and its

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<sup>27</sup> All statutory references throughout this order are to RSMo 2000 unless otherwise noted.

<sup>28</sup> Section 393.130, in pertinent part, requires a utility's charges to be "just and reasonable" and not in excess of charges allowed by law or by order of the commission. Section 393.140 authorizes the Commission to determine "just and reasonable" rates.

<sup>29</sup> *St. ex rel. City of Harrisonville v. Pub. Serv. Comm'n of Missouri*, 291 Mo. 432, 236 S.W. 852 (1922); *City of*



customers;<sup>30</sup> it is no more than is sufficient to “keep public utility plants in proper repair for effective public service, [and] . . . to insure to the investors a reasonable return upon funds invested.”<sup>31</sup> In 1925, the Missouri Supreme Court stated:<sup>32</sup>

The enactment of the Public Service Act marked a new era in the history of public utilities. Its purpose is to require the general public not only to pay rates which will keep public utility plants in proper repair for effective public service, but further to insure to the investors a reasonable return upon funds invested. The police power of the state demands as much. We can never have efficient service, unless there is a reasonable guaranty of fair returns for capital invested. \* \* \* These instrumentalities are a part of the very life blood of the state, and of its people, and a fair administration of the act is mandatory. When we say "fair," we mean fair to the public, and fair to the investors.

The Commission’s guiding purpose in setting rates is to protect the consumer against the natural monopoly of the public utility, generally the sole provider of a public necessity.<sup>33</sup> “[T]he dominant thought and purpose of the policy is the protection of the public . . . [and] the protection given the utility is merely incidental.”<sup>34</sup> However, the Commission must also afford the utility an opportunity to recover a reasonable return on the assets it has devoted to the public service.<sup>35</sup> “There can be no argument but that the

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*Fulton v. Pub. Serv. Comm’n*, 275 Mo. 67, 204 S.W. 386 (1918), *error dis’d*, 251 U.S. 546, 40 S.Ct. 342, 64 L.Ed. 408; *City of St. Louis v. Pub. Serv. Comm’n of Missouri*, 276 Mo. 509, 207 S.W. 799 (1919); *Kansas City v. Pub. Serv. Comm’n of Missouri*, 276 Mo. 539, 210 S.W. 381 (1919), *error dis’d*, 250 U.S. 652, 40 S.Ct. 54, 63 L.Ed. 1190; *Lightfoot v. City of Springfield*, 361 Mo. 659, 236 S.W.2d 348 (1951).

<sup>30</sup> *St. ex rel. Valley Sewage Co. v. Pub. Serv. Comm’n*, 515 S.W.2d 845 (Mo. App., K.C.D. 1974).

<sup>31</sup> *St. ex rel. Washington University et al. v. Pub. Serv. Comm’n*, 308 Mo. 328, 344-45, 272 S.W. 971, 973 (Mo. banc 1925).

<sup>32</sup> *Id.*

<sup>33</sup> *May Dep’t Stores Co. v. Union Elec. Light & Power Co.*, 341 Mo. 299, 107 S.W.2d 41, 48 (1937).

<sup>34</sup> *St. ex rel. Crown Coach Co. v. Pub. Serv. Comm’n*, 179 S.W.2d 123, 126 (1944).

<sup>35</sup> *St. ex rel. Utility Consumers Council, Inc. v. Pub. Serv. Comm’n*, 585 S.W.2d 41, 49 (Mo. banc 1979).

Company and its stockholders have a constitutional right to a fair and reasonable return upon their investment.”<sup>36</sup>

The Commission has exclusive jurisdiction to establish public utility rates,<sup>37</sup> and the rates it sets have the force and effect of law.<sup>38</sup> A public utility has no right to fix its own rates and cannot charge or collect rates that have not been approved by the Commission;<sup>39</sup> neither can a public utility change its rates without first seeking authority from the Commission.<sup>40</sup> A public utility may submit rate schedules or “tariffs,” and thereby suggest to the Commission rates and classifications which it believes are just and reasonable, but the final decision is the Commission’s.<sup>41</sup> Thus, “[r]atemaking is a balancing process.”<sup>42</sup>

Ratemaking involves two successive processes:<sup>43</sup> first, the determination of the “revenue requirement,” that is, the amount of revenue the utility must receive to pay the costs of producing the utility service while yielding a reasonable rate of return to the investors.<sup>44</sup> The second process is rate design, that is, the construction of tariffs that will collect the necessary revenue requirement from the ratepayers. Revenue requirement is

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<sup>36</sup> *St. ex rel. Missouri Public Service Co. v. Fraas*, 627 S.W.2d 882, 886 (Mo. App. 1981).

<sup>37</sup> *May Dep’t Stores*, 107 S.W.2d at 57.

<sup>38</sup> *Utility Consumers Council*, 585 S.W.2d at 49.

<sup>39</sup> *Id.*

<sup>40</sup> *Deaconess Manor Ass’n v. Pub. Serv. Comm’n*, 994 S.W.2d 602, 610 (Mo. App. 1999).

<sup>41</sup> *May Dep’t Stores*, 107 S.W.2d at 50.

<sup>42</sup> *St. ex rel. Union Elec. Co. v. Pub. Serv. Comm’n*, 765 S.W.2d 618, 622 (Mo. App. 1988).

<sup>43</sup> It is worth noting here that Missouri recognizes two distinct ratemaking methods: the “file-and-suspend” method and the complaint method. The former is initiated when a utility files a tariff implementing a general rate increase and the second by the filing of a complaint alleging that the subject utility’s rates are not just and reasonable. See *Utility Consumers Council*, 585 S.W.2d at 48-49; *St. ex rel. Jackson County v. Pub. Serv. Comm’n*, 532 S.W.2d 20, 28-29 (Mo. banc 1975), *cert. denied*, 429 U.S. 822, 50 L.Ed.2d 84, 97 S.Ct. 73 (1976).

<sup>44</sup> *St. ex rel. Capital City Water Co. v. Missouri Pub. Serv. Comm’n*, 850 S.W.2d 903, 916 n. 1 (Mo. App. 1993).

usually established based upon a historical test year which focuses on four factors: (1) the rate of return the utility has an opportunity to earn; (2) the rate base upon which a return may be earned; (3) the depreciation costs of plant and equipment; and (4) allowable operating expenses.<sup>45</sup> The calculation of revenue requirement from these four factors is expressed in the following formula:

$$RR = C + (V - D) R$$

where: RR = Revenue Requirement;  
C = Prudent Operating Costs, including Depreciation Expense and Taxes;  
V = Gross Value of Utility Plant in Service;  
D = Accumulated Depreciation; and  
R = Overall Rate of Return or Weighted Cost of Capital.

The return on the rate base is calculated by applying a rate of return; that is, the weighted cost of capital applied to the original cost of the assets dedicated to public service, less accumulated depreciation.<sup>46</sup> The Public Service Commission Act vests the Commission with the necessary authority to perform these functions. Section 393.140(4) authorizes the Commission to prescribe uniform methods of accounting for utilities and Section 393.140(8) authorizes the Commission to examine a utility's books and records and, after hearing, to determine the accounting treatment of any particular transaction. In this way, the Commission can determine the utility's prudent operating costs. Section 393.290 authorizes the Commission to value the property of every steam heat corporation operating in Missouri, that is, to determine the rate base. Sections 393.240 and

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<sup>45</sup> *Id.*, citing Colton, "Excess Capacity: Who Gets the Charge From the Power Plant?," 34 Hastings L.J. 1133, 1134 & 1149-50 (1983).

<sup>46</sup> See *St. ex rel. Union Elec. Co. v. Pub. Serv. Comm'n*, at Footnote Number 42.

393.290 authorize the Commission to set depreciation rates and to adjust a utility's depreciation reserve from time-to-time as may be necessary.

The equation set out above shows that the Revenue Requirement is the sum of two components: first, the utility's prudent operating expenses, and second, an amount calculated by multiplying the value of the utility's depreciated assets by a rate of return. For any utility, its fair rate of return is simply its composite cost of capital.<sup>47</sup> The composite cost of capital is the sum of the weighted cost of each component of the utility's capital structure. The weighted cost of each capital component is calculated by multiplying its cost by a percentage expressing its proportion in the capital structure. Where possible, the cost used is the "embedded" or historical cost; however, in the case of Common Equity, the cost used is its estimated cost.

Estimating the cost of common equity capital is a difficult task, as academic commentators have recognized.<sup>48</sup> The United States Supreme Court, in two frequently-cited decisions, has established the constitutional parameters that must guide the Commission in its task.<sup>49</sup> In the earlier of these cases, *Bluefield Water Works*, the Court stated that:

Rates which are not sufficient to yield a reasonable return on the value of the property used at the time it is being used to render the services are unjust,

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<sup>47</sup> Staff Exh. 4, Cost of Service Report, p. 10. "From a financial viewpoint, a company employs different forms of capital to support or fund the assets of the Company. Each different form of capital has a cost and these costs are weighted proportionately to fund each dollar invested in the assets. Assuming that the various forms of capital are within a reasonable balance and are valued correctly, the resulting total [Weighted Average Cost of Capital] WACC, when applied to rate base, will provide the funds necessary to service the various forms of capital. Thus, the total WACC corresponds to a fair of return for the utility company." *Id.*

<sup>48</sup> See Phillips, *The Regulation of Public Utilities*, Public Utilities Reports, Inc., p. 394 (1993).

<sup>49</sup> *Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 64 S.Ct. 281, 88 L.Ed. 333 (1943); *Bluefield Water Works & Improv. Co. v. Pub. Serv. Comm'n of West Virginia*, 262 U.S. 679, 43 S.Ct. 675, 67 L.Ed. 1176 (1923).

unreasonable and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment.<sup>50</sup>

In the same case, the Court provided the following guidance as to the return due to equity owners:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.<sup>51</sup>

The Court restated these principles in *Hope Natural Gas Company*, the latter of the two cases:

‘[R]egulation does not insure that the business shall produce net revenues.’ But such considerations aside, the investor interest has a legitimate concern with the financial integrity of the company whose rates are being regulated. From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.<sup>52</sup>

#### **IV. Legal Standard for Approving Stipulations and Agreements**

The Commission has the legal authority to accept a Stipulation and Agreement as

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<sup>50</sup> *Bluefield*, 262 U.S. at 690, 43 S.Ct. at 678, 67 L.Ed. at 1181.

<sup>51</sup> *Id.*, 262 U.S. at 692-93, 43 S.Ct. at 679, 67 L.Ed. at 1182-1183.

<sup>52</sup> *Hope Nat. Gas Co.*, *supra*, 320 U.S. at 603, 64 S.Ct. 288, 88 L.Ed. 345 (citations omitted).

offered by the parties as a resolution of issues raised in this case.<sup>53</sup>

In reviewing the agreement, the Commission notes:

Every decision and order in a contested case shall be in writing, and, except in default cases, or cases disposed of by stipulation, consent order or agreed settlement, the decision, including orders refusing licenses, shall include or be accompanied by findings of fact and conclusions of law.<sup>54</sup>

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Consequently, the Commission need not make either findings of fact or conclusions of law in this order.

The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.<sup>55</sup> While there is no question the Commission must comply with its statutory mandates to set just and reasonable rates by determining the appropriate revenue requirement and rate design, since no proper party has requested a hearing in this case, the Commission may make its determination, and if appropriate, grant the relief requested based on the Agreement.

As noted, no proper party requested a hearing in this matter, and while the Commission is not required to make findings of fact or conclusions of law in an order regarding a stipulation and agreement, the Commission will take note of the relevant and undisputed facts and draw appropriate legal conclusions when reaching its decision.

## **V. Discussion**

### **A. Revenue Requirement**

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<sup>53</sup>Section 536.060, RSMo Cum. Supp. 2006. See also Commission Rule 4 CSR 240-2.115(1)(B), which states that the Commission “may resolve all or any part of a contested case on the basis of a stipulation and agreement.”

