

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Cary G. Featherstone, of lawful age, on his oath states: That he has participated in the preparation of the attached written direct testimony and appendices/schedules attached thereto in question and answer form, consisting of 43 pages of direct testimony to be presented in the above case, that the answers in the attached written direct testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Cary G. Featherstone
Cary G. Featherstone

Subscribed and sworn to before me this 23rd day of February, 1987.

Joyce C. Neuner
Notary Public

My Commission expires

June 18, 1989

Joyce C. Neuner, Notary Public
Ozage County, State of Missouri
My Commission expires June 18, 1989

1 PREPARED TESTIMONY

2 OF

3 CARY G. FEATHERSTONE

4 KANSAS CITY POWER & LIGHT COMPANY

5 CASE NO. HO-86-139

6 Q. Please state your name and business address.

7 A. Cary G. Featherstone, University Towers II, 700 East Eighth
8 Street, Kansas City, Missouri.

9 Q. By whom are you employed and in what capacity?

10 A. I am Accounting Manager of the Kansas City Office of the
11 Missouri Public Service Commission (Commission).

12 Q. Would you please describe your educational background?

13 A. I graduated from the University of Missouri at Kansas City
14 in 1976 with a Bachelor of Arts Degree in Economics with an emphasis in
15 Accounting.

16 Q. What has been the nature of your duties while in the employ
17 of this Commission?

18 A. I have, under the direction of the Chief Accountant, Utility
19 Division, assisted with audits and examinations of books and records of
20 public utility companies operating within the State of Missouri with
21 regard to proposed rate increases.

22 Q. Have you previously filed testimony before this Commission?

23 A. Yes, I have.

24 Q. Have you prepared an appendix to this testimony detailing
25 your involvement in Missouri rate cases?

26 A. Yes. Schedule I to this testimony is a summary of rate
27 cases I have participated in to date.
28

1 Q. Have you assisted in the audit of any other Missouri rate
2 cases?

3 A. Yes. I have also assisted in the audit of the following
4 Missouri rate cases:

5 Case No. TR-86-14, ALLTEL Missouri, Inc.

6 Case No. TR-86-55, Continental Telephone Company of Missouri

7 Case No. TR-86-63, Webster County Telephone Company

8 Case No. GR-86-76, KPL-Gas Service Company

9 Case No. TR-86-117, United Telephone Company of Missouri

10 Q. With reference to Case No. HO-86-139, have you made an
11 examination and study of the books and records of Kansas City Power and
12 Light Company (KCPL or Company)?

13 A. Yes, with the assistance of other members of the Missouri
14 Public Service Commission.

15 Q. What were your areas of responsibility in the matter of the
16 investigation of service rendered by the Kansas City Power & Light
17 Company?

18 A. My areas of responsibility in this proceeding include
19 determining the appropriate level of income tax expense and of deferred
20 tax reserves used as an offset to rate base which should be considered in
21 the quantification of the revenue requirement, as well as providing
22 information on the results of Staff's investigation of KCPL's proposal
23 concerning its Central District Heating System. I will also provide an
24 outline of the Staff witnesses participating in this proceeding.

25 OUTLINE OF STAFF WITNESSES--Revenue Requirement

26 Q. Please describe the areas the various Staff witnesses will
27 be addressing in their prefiled direct testimony.

1 A. Staff's investigation into the tariff filing was broken down
2 into two separate activities. First, Staff had to determine the overall
3 revenue requirement associated with KCPL's steam utility operations.
4 Staff also had to investigate the merits of the Company's proposal to
5 phase-out and discontinue the Downtown Central District Heating System. I
6 will address the areas covered in the prefiled direct testimony of various
7 Staff witnesses with respect to the proposed phase-out and discontinuance
8 of the Central District Heating System later in my testimony.

9 Q. How did Staff develop the revenue requirement associated
10 with KCPL's steam utility operations?

11 A. Staff examined the various revenue, expense and investment
12 components of the steam utility operations at KCPL. Utilizing a test
13 year, Staff made adjustments and annualized the various components to
14 determine the resulting revenue requirement. The following Staff members
15 developed the steam utility operation's revenue requirement.

16 Staff witness Sharon K. White determined the level of annualized
17 steam revenues. Ms. White was also responsible for developing the steam
18 utility rate base investment of plant in service and depreciation reserve
19 and for quantifying the appropriate level of depreciation and property tax
20 expense.

21 Staff witness Gary A. Kuensting is responsible for the
22 determination of an annualized level of fuel expense consistent with the
23 level of steam revenues. He also will be addressing the proper level of
24 fuel inventories to be included in the steam utility rate base investment.
25 Mr. Kuensting quantified the allocation of electric plant and expenses to
26 the steam utility operations.

27 Staff witness Elizabeth A. Brandel will provide Staff's
28 annualization of payroll and payroll related benefits. She was also

1 responsible for the calculation of the Cash Working Capital component of
2 steam utility investment as well as Materials and Supplies and
3 Prepayments.

4 Staff witness Larry G. Cox is responsible for determining an
5 appropriate level of Operation and Maintenance (O&M) expense for non-wage
6 and non-fuel costs and determining the proper allocation of property
7 insurance expense for the steam utility operations.

8 As stated previously, I am responsible for the calculation of
9 income tax expense and the deferred tax reserve offset to rate base.

10 Also, Staff witness Bruce Schmidt will be providing testimony on
11 the appropriate rate of return KCPL should earn on its steam utility
12 investment.

13 Test Year

14 Q. What test year has Staff utilized in this case?

15 A. On November 3, 1986 Staff filed its recommendation
16 concerning test year with the Commission. In that document, Staff
17 recommended the test year in this case be the twelve months ending
18 December 31, 1985 adjusted for known and measurable changes as
19 appropriate. In the course of its audit, Staff determined that the
20 appropriate period for known and measurable adjustments would be through
21 December 31, 1986. Staff has adjusted rate base investment, revenues and
22 expenses through the end of calendar year 1986.

23 Q. What is the purpose of a test year?

24 A. The purpose of a test year is to develop relationships
25 between the various components of the ratemaking process. In order to
26 determine the appropriate level of utility rates, Staff examines several
27 areas of utility operations. These include rate base items such as plant
28 in service and associated depreciation and deferred tax reserves,

1 materials and supplies, prepayments, and cash working capital. Staff also
2 reviews and/or annualizes operating revenues, operating expenses,
3 depreciation expense, property taxes, income taxes and the rate of return.

4 It is important to maintain a representative relationship
5 between rate base, revenues and expenses in order for a public utility to
6 have an opportunity to earn a fair and reasonable rate of return. An
7 attempt is made in the regulatory process to set rates to properly reflect
8 the levels of investment and expenses necessary to serve a customer base
9 which provides revenues to the utility. As stated at page 6 of the
10 Commission's Order in KCPL's 1983 general electric rate case, Case No.
11 ER-83-49:

12 [t]he purpose of using a test year is to create or
13 construct a reasonable expected level of earnings, expenses
14 and investments during the future period in which the
15 rates, to be determined herein, will be in effect. All of
16 the aspects of the test year operations may be adjusted
17 upward or downward to exclude unusual or unreasonable
18 items, or include unusual items, by amortization or
19 otherwise, in order to arrive at a proper allowable level
20 of all of the elements of the Company's operations. The
21 Commission has generally attempted to establish those
22 levels at a time as close as possible to the period when
23 the rates in question will be in effect.

24 Q. Has Staff attempted to establish the level of earnings,
25 expenses and investment at a time as close as possible to the period the
26 rates in question will be in effect?

27 A. Yes. By adjusting the calendar year 1985 test year through
28 December 31, 1986, Staff reflected changes to the level of earnings,
expenses and investment to the most current information available.

INCOME TAXES

Q. What schedules are you sponsoring in this case?

A. I am sponsoring Accounting Schedules 15 and 16.

Q. What is the purpose of Accounting Schedules 15 and 16?

1 A. Accounting Schedule 15 depicts Staff's calculation of income
2 tax expense utilized in determination of the revenue requirement
3 associated with KCPL's steam utility operations. Accounting Schedule 16
4 details the calculation of annualized interest expense and capitalized
5 interest which are used as deductions in the income tax calculation.

6 Q. What Accounting Adjustments are you sponsoring in this case?

7 A. I am sponsoring Accounting Adjustments Nos. S-10, S-12, S-13
8 and S-14.

9 Q. Please explain Accounting Adjustment S-10.

10 A. Accounting Adjustment S-10 annualizes current income taxes
11 consistent with the level of taxable income determined by Staff's adjusted
12 level of operations and tax deductions shown on the Income Statement,
13 Accounting Schedule 12, and the Income Tax schedule, Accounting Schedule
14 15.

15 Q. What is the purpose of Accounting Adjustment S-12?

16 A. Accounting Adjustment S-12 annualizes the provision for
17 deferred income taxes at a composite tax rate of 47.49%.

18 Q. Explain Accounting Adjustments S-13 and S-14.

19 A. Accounting Adjustment S-13 amortizes the "flow-back" of
20 deferred income taxes previously provided by the ratepayers. Accounting
21 Adjustment S-14 is the amortization of the "flow-back" to the ratepayers
22 for Investment Tax Credit (ITC).

23 Q. Referring to Accounting Schedule 16, how did the Staff
24 calculate the annualized deduction for interest?

25 A. Staff calculated interest by applying the total Company
26 weighted cost of debt, as determined by Staff witness Schmidt, to the
27 Staff's adjusted rate base. Accounting Schedule 16 shows the calculation
28 of the Staff's interest deduction for income tax purposes. Line 7 of

1 Accounting Schedule 16 represents total annualized interest used by the
2 Staff to calculate income tax expense and is comprised of both interest
3 expense and capitalized interest.

4 The first line shown on Accounting Schedule 16 represents
5 Staff's adjusted steam utility rate base taken from Accounting Schedule 3.
6 Line 2 is the weighted cost of debt as determined by Staff witness
7 Schmidt. This percentage is multiplied by Staff's steam utility rate
8 base, including both direct and indirect, Line 1, to compute Staff's
9 annualized interest expense deduction.

10 Line 4 of Accounting Schedule 16 represents the December 31,
11 1986 construction work in progress (CWIP) balance to which the weighted
12 cost of debt is multiplied to compute the capitalized interest component of
13 the interest deduction. This balance is adjusted for construction
14 relating to the test project electric boilers which has not been included
15 as part of the steam utility rate base since Staff asserts that these
16 customers are electric customers. The adjusted balance is shown on Line 4
17 of Accounting Schedule 16. It is necessary to include CWIP in the total
18 annualized interest calculation so that the total deduction will include
19 the current tax deduction for capitalized interest.

20 Q. Why is it appropriate to compute the annualized interest
21 expense deduction using the methodology as described?

22 A. The methodology employed by Staff is merely a
23 synchronization of a tax deduction for interest with the interest the
24 ratepayer is being required to provide the Company through rates. Since
25 revenue requirement is derived through the application of a rate of return
26 to the rate base investment, the interest provided by the ratepayer which
27 should be used as a tax deduction should be quantified by applying the
28 weighted cost of debt included in the cost of capital to the rate base.

Prepared Testimony of
Cary G. Featherstone

1 In essence, the Company's rates are designed to afford the Company the
2 opportunity to earn the computed return and therefore the ratepayer should
3 receive the benefit of an interest deduction equal to the amount paid by
4 the ratepayer regardless of actual or estimated Company payments.

5 Q. Is taking a deduction for capitalized interest the same as
6 the treatment Staff gives to the other capitalized items?

7 A. Yes. Taking capitalized interest as a deduction to income
8 taxes is the same as taking capitalized property taxes, pensions and
9 payroll taxes as a deduction.

10 Q. What is the source for the Staff's deductions for
11 capitalized property taxes, pensions and payroll taxes as shown in
12 Schedule 15, Calculation of Income Tax Expense?

13 A. The amounts are allocations of the Staff's total annualized
14 property taxes, pensions and payroll taxes which relate to construction
15 activity. These amounts were provided by Staff witnesses White and
16 Brandel.

17 Q. How did Staff determine the deduction for tax straight line
18 - direct?

19 A. Staff determined the amount of tax straight line
20 depreciation that directly relates to steam utility operations by applying
21 the composite book depreciation rate based on existing rates to the tax
22 basis of Grand Avenue and heating distribution plant.

23 Q. What are the deductions for the indirect portion of tax
24 straight line, excess tax depreciation, dividends paid credit, removal
25 costs, and sales promotion expense amortization?

26 A. These amounts were determined by the Commission's Order in
27 KCPL's Wolf Creek rate case, Case No. 20-85-185. A portion of these
28 deductions are allocated indirectly to the steam utility operations.

1 Q. How did Staff determine the level of deferred tax reserves
2 which were taken as an offset to steam utility rate base shown on
3 Accounting Schedule 3?

4 A. The deferred tax reserves directly assigned to steam utility
5 operations are the December 31, 1986 levels relating to Grand Avenue and
6 steam heating distribution plant. The deferred tax reserves for the
7 indirect portion represent the level of total Company electric deferred
8 tax reserves determined by the Commission's Order in KCPL's Wolf Creek
9 rate case, Case No. EO-85-185, allocated to steam utility operations.

10 Q. Why did Staff allocate a portion of electric operations to
11 the steam utility operations?

12 A. Staff witness Kuensting discusses this in his prefiled
13 direct testimony.

14 Q. Has Staff reflected the effects of the Tax Reform Act signed
15 into law October 22, 1986?

16 A. No. Staff has not reflected the effects of the Tax Reform
17 Act on the revenue requirement in this case. However, Staff has
18 determined the revenue requirement impact of "Tax Reform" and is providing
19 this information to the Commission.

20 Q. What were the changes to income taxes as a result of "Tax
21 Reform?"

22 A. Although there were numerous changes to the tax system, the
23 principal changes to the calculation of income taxes as a result of "Tax
24 Reform" was a reduction of the corporate federal income tax rate from 46%
25 to 34% and a loss of certain corporate tax deductions. These changes
26 become effective on July 1, 1987.

27 Q. Why has Staff not included the effects of "Tax Reform" on
28 the revenue requirement in this case?

1 A. Since the reduction to the corporate income tax rate does
2 not take effect until July 1, 1987, Staff does not believe it would be
3 appropriate to reflect this change in the calculation of federal income
4 taxes without reflecting changes to other components of the ratemaking
5 process which may occur through July of this year. Since Staff has
6 considered all recent relevant changes it is aware of in updating the 1985
7 test year through but not beyond December 31, 1986, Staff has not included
8 the income tax rate change in the determination of the overall revenue
9 requirement in this case.

10 An example of additional changes that Staff would need to
11 examine would be the continued decline of steam customers beyond December,
12 1986, which would result in a further reduction to sales thereby causing
13 an increase in the revenue requirement.

14 Q. What is the effect on the revenue requirement for the change
15 in the federal income tax rate from 46% to 34%?

16 A. Schedule 2 attached to this prefiled direct testimony is the
17 revenue requirement associated with the change in the federal income tax
18 rate. Also, deductions which were previously taken as offsets to taxable
19 income have been eliminated from the income tax calculation. The Tax
20 Reform Act eliminated capitalized property taxes, pension, payroll
21 benefits and payroll taxes as a deduction. The deferred income taxes were
22 deferred at the composite tax rate of 36.216%.

23 Q. Has Staff examined the effect of the reduction in the
24 federal income tax rate on the Company's deferred income tax reserve?

25 A. Staff has requested information from KCPL regarding the
26 effect the reduction in the federal income tax rate has on its deferred
27 income tax reserve. To the extent that any excess reserve exists, Staff
28 would contend that KCPL should "flow back" these "excess reserves" to the

1 ratepayers. Staff is currently awaiting the information from the Company
2 and, should the need arise, Staff will submit supplemental testimony as is
3 deemed appropriate.

4 Revenue Requirement Recommendation

5 Q. What revenue requirement is Staff recommending in this case?

6 A. As can be seen on Accounting Schedule 2, Staff is
7 recommending that the Company not be granted any increase in steam utility
8 rates at this time.

9 Q. Why is Staff not recommending any increase in steam utility
10 rates?

11 A. Staff is recommending that the Company not be granted any
12 increase in steam utility rates for the reasons that will be addressed
13 later in this testimony.

14 OVERVIEW OF STAFF'S AUDIT AND INVESTIGATION

15 Q. What is the purpose of the remainder of your testimony?

16 A. The purpose of the remainder of this testimony is to:

17 (1) Provide an overview of the approach of Staff's audit
18 involvement and investigation regarding KCPL's tariff filing and proposed
19 phase-out and discontinuance of the Central District Heating System in
20 Downtown Kansas City.

21 (2) Provide a brief review of the history of the Central
22 District Heating System in Downtown Kansas City.

23 (3) Address the financial condition and operations of the
24 Central District Heating System.

25 (4) Discuss KCPL's steam public utility Certificate of
26 Convenience and Necessity.

(5) Summarize the overall conclusions reached by Staff with regard to KCPL's proposed phase-out and discontinuance of the Central District Heating System.

(6) Provide a summary of Staff's recommendations with regard to KCPL's proposal to phase-out and discontinue the Central District Heating System.

Q. What was Staff's audit involvement and approach to KCPL's tariff filing and proposed phase-out and discontinuance of the Central District Heating System?

A. Staff's audit involvement and approach was to review and examine as much information as was available to make a proper determination upon which to base a recommendation concerning the future of the Central District Heating System. Staff submitted numerous data information requests, conducted many interviews of Company personnel involved with KCPL's steam utility operations, reviewed documents and studies relating to the Central District Heating System, and interviewed several steam utility customers. Also, Staff met with and examined information provided by KPL-Gas Service Company.

Staff contracted an outside consultant to examine KCPL's steam utility operations and render an opinion as to the overall current condition and causes for the condition of the Central District Heating System. Also, the consultant, HDR Techserv, was to provide an analysis of alternatives to KCPL's proposal as to the future of the Downtown District Heating System.

Q. Was Staff's audit involvement and approach to KCPL's tariff filing different in this case than it has been in recent KCPL steam utility rate cases?

1 A. Yes. Since KCPL's July 7, 1986 tariff filing not only was a
2 request to increase the rates the Company can charge its customers for
3 steam service, but also included a plan to phase-out and discontinue the
4 Central District Heating System, Staff believed it was essential to
5 investigate the Company's request as fully and completely as possible.

6 KCPL's request to phase-out and discontinue the Downtown Central
7 District Heating System certainly cannot be considered "business as
8 usual"; therefore, Staff did not perform its audit in a "business as
9 usual" manner. Since the discontinuance of utility service and the
10 abandonment of customers is an unusual event, it cannot be taken lightly
11 either by the regulator or the company. Therefore, both Company and Staff
12 had to expend substantial resources to address the many complexities that
13 developed as a result of KCPL's proposal to phase-out and discontinue its
14 utility steam operations.

15 Q. How has Staff's audit involvement and approach in this case
16 been different than other recent KCPL steam utility rate cases?

17 A. Generally, in prior KCPL steam utility rate cases both the
18 Company and Staff have developed their respective revenue requirements
19 concurrent with KCPL's electric rate case filings. To the extent the same
20 test years were used to develop both the steam and electric utility
21 revenue requirements, the steam utility rate cases became a matter of
22 allocating the appropriate investment and operating costs to the steam
23 utility operations. Much of the audit work addressed allocating Total
24 Company revenue requirements to steam utility operations. Since KCPL only
25 filed a request to increase steam utility rates in this proceeding, Staff
26 was required to perform an audit of only the steam utility operations.

27 Also, because KCPL has filed as part of its tariff filing its
28 proposal to phase-out and discontinue the Central District Heating System,

1 Staff obtained outside consulting services to assist in its investigation
2 as mentioned previously. Staff also submitted in excess of 700 data
3 information requests to the Company. The majority of these requests for
4 information were a direct result of KCPL's proposal to phase-out and
5 discontinue its steam utility operations in Downtown Kansas City. As
6 previously mentioned, Staff performed a document review relating to KCPL's
7 steam utility system to gain an understanding of how the Company managed
8 the steam utility operations. Because Staff had to develop a "steam only"
9 revenue requirement as well as investigate KCPL's proposal, it required a
10 far greater Staff resource commitment than other recent KCPL steam utility
11 rate cases.

12 Q. What were the reasons Staff interviewed KCPL representatives
13 and conducted a document review of those representatives relating to the
14 Central District Heating System?

15 A. In evaluating KCPL's proposal, it was believed that Staff
16 should review the present and historical condition of the system and
17 overall steam utility operations, along with management's involvement in
18 the Central District Heating System. During the course of its audit and
19 investigation of KCPL's proposal, Staff discovered numerous problems with
20 the Central District Heating System. In order to gain an understanding of
21 the problems of the Central District Heating System and what KCPL
22 management did to address these problems, Staff conducted interviews and
23 performed a document review of KCPL representatives having direct or
24 indirect involvement in the Company's steam utility operations.

25 Since the majority of the problems relating to the Central
26 District Heating System seemed to have developed in the 1970's, Staff
27 concentrated its efforts on that period up through the present. Staff's
28 review of the Company's steam utility operations uncovered minimal

1 documentation relating to the time period prior to 1982. Staff attempted
2 to interview as many KCPL representatives having knowledge of steam
3 utility operations and review all the documents it could obtain related to
4 this time frame. For a further discussion of Staff's document review of
5 KCPL files, please see Staff witnesses Mark L. Oligschlaeger's and Keith
6 A. Haskamp's prefiled direct testimony.

7 Q. You mentioned previously in this testimony that Staff
8 interviewed customers taking steam utility service from KCPL. What was
9 the purpose of these interviews?

10 A. KCPL's proposed plan to phase-out and discontinue the
11 Central District Heating System will have a tremendous impact on the
12 Company's District Heating customers. If KCPL's plan is approved, these
13 customers, who have come to rely on the Central District Heating System
14 for their energy needs since 1888, must now acquire alternative energy
15 sources. The alternative energy source the steam utility customer
16 ultimately chooses could require substantial up-front capital expenditures
17 and cause disruptions to the overall operations of their businesses.
18 Staff conducted interviews with the steam customers to gain to the fullest
19 extent possible an understanding of the impacts that KCPL's proposed plan
20 will have on them. Also, Staff wanted to know what the steam customers'
21 views were of the Central District Heating System.

22 Q. Which steam utility customers did Staff interview?

23 A. Schedule 3 is a listing of all the steam customers Staff
24 interviewed including the steam utility system's sole industrial customer,
25 National Starch, which uses steam for a manufacturing process. Also,
26 Staff interviewed some former steam utility customers to gain a
27 perspective as to why they converted to an alternative energy source.
28 Finally, Staff interviewed non-customers to determine why they did not

1 select steam for newly constructed buildings. Those customers have also
2 been listed on Schedule J.

3 Q. Why did Staff conduct various meetings with KPL-Gas Service
4 Company and request information for Staff review?

5 A. Since KCPL's proposed plan to phase-out and discontinue its
6 steam utility operations has effects on KPL-Gas Service Company (KPL-Gas
7 Service), Staff believed it was important to discuss with KPL-Gas Service
8 its plans to address the impact.