<sup>54</sup>Section 536.090, RSMo Cum. Supp. 2006. This provision applies to the Public Service Commission. *State ex rel. Midwest Gas Users' Association v. Public Service Commission of the State of Missouri*, 976 S.W.2d 485, 496 (Mo. App. 1998).

<sup>55</sup> *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

According to Staff's Direct Accounting Schedules and Class Cost of Service Summary, Trigen's rate base is calculated to be \$17,571,902.<sup>56</sup> Prior to entering into the Agreement, Staff's proposed Rate of Return ("ROR") on rate base for Trigen ranged as follows: 7.66 (Return on Equity ("ROE") of 9.25), 7.72% (ROE 9.38%) and 7.78% (ROE of 9.50%).<sup>57</sup> Staff utilized a cost of service ratemaking approach to develop this weighted cost of capital range for Trigen's steam operations.<sup>58</sup> Staff's calculations utilizing its recommended ROR on their calculated rate base resulted in a recommendation for the Commission to approve a total gross annual increase in revenue requirement for Trigen ranging from \$2,071,641 to \$2,105,569.<sup>59</sup>

In prior cases, the Commission has recognized a range of reasonableness for the return on equity as being 100 basis points, plus or minus, the national average.<sup>60</sup> Staff, recognizing the Commission's need to consider average authorized returns, stated the following:<sup>61</sup>

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<sup>56</sup> Exh. 10, Staff Accounting Schedules, Schedule 2-1.

<sup>57</sup> Exh. 10, Staff Accounting Schedules, Schedule 1-2.

<sup>58</sup> Exh. 11A., Staff Report: Cost of Service (NP), pp. 5-10. Staff stated in its Cost of Service Report: "Because Staff accepts the upper end of Mr. Hill's recommended cost of common equity range based on his proxy group, Staff will not, at this time, include all the details normally included in its cost of common equity direct filing. Staff's workpapers in this case include the schedules Staff would normally attach to its direct filing. These workpapers support Mr. Hill's recommended cost of common equity. Because Staff found it appropriate to use the proxy group's capital structure for ratemaking purposes, Staff had to estimate a cost of debt to apply to the debt ratio in this case. Attached to this report are schedules that provide the derivation of this debt cost estimate." *Id.* at p. 6. Staff typically utilizes the Discounted Cash Flow and Capital Pricing Asset Models when making its calculations and has apparently relied upon Trigen's witness Hill' calculation utilizing these methods.

<sup>59</sup> Exh. 10, Staff Accounting Schedules, Schedule 1-1.

<sup>60</sup> *In re Missouri American Water Co.* 2007 WL 4386054, Mo.P.S.C.; *In re Union Elec. Co.*, 257 P.U.R.4th 259, 2007 WL 1597782, Mo.P.S.C.; *In re Aquila, Inc.*, 257 P.U.R.4th 424, 2007 WL 1663103, Mo.P.S.C.; *In re Kansas City Power & Light Co.*, 2007 WL 750149, Mo.P.S.C.; *In re Empire Dist. Elec. Co.*, 2006 WL 3848081, Mo.P.S.C.; *In re Kansas City Power & Light Co.*, 2006 WL 4041675, Mo.P.S.C..

<sup>61</sup> Exh. 11A., Staff Report: Cost of Service (NP), pp. 8-10.

To Staff's knowledge there are no sources that publish authorized returns for steam operations. However, because natural gas distribution companies have been used as a proxy for estimating the ROR for Trigen Kansas City's operations, it is reasonable to review recent authorized returns for the regulated natural gas distribution industry.

According to the Regulatory Research Associates (RRA), the average authorized ROE for natural gas distribution companies for 2007 was 10.24 percent based on 37 decisions (first quarter – 10.44 percent based on 10 decisions; second quarter – 10.12 percent based on 4 decisions; third quarter – 10.03 percent based on 8 decisions; and fourth quarter, 10.27 percent based on 15 decisions).

The average authorized ROE for natural gas distribution companies for 2008 year-to-date was 10.35 percent based on 9 decisions (first quarter – 10.38 percent based on 7 decisions; and second quarter – 10.25 percent based on 2 decisions).

Although average authorized ROEs tend to garner the most attention in rate cases, it is also important to consider average authorized rates of return (ROR) to provide some context for average authorized ROEs. Some companies' costs of debt may cause their ultimate authorized return to be somewhat higher than the average. Although the cost of debt is only adjusted in extraordinary circumstances (for instance in Aquila Inc.'s recent rate cases, the cost of debt had been adjusted to make it consistent with investment grade costs), there may be concerns about the reasonableness of these costs. Because it is the overall ROR (not the quoted average authorized ROE) that is applied to rate base to determine the revenue requirement, it would appear that this average would also be important in testing the reasonableness of the total cost of capital.

The average authorized ROR for natural gas utilities in 2007 was 8.12 percent based on 32 decisions (first quarter – 8.40 percent based on 10 decisions; second quarter – 8.32 percent based on 3 decisions; third quarter – 7.88 percent based on 7 decisions; fourth quarter – 7.97 percent based on 12 decisions).

The average authorized ROR for natural gas utilities for 2008 was 8.65 percent based on 9 decisions (first quarter – 8.78 percent based on seven decisions; second quarter – 8.22 percent based on two decisions).

It is important to note that Staff has not researched the specifics of the cases cited in the RRA reports.



Trigen, maintains that its calculations support a revenue deficiency of approximately \$2.6 million.<sup>62</sup> Applying the Discounted Cash Flow and the Capital Asset Pricing Models, adjusted for increased financial risk the company believes exists in its market, Trigen's subject matter expert recommended a return on equity of 10.0%.<sup>63</sup> Regardless, Trigen is only requesting an increase in its annual revenues of \$1,228,000.<sup>64</sup>

Trigen's witness, Brian P. Kirk, Vice President and General Manager of the company, provides several reasons for requesting an increase in revenue below Staff's recommended range and its own calculations of its revenue deficiency. Witness Kirk

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<sup>62</sup> According to Trigen witness Carver, Trigen utilized a "revenue crediting approach" for purposes of its calculations. Exh. 5, Carver Direct, p. 13. The Company has proposed the revenue crediting approach in this proceeding for several reasons. First, Trigen has never processed a steam rate case since Kansas City Power & Light Company divested its steam property in the early 1990's. Second, the assembly of this rate case filing was a major undertaking for the Company at a time when significant developments in downtown Kansas City demanded attention. Third, the revenue crediting methodology mitigates a significant portion of the overall revenue requirement without the need to commit significant resources to conduct detailed cost assignment and allocation studies and analyses. *Id.*

<sup>63</sup> Exh. 6, Hill Direct.

The annual form of the **DCF method** of calculating a fair return on common equity can be expressed algebraically by this equation:

$$k = D_1/P_s + g$$

where:     k     is the cost of equity;  
               g     is the constant annual growth rate of earnings, dividends and  
                           book value per share;  
               D<sub>1</sub>   is the expected next period annual dividend; and  
               P<sub>s</sub>   is the current price of the stock.

The **CAPM** describes the relationship between a security's investment risk and its market rate of return. This relationship identifies the rate of return that investors expect a security to earn so that its market return is comparable with the market returns earned by other securities that have similar risk. The general form of the CAPM is as follows:

$$k = R_f + \beta ( R_m - R_f )$$

where:     k           =     the expected return on equity for a specific security;  
               R<sub>f</sub>        =     the risk-free rate;  
               β           =     beta; and  
               R<sub>m</sub> - R<sub>f</sub>   =     the market risk premium.

See *In re Missouri American Water Co.* 2007 WL 4386054, Mo.P.S.C., October 4, 2007.

<sup>64</sup> Exh. 3, Kirk Direct, p. 5; Exh. 5, Carver Direct, p. 4.

opined:<sup>65</sup>

Trigen's rate case filing supports a calculated revenue deficiency of about \$2.6 million. Trigen is requesting, and the new tariffs filed by Trigen would result in a more modest rate increase of \$1,228,000. The Company has not filed tariffs seeking to increase rates to cover the entire calculated revenue deficiency. Trigen thinks it is prudent to limit the amount of the rate change we are imposing on our business customers through this rate proceeding for several reasons.

First, it has been eighteen years since Trigen's steam tariff rates were changed. During that period, the organization and ownership of Trigen-Kansas City has changed several times. Trigen's existing book depreciation rates were authorized by the Commission in the late 1980's, when the steam distribution system and the steam production facilities were owned by KCPL. We are proposing to change those depreciation rates for the first time in twenty years. As the Commission is well aware, under prior ownership, the Company inadvertently overlooked the regulatory requirement that our plant accounting must conform to net original cost at the time of our purchase of the steam properties in 1990. Over the last several years, the Company has committed resources to correct that deficiency and now maintains its accounting records on a net original cost basis. Furthermore, the Company agreed to maintain its accounting records in conformance with the FERC uniform system of accounts, rather than the system we inherited from prior owners.

Second, we also identified a need to modernize our tariff structure and related billing determinants. In the most recent two to three years, Trigen's customer load, steam sales and revenues have grown dynamically compared to the fifteen preceding years of Trigen's history. The cumulative effect of these changes on our plant and system are still in the process of being assimilated, and in fact the growth in load and revenue continues to be dynamic. In light of this, Trigen decided it was wise to move more moderately on cost recovery and structural change to rates. The changed rate structure as modeled accordingly recovers significantly less than the calculated revenue deficiency, as noted above. This approach is intended to provide flexibility in integrating the effect of these various changes into Trigen's first Missouri rate case in the Company's history.

Third, we continue to work on other strategies (e.g., efforts to reduce costs, add new customers, increase sales, etc.) that are expected to produce future benefits and further mitigate our need for rate relief. Rather than rely on our existing regulated customers as the first source of covering our earnings shortfall, it has been and continues to be our goal and objective to implement

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<sup>65</sup> Exh. 3, Kirk Direct, p. 5-7.

additional strategies before seeking additional rate relief beyond our pending filing. We have had success on these fronts in recent years, increasing annual revenues since 2005 by an expected \$7 million once Truman Medical Center achieves full year results. We are optimistic that continuing success with these pro-active measures will in itself serve to further reduce the earnings shortfall of their own accord, and with reduced need for future regulated rate relief.

Unlike many other regulated services, Trigen must compete with other available options for 100% of the heating service it provides to its customers. Trigen is therefore limiting its rate increase to moderate the impact on customers and maintain its customer base, ultimately to the benefit of all ratepayers. With all of our customers having other options for space heating supply, we want to do what we reasonably can to retain them. We would like to point out, however, that Trigen may find it necessary in some future rate proceeding to seek recovery of its full revenue deficiency. However, any subsequent rate proceeding would be commenced with an eye towards maintaining a high level of customer value and provision of service that is competitive with the offerings of our rivals. Obviously, any future rate relief sought by Trigen would be based on a new test year.

In the Agreement, the parties did not specifically agree to a rate base, rate of return or return on equity, but rather developed the request for approval of a \$1,228,000 increase in base rates based upon negotiation.<sup>66</sup> The revenue amounts embodied in the Agreement are exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar taxes.<sup>67</sup>

Because the parties are agreeing to a revenue increase below Staff's recommended rate of return, below the company's calculated revenue deficiency and below the national averages provided by Staff, the Commission must take into consideration Trigen's reasons for requesting a rate of return below its costs. The Commission notes there is no evidence in the record establishing any anticompetitive motivation on the part of Trigen and no objection by any of the parties to requested increase. The Commission further determines

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<sup>66</sup> Exh. 15, *Stipulation and Agreement*.

<sup>67</sup> *Id.*, p. 2.

that the concern of “rate shock” that exists after some eighteen years of no rate increases justifies Trigen’s moderate plan for cost recovery and structural change to rates.<sup>68</sup>

## **B. Rate Design**

Trigen and Staff began this case with differing proposals of rate design.<sup>69</sup> Ultimately, the signatory parties to the Agreement agreed to a change in Trigen’s rate design/rate structure/rate classes to (1) increase rates by the same percentage (20.5%) for all classes; (2) add demand based billing provisions for its larger customers in addition to its usage-based billing provisions; (3) eliminate its Vacant Building Rider and Alternate Heating Source tariffs; and (4) adopt a new Interruptible Heating Service tariff.<sup>70</sup> The Agreement also requires Trigen to file a class cost of service study as part of its next general rate case and file that case no later than 5 years from the effective date of the rates implemented in this case.<sup>71</sup> The Commission finds this approach helps to maintain the status quo, and equalize the effects of the overall rate increase across the appropriate classes of customers. The requirement for the filing of a new class cost of service study within five years will allow additional evaluation and further the maintenance of the appropriate rate design.

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<sup>68</sup> See the Commission’s discussion and conclusions of law regarding “rate shock” in Case Number WR-2000-281, *In the Matter of Missouri-American Water Company’s Tariff Sheets Designed to Implement General Rate Increase for Water and Sewer Service Provided to Customers in the Missouri Service Area of the Company*, Report and Order on Second Remand, Paragraph 9, pp. 12-13, effective December 14, 2007. It is within the province of the Commission to determine the methodology used for ratemaking. *Missouri Gas Energy v. Mo PSC*, 978 S.W.2d 434,440 (Mo. App. 1998); *State ex. rel. Associated Natural Gas v. Mo. PSC*, 706 S.W.2d 870, 880-82 (Mo. App. 1985).

<sup>69</sup> Exh. 12, Staff Report: Rate Design and Miscellaneous Tariff Issues.

<sup>70</sup> Exh. 15. *Stipulation and Agreement*, p. 2. These changes are embodied in the specimen tariff sheets attached to Agreement as Appendix A.

<sup>71</sup> *Id.* at p. 6.

### **C. Miscellaneous Issues Addressed by the Agreement**

The Agreement contains several additional tariff revisions, the setting of depreciation rates and various other accounting and recording provisions that have been previously listed in this order. In light of the unanimous Agreement by the parties and no evidence to indicate anything objectionable about these conditions, the Commission finds these provisions of the Agreement to be reasonable.

### **VI. Conclusions**

This case illustrates one of the most important public policy questions faced by this Commission: What is the proper balance between keeping rates affordable in order to protect the health and welfare of consumers, especially those with fixed or low incomes, and ensuring that utilities have the necessary cash flow to operate their businesses, maintain their infrastructures, and have an opportunity to earn a fair return on investment, which is necessary to encourage development and maintenance of infrastructure?<sup>72</sup> As already noted, both of these objectives are statutory duties of this Commission.

#### **A. Revenue Requirement**

The record reflects that Trigen has not received any increase in rates for operational costs over the rates established when it acquired the production and distribution system in 1990. The record reflects that regardless of the accounting approach utilized, Trigen is operating with a significant revenue deficiency. Trigen's moderate request for a revenue increase below its deficiency is reasonable under the circumstances and will serve the public interest.

The Agreement resulted from extensive negotiations between parties with diverse

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<sup>72</sup> See generally, Section 386.610.

interests and the Commission's neutral Staff. The parties agreed that the rates set out in the specimen tariff sheets attached to the Agreement are just and reasonable.<sup>73</sup>

The Commission further notes that no party to this action has objected to the annual revenue requirement, or to any component of any calculations, negotiations or compromise resulting in the annual revenue requirement as set forth in the Agreement. No party has contested this revenue requirement or demonstrated any inefficiency or improvidence on the part of Trigen to challenge the justification of this increase in its revenue requirement. No party requested a hearing on any issue related to the determination of the annual revenue requirement,

The Commission concludes that increasing Trigen's base rates by \$1,228,000 results in a just and reasonable revenue requirement for Trigen that is fair to both the utility and its customers. This revenue requirement is concluded to be no more than is sufficient to keep Trigen's utility plants in proper repair for effective public service, and insure to Trigen's investors a reasonable return upon funds invested. The Commission shall approve the Agreement as to Trigen's annual revenue requirement, in all respects, as encompassed in the Agreement.

## **B. Rate Design**

No party has objected to any Class Cost of Service allocation factors or any other billing determinants utilized for the purpose of determining rate design in the Agreement. No party objected to any component of any calculations, negotiations or compromise resulting in determining the rate design as set forth in the Agreement. The Commission concludes the rate design in the Agreement is just and reasonable and is fair to both the

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<sup>73</sup> Exh. 15, *Stipulation and Agreement*.

utility and its customers. No party requested a hearing on any issue related to the determination of the rate design. The Commission shall approve the Agreement as to rate design, in all respects, as encompassed in the Agreement.

### **C. Miscellaneous Tariff Provisions**

After reviewing the remainder of the items encompassed in the Agreement, as outlined above, and the parties' positions on, or lack of position on, those items, the Commission finds the proposed items to be reasonable as adjunctive provisions of the Agreement. No party has objected to the miscellaneous tariff provisions, or to any component of any calculations, negotiations or compromise resulting in determining the miscellaneous tariff provisions as set forth in the Agreement. No party requested a hearing on any issue related to the determination of the miscellaneous tariff provisions as set forth in the Agreement.

These remaining items proposed in the Agreement are acceptable to all concerned parties as evidenced by these parties being signatories to the Agreement and having not objected to these items.<sup>74</sup> The Commission shall approve all of the miscellaneous tariff provisions as encompassed in the Agreement.

## **VII. Final Decision**

Based on the agreement of the parties and the testimony of the parties' witnesses, the Commission finds that the parties have reached a just and reasonable settlement in this case. Rate increases are necessary from time to time to ensure utilities have the cash flow to maintain safe and adequate service. Accordingly, the specimen tariff sheets attached to the Stipulation and Agreement are just and reasonable. The Commission shall authorize

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<sup>74</sup> Exh. 15, *Stipulation and Agreement*.

Trigen to file tariffs in compliance with the Agreement. The parties shall be directed to comply with the terms of the Agreement.

The revised tariff sheets to be filed shall be marked with an effective date which is at least 30 days past the issue date. The Commission notes that the parties have agreed to a goal of the tariffs becoming effective no later than November 1, 2008; however, upon motion without objection and upon confirmation that the tariff filings are in compliance with this order and the Agreement, the Commission may expedite the effective date for good cause shown.

**IT IS ORDERED THAT:**

1. The Stipulation and Agreement filed on September 9, 2008, is hereby approved as the resolution of all issues in case number HR-2008-0300. A copy of the Stipulation and Agreement is attached to this order.

2. The signatories to the Stipulation and Agreement are ordered to comply with the terms of the Stipulation and Agreement.

3. The steam heat service tariff sheets, tariff tracking numbers YH-2008-0553 and YH-2008-0554, submitted on March 11, 2008, by Trigen-Kansas City Energy Corporation for the purpose of increasing rates for steam service are hereby rejected.

4. The specific tariff sheets rejected are:

**P.S.C. Mo. No. 1**

**First Revised Sheet No. 1, Cancelling Original Sheet No. 1**  
**First Revised Sheet No. 2, Cancelling Original Sheet No. 2**  
**First Revised Sheet No. 3, Cancelling Original Sheet No. 3**  
**First Revised Sheet No. 4, Cancelling Original Sheet No. 4**  
**Third Revised Sheet No. 5, Cancelling Second Revised Sheet No. 5**  
**Third Revised Sheet No. 6, Cancelling Second Revised Sheet No. 6**  
**Second Revised Sheet No. 7, Cancelling First Revised Sheet No. 7**  
**Third Revised Sheet No. 8, Cancelling Second Revised Sheet No. 8**  
**Second Revised Sheet No. 9, Cancelling First Revised Sheet No. 9**



First Revised Sheet No. 10, Cancelling Original Sheet No. 10  
First Revised Sheet No. 11, Cancelling Original Sheet No. 11  
First Revised Sheet No. 12, Cancelling Original Sheet No. 12  
Second Revised Sheet No. 13, Cancelling First Revised Sheet No. 13  
First Revised Sheet No. 14, Cancelling Original Sheet No. 14  
First Revised Sheet No. 15, Cancelling Original Sheet No. 15  
First Revised Sheet No. 16, Cancelling Original Sheet No. 16  
First Revised Sheet No. 17, Cancelling Original Sheet No. 17  
First Revised Sheet No. 18, Cancelling Original Sheet No. 18

**P.S.C. Mo. No. 2**

First Revised Sheet No. 1, Cancelling Original Sheet No. 1  
First Revised Sheet No. 2, Cancelling Original Sheet No. 2  
First Revised Sheet No. 5, Cancelling Original Sheet No. 5  
First Revised Sheet No. 8, Cancelling Original Sheet No. 8  
Second Revised Sheet No. 9, Cancelling First Revised Sheet No. 9  
First Revised Sheet No. 11, Cancelling Original Sheet No. 11  
First Revised Sheet No. 12, Cancelling Original Sheet No. 12  
First Revised Sheet No. 15, Cancelling Original Sheet No. 15  
First Revised Sheet No. 17, Cancelling Original Sheet No. 17  
First Revised Sheet No. 19, Cancelling Original Sheet No. 19  
First Revised Sheet No. 21, Cancelling Original Sheet No. 21  
First Revised Sheet No. 22, Cancelling Original Sheet No. 22  
First Revised Sheet No. 23, Cancelling Original Sheet No. 23  
First Revised Sheet No. 25, Cancelling Original Sheet No. 25  
First Revised Sheet No. 27, Cancelling Original Sheet No. 27  
First Revised Sheet No. 29, Cancelling Original Sheet No. 29  
First Revised Sheet No. 30, Cancelling Original Sheet No. 30  
First Revised Sheet No. 31, Cancelling Original Sheet No. 31

5. Trigen-Kansas City Energy Corporation is authorized to file tariffs in compliance with the terms of the Stipulation and Agreement.

6. Tariffs filed in accordance with Ordered Paragraph #5 shall be filed with an effective date which is at least 30 days after its issue date; however, Trigen-Kansas City Energy Corporation may seek expedited approval of its tariffs, if such tariffs are in compliance with the Stipulation and Agreement, as described in the body of this order.

7. The Commission authorizes Trigen to adopt the depreciation rates delineated in the Stipulation and Agreement.

8. The Commission concludes that Trigen-Kansas City Energy Corporation has complied with the requirements of Case Number HM-2004-0618 regarding the correction and restatement of its plant-in-service and accumulated depreciation reserve.


9. Trigen-Kansas City Energy Corporation shall file a class cost of service study as part of its next general rate case and file that general rate case no later than five years from the effective date of the rates implemented in this case.

10. The prefiled testimony (including all exhibits, appendices, schedules, etc. attached thereto), all reports of all witnesses and a copy of the Stipulation and Agreement are admitted into evidence. A copy of the exhibits list is attached to this order.

11. The procedural schedule adopted by the Commission on April 28, 2008 and subsequently modified on June 24, 2008, that was suspended on September 17, 2008, is hereby canceled.

12. This order shall become effective on September 26, 2008.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is written over a horizontal line.

**Colleen M. Dale**  
**Secretary**

( S E A L )

Davis, Chm., Murray, Clayton, Jarrett,  
and Gunn, CC., concur.

Stearley, Senior Regulatory Law Judge

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

In the Matter of the Tariff Filing of	)	
Trigen-Kansas City Energy Corporation	)	
To Implement a General Rate Increase for	)	Case No. HR-2008-0300
Regulated Steam Heating Service Provided	)	
To Customers in the Company's Missouri	)	
Service Area	)	

**STIPULATION AND AGREEMENT**

COME NOW Trigen-Kansas City Energy Corporation ("Trigen"); the Staff of the Missouri Public Service Commission ("Staff"); the Office of the Public Counsel ("OPC"); Kansas City Power & Light Company ("KCPL"); the City of Kansas City, Missouri ("City"); and Jackson County, Missouri ("County")(collectively the "Parties" or individually a "Party"), and respectfully submit to the Missouri Public Service Commission ("Commission") the following Stipulation and Agreement (the "Stipulation").

**Issues Settled.** This Stipulation is intended to settle all issues among the Parties for purposes of Case No. HR-2008-0300. The Parties request that the Commission approve this Stipulation as a resolution of all issues in Case No. HR-2008-0300.