9 Q. What effects does KCPL's proposal have on KPL-Gas Service?

10 A. KPL-Gas Service is a competitor of KCPL providing an
11 alternative not only to district heating but also to electric space
12 heating. KPL-Gas Service has been positioning itself to convert customers
13 of Central District Heating to natural gas. It was important in order to
14 examine the merits of KCPL marketing strategy to understand what was being
15 done by its competitor, KPL-Gas Service.

16 Investigation of KCPL's Proposal

17 Q. Please describe Staff's investigation into the merits of
18 KCPL's proposal to phase-out and discontinue the Downtown Central District
19 Heating System?

20 A. As stated previously, Staff did not regard KCPL's July 7,
21 1986 tariff filing in this case as a typical steam utility rate case
22 filing. Since KCPL was requesting authority to phase-out and discontinue
23 the Downtown Central District Heating System, Staff was compelled to
24 examine all aspects of the Company's proposal. KCPL's proposed plan is
25 outlined in Exhibit No. ___ (RJB) Schedule 1, attached to KCPL witness
26 Beaudoin's prefiled direct testimony entitled the "Downtown Steam System
27 Conversion Study".
28

1 Because of the complexity of KCPL's proposed plan which
2 eliminates the Central District Heating System, Staff engaged an outside
3 consultant to review and analyze the Company's steam utility operations.
4 HDR Techserv was contracted by Staff to evaluate the present condition and
5 causes for this condition of the Central District Heating System.

6 OUTLINE OF STAFF WITNESSES--Steam Investigation

7 Q. What were the areas of responsibility of HDR Techserv?

8 A. The areas of responsibility of HDR Techserv are outlined in
9 the prefiled direct testimony of Staff consultant Phillip E. Fuller.
10 Staff consultant Fuller will address the history and description of KCPL's
11 district heating system which will include a discussion of the present
12 condition and reasons for the present condition of the Central District
13 Heating System. Mr. Fuller will provide testimony regarding HDR
14 Techserv's review of the steam utility system studies prepared by KCPL.
15 He will also address alternatives to continuing the present steam utility
16 system offered by KCPL.

17 Staff consultant Robert S. Miller will present the results of
18 HDR Techserv's analysis of the work necessary and cost of returning the
19 steam utility system to an acceptable long range operating condition. He
20 also will be discussing the cost of a short-term rehabilitation of the
21 steam system, the cost of on-site boiler installations, the results of the
22 customer survey, and an engineering analysis of KCPL's steam utility
23 system.

24 Finally, Staff consultant Derick O. Dahlen will be presenting
25 the results of his review of KCPL's proposals for the Central District
26 Heating System. He will provide the financial analysis of heating
27 alternatives for KCPL's steam customers. Specifically, Mr. Dahlen
28 provides the overall conclusions and recommendations from his analysis as

1 well as those reached by HDR Techserv witnesses Fuller and Miller
2 regarding the Central District Heating System.

3 Q. Please continue the discussion of Staff's investigation of
4 the Company's proposal as filed in this case.

5 A. Staff witnesses Deborah Ann Bernsen and Mark L.
6 Oligschlaeger will provide an overview of KCPL's management of the steam
7 utility operations. Staff witness Bernsen will focus upon its
8 organization, planning, maintenance and marketing efforts as to the steam
9 utility operations. Staff witness Oligschlaeger will address in detail
10 the recent history of the steam utility operations concentrating on the
11 overall management of the steam utility system.

12 Staff witness Keith A. Haskamp will provide testimony concerning
13 the document review of Company personnel's steam utility files and a
14 review of KCPL's steam utility marketing program respecting the Downtown
15 Central District Heating System.

16 Staff witness Edward A. Tooley will address the Company's steam
17 utility system maintenance as it relates to steam metering as well as
18 customer billing practices and financial reporting of steam utility system
19 losses.

20 Staff witness Larry G. Cox will provide an analysis of KCPL's
21 financial operating condition relating to the steam utility system.

22 Staff witness James L. Katter will address the Company's
23 proposal to provide energy audits and electric boilers or space heating
24 equipment to the steam customers as it relates to the Commission's Rule on
25 Promotional Practices (4 CSR 240-14). He will also address the proposed
26 changes in the steam General Rules and Regulations and KCPL's proposed
27 application of steam tariffs for on-site electric boilers.
28

HISTORY OF CENTRAL DISTRICT HEATING SYSTEM

Q. Please provide a brief review of the history of the Central District Heating System in downtown Kansas City.

A. KCPL and its predecessors have operated the Central District Heating System in Downtown Kansas City continuously since 1888.

The Downtown distribution system was started by a forerunner of KCPL, Kansas City Electric Light Company, in 1888. In 1905, because of the success of District Heating, the Kansas City Heating Company was formed. The Kansas City Heating Company ceased to exist by 1917. The steam heat operations became a department of a predecessor of KCPL. Grand Avenue Station, which was originally constructed in 1904, began generating steam for both electric and steam heat operations in 1929 after being purchased from the Kansas City Transit Company in 1927 and undergoing a modernization of equipment at this plant. It was at this time when the first high pressure (185 lb.) steam line was constructed with another high pressure system installed in 1930 and further extended in 1954. In 1958 a second high pressure line was built.

In an April 23, 1982, report entitled "Rehabilitation of Downtown Kansas City Missouri Steam Distribution System Years 1985-2005" (Oligschlaeger Schedule 3), it was stated that approximately 58% of the then existing low pressure system was constructed prior to 1920 with 40% constructed prior to 1910. After the 1958 expansion of the high pressure system, Grand Avenue Station became the sole source of steam generation for the Central District Heating System. As additional generating facilities were added to KCPL's electric system, Grand Avenue Station went from a base load to a peaking generating facility in the mid-1950's and was retired from electric operation on October 31, 1985.

1 For a more detailed history of the Central District Heating
2 System, refer to the KCPL Corporate Planning Department's December, 1981
3 steam study entitled "A Study of KCPL's Steam Heat Business", attached as
4 Schedule 1 to Staff witness Oligschlaeger's prefiled direct testimony.
5 Also, a further discussion on the history of the public utility steam
6 operations was outlined in 1983 by Michael C. Mandacina, then Manager of
7 Utility Steam Operations, at pages 2 and 3 of his prefiled direct
8 testimony filed in Case No. HO-83-274. This testimony is attached as
9 Schedule 4.

10 FINANCIAL CONDITION AND OPERATIONS

11 Q. Did Staff examine the financial condition and operations of
12 the Central District Heating System?

13 A. Yes.

14 Q. Why did Staff believe it was important to examine the
15 financial condition and operations of the Central District Heating System?

16 A. KCPL is proposing to phase-out and discontinue the Central
17 District Heating System in Downtown Kansas City. Staff believes that an
18 important component of any investigation and evaluation of the merits of
19 allowing a public utility to be relieved of its obligation to provide safe
20 and adequate service would include an examination of the financial
21 viability and profitability of the steam utility operations. Staff
22 reviewed the steam utility system's financial condition and operations on
23 a historical basis as well as the current condition.

24 Q. What were the results of Staff's examination of the
25 financial condition and operations of the Central District Heating System?

26 A. Staff examined the financial condition and operations of the
27 Central District Heating System for the period 1970-1986. Schedule 4
28 attached to the prefiled direct testimony of Staff witness Cox, is an

1 analysis Staff prepared of the financial and operating information for
2 this time period. The information contained in Cox, Schedule 4 includes
3 the steam utility operations' revenues, expenses and plant investment.
4 Also, Staff has calculated the rate of return earned by the steam utility
5 operations and included that on the schedule. The same information was
6 examined for KCPL's Missouri electric utility operations to provide a
7 contrast to the performance of the steam utility operations.

8 The steam utility system has incurred financial losses
9 consistently since 1978 with the exception of 1984 and 1985 when Corn
10 Products Corporation (CPC) was a steam customer. The largest financial
11 loss occurred in 1986 when the steam utility operations showed a financial
12 operating loss of \$1.4 million. The rate of return for 1986 was -29.07%.

13 Q. What caused the significant change in financial operating
14 results from 1985 to 1986?

15 A. The significant change in steam utility operating results
16 from 1985 to 1986 were caused by the following factors:

- 17 -- 1986 was the first full year of National Starch usage
18 and reflects a significant reduction in revenue sales
from 1985 as a result of CPC leaving the system
- 19 -- 1986 was the first full year that Grand Avenue had been
20 dedicated 100% to steam utility operations resulting in
predominantly all of Grand Avenue's operating costs and
21 investment being reflected in the steam utility
operation.
- 22 -- 1986 also saw a continued deterioration in the steam
23 utility system's customer base. This of course was
accelerated by the Company filing with the Commission
24 its proposal to phase-out and discontinue the Central
District Heating System as well as a 120% rate
25 increase.
- 26 -- 1986 showed increased operating costs in relation to
27 decline in sales which resulted in a further
deterioration of the steam utility system's earnings.

1 Q. Has KCPL recognized that its utility steam operations have
2 not provided adequate earnings?

3 A. Yes. The December, 1981 study entitled "A Study of KCPL's
4 Steam Heat Business" attached to Staff witness Oligschlaeger's prefiled
5 direct testimony as Schedule 1-18 stated:

6 These results indicate we have never earned a
7 "reasonable return" on the steam investment. As the
8 amount of sales in pounds of steam per customer per
9 degree day has declined, we have had to produce about
10 the same steam due to increased losses. Purchased
11 steam expense which is related to the steam input to
12 the system has increased at a faster pace than any
13 other costs due to higher fuel costs, and a greater
14 allocation of fixed costs to steam as electric
15 generation has been reduced. Expenses excluding
16 Distribution O&M, taxes, and purchased steam have
17 increased moderately over the last 20 years. These
18 expenses increased by 189% (5% per year) excluding the
19 income tax loss in 1980. Such costs are more related
20 to investment which has not increased substantially.
21 These cost increases have not been offset by adequate
22 rate increases and, therefore, a "reasonable return"
23 has not been attained.

24 [Emphasis added]

25 Q. Will the steam utility operations likely incur additional
26 financial operating losses in the future?

27 A. Yes. If the trend of declining sales and increasing costs
28 is not altered, the steam utility operations will likely continue to incur
financial operating losses.

CERTIFICATE OF CONVENIENCE AND NECESSITY

23 Q. What is a Certificate of Convenience and Necessity granted
24 by the Commission?

25 A. A Certificate of Convenience and Necessity issued by the
26 Commission grants a public utility the authority to provide utility
27 services within a prescribed area or "service territory". The service
28 territory defines an area in which the public utility is obligated to

1 provide utility services indiscriminately to all customers requesting
2 service. In accepting the burden of obligation to serve indiscriminately,
3 the public utility is granted an exclusive right to provide utility
4 service within its "protected" service territory.

5 Q. Has the Commission granted a Certificate of Convenience and
6 Necessity to define KCPL's steam service territory?

7 A. Yes. On January 26, 1983, KCPL filed with the Commission an
8 application to precisely define its service territory boundaries for
9 public utility steam service in downtown Kansas City. The Commission
10 accepted a Stipulation and Agreement between the Company and Staff in that
11 case, Case No. HO-83-274, and stated at page 3 of its Report and Order:

12 . . . in Case No. 8560 (1934) the Commission issued a
13 blanket Certificate of Convenience and Necessity for KCPL's
14 Missouri service territory, again presumably including the
downtown Kansas City, Missouri public utility steam
territory, but without specific mention.

15 KCPL's application and the Commission's Report and Order in Case
16 No. HO-83-274 are contained in Schedules 5 and 6, respectively, attached
17 to this prefiled direct testimony.

18 Q. Did the Commission determine in Case No. HO-83-274 that a
19 Certificate of Convenience and Necessity granted to the Company's electric
20 service also applied to KCPL's steam utility service?