**Revenue Increase.** The tariff sheets filed by Trigen with the Commission on March 11, 2008, proposed to increase Trigen's gross annual steam tariff revenues in the amount of \$1,228,000 exclusive of applicable fees and taxes. The Staff's direct case filed on August 1, 2008 determined that Trigen's revenue requirement deficiency was in excess of Trigen's requested increase. The Parties agree that the tariff sheets filed by

Trigen with the Commission on March 11, 2008, should be rejected and Trigen should be authorized to file with the Commission revised tariff sheets (as discussed further below) that are designed to increase Trigen's gross annual steam tariff revenues in the amount of \$1,228,000 exclusive of applicable fees and taxes. This is an approximate 20.5% increase in Trigen's gross annual steam tariff revenues, and is 100% of the amount requested in the Company's March 11, 2008 filing. The specimen tariff sheets designed to implement this agreement are attached to this Stipulation as **Appendix A**. The Commission, in any order approving this Stipulation, should authorize Trigen to file tariff sheets in complete conformance with the specimen tariff sheets attached to this Stipulation as **Appendix A**.

**Rate Design/Rate Structure/Rate Classes.** The rate design/rate structure/rate classes agreed to among the Parties is embodied in the specimen tariff sheets which are attached to this Stipulation as **Appendix A**. These tariff sheets reflect, among other things, a change in Trigen's rate design/rate structure/rate classes to (1) increase rates by the same equal percentage (20.5%) for all classes; (2) add demand-based billing provisions for its larger customers in addition to its usage-based billing provisions; (3) eliminate its Vacant Building Rider and Alternate Heating Source tariffs; and (4) adopt a new Interruptible Heating Service tariff.

**Other Tariff Changes.** The Parties agree that Trigen should be authorized to file with the Commission revised tariff sheets to implement certain changes in its tariffs. The specimen tariff sheets designed to implement this agreement are attached to this Stipulation as **Appendix A**. These changes include, in addition to those changes already discussed, revisions to the tariff language concerning interest on customer deposits, changes concerning estimation of bills, changes to reflect the changes which

have been made to the rates, and changes to correct errors in Trigen's existing tariffs. Additional non-substantive changes, limited to grammatical and organizational revisions, are reflected in the attached specimen tariff sheets. Trigen should be authorized to file tariff sheets in complete conformance with the attached specimen sheets.

### **Depreciation.**

(a) The Commission should authorize Trigen to adopt the following depreciation rates:

FERC Electric Account	Steam Heat Account	Account Name	Average Service Life Yrs	Life Rate %	Net Salvage Percent %	Net Salvage Rate %	Depreciation Rate %
311.0	711.0	Structures and Improvements	30.5	3.28%-1.0%	-0.03%	0.00%	
312.0	712.0	Boiler Plant Equipment	28.6	3.50%-4.0%	-0.14%	0.00%	
314.0	314.0	Turbogenerator Units	32.3	3.10%-1.0%	-0.03%	0.00%	
315.0	715.0	Accessory Electric Equipment	31.3	3.19%-1.0%	-0.03%	0.00%	
316.0	716.0	Misc. Power Plant Equipment	28	3.57%2.0%	0.07%	0.00%	
361.0	761.0	Distribution Structures	32	3.13%-1.0%	-0.03%	0.00%	
362.0	762.0	Distribution Station Equipment	42	2.38%-1.0%	-0.02%	2.40%	
366.0	766.0	Underground Conduit and Manholes	50	2.00%-1.0%	-0.02%	2.02%	
369.0	769.0	Services	40	2.50%0.0%	0.00%	2.50%	
370.0	770.0	Meters	21	4.76%0.0%	0.00%	4.76%	
391.0	791.0	Office Furniture and Equipment	24	4.17%0.0%	0.00%	4.17%	
394.0	794.0	Tools, Shop, and Garage Equipment	28	3.57%-3.0%	-0.11%	3.68%	
397.0	797.0	Communications Equipment	27	3.70%0.0%	0.00%	3.70%	
398.0	798.0	Miscellaneous Equipment	24	4.17%11.0%	0.46%	3.71%	

The Company shall keep a separate accounting of the prospective amounts accrued for recovery of its initial investment in plant from the amounts accrued for net salvage. The above table indicates the net salvage percentile used in determination of the depreciation rate. For the FERC Electric Production Plant Accounts 311.0, 312.0, 314.0, 315.0, 316.0 and the Distribution Structures Account 361.0, that have a depreciation rate of 0.00%, determination was made that current reserves for depreciation are more than sufficient to cover the net salvage requirement in aggregate resulting in no prospective accrual

requirement. For the remaining plant accounts the amounts accrued for the cost of removal of plant can be determined from the above table. [For clarification, the negative net salvage rate is additive to the life rate in determining the composite depreciation rate for each of the remaining plant accounts.]

(b) The Commission should authorize Trigen to adopt the reserve reallocation(s) as set forth in Column 9 of Appendix 3 to the Staff Report on Cost of Service filed in this case by Staff.

#### **Case No. HM-2004-0618 Provisions**

(a) The Parties agree that the Commission's order approving this Stipulation should find that Trigen has complied with the requirements of Case No. HM-2004-0618 regarding the correction and restatement of its plant-in-service and accumulated depreciation reserve.

(b) Trigen shall continue to maintain the subsidiary plant-in-service and accumulated depreciation reserve spreadsheet model as further support for the recorded asset, reserve and depreciation accrual process.

**Distribution of Payroll.** Trigen shall develop and implement an expansion of its current time reporting system to capture labor hours and allow the recording of labor costs by detailed operating and maintenance expense account. This expansion will involve modifications to the time reporting process and education of field personnel on the implementation of such modifications.

**City of Kansas City and Jackson County Accounts.** The provisions of this section of the Stipulation shall only apply to accounts in the name of the City or the County which are in existence on the Tariff Effective Date ("Tariff Effective Date" as defined below) and which continue to exist for twelve months following the Tariff Effective Date, and shall only apply for the first twelve months following the Tariff

Effective Date (i.e., the provisions of this section shall sunset twelve months after the Tariff Effective Date). Furthermore, the provisions of this section of the Stipulation are expressly contingent on all Parties in this case either signing this Stipulation or not opposing this Stipulation so that it is treated by the Commission as a unanimous stipulation and agreement as set forth in Commission Rule 4 CSR 240-2.115; if anyone opposes this Stipulation so that a contested hearing is required in this case, the provisions of this section shall become void. For each of the first twelve months subsequent to the effective date of the tariffs approved in this case (the “Tariff Effective Date”), using the then-current month’s billing units Trigen will issue a bill for each City and County account pursuant to the new rate schedule resulting from this case which is applicable to each account and the City and County shall pay such bill(s). For each of the first twelve months subsequent to the “Tariff Effective Date”, using the then-current month’s billing units Trigen will also calculate the difference in the bill for each City and County account between the bill determined under the new applicable rate schedule (LCS, SCS or IHS) and what the bill would have been under the rate schedule applicable prior to this case (SSS or AHS). At the end of the twelve month period, the differences for all accounts will be accumulated separately for the City and County (i.e. differences for all City accounts will be accumulated and differences for all County accounts will be accumulated) and the percentage increase in the annual aggregate billing to both the City and County resulting from the rate schedules approved in this case, if any, will be determined. If the City’s and/or County’s annual aggregate bill for all accounts increased by more than 20.5%, the amount over 20.5% will be refunded. In this or any subsequent

rate case, all other customers will be held harmless from any resulting refund pursuant to this provision.

**Class Cost of Service Study and Filing of Next Rate Case.** Trigen shall file a class cost of service study as part of its next general rate case and file that general rate case no later than five (5) years from the effective date of the rates implemented in this case. Trigen shall meet with the Parties no less than nine (9) months prior to filing its next general rate case to collaboratively develop the parameters of Trigen's class cost of service study. Any Party shall thereafter have the right to convene a meeting to discuss the development and results of the class cost of service study.

**Effective Date.** The Parties agree to a goal of a November 1, 2008 effective date for the tariff sheets agreed to herein. Trigen respectfully requests that the Commission consider and approve this Stipulation and Agreement in sufficient time for the tariffs proposed herein to become effective by November 1, 2008, or as soon thereafter as is reasonably practicable. No party objects to Trigen's request.

In the event the Commission does not deem the November 1, 2008 effective date to be practicable, the Parties request the Commission to permit the rate increase to take effect as soon thereafter as possible. The Parties will make their witnesses and attorneys available at any duly-noticed on-the-record session scheduled by the Commission. If the Commission deems such an on-the-record session necessary, the Parties agree to cooperate in presenting this Stipulation to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation.

**Testimony Received Into Evidence.** Unless called by the Commission to respond to questions, in the event the Commission approves this Stipulation without



modification or condition, the prefiled testimony (including all exhibits, appendices, schedules, etc. attached thereto) and reports of all witnesses in this proceeding shall be received into evidence without the necessity of those witnesses taking the witness stand.

### **General Provisions**

(a) This Stipulation is being entered into solely for the purpose of settling Case No. HR-2008-0300. Unless otherwise explicitly provided herein, none of the Parties to this Stipulation shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology, cost of capital methodology or capital structure, rate design principle or methodology, or depreciation principle or methodology, and except as explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation (whether this Stipulation is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation.

(b) This Stipulation has resulted from extensive negotiations among the Parties and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Party shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

(c) If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in

accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

(d) In the event the Commission approves the specific terms of this Stipulation without condition or modification, the Parties waive their respective rights to call, examine, and cross-examine witnesses pursuant to § 536.070(2) RSMo 2000; present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. These waivers apply only to a Commission order approving this Stipulation without condition or modification issued in this above-captioned proceeding and only to the issues that are resolved hereby. These waivers do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

(e) The Staff may file suggestions or a memorandum in support of this Stipulation. Each of the Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive

memorandum, which shall also be served on all Parties. The contents of any suggestions or memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other Parties to this Stipulation, whether or not the Commission approves and adopts this Stipulation.

WHEREFORE, the undersigned Parties respectfully request that the Commission issue its order approving this Stipulation subject to the specific terms and conditions contained herein and authorize Trigen-Kansas City Energy Corporation to file tariff sheets in conformance with the specimen tariff sheets attached hereto as **Appendix A**.

Respectfully submitted,

s/ Kevin A. Thompson  
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Missouri Public Service Commission  
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Attorney for the City of Kansas City, Missouri  
and Jackson County

**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 9<sup>th</sup> day of September, 2008.

Sarah Lynne Kliethermes

P.S.C.MO. NO.	<u>1</u>	(Original) SHEET No.	<u>1</u>
		1st (Revised)	
Cancelling P.S.C.MO. NO.	<u>1</u>	(Original) SHEET No.	<u>1</u>
		(Revised)	
<u>Trigen-Kansas City Energy Corporation</u>		For	<u>Kansas City, MO</u>
Name of Issuing Corporation			Community, Town or City

# **RATES FOR STEAM SERVICE**

## **TERRITORIAL DESCRIPTION** **TRIGEN-KANSAS CITY ENERGY CORPORATION** **PUBLIC UTILITY STEAM SERVICE BOUNDARY LINE**

Beginning on the east line of Grand Avenue at 1st Street;  
 thence northerly along the east line of Grand Avenue to the intersection of  
 the northerly projection of the east line of Grand Avenue and the south  
 bank of the Missouri River;  
 thence westerly along the south bank of the Missouri River to Broadway,  
 thence southerly along Broadway to the south line of Interstate 70;  
 thence westerly along the south line of Interstate 70 to the east line of  
 Interstate 35;  
 thence southerly along the east line of Interstate 35 to the north line of  
 Interstate 670;  
 thence easterly along the north line of Interstate 670 to the west line of  
 Broadway;  
 thence southerly along the west line of Broadway to the south line of 16th  
 Street;  
 thence easterly along the south line of 16th Street to the east line of  
 Central;  
 thence northerly along the east line of Central to the north line of  
 Interstate 670;  
 thence easterly along the north line of Interstate 670 to the west line of  
 Locust Street and the north line of Interstate 670;  
 thence southerly along the west line of Locust Street to the south line of  
 25<sup>th</sup> Street;  
 thence easterly along the south line of 25<sup>th</sup> Street to the east line of  
 Campbell Street;  
 thence northerly along the east line of Campbell Street to the intersection  
 of the northerly projection of the east line of Campbell Street and the  
 south line of 11<sup>th</sup> Street;  
 thence westerly along the south line of 11<sup>th</sup> Street to a point on the west  
 line of Interstate 70;  
 thence northerly along the west line of Interstate 70 to a point where  
 Interstate 70 turns westerly and continuing westerly along the south line  
 of Interstate 70 to a point lying on the northerly projection of the east  
 line of Superior Street;  
 thence northerly across Interstate 70 to the southeast corner of the  
 intersection of Oak Street and Independence Avenue;  
 thence northerly along the east line of Oak Street to the intersection of  
 the northerly projection of Oak Street and the north line of 2nd Street;  
 thence westerly along the north line of 2nd Street to the east line of  
 Grand Avenue;  
 thence northerly along the east line of Grand Avenue to the point of  
 beginning.

## **APPENDIX A**

DATE OF ISSUE	<u>          month  day  year          </u>	DATE EFFECTIVE	<u>          month  day  year          </u>
ISSUED BY:	<u>Brian P. Kirk Vice President &amp; General Manager</u>		<u>115 GRAND AVENUE</u>
	name of officer	title	address
			<u>KANSAS CITY, MO 64106</u>

P.S.C.MO. NO. 1

(Original) SHEET No. 2

Cancelling P.S.C.MO. NO. 1

1st (Revised)

(Original) SHEET No. 2

(Revised)

Trigen-Kansas City Energy Corporation

For

Kansas City, MO

Name of Issuing Corporation

Community, Town or City

### **RATES FOR STEAM SERVICE**

All streets and freeways referred to above are as now established and are located within the City of Kansas City, Jackson County, Missouri.

The above described territory is further depicted in the map on P.S.C. Mo. No.1, Sheet No.3.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1

(Original) SHEET No. 3

1st (Revised)

Cancelling P.S.C.MO. NO. 1

(Original) SHEET No. 3

(Revised)

Trigen-Kansas City Energy Corporation

For

Kansas City, MO

Name of Issuing Corporation

Community, Town or City

## RATES FOR STEAM SERVICE



DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1

(Original) SHEET No. 4

Cancelling P.S.C.MO. NO. 1

1st (Revised)

(Original) SHEET No. 4

(Revised)

Trigen-Kansas City Energy Corporation  
Name of Issuing Corporation

For Kansas City, MO  
Community, Town or City

**RATES FOR STEAM SERVICE**

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DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address



P.S.C.MO. NO. 1(Original) SHEET No. 5

3rd (Revised)

Cancelling P.S.C.MO. NO. 1(Original) SHEET No. 5

2nd (Revised)

Trigen-Kansas City Energy Corporation

For

Kansas City, MO

Name of Issuing Corporation

Community, Town or City

**RATES FOR STEAM SERVICE**

## TRIGEN KANSAS CITY

## RATES FOR STEAM SERVICE

## STANDARD COMMERCIAL SERVICE ("SCS") SCHEDULE

Trigen-Kansas City Energy Corporation (the "Company") shall provide steam service at the rates set forth below under the provisions of customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

## I. AVAILABILITY:

All customers using 5,000 mlbs, or less, of total annual steam usage. This rate is also applicable to those customers otherwise qualifying for the LCS rate schedule whose demand the Company determines cannot be reasonably or accurately measured using a demand meter.

## II. STEAM CHARGE:

In addition to any Meter Charge, the Company shall bill Customer a monthly Steam Charge (in thousand pounds of steam or "mlbs") based on customer's actual metered usage in the prior month by reference to the rate table below:

For the first 5 mlbs per month; (\$6.52 + \$13.97) X mlbs

For the next 20 mlbs per month; (\$6.52 + \$12.74) X mlbs

For the next 75 mlbs per month; (\$6.52 + \$10.05) X mlbs

For all mlbs over 100 per month; (\$6.52 + \$8.39) X mlbs

## III. METER CHARGE.

In addition to any Steam charge, and irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$75 per month for the first meter and \$50 per month for each additional meter.

DATE OF ISSUE                       
month day yearDATE EFFECTIVE                       
month day yearISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1  
Cancelling P.S.C.MO. NO. 1

(Original) SHEET No. 6  
3rd (Revised)  
(Original) SHEET No. 6  
2nd (Revised)

Trigen-Kansas City Energy Corporation  
Name of Issuing Corporation

For Kansas City, MO  
Community, Town or City

### RATES FOR STEAM SERVICE

TRIGEN KANSAS CITY  
RATES FOR STEAM SERVICE  
STANDARD COMMERCIAL SERVICE ("SCS") SCHEDULE

The Company generally will install one meter to measure service to a customer's premises. In certain circumstances, more than one meter may be necessary in order properly register steam usage over a Customer's entire load range. In those instances, the Company will install an additional meter(s).

#### IV. TAX ADJUSTMENT.

There shall be added to the monthly bill of the customer, as separate items, a surcharge equal to the proportionate part of any license, occupation or other similar fee or tax applicable to steam service by the Company to the customer, which fee or tax is imposed upon the Company by taxing authorities on the basis of the gross receipts, net receipts or revenues from the steam sales by the Company.

#### V. GENERAL RULES AND REGULATIONS.

All customers shall be subject to the General Rules and Regulations which are filed separately.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1

(~~Original~~) SHEET No. 7

Cancelling P.S.C.MO. NO. 1

2nd (Revised)

(~~Original~~) SHEET No. 7

1st (Revised)

Trigen-Kansas City Energy Corporation

For Kansas City, MO

Name of Issuing Corporation

Community, Town or City

**RATES FOR STEAM SERVICE**

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DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 8  
3rd (Revised)  
Cancelling P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 8  
2nd (Revised)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

**RATES FOR STEAM SERVICE**

TRIGEN KANSAS CITY  
RATES FOR STEAM SERVICE

LARGE COMMERCIAL SERVICE ("LCS") SCHEDULE

Trigen-Kansas City Energy Corporation (the "Company") shall provide steam service at the rates set forth below under the provisions of customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

I. AVAILABILITY

All customers using greater than 5000 mlbs total annual steam usage, provided that this rate is not available for those customers with greater than 5000 mlbs annual steam usage whose demand the Company determines cannot reasonably or accurately be measured with a demand meter.

II. DEMAND CHARGE.

- A. In addition to any Usage Charge and Meter Charge, all LCS customers who take steam for substantially 100% of their space heating needs and optionally for their air conditioning needs, shall pay a demand charge, as determined below.
- B. The annual demand charge shall be based on the demand charge rates in Section C below and the Billing Demand as defined in Section D below. The annual demand charges, as listed in section C, shall be billed in twelve equal monthly installments.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager 115 GRAND AVENUE  
name of officer title address KANSAS CITY, MO. 64106

P.S.C.MO. NO.	<u>1</u>	( <del>Original</del> ) SHEET No.	<u>9</u>
		2nd (Revised)	
Cancelling P.S.C.MO. NO.	<u>1</u>	( <del>Original</del> ) SHEET No.	<u>9</u>
		1 <sup>st</sup> (Revised)	
<u>Trigen-Kansas City Energy Corporation</u>		For	<u>Kansas City, MO</u>
Name of Issuing Corporation			Community, Town or City

### RATES FOR STEAM SERVICE

#### TRIGEN KANSAS CITY

#### RATES FOR STEAM SERVICE

#### LARGE COMMERCIAL SERVICE ("LCS") SCHEDULE

- C. ANNUAL DEMAND CHARGE SCHEDULE (billed in twelve equal monthly installments in thousand pounds of steam (or "mlbs") per hour):

First 3 mlbs/hour of Billing Demand; \$13,693.22 per mlb/hour up to \$41,079.66.

The next 2 mlbs/hour up to a total of 5 mlbs/hour of Billing Demand; \$11,654.13 per mlb/hour.

The next 3 mlbs/hour up to a total of 8 mlbs/hour of Billing Demand, \$11,362.97 per mlb/hour.

For all pounds/hour over 8 mlbs/hour of Billing Demand; \$10,995.54 per mlb/hour.

- D. Billing Demand: For purposes of calculating Demand Charges, the term "Billing Demand" for existing customers means the Customer's highest hourly peak consumption of steam in any 60-minute interval in the two immediately preceding, completed December 1-March 31 time frames. However, for tariff transitional purposes, the Billing Demand will be based on the prior year December 1-March 31 time frame until April 1, 2010.

- (i) Demand charges will be recalculated each year in April and apply to all billings for services rendered after March 31 of each year.
- (ii) For new Customers not receiving steam service from Trigen as of the effective date of these tariffs, the initial year's Billing Demand will be determined by mutual agreement between the Company and the Customer.

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager 115 GRAND AVENUE  
name of officer title address KANSAS CITY, MO 64106

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 10  
Cancelling P.S.C.MO. NO. 1 1st (~~Revised~~)  
(Original) SHEET No. 10  
(~~Revised~~)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

**RATES FOR STEAM SERVICE**

TRIGEN KANSAS CITY  
RATES FOR STEAM SERVICE

LARGE COMMERCIAL SERVICE ("LCS") SCHEDULE

III. USAGE CHARGE

- A. In addition to any Demand Charge and Meter Charge The Company shall charge Customer a Usage charge of \$6.52 per mlb for each one thousand pounds (mlb) of steam consumed.
- B. The Usage Charge shall be computed and billed monthly based on the consumption of steam by the customer, as measured by the Company's meters, or estimated as set forth in the general rules and regulations.

IV. METER CHARGE.

In addition to any Demand Charge and Usage Charge, and irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$100 per month for the first meter and \$50 per month for each additional meter required. The Company generally will install one meter to measure service to a customer's premises. In certain circumstances, more than one meter may be necessary in order to properly register steam demand and/or usage over a Customer's entire load range. In those instances, the Company will install an additional meter(s).

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager 115 GRAND AVENUE  
name of officer title address KANSAS CITY, MO 64106

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 11  
Cancelling P.S.C.MO. NO. 1 1st (~~Revised~~)  
(Original) SHEET No. 11  
(~~Revised~~)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

**RATES FOR STEAM SERVICE**

TRIGEN KANSAS CITY  
RATES FOR STEAM SERVICE  
LARGE COMMERCIAL SERVICE ("LCS") SCHEDULE

V. TAX ADJUSTMENT.

There shall be added to the monthly bill of the customer, as separate items, a surcharge equal to the proportionate part of any license, occupation or other similar fee or tax applicable to steam service by the Company to the customer, which fee or tax is imposed upon the Company by taxing authorities on the basis of the gross receipts, net receipts or revenues from the steam sales by the Company.

VI. GENERAL RULES AND REGULATIONS.

All customers shall be subject to the General Rules and Regulations which are filed separately.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager 115 GRAND AVENUE  
name of officer title address KANSAS CITY, MO 64106

P.S.C.MO. NO. 1

(Original) SHEET No. 12

Cancelling P.S.C.MO. NO. 1

1st (Revised)

(Original) SHEET No. 12

(Revised)

Trigen-Kansas City Energy Corporation

For

Kansas City, MO

Name of Issuing Corporation

Community, Town or City

**RATES FOR STEAM SERVICE**

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DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address



P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 13  
Cancelling P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 13  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

Trigen-Kansas City Energy Corporation (the "Company") shall provide steam service at the rates set forth below under the provisions of customer service agreements which shall include the provisions of the Company's general rules and regulations in effect and on file and the Commission's applicable general orders.

I. AVAILABILITY

This rate schedule is available to any Customer meeting the eligibility requirements for Interruptible Heating Service under the following conditions:

(a) Prior to the effective date of this rate schedule, a qualifying Customer must be receiving service from Company under either the Company's Alternative Heating Source Steam Service (Small) rate schedule or Alternative Heating Source Steam Service (Large) rate schedule at the Premises in question. Customer also must have on Customer's Premises (or, if approved by the Company, be connected, via permanent piping, to) a permanent, operable steam or hot water space heating source located on-site (or, in the case of company-approved connection, located in an adjacent building) and sized to provide for the Customer's total space heating requirement.