21 A. Yes. The Commission's Report and Order in that case stated
22 the above as a "Finding of Fact".

23 Q. Why was it important to have a specifically defined public
24 utility steam service territory?

25 A. Mr. Mandacina stated at page 4 of his prefiled direct
26 testimony in Case No. HO-83-274 the importance of having a clearly defined
27 public utility steam service territory:
28

1 Being a regulated monopoly, KCPL's certificated service
2 territories are the very essence of its businesses. It is
3 thus important that a service area, establishing the
4 exclusive right to serve while carrying the obligation to
5 serve all customers indiscriminately, be clearly defined.
6 As a practical matter, KCPL's public utility steam service
7 territory is well-defined, by location of facilities and
8 customers, and I am advised as a legal matter the territory
9 is likewise "defined." However, nowhere to my knowledge is
10 there a document setting forth that territory as such. It
11 is in the interests of our steam customers, both existing
12 and potential future, that the geographic area within which
13 KCPL is, and holds itself out to be, ready, willing and
14 able to supply public utility steam service be clearly
15 defined.

16 [Emphasis added.]

17 The Commission recognized that it was in the public interest to
18 specifically define the public utility's service territory in its January
19 10, 1934 decision in Case No. 8560 (attached as Schedule 7), KCPL's
20 "blanket" Certificate of Convenience and Necessity case. The Commission
21 stated:

22 It is clearly to the public interest that the area in which
23 service is to be rendered by each of them be marked out and
24 designated. Thus responsibility will be fixed; the citizen
25 will know to whom to look for service; the utility will
26 know within what field to concentrate its activities and to
27 develop its market.

28 Public utility customers have certain expectations of a utility
providing them service. They expect that the utility will be there to
provide the demanded service as needed on an "ongoing basis". Customers
don't perceive that a public utility has a finite life but one that is
infinite in nature. A clearly defined service territory informs the
customer of "whom to look for service."

Q. Does Staff believe that KCPL is seeking in this case to be
relieved of its obligation to serve steam customers?

A. Yes. The Company's proposal to phase-out and discontinue
the Central District Heating System is in effect a request by KCPL to

1 abandon steam service in Downtown Kansas City. KCPL's proposal is a
2 request for Commission authority to relieve the Company of its public
3 utility obligation to provide steam service. If the Commission were to
4 accept KCPL's proposed changes to the General Rules and Regulations
5 applying to Steam Service, Section 2, Service Agreements, the Company
6 would no longer have the obligation to provide steam service to the
7 downtown community. The proposed Service Agreements read:

8 2. SERVICE AGREEMENTS

9 2.01 APPLICATION FOR SERVICE: The Company is phasing
10 out the system facilities pursuant to its conversion plan
11 which is on file and approved by the Commission, and all
12 applications for service are subject to the term,
13 conditions and availability of service provisions contained
14 in such plan, which is incorporated by reference herein.
15 Steam Service will be made available by the Company only to
16 a premise or building which was served under the Company's
17 applicable steam service schedules as of the effective date
18 of this schedule.

19 Adopting the Company's proposal to phase-out and discontinue
20 steam utility service is in essence terminating KCPL's Certificate of
21 Convenience and Necessity.

22 CONCLUSIONS

23 Q. What are the conclusions Staff has reached from its
24 investigation and audit of KCPL's proposal to phase-out and discontinue
25 the Central District Heating System in downtown Kansas City?

26 A. Staff believes that the Company, in developing its proposal
27 to phase-out and discontinue the Central District Heating System, did not
28 fully investigate and evaluate all of the available alternatives to the
steam heating system. KCPL did not pursue the sale of the system to
another entity and did not investigate the alternative that natural gas
would provide the steam customers.

1 Staff concludes that KCPL's proposed plan to convert the steam
2 customers to electric service is an electric marketing plan.

3 Also, KCPL through its demarketing efforts and management
4 inattention caused the systematic deterioration and decline of the Central
5 District Heating System which may lead to the demise of the Downtown
6 Central District Heating System. If KCPL's "demarketing effort" of the
7 Central District Heating System dates back to the early to mid 1970's, it
8 is understandable that the system deteriorated to the state that it did.
9 A public utility uninterested in maintaining or expanding its customer
10 base would appear to have little faith that the utility operations would
11 be in business in the long term. This would explain the utility's actions
12 of not having a comprehensive maintenance program, not actively marketing
13 its product, and not establishing any long-term plans. It was only after
14 the steam utility operations had reached the level of decline and
15 deterioration of the early 1980's and the request by Corn Products
16 Corporation for steam utility service that KCPL determined the need to
17 evaluate its Central District Heating System. The basis for this
18 conclusion is found throughout the testimony filed by various Staff
19 members in this proceeding.

20 Q. Please summarize the overall conclusions reached by Staff
21 with regard to KCPL's proposal.

22 A. The following is a summary of the overall conclusions
23 reached by Staff with regard to KCPL's proposal to phase-out and
24 discontinue the Central District Heating System. It is not, however,
25 intended to be an all-inclusive listing of Staff's conclusions.
26
27
28

Failure to Fully Investigate and Evaluate All Alternatives

Q. Why does Staff believe it was a failure on the part of KCPL management not to fully investigate and evaluate all alternatives available to the Company?

A. The Company's Corporate Planning Department in December, 1981 recommended that one of the alternatives to the phase-out and discontinuance of the steam utility system should be investigated; that is, sale of the system. However, this alternative was never pursued. KCPL made a Corporate Policy decision that the steam utility system "was not for sale". As stated in response to Staff Data Information Request No. 406, which is attached as Schedule 31 to Staff Witness Oligschlaeger's prefiled direct testimony, "[t]he basic reason that no other such studies were done is that KCPL has always wanted to retain and service all its customers; both electric and steam." Both Staff witness Oligschlaeger and Staff consultant Dahlen address the Company's failure to consider the "sale of the system" alternative in their testimony.

KCPL also did not examine all other alternatives to the Central District Heating System. Staff consultants Fuller and Dahlen address this in their respective testimonies. In order for KCPL to show that it is in the public's interest for the Commission to grant KCPL the authority to abandon its public utility Certificate of Convenience and Necessity for the Central District Heating System, the Company should have fully investigated and evaluated all alternatives.

Marketing

Staff witness Haskamp testifies that KCPL's proposed Steam Conversion Plan appears to be an electric marketing plan. Staff witnesses Berneen and Haskamp testified that the Company did not aggressively market

1 steam service and, in fact, actually "demarketed" steam by its actions.
2 Staff witness Bernsen stated that a long-range plan would have continually
3 assessed and updated Company's options in the available market.

4 Staff witness Haskamp stated:

- 5 . Little, if any, attention was ever paid to the
6 marketing or promotion of steam utility service.
- 7 . Electric heat was marketed as the first priority
8 with steam heat marketed as a secondary
9 alternative.
- 10 . Company's proposed steam conversion plan appears
11 to be an electric marketing plan.
- 12 . Company's proposal to raise steam rates by over
13 120% in this proceeding also has the effect of
14 "demarketing" the steam utility system.
- 15 . KCPL had no long-range steam marketing strategy
16 in place to prepare for and react to the current
17 renaissance of downtown Kansas City.
- 18 . KCPL management made a decision to no longer
19 connect new customers sometime prior to August 3,
20 1984.
- 21 . KCPL engaged in discouraging new steam customers.
22 It considered denial of service to customers
23 requesting service; i.e. Mercantile Bank (1972),
24 the Vista Hotel (1980), the Jackson County Jail
25 (1981), and Corn Products Corporation (1981).
- 26 . On December 3, 1986, KCPL announced its intention
27 to give its steam generating facility away to be
28 converted to an aquarium.

21 Staff consultant Dahlen stated that the Company should have a
22 marketing program and marketing staff to attract new customers to the
23 system so additional sales could spread fixed costs over more Mlbs. of
24 steam sales. Although Mr. Dahlen couldn't state that KCPL would have had
25 a lower cost per Mlb. today if a steam marketing program had been
26 implemented, he did state at page 14 of his testimony that without one
27 "the failure of KCPL's District Heating System is nearly certain. If new
28

1 customers are not added to replace customers lost to redevelopment, sales
2 will clearly decline and fixed costs will be spread over fewer Mlbs. of
3 steam resulting in higher and higher costs per Mlb. until steam is not
4 priced competitively."

5 Overall Management Inattention

6 Staff witness Oligschlaeger testified at page 5 of his testimony
7 that "there was a serious failure of the part of KCPL in the 1970's and
8 1980's to provide sufficient management attention and control of its
9 utility steam operation." Staff witness Bernsen addresses at page 3 of
10 her testimony that "the Company has historically been negligent in the
11 conduct of its responsibilities with respect to the utility steam system."
12 She also stated at page 4 of her testimony that "the Company had
13 historically devoted little management attention and resources to the
14 operation of its steam service system." Staff consultant Fuller also
15 addressed the lack of management attention and planning. The basis for
16 Staff's conclusions that there was insufficient management attention and
17 control of the steam utility operations can be summarized as follows:

- 18 . No evidence of long-range planning prior to the
19 1981-1982 time frame.
- 20 . Failure to provide operating objectives and
21 measurable goals for efficient and economic
22 achievement of steam utility operations until
23 1982-1983.
- 24 . Decentralized management structure where
25 accountability of the steam utility system within
26 KCPL was largely non-existent until 1982-1983.
- 27 . Failure to maintain the steam utility system
28 adequately because of a lack of a comprehensive
maintenance program.
- . Deficiency in management maintenance practices
relating to the lack of long-range planning for
maintenance of the steam utility system.

Promotional Practices

Q. Has Staff reached any other conclusions regarding KCPL's request for authority to phase-out and discontinue the Central District Heating System?

A. Yes. Staff witness Ketter has reached the conclusion that KCPL's proposal to provide energy audits and electric boilers or space heating equipment to the steam customers violates the Commission's Rule on Promotional Practices (4 CSR 240-14). He has also concluded that it is inappropriate to charge steam rates to customers who have electric boilers installed.

STAFF'S RECOMMENDATION ON DISCONTINUANCE OF STEAM UTILITY SERVICE

Q. What is Staff's recommendation with regard to KCPL's proposal to phase-out and discontinue the Central District Heating System?

A. Staff recommends that the Commission reject KCPL's proposal to phase-out and discontinue the Central District Heating System.

Q. What is the basis for this recommendation?

A. Staff's testimony shows that there is some likelihood that the Central District Heating System may continue to be a viable utility service in Kansas City. The Commission should not permit elimination of this regulated utility service until the Company has made a clear showing that the service is no longer viable and that the public convenience and necessity does not require its continuation. Staff does not believe that the Company can meet this test until it has explored the alternatives pointed out in Staff's testimony, including pursuing the sale of the system through issuance of a request for bids or proposals for purchase of the system.

The analysis provided by the Company does not present the true cost of conversion to electric heating for its steam customers due to

1 inclusion of the provision for the Company to bear the up-front capital
2 cost and operation and maintenance costs of conversion to electric boilers
3 or electric space heating equipment. As stated on page 12 of the prefiled
4 direct testimony of Staff consultant Dahlen, the proposal "masks the true
5 economic cost of the electric boiler conversion and does not provide the
6 information necessary for customer (sic) to make well-informed choices of
7 central steam heat, individual gas-fired boilers, or electric boilers."

8 The analysis performed by Staff consultant Dahlen shows that the
9 electric boiler option with the "mask" of the Company-provided boilers
10 stripped away is the most costly alternative for the customer when
11 compared to the cost of central steam. This is true even when the cost of
12 Staff consultant Miller's long-range rehabilitation of the steam utility
13 system is included in the analysis. Staff believes the Company's
14 "subsidy" of the cost of electric boilers must be eliminated from any
15 analysis comparing the economics of the available alternatives because
16 that element is a prohibited promotional practice. In fact, that element
17 alone provides sufficient cause to reject KCPL's proposal.