(b) The Customer agrees to use steam delivered by Trigen to satisfy all the Customer's space heating requirements otherwise supplied by the on-site space heating source.

(c) Notwithstanding any other provisions hereof, Trigen may decline to enter into any steam service agreement for Interruptible Heating Steam Service when, in Trigen's sole judgment, Trigen has insufficient resources to carry out its obligations under the agreement.

(d) Customers annual steam consumption shall be less than 100,000 mlbs.

(e) As of the effective date of this rate schedule at the request of the Company, a Customer desiring service under this rate schedule must certify to Trigen's satisfaction

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager 115 GRAND AVENUE  
name of officer title address KANSAS CITY, MO 64106

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 14  
Cancelling P.S.C.MO. NO. 1 1st (Revised) (Original) SHEET No. 14  
(Revised)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

that the on-site space heating source (referred to in section I (a) of this schedule above) is capable of providing 100% of the Customer's space heating requirement, independent of Trigen service.

(f) At Trigen's sole discretion, but in general only when necessary to assist in Trigen's steam system capacity requirements by reduction of demand, Trigen may temporarily interrupt up to 100% of steam service to the Customer served under this rate schedule. Such interruption will be imposed only after a minimum twelve (12) hour advance notice to Customer. Interruptions shall not exceed forty-eight (48) hours in duration. No customer shall be interrupted under this schedule more than six times in any calendar year.

(g) At Trigen's sole discretion, Trigen may periodically confirm compliance with the terms of this rate schedule by requesting demonstration of Customer's ability to supply 100% of space heating requirements from its installed permanent space heating source.

(h) In the event any Customer taking service under this rate schedule can no longer meet the eligibility requirements set forth above, Trigen will provide written notice to the Customer informing the Customer of such ineligibility. Customer shall have thirty (30) days from such notice to correct such ineligibility and apply to re-qualify for the rate. If the Customer elects not to correct the deficiency, delivery of Trigen steam service shall continue, albeit pursuant to the Large Commercial (LCS) or Small Commercial (SCS) rate schedule terms, as applicable, effective upon the expiration of the 30-day period. Customer shall remain on such SCS or LCS tariff (as applicable) from that point onward, or until the Customer chooses a means of space heating other than steam service from Trigen.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year  
115 GRAND AVENUE

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 15  
Cancelling P.S.C.MO. NO. 1 1st (Revised) (~~Original~~) SHEET No. 15  
(Revised)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

(i) Availability of this rate schedule is restricted to those Customers that are in full compliance with the provisions set forth above. Service under this rate schedule shall only be available to such customers who continuously qualify for and remain hereon from the effective date of this rate schedule.

(j) Former AHS Customers who do not qualify for or choose not to receive service under this schedule will be served under the LCS Schedule or SCS Schedule, as applicable.

II. APPLICABILITY AND CHARACTER OF SERVICE

(a) This rate schedule shall apply to all steam service supplied by Trigen pursuant to an executed Steam Service Agreement under this rate schedule.

(b) Customers may use their on-site heating source during any period of steam service interruption, consistent with the availability provisions set forth above.

III. RATE

(a) The Customer shall pay for all steam delivered under an executed Steam Service Agreement in accordance with this rate schedule (IHS). Any renewals of this agreement shall be at this or any superseding rate schedule(s) applicable to this service as filed with the Missouri Public Service Commission and as may be lawfully revised from time-to-time.

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year  
115 GRAND AVENUE

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 16  
Cancelling P.S.C.MO. NO. 1 1st (Revised) (Original) SHEET No. 16  
(Revised)  
Trigen-Kansas City Energy Corporation For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

IV. MONTHLY BILL

The bill for steam delivered each monthly billing period under this rate schedule shall be the sum of the Meter Charge, Usage Charge, one-twelfth of the Annual Capacity Charge, and applicable taxes and fees as follows:

(a) Irrespective of whether there is steam usage by Customer in a given month, there shall be a meter charge of \$100 per month for the first meter and \$50 per month for each additional meter. The Company generally will install one meter to measure service to a customer's premises. In certain circumstances, more than one meter may be necessary in order properly register steam usage over a Customer's entire load range. In those instances, the Company will install an additional meter(s).

(b) The Company shall charge Customer a Usage charge of \$6.52 per mlb for each one thousand pounds (mlb) of steam consumed.

(c) Annual Capacity Charge

1. Heating Period is defined as a period of steam service from December 1 through March 31.

2. Peak Usage is the Customer's highest hourly peak consumption of steam in any sixty minute interval during the immediately preceding, completed Heating Period.

3. Capacity Charges will be recalculated each year in April and apply to all billings for services rendered after March 31.

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P.S.C.MO. NO. 1 (~~Original~~) SHEET No. 17  
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For Kansas City, MO  
Name of Issuing Corporation Community, Town or City

TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

4. The Annual Capacity Charge shall equal the number of dollars as calculated based on the rate table below and the Customer's Peak Usage as determined above.

Annual Capacity Charge is:

First 3.0 mlbs/hour of peak usage:  
\$4,289.30 per mlb/hour up to \$12,867.89.

Over 3.0 and less than 5.0 mlbs/hour of peak usage:  
\$12,867.89 plus \$4,607.02 for each 1.0 mlbs/hr over 3.0 mlbs/hr.

Over 5.0 and less than 8.0 mlbs/hour of peak usage:  
\$20,572.74 plus \$3,852.43 for each 1.0 mlb/hr over 5.0 mlbs/hr.

Over 8.0 and less than 10.0 mlbs/hour of peak usage:  
\$29,508.78 plus \$2,978.68 for each 1.0 mlb/hr over 8.0 mlbs/hr.

Over 10.0 and less than 12.0 mlbs/hour of peak usage:  
\$34,036.37 plus \$2,263.80 for each 1.0 mlb/hr over 10.0 mlbs/hr.

Over 12.0 and less than 15.0 mlbs/hour of peak usage:  
\$38,325.67 plus \$2,144.65 for each 1.0 mlb/hr over 12.0 mlbs/hr.

Over 15.0 mlbs/hour of peak usage:  
\$44,521.33 plus \$2,065.22 for each 1.0 mlb/hr over 15.0 mlbs/hr

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P.S.C.MO. NO. 1 (Original) SHEET No. 18  
Cancelling P.S.C.MO. NO. 1 1st (Revised) SHEET No. 18  
(Original) SHEET No. 18  
(Revised)  
For Kansas City, MO  
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TRIGEN-KANSAS CITY  
RATES FOR STEAM SERVICE  
INTERRUPTIBLE HEATING SERVICE (IHS) SCHEDULE

V. TERM

Agreements under this schedule shall be for an initial term of one (1) year. Thereafter the agreement will be extended at one year intervals provided the Customer meets the qualifications listed in Section I, unless terminated by written notice of either party 30 days prior to the expiration of the agreement, or pursuant to provisions set forth in Section I of this rate schedule.

VI. TAX ADJUSTMENT

There shall be added to the monthly bill of the customer, as separate items, a surcharge equal to the proportionate part of any license, occupation or other similar fee or tax applicable to steam service by the Company to the customer, which fee or tax is imposed upon the Company by taxing authorities on the basis of the gross receipts, net receipts or revenues from the steam sales by the Company.

VII. GENERAL RULES AND REGULATIONS

Except as modified by this schedule, all Customers shall be subject to the General Rules and Regulations which are filed separately.

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P.S.C.MO. No. 2

(Original) SHEET No. 1  
1<sup>st</sup> (Revised)  
(Original) SHEET No. 1  
(Revised)

Cancelling P.S.C.MO. NO. 2

TRIGEN-KANSAS CITY  
ENERGY CORPORATION

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

### GENERAL RULES AND REGULATIONS

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- .2 Commission
- .3 Company
- .4 Customer
- .5 Customer's Installation
- .6 Meter Installation
- .7 Month
- .8 Person
- .9 Point of Delivery
- .10 Premises
- .11 Scope of Applicability
- .12 Service Agreement
- .13 Steam Service

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- .2 Provisions
- .3 Modifications
- .4 Minimum Term
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- .2 Class of Service
- .3 Prior Indebtedness of Customer
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TRIGEN-KANSAS CITY  
ENERGY CORPORATION

Name of Issuing Corporation

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- .6 Delivery of Steam Service to Customer
- .7 Company Responsibility
- .8 Continuity of Service
- .9 Suspension of Service
- .10 Restoration of Service
- .11 Application of Rate Schedule
- .12 Discontinuance of Steam Service
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- .15 Property of the Company
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- .2 Other Sources
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- .4 Standards and Approvals
- .5 Dangerous, Disturbing or Improper Uses
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- .9 Protection of Company's Property
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Facilities
- .11 Unmetered Service
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Premises or Building
- .2 Redistribution
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(Revised)

TRIGEN-KANSAS CITY  
ENERGY CORPORATION

Name of Issuing Corporation

For KANSAS CITY, MISSOURI

Community, Town or City

### GENERAL RULES AND REGULATIONS

1.4 CUSTOMER. Any person applying for, receiving, using or agreeing to take steam service supplied by the Company under one rate schedule for use within a single premise or building owned, leased or occupied, or upon consent of the Company, managed by such person or his authorized agent.

1.5 CUSTOMER'S INSTALLATION. All pipes, appliances and apparatuses of every kind and nature on the Customer's premises on the Customer's side of the Point of Delivery (except the Company's pressure reducing station, meter installation and other equipment installed and maintained by the Company) used or useful to the Customer in connection with the receipt and utilization of steam service supplied by the Company.

1.6 METER INSTALLATION. The meter or meters, together with auxiliary devices, if any, constituting the complete installation needed by the Company to measure and monitor the steam service supplied to a Customer at a single point of delivery.

1.7 MONTH. An interval of approximately thirty (30) days, unless specified or appearing from the context to be a calendar month.

1.8 PERSON. Any individual, partnership, co-partnership, firm, company, public or private corporation, association, joint stock company, trust, estate, political subdivision, governmental agency or other legal entity recognized by law.

1.9 POINT OF DELIVERY. The point at which the Company's equipment and piping system connects with the Customer's steam infrastructure, unless otherwise specified in the Customer's service agreement.

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(Original) SHEET No. 8

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(Revised)

TRIGEN-KANSAS CITY  
ENERGY CORPORATION

For KANSAS CITY, MISSOURI

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2.3 MODIFICATIONS. A service agreement shall be subject to modification from time to time during the term thereof in accordance with all applicable changes in the Company's rate schedules, rules and regulations and the Commission's general orders, as authorized by law.

2.4 MINIMUM TERM. Normally, all service agreements shall be effective for a minimum initial term of one year from the date steam service commences (unless terminated by mutual agreement of the Customer and the Company) and after the initial term shall continue from month to month until terminated by the Customer.

2.5 UNUSUAL LOADS. When the Customer's load requirements are unusually large or otherwise necessitate a substantial investment by the Company in special or additional equipment or facilities to serve the Customer's requirements, the Company may require the service agreement to be for an initial term as defined in Rule 2.4 hereof, and, upon termination or cancellation, the payment by the Customer of such secured or unsecured charges and amounts (which may be required to be deposited before construction of such equipment or facilities) as may be necessary to protect the investment of the Company.

2.6 TEMPORARY STEAM SERVICE. The Customer shall pay to the Company the Company's estimated cost of connecting and disconnecting its facilities, including its meters installation, to supply temporary steam service. The Company may require payment of such amount in advance.