18 Q. Please explain how the Company should pursue the sale of the
19 system through the issuance of a request for bids or proposals for
20 purchase of the system.

21 A. Staff consultant Dahlen in his prefiled direct testimony at
22 page 17 and in Section IV, Proposals to Purchase Steam, addresses Staff's
23 recommendation requesting the Commission to order KCPL to solicit bids or
24 requests for proposals for purchase of the Central District Heating
25 System. Staff recommends that KCPL solicit proposals for the sale or
26 transfer of the Central District Heating System and present all proposals
27 and results of negotiations along with KCPL's recommendations regarding
28

1 those proposals to the Commission. During the interim period, steam
2 utility rates should be frozen at existing levels.

3 Q. With regard to having the Company pursue the sale of the
4 Central District Heating System, does Staff believe there are entities
5 interested in the opportunity of providing steam service in downtown
6 Kansas City?

7 A. Yes. Staff does believe that entities do exist who would be
8 interested in providing steam service in Kansas City. On page 23 of his
9 prefiled direct testimony, Staff consultant Dahlen addresses nine district
10 heating systems which have changed ownership since 1979 including the
11 system providing district steam service in St. Louis. In fact, at page 42
12 of Staff witness Oligschlaeger's prefiled direct testimony, he stated that
13 other parties have shown a specific interest in the possibility of
14 acquiring KCPL's steam utility system.

15 Q. Would you please summarize Staff's conclusions upon which
16 Staff's recommendation to reject KCPL's proposal to phase-out and
17 discontinue the Central District Heating System is based?

18 A. Those conclusions can be summarized as follows:

- 19 . KCPL has failed to show that Central District
20 Heating is not a viable utility heating source
for downtown Kansas City.
- 21 . Most notably, KCPL refused to pursue sale of the
22 district heating system to another operator.
- 23 . KCPL considered only the cost of electric heat
24 and not gas heat when evaluating alternatives to
Central District Heating for its customers.
- 25 . KCPL has not examined all alternatives to
26 discontinuance of the Central District Heating
System.
- 27 . KCPL has not shown that its steam customers would
28 be better off economically without the Central
District Heating System.

- 1 . The provision of electric boilers or electric
2 space heating equipment, a prohibited promotional
3 practice, is a central element of KCPL's
 proposal, and is cause to reject the proposal.

4 It is clear that KCPL has encouraged the decline of the steam utility
5 system, that KCPL has not effectively managed the steam utility system,
6 and that KCPL's conversion plan is nothing more than an electric heat
7 marketing plan, as evidenced by the following Staff findings regarding:

- 8 . KCPL's "demarketing" of steam as a heating source
 in downtown Kansas City.
- 9 . KCPL's lack of long-range planning for operation
10 of the steam utility system.
- 11 . KCPL's inattention to the assignment of
12 responsibility and accountability in the
 management of the steam utility system.
- 13 . KCPL's lack of comprehensive maintenance
 activities.

14 Q. Does the Staff have any recommendations for the Commission
15 regarding the test boilers that have been installed on customer premises?

16 A. Yes. Staff witness Ketter stated at page 6 of his testimony
17 that providing equipment is prohibited by the Promotional Practices Rule.
18 Even though this equipment was installed on the customer premises as a
19 test project, Staff takes the position that these electric boilers
20 provided to the customers are prohibited by the Promotional Practices
21 Rule. These customers should be allowed to purchase the electric boilers
22 with some consideration given to a financing plan offered by the Company
23 as appropriate at prevailing market interest rates. The customers
24 purchasing the electric boilers should be charged the appropriate electric
25 rate from the Company's electric tariffs. The Company should then treat
26 the revenues resulting from the energy consumed by the electric boilers as
27 electric revenues.
28

1 Q. If the Commission accepts Staff's recommendation that KCPL
2 not be granted the authority to discontinue the Central District Heating
3 System, does Staff believe this will place a hardship on KCPL?

4 A. No. If the Commission requires KCPL to continue to provide
5 steam utility service to the downtown customers, Staff does not believe
6 that this will place any undue hardship on KCPL because:

- 7 . The steam utility operations are a small portion
8 of KCPL's total operations and will not
9 materially affect or impact the Company's
10 earnings.
11 . KCPL has incurred financial losses on steam
12 operations in the past.
13 . Company's proposed plan as filed indicates KCPL's
14 willingness to continue to incur financial losses
15 in the future.

16 Q. What is the basis that Staff believes KCPL is willing to
17 incur additional financial losses relating to the steam utility
18 operations?

19 A. KCPL's proposal as filed with the Commission results in
20 continued financial losses for the steam utility operations. Company's
21 responses to Staff Data Information Requests Nos. 639 and 324 (Schedules 8
22 and 9, respectively) indicate that the Company expects to absorb some
23 financial losses relating to the recovery "of" and "on" investment of the
24 electric boilers and electric space heating equipment as well as some
25 related operating and maintenance costs. It is also interesting to note
26 that KCPL at one time was considering spending \$50 million to make the
27 conversion from steam service to electric service (Schedule 10).

28 Mr. Beaudoin's testimony at pages 15 and 16 also addresses the
financial losses KCPL is "willing to bear". Mr. Kite references the
financial loss figures at page 17 of his testimony.

1 Mr. Doyle, KCPL's Chairman of the Board and President, on July
2 19, 1985, sent a letter to the Company's steam heat customers informing
3 them among other things that "KCPL intends to protect its steam heat
4 customers and will accept some losses during [the] transitional period."
5 This letter is attached to Company witness Beaudoin's direct testimony as
6 Appendix A.

7 Q. Do the tariffs as filed by KCPL in this case reflect any
8 costs associated with KCPL's proposal to phase-out and discontinue the
9 Central District Heating System and convert those customers to electric
10 service?

11 A. KCPL is only requesting through the rates or tariffs filed
12 in this case to recover the unrecovered investment in the Central District
13 Heating System over the remaining life of the phase-out plan. No
14 conversion or maintenance costs associated with the electric boilers or
15 electric space heating equipment have been included in the Company's
16 filing. If the Commission accepts the Company's proposal to phase-out and
17 discontinue the Central District Heating System and convert the steam
18 customers to electric service, the Company would expect to file a new
19 steam rate case at a later time to reflect the cost of service of the new
20 conversion system. The Company responded to Staff Data Information
21 Request No. 324 (Schedule 9) that:

22 Under KCPL's Plan I would expect that once the old
23 system was retired at 12/31/90 that a new steam rate
24 case would be filed to reflect only the cost of
25 service of the new conversion system. The rates filed
26 at that time would reflect operating expenses and only
the return on and the amortization through 1995 of the
unrecovered investment in the new boilers and heating
equipment. KCPL would not expect to bear losses
during the period 1991 to 1995.

27 Q. Has the Company fully developed the financial losses it is
28 willing to absorb?

1 A. No. As indicated by KCPL in response to Staff Data
2 Information Request No. 639 (Schedule 8):

3 No study of the specific losses by year has been made
4 for the electric boiler/space heating equipment
5 conversions during the phase-in period 1987-1990. The
6 annual losses would be a function of the pattern
7 (number and steam load) of the customers accepting the
8 conversion program during the 1987-1990 period. The
9 losses per Mlb would be the additional cost of return,
10 depreciation, taxes, O&M and electricity for the new
11 electric boilers per Mlb of steam sold less the fuel
12 and some O&M per Mlb saved on the central production
13 and distribution system.

14 Q. Does the Staff have a recommendation concerning rates if
15 KCPL's proposal is rejected by the Commission?

16 A. If the Commission accepts Staff's recommendation and decides
17 that KCPL should not be permitted to proceed with discontinuance of
18 Central District Heating System, it should freeze steam rates at their
19 present level to preserve the revenue base. A failure to freeze existing
20 rates would result in the loss of additional customers, require further
21 rate increases from the remaining customers, and make sale of the system
22 more difficult.

23 Q. Why does Staff recommend that the Commission not authorize
24 KCPL to increase its steam utility rates if KCPL's proposal is rejected?

25 A. If the Commission accepts Staff's recommendation that the
26 Company should solicit bids or proposals to purchase the steam utility
27 system, then an important element would be freezing rates at their
28 existing level. If rates are frozen, it would make the steam utility
system more attractive to prospective buyers. A potential buyer's only
chance of turning the Central District Heating System around is to
immediately take all actions necessary to maintain the existing customer
base and protect it from further deterioration.

1 If rates are increased, this would place pressure on an already
2 declining customer base and could have a devastating effect on the future
3 of steam utility operations. As rates are increased to the point where
4 steam is no longer competitive with alternative energy sources, such as
5 natural gas, customers will convert over to the cost-effective
6 alternative, unless intangible benefits of central steam service cause
7 customers to remain on the steam system. Unless rates are maintained at
8 their existing levels, customers could start defecting from the steam
9 utility system at a more rapid rate than has already been experienced.

10 Further, if customers start leaving the system at an accelerated
11 rate because of increasing steam utility rates, the potential exists that
12 the additional revenues authorized through the rate increase will never be
13 realized. As steam utility rates are allowed to increase to a level where
14 customers decide to leave the system, sales decline which in turn lower
15 revenues. If that trend continues, then the additional revenues the rate
16 increase was intended to generate will never materialize, causing the need
17 for additional rate relief which the Company may or may not seek.

18 In addition, KCPL should not be granted a rate increase in this
19 case because of its "demarketing" of the Central District Heating System
20 and its management inattention to the steam utility operations, which have
21 contributed to the deterioration of the system. Staff consultant Dahlen,
22 in his prefiled direct testimony, Section V, Freeze Current Rates,
23 addresses further reasons why the Company should not be granted a rate
24 increase in this case.

25 Q. Why does Staff believe that it is in the public's interest
26 to have KCPL or some other entity continue to provide Central District
27 Heating service in downtown Kansas City?
28

1 A. Because as downtown Kansas City undergoes a revitalization
2 and renaissance with new development, Staff believes that it is important
3 to the downtown community to have three alternative energy heating sources
4 available to it: 1) steam service, 2) natural gas, and 3) electric
5 service. Since the downtown community has relied on the continuing
6 availability and reliability of the Central District Heating service since
7 1888, and based upon Staff's conclusions that there is some likelihood
8 that the Central District Heating System may continue to be a viable
9 utility service in Kansas City, that alternative should continue to be
10 available to the downtown community. Also, as discussed in the prefiled
11 direct testimony of Staff consultant Fuller, there are many intangible
12 advantages to central steam service, including: convenience, reliability
13 and architectural freedom.

14 Q. Has KCPL recognized the importance of district heating in
15 downtown Kansas City?

16 A. Yes. In testimony before this Commission in May 1983, Mr.
17 Mandicina stated at page 5 of his prefiled direct testimony in Case No.
18 HO-83-274:

19 . . . the downtown Kansas City, Missouri district is
20 badly in need of revitalization, and numerous civic
21 and economic development efforts are underway to
22 accomplish that end. Given the existence of steam
23 supply facilities within that area now, and the
attraction that public utility steam supply can
provide to potential downtown customers exclusively,
it is hopeful that such steam service can assist in
revitalization efforts.

24 That statement made in May 1983 is no less important today as the
25 Commission is faced with deciding the fate of the Central District Heating
26 System in Kansas City, Missouri.
27
28

Prepared Testimony of
Cary G. Featherstone

1 Q. Does the Staff have any additional recommendations if the
2 Commission determines that KCPL should not be permitted to proceed with
3 its phase-out and discontinuance of Central District Heating service?