2.7 CREDIT REGULATIONS. A cash deposit, indemnity bond, or other credit arrangement to secure the prompt payment of steam service bills may be required by the

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Trigen- Kansas City District Energy Corporation

For

Kansas City, MO

Name of Issuing Corporation

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**GENERAL RULES AND REGULATIONS**

Company as a condition of supplying or continuing to supply steam service to a Customer. Such credit arrangement shall be in an amount to be determined by the Company but not to exceed such amount as may be permitted by 4 CSR 240-10.040 (or any successor provisions). Such credit arrangement may be terminated and any cash deposit refunded by the Company at any time when the Customer has established a credit rating satisfactory to the Company. Interest at the Prime lending rate as published in the Wall Street Journal as of the last date of publication for the preceding year, will be the interest rate on Customer deposits for the current year, or any fraction thereof, that a Customer's deposit is held. A Customer's deposit shall earn interest, compounded annually, and such interest will accrue on a cash deposit held by the Company pursuant to this paragraph. Upon termination of steam service to a Customer, the Company shall refund to the Customer the amount of any such cash deposit (plus interest, if any, thereon) remaining after the application of such deposit and interest to the indebtedness of the Customer to the Company.

2.8 CUSTOMER INSOLVENCY. A service agreement shall, at the option of the Company, cease and terminate and all amounts due the Company thereunder shall become immediately payable without further notice in case any act of bankruptcy is made or committed by the Customer, or any petition in bankruptcy, either voluntary or involuntary, is filed by or against the Customer or, if the Customer is an agent, his principal.

2.9 SUCCESSION AND ASSIGNMENT. A service agreement shall inure to the benefit of and be binding upon the Customer's successors by operation of law, but shall not be assignable voluntarily by the Customer.

2.10 AUTHORITY. No representative, agent or employee of the Company, except a corporate officer, shall have the authority to amend, alter, waive or change any of the Company's rules and regulations or otherwise bind the Company by promises or representations.

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month day year

ISSUED BY: Brian P. Kirk Vice President & General  
name of officer title

115 Grand Avenue  
Kansas City, Mo 64106  
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ENERGY CORPORATIONFor KANSAS CITY, MISSOURI

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interest of the Company) for steam service previously supplied at such premises or any other premises until payment of such indebtedness shall have been made. Indebtedness is to include all amounts owed to Company, whether assessed for steam service, interest on amounts owed, fees, penalties or otherwise.

3.4 CUSTOMER TO FURNISH RIGHT OF WAY. The Customer will provide or procure for the Company such rights of way, easements or licenses, in duly recordable form, as are satisfactory to the Company, across property owned or otherwise controlled by the Customer, for the construction, operation, maintenance, repair, replacement and removal by the Company of its facilities necessary or incidental to the supplying of such steam service to the Customer's premises and for the purposes set forth in Rule 4.8.

3.5 ACCESS TO CUSTOMER PREMISES. The Customer shall give the duly authorized agents and employees of the Company, when properly identified, full and free access to the premises of the Customer for the purpose of constructing, installing, inspecting, adjusting, repairing, maintaining, replacing or removing any of the Company's facilities on the premises of the Customer, for the purpose of inspecting any of the Customer's facilities on the premises of the Customer, reading meters, or for any other purpose incidental to the steam service supplied by the Company.

3.6 DELIVERY OF STEAM SERVICE TO CUSTOMER. The Company shall not be obligated to extend its facilities or any service pipe onto privately owned property to serve any Customer. The Company shall supply steam service to the Customer at the Point of Delivery. The Customer shall provide a service entrance to be located at a suitable point on the Customer's premises as specified by the Company, and shall, if required by the Company, reimburse the Company for the cost of installing

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service pipe and all necessary fittings and auxiliary equipment, if any, between the property line and the Point of Delivery. In no event shall the Company provide or install wall penetrations of the Customer's premises.

3.7 COMPANY RESPONSIBILITY. The obligation of the Company to supply steam to the Customer shall be completed by the supplying of such steam service at the Point of Delivery for the operation of all steam and heating equipment of the Customer. The responsibility of the Company for the quality of service and operation of its facilities ends at the Point of Delivery. The Company shall be required only to furnish, install and maintain: one connection from its system facilities, service pipe from such connection to the point of delivery, a pressure reducing station, if applicable, and one meter installation to measure such steam service to the Customer; provided that the Company may at its option supply steam service to a Customer at one or more points of delivery or measure the steam service supplied with multiple metering installations as a convenience to the Company or if it is more economical for the Company to do so.

3.8 CONTINUITY OF SERVICE. The Company will use reasonable diligence to supply continuous steam service to the Customer (subject to provisions to the contrary set forth in the Company's Interruptible Heating Service Schedule IHS rates), but does not guarantee the supply of steam service against irregularities or interruptions. The Company shall not be considered in default of its service agreement with the Customer and shall not otherwise be liable for any damages (including loss of profits or other consequential or indirect damages) occasioned by any irregularity or interruption of steam service.

3.9 SUSPENSION OF SERVICE. In addition to any interruption provisions specified in any rate schedule, including but not limited to the IHS schedule, the Company reserves the right to suspend steam service to the Customer for temporary periods as may be necessary for inspections,

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ENERGY CORPORATIONFor KANSAS CITY, MISSOURI

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from fulfilling such obligation by reason of delivery delays, breakdowns or damages to facilities, acts of God or public enemy, strikes or other labor disturbances involving the Company or the Customer, civil, military or governmental authority, or any cause beyond the control of the Company.

**Article 4. Taking Steam Service**

4.1 CUSTOMER'S INSTALLATION. Customer's Installation (as defined in Rule 1.5) shall be furnished, installed and maintained by, and shall be the sole responsibility of, the Customer. The Customer's Installation must be accessible for inspection by the Company.

4.2 OTHER SOURCES. Subject to provisions to the contrary as set forth in the IHS Schedule for Customers served under the IHS Schedule, the Customers' premises shall have no connection to or from any other source of steam supply. Customers with connections to or from a source of heat supply other than steam shall furnish such information to the Company with its application for service. Customers acquiring another source of heat supply during the term of the service agreement shall notify the Company in writing of same no later than fifteen (15) days prior to connection to or from such other heat supply.

4.3 CUSTOMER RESPONSIBILITY. The Customer shall be responsible for determining in advance, through application to the Company, the class or classes of steam service which will be designated by the Company and made available to the Customer and the applicable conditions of such steam service. The Customer shall be responsible for determining whether the Customer's installation, and

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expressly designated as disturbing uses and shall not be connected to the Customer's installation, except upon such prior special arrangements as may be made with the Company.

**4.6 INSPECTIONS AND RECOMMENDATIONS.** The responsibility of the Customer regarding his use of the steam service supplied by the Company is not set aside, and the Company shall in no way be liable, on account of any inspections or recommendations by the Company which are made as a courtesy to the Customer or as a protection to the steam service supplied by the Company to its other Customers. The Company reserves the right, but assumes no duty, to inspect the Customer's installation.

**4.7 MODIFICATION OF CUSTOMER'S INSTALLATION.** The Customer shall not, without prior written notice of and agreement with the Company, modify any part of the Customer's Installation which might (a) impair the quality of his service, (b) result in increased load requirements beyond the capability of the existing system facilities and service pipe which serve the Customer, or (c) affect the operation of the Company's meter installation. In order to enable the Company to make any necessary operational changes, a Customer shall not undertake any actions which reduce its load requirements below eighty percent (80%) of its then current requirements without giving the Company at least sixty (60) days' prior written notice of such actions.

**4.8 FACILITIES ACCESS.** The Customer shall, if required by the Company, provide on his premises necessary space and right of way for the installation by the Company of its equipment and other necessary facilities for extension of the Company's service and/or condensate pipes through the Customer's building or

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whatsoever, and to increase the amount of such Customer's cash deposit or indemnity bond or other credit arrangement before steam service is restored. See also 6.5.1.

4.12 ATTACHMENTS TO COMPANY'S FACILITIES. Except upon prior written consent of the Company, no person shall attach anything of any kind or nature to the steam facilities of the Company wherever located, and the Company reserves the right to remove forthwith and without notice any unauthorized attachment to its facilities.

4.13 INDEMNITY TO COMPANY. The Customer shall indemnify, save harmless and defend the Company against all claims, demands, costs or expenses, for loss, damage or injury to persons or property, in any manner directly or indirectly connected with, or growing out of, the distribution or use of steam service by the Customer at or on the Customer's side of the Point of Delivery.

**Article 5. Multiple Occupancy Premises**

5.1 GENERAL METERING FOR MULTIPLE OCCUPANCY PREMISES OR BUILDING. The Company may at its option supply steam service to a Customer for the Customer's multiple occupancy premises or building, pursuant to the conditions provided in this Rule 5.

5.2 REDISTRIBUTION. "Redistribution" shall mean the furnishing of steam service by the Customer to separate premises occupied by another person within any multiple occupancy building or tract of land if such premises are owned, leased or controlled by the Customer, without making a specific or separate charge for the steam service so furnished. The Company will supply steam service to the owner, lessor, lessee or operator

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address



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shall be the Customer's sole responsibility and the same shall not interfere with the Company's Point of Delivery equipment. Neither the Company's meter(s) (or any portion of metering register) nor the Company's monitoring/control equipment, if any, may be utilized by the Customer for purposes of measuring or determining quantities of steam for Redistribution or Resale.

#### **Article 6. Metering**

6.1 METER INSTALLATION. The Company shall furnish and connect, without installation expense to the Customer, its meter installation at a suitable place as determined by the Company. The Customer shall provide and at all times maintain at the place specified by the Company space for the connection of the Company's meter installation. The Customer shall provide the necessary meter mounting facilities, when required by the Company, in a manner satisfactory to the Company and in full compliance with all laws and governmental regulations applicable to the same. The Customer shall provide and maintain, at its expense, necessary electric service or instrument air required for the operation of the Company's meter(s) and associated control equipment, and shall permit the Company, at Company expense, to install either a dedicated telephone line or other communication cable in reasonable proximity to the meter installation. After the meter installation has been located on the premises of the Customer, the cost of any subsequent change in the location thereof shall, if required by the Company, be paid by the Customer if the relocation is made at the request of the Customer.

6.2 MULTIPLE METERING. When more than one meter or meter installation is used to measure the steam service supplied by the Company to a Customer, a separate

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115 GRAND AVENUE

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bill in accordance with the applicable rate schedule may be rendered for the steam service supplied through each meter installation. The Company may combine consumption of steam service registered and render a single bill for steam service supplied to a Customer at his premises through two or more meter installations if, at the option of the Company, such multiple metering is installed as a convenience to the Company or because it is more economical for the Company to do so. If a Customer requests that any meter(s) be installed in addition to those determined to be appropriate by the Company, the Customer shall pay all costs for said meter(s).

6.3 METER READING. Except as otherwise provided herein or in applicable rate schedules of the Company, each meter will be read at monthly or more frequent intervals, and such readings shall be the bases for the Company's monthly billing for steam service.

6.4 EQUIPMENT SEALS. Seals may be placed by the Company on all meters, valves and auxiliary equipment owned by the Company. Such seals shall not be broken or disturbed by any person other than persons authorized by the Company or by law.

6.5 ESTIMATED BILLING DUE TO UNREAD METERS. If due to circumstances or conditions beyond the control of the Company or if it is otherwise impractical for the Company to read the meter on a scheduled meter reading day, the Company may leave on the premises of the Customer a business reply card with instructions thereon as to how the Customer shall read the meter and mail the information to the Company. If no meter reading is obtained in time for billing as scheduled, then the Company shall render an "estimated bill" based on the usage of the Customer. Estimated bills shall be adjusted

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in the next subsequent billing based upon a reading of the meter by the Company.

**6.5.1 Backbilling - Missing or Defective Meter.**

In the event of delayed or waived meter installation or when installed meters fail to register, the meter is determined to read either fast or slow, or the quantity delivered during the period in question shall be estimated, upon (i) past Customer usage during a similar period and under similar conditions, (ii) comparable usage during the period in question by other buildings of the Customer or by other customer's buildings, duly measured by functioning meters, (iii) Customer usage measured by a duly tested and calibrated meter during a subsequent period, adjusting for degree days, or (iv) some combination of these methods (in which case the determination shall be based on an averaging of the results), and the Customer shall pay a reasonably determined approximation for service during said period on this estimated amount. In cases where a defective meter is determined to have caused excessive billing in the past, the customer shall be credited for past over-billings. All billing adjustments based upon estimated usage shall indicate the method of estimation employed and shall set forth in reasonable detail the calculation of the amounts billed or credited.