4 A. Yes, the Commission could advise the Company that it would
5 be willing to reconsider this issue if the Company is able to provide
6 analyses which show: (1) Central Steam utility service in downtown
7 Kansas City is not viable; (2) KCPL has explored all reasonable
8 alternatives to abandonment, including sale of the system and both
9 electric and gas boiler conversions; (3) customers will be better off
10 economically without Central District Heating service; (4) a reasonable
11 phase-out plan which excludes promotional practices but possibly includes
12 an acceptable compensation plan for customers in special circumstances
13 such as those whose buildings will not easily accommodate on-site heating
14 equipment, those whose buildings' useful lives do not justify the capital
15 cost of converting to an alternative, or those whose capital conversion
16 costs are so high that recovery of those costs through energy cost savings
17 will not occur within a reasonable period of time; and (5) proposed rates
18 to be charged during the phase-out period which recognize that steam
19 operations are not an ongoing concern.

20 Q. Does Staff believe that its recommendation will cause a
21 further delay in making a decision regarding the Central District Heating
22 System?

23 A. Staff recognizes that the Company's proposal and Staff's
24 recommendation place the Commission in a difficult situation in providing
25 a timely decision. Staff's recommendation to reject KCPL's proposal to
26 phase-out and discontinue the Central District Heating System is not meant
27 to delay the decision of the future of the steam utility system in any
28 way. However, Staff believes that the question of abandoning the Central

1 District Heating System in downtown Kansas City is important enough to
2 warrant a complete and full investigation of all the alternatives and
3 options available to preserve the future of the steam utility service to
4 downtown Kansas City. Unfortunately, KCPL did not conduct this complete
5 and full investigation on its own accord when time was not as limited for
6 Commission consideration of these matters.

7 Staff understands that the steam customers need to know the
8 future of the Central District Heating System so that decisions can be
9 made as to the direction they want to go to meet their energy needs.
10 However, it must be remembered that in the December 1981 study entitled "A
11 Study of KCPL's Steam Heat Business" (Schedule 1 of Staff witness
12 Oligschlaeger's prefiled direct testimony), a recommendation was made to
13 look at the alternative of selling the district heating system to another
14 entity. KCPL decided that it was not in their best overall interest to
15 pursue that recommendation and made a corporate decision that the downtown
16 Central District Heating System would not be sold. If the Company had
17 examined and investigated all of the options available to it with regard
18 to the Central District Heating System, i.e. sale of the Central District
19 Heating System to another operator, had looked at gas heat as an
20 alternative to the Central District Heating System, and had provided the
21 results of examining those alternatives to the Commission, Staff would
22 have been in a better position to evaluate the future of the steam utility
23 system and to provide the results of its review earlier.

24 Staff believes that it is necessary to continue to further
25 investigate the alternatives available to the Central District Heating
26 System in as expeditious a manner as is reasonably possible. Staff
27 believes that it is in the public's interest to consider these
28 alternatives but also in the public's interest to place customers in a

1 position to make an informed decision as to the future source of their
2 energy needs.

3 Q. What is the Staff's recommendation in the event the
4 Commission does believe KCPL has demonstrated that central district
5 heating is not a viable utility service and that KCPL should be permitted
6 to proceed with the discontinuance of Central Steam service?

7 A. In the event the Commission comes to this conclusion, Staff
8 recommends that the Commission require the Company to amend its phase-out
9 plan to exclude the promotional practice of installation of electric
10 boilers and electric space heating equipment and reject the rates sought
11 by the Company in this case. Staff would further recommend that the
12 Company's phase-out plan be accelerated to the extent possible. However,
13 allowances should be made for customers as necessary who cannot meet an
14 accelerated phase-out schedule. In any event, the customers must be
15 informed if the Commission grants KCPL the authority to abandon the steam
16 utility system. A known and certain date must be established for an
17 orderly conversion to alternative energy sources. An orderly and planned
18 phase-out schedule should provide steam customers with sufficient lead
19 time to plan their conversion to alternative energy sources.

20 Q. If abandonment is permitted, what rates should the
21 Commission adopt in lieu of those filed by the Company in this case?

22 A. The Staff cannot recommend a specific level of rates to be
23 set by the Commission in the event it decides KCPL should be permitted to
24 proceed with discontinuance of steam service. However, Staff would advise
25 the Commission that those rates need not and should not be set under
26 traditional rate base regulation assumptions. Instead, the rates should
27 reflect the fact that steam utility operations are not an ongoing concern
28 and permit only recovery of prudent, out-of-pocket expenses required to

1 continue safe and adequate service until the phase-out is completed or set
2 rates at a level which would maximize the Company's net income from the
3 system or minimize its net losses for the remainder of the phase-out
4 period.

5 If KCPL is allowed to proceed with discontinuance of steam
6 service and wants to adjust rates during the phase-out period, the
7 Commission should require that KCPL provide economic analyses including
8 elasticity studies, which would show that the Company would be better off
9 financially from increasing the steam utility rates.

10 Q. If abandonment is permitted, why should the rates not be set
11 under traditional rate base regulation assumptions?

12 A. Traditional rate base regulation assumes that public utility
13 is an "on-going concern". Under this type of regulation, there is a
14 presumption that utility service will continue in the future. Traditional
15 ratemaking allows the public utility a return "of" and "on" investment,
16 operating costs and taxes.

17 For a public utility who in essence is going out of business and
18 being allowed to abandon its public utility Certificate of Convenience and
19 Necessity, traditional ratemaking practices are not appropriate. A public
20 utility that is discontinuing its utility services should not be allowed a
21 recovery "of" and "on" investment. However, the public utility should be
22 allowed some level of recovery of prudent, out-of-pocket expenses required
23 to continue safe and adequate service until the phase-out is completed.
24 These prudent, out-of-pocket expenses would include a recovery of fuel
25 costs, operation and maintenance costs, administrative and general
26 (overhead) costs and taxes as appropriate.

Prepared Testimony of
Cary G. Featherstone

1 If the Commission allows KCPL to proceed with its abandonment of
2 the Central District Heating System, the Commission should not consider
3 increasing steam utility rates to the level requested by KCPL.

4 Q. Does this conclude your prefiled direct testimony?

5 A. Yes.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SUMMARY OF RATE CASE INVOLVEMENT

Case No. ER-80-53	St. Joseph Light & Power Company
Case No. GR-80-173	The Gas Service Company
Case No. GR-80-249	Rich Hill-Hume Gas Company
Case No. TR-80-235	United Telephone Company of Missouri
Case No. ER-81-42	Kansas City Power and Light Company
Case No. TR-81-208	Southwestern Bell Telephone Company
Case No. TR-81-302	United Telephone Company of Missouri
Case No. TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates
Case Nos. ER-82-66 and HR-82-67	Kansas City Power and Light Company
Case No. TR-82-199	Southwestern Bell Telephone Company
Case No. EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power and Light Company
Case No. ER-83-49	Kansas City Power and Light Company
Case No. TR-83-253	Southwestern Bell Telephone Company
Case No. EO-84-4	Investigation and Audit of Forecast Fuel Expense of Kansas City Power and Light Company
Case Nos. ER-85-128 and EO-85-185	Kansas City Power and Light Company

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. HO-86-139

SCHEDULE INDEX

<u>SCHEDULE NO.</u>	<u>DESCRIPTION OF SCHEDULES</u>	<u>SPONSOR</u>
2	REVENUE REQUIREMENT	WHITE
3	RATE BASE	WHITE
4	PLANT IN SERVICE	WHITE
5	ADJUSTMENTS TO PLANT IN SERVICE	WHITE
6	DEPRECIATION RESERVE	WHITE
7	ADJUSTMENTS TO DEPRECIATION RESERVE	WHITE
8	MATERIALS AND SUPPLIES	BRANDEL
9	PREPAYMENTS	BRANDEL
10	FUEL INVENTORY	KUENSTING
11	CASH WORKING CAPITAL	BRANDEL
12	INCOME STATEMENT	WHITE
13	ADJUSTMENTS TO INCOME	WHITE
14	DEPRECIATION EXPENSE	WHITE
15	INCOME TAX	FEATHERSTONE
16	ANNUALIZED INTEREST EXPENSE DEDUCTION	FEATHERSTONE
17	TAXES OTHER THAN INCOME	WHITE

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-86-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT

REVENUE REQUIREMENT

		10.14% RETURN		10.24% RETURN		10.34% RETURN
NET ORIG COST RATE BASE (SCH 3)	\$	3,470,741	\$	3,470,741	\$	3,470,741
RATE OF RETURN		10.14%		10.24%		10.34%

NET OPERATING INCOME REQUIREMENT	\$	351,933	\$	355,404	\$	358,875
NET INCOME AVAILABLE (SCH 12)		-1,396,332		-1,396,332		-1,396,332

ADDITIONAL NET OPERATING INCOME NEEDED BEFORE INCOME TAXES	\$	1,748,265	\$	1,751,736	\$	1,755,267

INCOME TAX REQUIREMENT: (SCH 15)

REQUIRED CURRENT INCOME TAX	\$	-152,213	\$	-150,242	\$	-148,271
TEST YEAR CURRENT INCOME TAX		-1,144,848		-1,144,848		-1,144,848

ADDITIONAL CURRENT TAX REQUIRED	\$	992,635	\$	994,606	\$	996,577

REQUIRED DEFERRED ITC	\$	0	\$	0	\$	0
-----------------------	----	---	----	---	----	---

TEST YEAR DEFERRED ITC		0		0		0
------------------------	--	---	--	---	--	---

ADDITIONAL DEFERRED ITC REQUIRED	\$	0	\$	0	\$	0

TOTAL ADDITIONAL TAX REQUIRED	\$	992,635	\$	994,606	\$	996,577
-------------------------------	----	---------	----	---------	----	---------

GROSS REVENUE REQUIREMENT	\$	2,740,900	\$	2,746,342	\$	2,751,784

Staff Recommended Revenue Requirement		-0-		-0-		-0-

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: MO-86-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT

RATE BASE

TOTAL PLANT IN SERVICE	\$	23,389,126
LESS:		
DEPRECIATION RESERVE	\$	17,934,593
NET PLANT IN SERVICE	\$	5,454,533
ADD:		
CASH WORKING CAPITAL-DIRECT	\$	-215,513
CASH WORKING CAPITAL-INDIRECT		-148,834
FUEL INVENTORY-DIRECT		36,457
FUEL INVENTORY-INDIRECT		95,372
MATERIALS AND SUPPLIES-DIRECT		996,127
MATERIALS AND SUPPLIES-INDIRECT		15,449
PREPAYMENTS-DIRECT		48,067
PREPAYMENTS-INDIRECT		5,959
DEFERRED TREE TRIMMING-INDIRECT		0
LESS:		
INCOME TAX OFFSET 10.8164%	\$	0
INTEREST EXPENSE OFFSET 12.2630		18,557
CUSTOMER ADVANCES-INDIRECT		0
DEFERRED INCOME TAXES-DIRECT		872,430
DEFERRED INCOME TAXES-INDIRECT		1,923,889
TOTAL RATE BASE	\$	3,470,741