The limitation on backbilling is as follows:

- Non-existent or stopped meters can be estimated for a period no longer than four (4) months back. Unmetered usage going back further than four months is forfeited.
- A slow-reading meter can only be adjusted for billing purposes, going back a maximum of twelve (12) months from date of corrective action. If a shortened period can be determined reasonable, that period shall apply.
- A fast-reading meter shall be adjusted for billing purposes, going back a maximum of twelve (12) months from date of corrective action. If a shortened period can be determined reasonable, that period shall apply.

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager  
name of officer title

115 Grand Avenue  
KANSAS CITY, MO 64106

address

Cancelling P.S.C.MO. NO. \_\_\_\_\_

(Original) SHEET No. \_\_\_\_\_

(Revised)

TRIGEN-KANSAS CITY

ENERGY CORPORATION

Name of Issuing Corporation

For KANSAS CITY, MISSOURI

Community, Town or City

**GENERAL RULES AND REGULATIONS**

- Customer may ask Company to test the meter at any time. If the meter is inaccurate by 3% or more, adjustments for billing purposes are appropriate.
- The Customer can ask the Company to verify the accuracy of the meter anytime. If the meter is malfunctioning by less than 3%, the Company may bill the Customer \$50.00 for each test requested. If the meter is malfunctioning by 3% or more, no charge applies for the requested verification of the meter's accuracy.

6.6 ACCURACY AND TESTS. Except as provided to the contrary in any general orders of the Commission applying thereto, the Company's meters shall be tested periodically either by Company personnel duly qualified to perform such tests or by outside qualified contractors, but not less than once annually for Customers with demand meters and once every three years for all other Customers. The Company will arrange for further testing of any meter by a mutually acceptable independent meter tester, at any time upon request by a Customer, provided that the Customer shall pay all costs incurred in (continued on the next page)

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DATE OF ISSUE \_\_\_\_\_  
month day yearDATE EFFECTIVE \_\_\_\_\_  
month day yearISSUED BY: Brian P. Kirk Vice President & General Manager  
name of officer title115 Grand Avenue  
KANSAS CITY, MO 64106  
address

P.S.C.MO. No. 2

(Original) SHEET No. 25  
1st(Revised)  
(Original) SHEET No. 25  
(Revised)

Cancelling P.S.C.MO. NO. 2

TRIGEN-KANSAS CITY  
ENERGY CORPORATION  
Name of Issuing Corporation

For KANSAS CITY, MISSOURI  
Community, Town or City

### GENERAL RULES AND REGULATIONS

meter at the premises or building, the Customer shall be liable for the total cost to the Company of such meter and its installation and the Company may thereafter bill the Customer on the basis of peak flow and consumption, or the highest reading of either meter during the billing period, at rates determined by the Company to be comparable to the rates under the then effective rate schedule based upon consumption alone.

#### **Article 7. Choice and Application of Rate Schedules**

7.1 POSTING. The rate schedules of the Company currently in effect and on file with the Commission will be made available by the Company for inspection by any Customer during working hours at the principal business office of the Company.

7.2 CHOICE BY CUSTOMER. If a Customer is eligible to take steam service from the Company under any one of two or more applicable rate schedules, the responsibility for the selection of such rate schedule shall lie with the Customer. However, the Company shall have the right, based on the criteria set forth in Rules 3.1 and 9, to determine that the Customer is ineligible for service under any available rate schedule(s) without special arrangements between the Company and the Customer.

7.3 ASSISTANCE BY COMPANY. If Customer is eligible to take steam service from the Company under any one of two or more applicable rate schedules, Customer will be assisted by the Company in the selection of the rate schedule under which steam service will be supplied to such Customer, based on the information at hand, but the responsibility for the selection of such rate schedule shall lie with the Customer.

DATE OF ISSUE                       
month day year

DATE EFFECTIVE                       
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. No. 2

(Original) SHEET No. 27

1st(Revised)

Cancelling P.S.C.MO. NO. 2

(Original) SHEET No. 27

(Revised)

TRIGEN-KANSAS CITY  
ENERGY CORPORATION

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

**GENERAL RULES AND REGULATIONS**

the remainder of the net amount of such bill, and the Customer shall then pay the gross amount of such bill.

8.2.2 An administrative late charge of one and one-half percent (1.5%) per month on the net amount of such bill may be added to any unpaid bill commencing thirty (30) days after it becomes delinquent.

8.2.3 Any unpaid bill for service to the State of Missouri and its agencies shall be assessed late payment charges and interest pursuant to Sections 32.065, RSMo and 34.055, RSMo, as amended from time to time and then in effect.

8.3 PAYMENT DEFAULT. Failure of the Customer to pay any amount due the Company under the Customer's service agreement in the full amount due before the tenth (10th) day after rendition shall constitute a default by the Customer in his service agreement. The Customer's obligation to pay the amount due the Company under the Customer's service agreement shall be separate from other obligations and claims between the Company and the Customer and shall not be subject to set-off or counterclaim. Failure by the Customer to pay other obligations to and claims by the Company, other than amounts due the Company under or pursuant to the Customer's service agreement, shall not constitute a default justifying discontinuance of steam service under Rule 3.12, and the failure of the Company to pay any obligations to or claims by the Customer, or to give the Customer credit therefor shall not justify failure by the Customer to pay the amount due the Company under the Customer's service agreement nor prevent default by the Customer.

DATE OF ISSUE \_\_\_\_\_  
month day year

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month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

P.S.C.MO. No. 2

(Original) SHEET No. 29

Cancelling P.S.C.MO. NO. 2

1st(Revised)

(Original) SHEET No. 29

(Revised)

TRIGEN-KANSAS CITY  
ENERGY CORPORATION

For KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

### GENERAL RULES AND REGULATIONS

Customer and the Company, any cost of such extension in excess of the investment warranted by the Company shall be paid by the Customer to the Company prior to the commencement of construction of such extension.

#### Article 10. Steam Service Agreement

The Company's steam service agreements shall be in substantially the form set forth below but may contain modification or attachments as necessary as determined by the Company on a case by case basis.

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (the "Customer"), and TRIGEN-KANSAS CITY ENERGY CORPORATION (the "Company").

In consideration of the mutual undertakings of the parties herein contained, it is agreed by the parties as follows:

SECTION 1. The Company shall supply to Customer steam service in amounts equal to the Customer's steam and heat requirements at the premises or building known as \_\_\_\_\_, Kansas City, Missouri. The Company shall deliver such amounts to the point at which the Company's entrance valve connects with the Customer's installation (the "point of delivery"). The point of delivery hereunder shall be located at or near \_\_\_\_\_.

SECTION 2. The Customer shall take and pay for all amounts of steam service supplied and delivered by the Company in accordance with the Company's rates, rules and regulations applicable to the service supplied hereunder which shall, upon the date of this agreement or at any time during the term hereof, be then currently on file and in effect pursuant to state regulatory commission law and the same are expressly incorporated herein by reference. Copies of the rate schedule(s) presently on

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

TRIGEN-KANSAS CITY  
ENERGY CORPORATIONFor KANSAS CITY, MISSOURI

Name of Issuing Corporation

Community, Town or City

**GENERAL RULES AND REGULATIONS**

file and in effect which are applicable to the service supplied hereunder are attached hereto.

SECTION 3. This agreement shall be effective as of the day and year first above written, shall become operative on \_\_\_\_\_, 2\_\_\_\_, or on the date of initial delivery of service hereunder, whichever is earlier, and shall continue in effect for a term of \_\_\_\_\_ (\_\_\_\_\_) year(s) after the operative date and thereafter from month to month unless and until terminated by thirty (30) days' written notice given by either party to the other.

SECTION 4. This agreement supersedes all prior agreements between the Customer and the Company for the steam service to the premises or building identified in Section 1 hereof, and all representations, promises and other inducements, written or oral, made with respect to the matters herein contained. No modification of any provision of this agreement shall be binding unless reduced to writing and signed by the parties hereto, and any such written modification of any one or more provisions hereof shall not affect any of the remaining provisions hereof not modified. This agreement shall not be assignable voluntarily by the Customer.

SECTION 5. This agreement is made subject in all respects to the terms and provisions of Missouri laws and regulations, and all acts amendatory thereto, governing public utilities, and to the jurisdiction and authority of the Missouri Public Service Commission. Nothing herein contained shall be construed as divesting or attempting to divest said Commission of any rights, jurisdiction, power or authority vested in said Commission by law.

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DATE OF ISSUE \_\_\_\_\_  
month day yearDATE EFFECTIVE \_\_\_\_\_  
month day yearISSUED BY: Brian P. Kirk Vice President & General Manager  
name of officer title115 Grand Avenue  
KANSAS CITY, MO 64106

address



P.S.C.MO. No. 2

Cancelling P.S.C.MO. NO. 2

(Original) SHEET No. 31  
1st(Revised)  
(Original) SHEET No. 31  
(Revised)

TRIGEN-KANSAS CITY  
ENERGY CORPORATION  
Name of Issuing Corporation

For KANSAS CITY, MISSOURI  
Community, Town or City

**GENERAL RULES AND REGULATIONS**

IN WITNESS WHEREOF, the parties hereto have caused  
this agreement to be executed the day and year first  
above written.

TRIGEN-KANSAS CITY ENERGY CORPORATION

By: \_\_\_\_\_

Approved:  
\_\_\_\_\_

\_\_\_\_\_  
Customer

By: \_\_\_\_\_  
Title

Mail bill to:  
\_\_\_\_\_

DATE OF ISSUE \_\_\_\_\_  
month day year

DATE EFFECTIVE \_\_\_\_\_  
month day year

ISSUED BY: Brian P. Kirk Vice President & General Manager KANSAS CITY, MO 64106  
name of officer title address

115 GRAND AVENUE

In the Matter of the Trigen-Kansas City Energy  
Corporation's Tariffs to Increase Rates for  
Customers of its Steam Service

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**Case No. HR-2008-0300**  
Tariff Nos. YH-2008-0553  
and YH-2008-0554

## **SCHEDULE OF EXHIBITS**

Page 1

<b>No.</b>	<b>Description</b>	<b>Submitted By</b>	<b>Offered</b>	<b>Objections</b>	<b>Received and Admitted into Evidence</b>
1	Direct Testimony Charles L. Abbott	Trigen	Jointly in Stipulation and Agreement	No objections by agreement of the parties because the Stipulation and Agreement was Approved Without Condition or Modification	All Exhibits were Received and Admitted Into Evidence The Stipulation and Agreement was Approved Without Condition or Modification
2	Direct Testimony Peter S. Huck	Trigen	Jointly		
3	Direct Testimony Brian P. Kirk	Trigen	Jointly		
4	Direct Testimony Jason M. Spreyer	Trigen	Jointly		
5	Direct Testimony Steven C. Carver	Trigen	Jointly		
6	Direct Testimony Stephen G. Hill	Trigen	Jointly		
7	Direct Testimony Thomas M. Imhoff	Staff	Jointly		
8	Direct Testimony Cary G. Featherstone	Staff	Jointly		
9	Direct Testimony James C. Watkins	Staff	Jointly		
10	Staff Accounting Schedules	Staff	Jointly		

In the Matter of the Trigen-Kansas City Energy  
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## **SCHEDULE OF EXHIBITS**

Page 2

<b>No.</b>	<b>Description</b>	<b>Submitted By</b>	<b>Offered</b>	<b>Objections</b>	<b>Received and Admitted into Evidence</b>
11A	Staff Report – Cost of Service NP Version	Staff	Jointly		
11B	Staff Report – Cost of Service HC Version				
12	Staff Report on Rate Design and Misc. Tariff Issues	Staff	Jointly		
13	Direct Testimony Robert G. Rives	Kansas City	Jointly		
14	Direct Testimony Derrall A. Benzinger	Jackson County	Jointly		
15	Stipulation and Agreement	Jointly Filed	Jointly		