TRANSMISSION

KANSAS CITY POWER & LIGHT COMPANY
 YEAR END 12-31-87 UPDATED TO 12-31-86 AND TAX RETURN ACT

LINE	ACCT	PLANT IN SERVICE	TOTAL COMPANY	TOTAL ADJUSTMENT	ADJUSTED TOTAL COMPANY	ADJUSTED FACTOR	ADJUSTED JURISDICTIONAL
TOTAL PLANT IN SERVICE							
1		PLANT IN SERVICE					
2		INTANGIBLE PLANT	\$ 94,995		\$ 94,995	0.9089	\$ 863
3		TOTAL INTANGIBLE PLANT	\$ 94,995	0	\$ 94,995		\$ 863
STEAM PRODUCTION PLANT							
4	310	LAND AND LAND RIGHTS	\$ 5,549,103		\$ 5,549,103	0.0514	\$ 2,869
5	311	STRUCTURES AND IMPROVEMENTS	428,732,740		428,732,740	0.0514	218,027
6	312	BOILER PLANT EQUIP. TRAINS	13,044,154		13,044,154	0.0514	6,717
7	313	TURBINE PLANT EQUIP.	13,044,154		13,044,154	0.0514	6,717
8	314	ACCESSORY ELECTRIC EQUIPMENT	48,092,432		48,092,432	0.0514	24,673
9	315	NUCL. POWER PLANT EQUIPMENT	7,062,937		7,062,937	0.0514	3,638
10		TOTAL STEAM PRODUCTION PLANT	\$ 714,051,384	0	\$ 714,051,384		\$ 367,022
NUCLEAR PRODUCTION PLANT							
11		ARCHITECT/ENGINEER	\$ 44,432,950		\$ 44,432,950	0.0514	\$ 23,119
12		PREOPERATIONAL COSTS	100,007,504		100,007,504	0.0514	52,792
13		DIRECT MATERIALS	100,007,504		100,007,504	0.0514	52,792
14		INDIRECT NON-MANUAL	44,630,507		44,630,507	0.0514	23,420
15		INDIRECT MANUAL LABOR	79,194,204		79,194,204	0.0514	41,004
16		INDIRECT LABOR	79,194,204		79,194,204	0.0514	41,004
17		DANIEL NONDUPLE	14,138,036		14,138,036	0.0514	7,267
18		INDIRECT SUBCONTRACT	-1,260,261		-1,260,261	0.0514	-649
19		DANIEL SUBCONTRACT	80,408,250		80,408,250	0.0514	42,139
20		DANIEL DIRECT LABOR	80,408,250		80,408,250	0.0514	42,139
21		OWNER CHARGES	113,010,155		113,010,155	0.0514	58,972
22		OWNER DIRECT CONSTRUCT. COST	113,010,155		113,010,155	0.0514	58,972
23		TAXES - M.C. STATION TOTAL	113,010,155		113,010,155	0.0514	58,972
24		AFUDC - M.C. STATION TOTAL-NET	302,259,045		302,259,045	0.0514	155,361
25		AFUDC - CROSS	48,044,900		48,044,900	0.0000	0
26		EDUCATION CENTER	5,244,068		5,244,068	0.0514	2,756
27		TAXES - EDUCATION CENTER	74,011		74,011	0.0514	39
28		AFUDC EDUCATION CENTER	1,992,365		1,992,365	0.0514	1,019
29		SUBSTATION	5,462,147		5,462,147	0.0514	2,898
30		TOTAL SUBSTATION	14,147,461		14,147,461	0.0514	7,476
31		AFUDC SUBSTATION	3,169,256		3,169,256	0.0514	1,629
32		LAND	2,885,375		2,885,375	0.0514	1,483
33		LAND RIGHTS AND EASEMENTS	498,532		498,532	0.0514	256
34		TOTAL NUCLEAR PRODUCTION PLANT	\$ 179,023,021	0	\$ 179,023,021		\$ 571,043
OTHER PRODUCTION PLANT							
35	340	LAND AND LAND RIGHTS	\$ 136,820		\$ 136,820	0.0514	\$ 70
36	341	FIELD MONITORS, PRODUCERS & ACC.	1,100,538		1,100,538	0.0514	564
37	342	GENERATORS	35,024,324		35,024,324	0.0514	18,003
38	343	ACCESSORY ELECTRIC EQUIPMENT	4,621,465		4,621,465	0.0514	2,375
39	344	TOTAL OTHER PRODUCTION PLANT	\$ 40,883,247	0	\$ 40,883,247		\$ 21,014
TRANSMISSION PLANT							
40		LAND AND LAND RIGHTS	\$ 14,365,003		\$ 14,365,003	0.0464	\$ 7,593
41	350	STRUCTURES AND IMPROVEMENTS	33,818,668		33,818,668	0.0464	1,240
42	351	STATION EQUIPMENT	33,818,668		33,818,668	0.0464	1,240
43	352	TOWERS AND FIXTURES	33,818,668		33,818,668	0.0464	1,240
44	353	POLES AND FIXTURES	33,818,668		33,818,668	0.0464	1,240
45	354	OVERHEAD CONDUCTORS & DEVICES	28,804,473		28,804,473	0.0464	1,365
46	355	UNDERGROUND CONDUIT	2,578,060		2,578,060	0.0464	1,194
47	356	UNDERGROUND CONDUCTOR & DEVICES	2,578,060		2,578,060	0.0464	1,194
48	357	INCLUSION OF M.C. TRANS. PLANT	5,491,735		5,491,735	0.0464	2,548
49		TOTAL TRANSMISSION PLANT	\$ 128,216,732	0	\$ 128,216,732		\$ 59,491
DISTRIBUTION PLANT							
50		LAND AND LAND RIGHTS	\$ 9,498,587		\$ 9,498,587	0.0000	0
51	360	STRUCTURES AND IMPROVEMENTS	3,384,118		3,384,118	0.0000	0
52	361	STATION EQUIPMENT	74,704,419		74,704,419	0.0000	0
53	362	POLES TOWERS & FIXTURES	67,981,410		67,981,410	0.0000	0
54	363	OVERHEAD CONDUCTORS & DEVICES	38,097,752		38,097,752	0.0000	0
55	364	UNDERGROUND CONDUIT	32,062,357		32,062,357	0.0000	0
56	365	UNDERGROUND CONDUCTOR & DEVICES	32,062,357		32,062,357	0.0000	0
57	366	LINE TRANSFORMERS	80,786,481		80,786,481	0.0000	0
58	367	SERVICES	20,489,887		20,489,887	0.0000	0
59	368	METERS	29,793,932		29,793,932	0.0000	0
60	369	INSTALLATION ON CUSTOMER PREMISE	2,359,990		2,359,990	0.0000	0
61	370	STREET LIGHTING & SIGNAL SYSTEM	33,912,478		33,912,478	0.0000	0
62	371	TOTAL DISTRIBUTION PLANT	\$ 498,408,443	0	\$ 498,408,443		0
GENERAL PLANT							
63		LAND AND LAND RIGHTS	\$ 1,891,739		\$ 1,891,739	0.0089	\$ 16,376
64	390	STRUCTURES AND IMPROVEMENTS	13,899,356		13,899,356	0.0089	120,331
65	391	OFFICE FURNITURE AND EQUIPMENT	4,097,703		4,097,703	0.0089	35,990
66	392	TRANSPORTATION EQUIPMENT	4,338,104		4,338,104	0.0089	38,429
67	393	STORES EQUIPMENT	392,646		392,646	0.0089	3,529
68	394	TOOLS SHOP AND GARAGE EQUIPMENT	1,141,524		1,141,524	0.0089	10,375
69	395	LABORATORY EQUIPMENT	986,365		986,365	0.0089	8,948
70	396	POWER OPERATED EQUIPMENT	1,130,441		1,130,441	0.0089	10,275
71	397	COMMUNICATION EQUIPMENT	7,368,864		7,368,864	0.0089	66,257
72	398	MISCELLANEOUS EQUIPMENT	30,984		30,984	0.0089	2,763
73		GEN. PLANT ALLOC. CHANGE M.C.	743,680		743,680	0.0000	0
74		TOTAL GENERAL PLANT	\$ 36,196,727	0	\$ 36,196,727		\$ 322,239
DIRECT STEAM PRODUCTION PLANT							
75	710	LAND AND LAND RIGHTS	\$ 324,838		\$ 324,838	100.0000	\$ 3,248,338
76	711	STRUCTURES AND IMPROVEMENTS	3,253,020		3,253,020	100.0000	32,530,200
77	712	BOILER PLANT EQUIPMENT	11,331,072	-470,450 P-1	10,860,622	100.0000	10,860,622
78	713	TURBINE PLANT EQUIPMENT	1,021,223		1,021,223	100.0000	10,212,230
79	714	ACCESSORY ELECTRIC EQUIPMENT	1,021,223		1,021,223	100.0000	10,212,230
80		NUCL. POWER PLANT EQUIPMENT	7,062,937		7,062,937	100.0000	70,629,370
81		TOTAL DIRECT STEAM PRODUCTION PL.	\$ 17,196,367	-470,450	\$ 16,725,917		\$ 16,725,917
DIRECT STEAM DISTRIBUTION PLANT							
82	720	LAND AND LAND RIGHTS	\$ 1,141,524		\$ 1,141,524	100.0000	\$ 11,415,240
83	721	STRUCTURES AND IMPROVEMENTS	4,097,703	-416,320 P-2	3,681,383	100.0000	36,813,830
84	722	STATION EQUIPMENT	74,704,419		74,704,419	100.0000	747,044,190
85	723	POLES TOWERS & FIXTURES	67,981,410		67,981,410	100.0000	679,814,100
86	724	OVERHEAD CONDUCTORS & DEVICES	38,097,752		38,097,752	100.0000	380,977,520
87	725	UNDERGROUND CONDUIT	32,062,357		32,062,357	100.0000	320,623,570
88	726	UNDERGROUND CONDUCTOR & DEVICES	32,062,357		32,062,357	100.0000	320,623,570
89		TOTAL DIRECT STEAM DISTRIBUTION	\$ 5,116,600	-416,320	\$ 4,700,280		\$ 47,002,800
DIRECT STEAM GENERAL PLANT							
90	730	OFFICE FURNITURE AND EQUIPMENT	\$ 4,097,703		\$ 4,097,703	100.0000	\$ 40,977,030
91	731	TRANSPORTATION EQUIPMENT	4,338,104		4,338,104	100.0000	43,381,040
92	732	STORES EQUIPMENT	392,646		392,646	100.0000	3,926,460
93	733	TOOLS SHOP AND GARAGE EQUIPMENT	1,141,524		1,141,524	100.0000	11,415,240
94	734	LABORATORY EQUIPMENT	986,365		986,365	100.0000	9,863,650
95	735	POWER OPERATED EQUIPMENT	1,130,441		1,130,441	100.0000	11,304,410
96	736	COMMUNICATION EQUIPMENT	7,368,864		7,368,864	100.0000	73,688,640
97	737	MISCELLANEOUS EQUIPMENT	30,984		30,984	100.0000	309,840
98	738	GEN. PLANT ALLOC. CHANGE M.C.	743,680		743,680	100.0000	7,436,800
99	739	TOTAL DIRECT STEAM GENERAL PLANT	\$ 29,999,000	-416,320	\$ 29,582,680		\$ 295,826,800

FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-86-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT
ADJUSTMENTS TO TOTAL PLANT IN SERVICE

P-1

BOILER PLANT EQUIPMENT	\$	-470,450
1. TO DISALLOW PLANT ASSOCIATED WITH THE ELECTRIC TEST BOILER PROJECT. (WHITE)		

P-2

UNDERGROUND CONDUIT	\$	-416,521
1. TO DISALLOW PLANT ASSOCIATED WITH THE RELOCATION OF STEAM PIPES FOR AT&T. (WHITE)		

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. NO-84-139
YEAR END 12-31-85 UPDATED TO 12-31-84 AND TAX REFORM ACT
DEPRECIATION RESERVE

LINE NO.	ACCT	DEPRECIATION RESERVE	TOTAL COMPANY	TOTAL COMPANY ADJUSTMENT	ADJUSTED TOTAL COMPANY	JURIS-DICTIONAL FACTOR	ADJUSTED JURISDICTIONAL
		STEAM PRODUCTION PLANT					
1	381	STRUCTURES AND IMPROVEMENTS	\$ 17,279,729		\$ 17,279,729	0.0514	\$ 7,853
2	382	BOILER EQUIPMENT	14,322,184		14,322,184	0.0514	74,199
3	383	BOILER EQUIPMENT TRAINS	6,844,056		6,844,056	0.0514	3,510
4	384	BOILER EQUIPMENT ACC.	31,622,074		31,622,074	0.0514	16,254
5	385	TURBOGENERATOR UNITS	42,626,938		42,626,938	0.0514	21,910
6	386	ACCESSORY ELECTRIC EQUIPMENT	13,144,184		13,144,184	0.0514	7,794
7	387	MISCELLANEOUS EQUIPMENT	2,146,884		2,146,884	0.0514	1,125
8	388	TOTAL STEAM PRODUCTION PLANT	\$ 258,139,253	\$ 0	\$ 258,139,253	0.0514	\$ 132,684
		NUCLEAR PRODUCTION PLANT					
9	389	WOLF CREEK GENERATING STATION	\$ 15,288,999		\$ 15,288,999	0.0514	\$ 7,852
10	390	TOTAL NUCLEAR PRODUCTION PLANT	\$ 15,288,999	\$ 0	\$ 15,288,999	0.0514	\$ 7,852
		OTHER PRODUCTION PLANT					
11	342	FUEL HOLDERS PRODUCERS AND ACC	\$ 732,746		\$ 732,746	0.0514	\$ 377
12	343	ACCESSORY ELECTRIC EQUIPMENT	14,337,185		14,337,185	0.0514	7,369
13	344	TOTAL OTHER PRODUCTION PLANT	\$ 16,449,438	\$ 0	\$ 16,449,438	0.0514	\$ 8,558
		TRANSMISSION PLANT					
14	350	LAND AND LAND RIGHTS	\$ 1,250,626		\$ 1,250,626	0.0464	\$ 580
15	351	STRUCTURES AND IMPROVEMENTS	515,946		515,946	0.0464	239
16	352	STATION EQUIPMENT	15,550,175		15,550,175	0.0464	7,215
17	353	TOWERS AND FIXTURES	1,572,884		1,572,884	0.0464	730
18	354	POLES AND FIXTURES	16,052,763		16,052,763	0.0464	7,448
19	355	OVERHEAD CONDUCTORS & DEVICES	14,314,577		14,314,577	0.0464	6,648
20	356	UNDERGROUND CONDUIT	973,451		973,451	0.0464	452
21	357	UNDERGROUND CONDUCTOR & DEVICES	763,066		763,066	0.0464	354
22	358	INCLUSION OF W.C. TRANS. PLANT	89,000		89,000	0.0464	41
23	359	TOTAL TRANSMISSION PLANT	\$ 51,082,488	\$ 0	\$ 51,082,488	0.0464	\$ 23,701
		DISTRIBUTION PLANT					
24	360	LAND AND LAND RIGHTS	\$ 500,785		\$ 500,785	0.0000	\$ 0
25	361	STRUCTURES AND IMPROVEMENTS	1,143,429		1,143,429	0.0000	0
26	362	STATION EQUIPMENT	26,609,529		26,609,529	0.0000	0
27	363	TOWERS AND FIXTURES	27,934,044		27,934,044	0.0000	0
28	364	OVERHEAD CONDUCTOR & DEVICES	16,268,499		16,268,499	0.0000	0
29	365	UNDERGROUND CONDUIT	10,951,924		10,951,924	0.0000	0
30	366	UNDERGROUND CONDUCTOR & DEVICES	21,439,480		21,439,480	0.0000	0
31	367	LINE TRANSFORMERS	27,913,771		27,913,771	0.0000	0
32	368	SERVICES	6,817,930		6,817,930	0.0000	0
33	369	METERS	4,746,065		4,746,065	0.0000	0
34	370	INSTALLATION ON CUSTOMER PREMISE	862,637		862,637	0.0000	0
35	371	STREET LIGHTING & SIGNAL SYSTEMS	9,829,578		9,829,578	0.0000	0
36	372	TOTAL DISTRIBUTION PLANT	\$ 155,016,001	\$ 0	\$ 155,016,001	0.0000	\$ 0
		GENERAL PLANT					
37	390	STRUCTURES AND IMPROVEMENTS	\$ 3,991,374		\$ 3,991,374	0.9089	\$ 36,278
38	391	OFFICE FURNITURE AND EQUIPMENT	1,364,762		1,364,762	0.9089	12,484
39	392	TRANSPORTATION EQUIPMENT	4,219,753		4,219,753	0.9089	38,350
40	393	STORES EQUIPMENT	561,236		561,236	0.9089	5,174
41	394	TOOLS SHOP AND GARAGE EQUIPMENT	764,719		764,719	0.9089	6,950
42	395	LABORATORY EQUIPMENT	560,471		560,471	0.9089	5,094
43	396	POWER OPERATED EQUIPMENT	449,643		449,643	0.9089	4,087
44	397	COMMUNICATION EQUIPMENT	1,850,826		1,850,826	0.9089	16,887
45	398	MISCELLANEOUS EQUIPMENT	721,655		721,655	0.9089	6,555
46	399	PLANT ALLOCATOR CHANGE W.C.	272,000		272,000	0.9089	2,465
47	400	TOTAL GENERAL PLANT	\$ 13,956,034	\$ 0	\$ 13,956,034	0.9089	\$ 124,374
		RETIREMENT WORK IN PROGRESS					
48	108	STEAM PRODUCTION	\$ -472,211		\$ -472,211	0.0514	\$ -243
49	108	TRANSMISSION	48,854		48,854	0.0464	23
50	108	DISTRIBUTION	-525,343		-525,343	0.0000	0
51	108	GENERAL	5,553		5,553	0.9089	50
52	108	TOTAL RETIREMENT WORK IN PROGRES	\$ -943,147	\$ 0	\$ -943,147	0.9089	\$ -170
		DIRECT STEAM PRODUCTION					
53	711	STRUCTURES AND IMPROVEMENTS	\$ 3,785,184		\$ 3,785,184	100.0000	\$ 3,785,184
54	712	BOILER PLANT EQUIPMENT	9,978,817	-728 R-1	9,978,817	100.0000	9,978,817
55	713	ACCESSORY ELECTRIC EQUIPMENT	9,978,817		9,978,817	100.0000	9,978,817
56	714	MISCELLANEOUS EQUIPMENT	258,109		258,109	100.0000	258,109
57	715	TOTAL DIRECT STEAM PRODUCTION	\$ 14,931,341	\$ -728	\$ 14,931,341	100.0000	\$ 14,931,341
		DIRECT STEAM DISTRIBUTION PLANT					
58	761	STRUCTURES AND IMPROVEMENTS	\$ 39,494		\$ 39,494	100.0000	\$ 39,494
59	762	STATION EQUIPMENT	213,310		213,310	100.0000	213,310
60	763	UNDERGROUND CONDUIT	2,197,344	-280,770 R-2	2,197,344	100.0000	2,197,344
61	764	SERVICES	254,816		254,816	100.0000	254,816
62	765	METERS	61,845		61,845	100.0000	61,845
63	770	TOTAL DIRECT STEAM DISTRIBUTION	\$ 2,786,809	\$ -280,770	\$ 2,786,809	100.0000	\$ 2,786,809
		DIRECT STEAM GENERAL PLANT					
64	791	OFFICE FURNITURE EQUIPMENT	\$ 1,461		\$ 1,461	100.0000	\$ 1,461
65	792	TOOLS SHOP & GARAGE EQUIP.	3,225		3,225	100.0000	3,225
66	793	MISCELLANEOUS EQUIPMENT	3,225		3,225	100.0000	3,225
67	798	TOTAL DIRECT STEAM GENERAL PLANT	\$ 3,225	\$ 0	\$ 3,225	100.0000	\$ 3,225
		RETIREMENT WORK IN PROGRESS					
68	108	STEAM PRODUCTION	\$ -28,313		\$ -28,313	100.0000	\$ -28,313
69	108	TRANSMISSION	48,854		48,854	100.0000	48,854
70	108	DISTRIBUTION	-525,343		-525,343	100.0000	-525,343
71	108	GENERAL	5,553		5,553	100.0000	5,553
72	108	TOTAL RETIREMENT WORK IN PROGRES	\$ -28,313	\$ 0	\$ -28,313	100.0000	\$ -28,313
73	108	DEPRECIATION RESERVE	\$ 327,100,121	\$ -380,498	\$ 326,719,623	100.0000	\$ 326,719,623

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-86-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT
ADJUSTMENTS TO DEPRECIATION RESERVE

R-1

BOILER PLANT EQUIPMENTMENTS

\$

-728

1. TO DISALLOW RESERVE ASSOCIATED WITH THE
ELECTRIC TEST BOILER PROJECT. (WHITE)

R-2

UNDERGROUND CONDUIT

\$

-280,770

1. TO DISALLOW RESERVE ASSOCIATED WITH THE
RELOCATION OF STEAM PIPES FOR AT&T. (WHITE)

FEATHERSTONE

Kansas City Power & Light

Case No. KP-65-129

Steam Heat Materials & Supplies--Other Than Fuel

DIRECT STEAM HEAT NOS--12/31/65 (GRAND AVE. STATION)

9996,127

ALLOCATED ELECTRIC NOS (ED-65-185)

GENERAL NOS (1)

93,928

POWER PLANT NOS (2)

11,521

15,449

TOTAL STEAM HEAT MATERIALS & SUPPLIES--OTHER

91,011,576

ALLOCATORS:

(1) PRODUCTION (0.000514)

(2) COMPOSITE (0.000578)

FEATHERSTONE

Kansas City Power & Light

Case No. MO-86-1.39

Steam Heat Prepayments

	DIRECT STEAM	ALLOCATED ELECTRIC MO-85-183	TOTAL STEAM PREPAYMENTS
NUCLEAR PROPERTY INS(3)		\$894	\$894
OTHER PROPERTY INS(1)		\$810	\$810
GENERAL INSURANCE(4)	\$45,365	\$1,482	\$46,847
AUTO INSURANCE(4)	\$2,119	\$518	\$2,637
POSTAGE(2)	\$24	\$22	\$46
CAP. STOCK TAXES(1)	\$560	\$233	\$793
	<u>\$48,067</u>	<u>\$3,959</u>	<u>\$52,026</u>

ALLOCATORS:

- (1) NET PLANT (0.002674)
- (2) CUSTOMERS (0.000319)
- (3) PRODUCTION (0.000514)
- (4) GENERAL PLANT (0.009089)

FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. MO-86-139

STEAM HEAT FUEL INVENTORY

LINE NO.	DESCRIPTION (A)	FUEL (B)	UNIT PRICE (C)	QUANTITY BARRELS (D)	TOTAL COMPANY (E)	ALLOCATED % (NOTE 2) (F)	STEAM HEAT (G)
	<u>DIRECT</u>						
1	GRAND AVENUE	OIL	\$20.367	1790		100%	\$36,457
	<u>INDIRECT (NOTE 1)</u>						
2	FUEL INVENTORY				\$25,991,000	0.1383%	\$35,946
3	NUCLEAR FUEL				\$42,569,000	0.1383%	\$59,426
4	TOTAL STEAM FUEL INVENTORY						<u>\$131,829</u>

NOTE 1: TOTAL COMPANY FUEL INVENTORY PER CASE NO. EA-85-128, ED-85-185 AND ED-85-224
KCPL - SCENARIO 2 & 3 TOTAL COMPANY - CASE C - WOLF CREEK

NOTE 2: ENERGY ALLOCATOR

FEATHERSTONE

Kansas City Power & Light
Case No. HO-84-139
Cash Working Capital

CASH WORKING CAPITAL--DIRECT

LINE NO DESCRIPTION	(A) ANN. TEST YEAR EXPENSES	(B) REVENUE LAG	(C) EXPENSE LAG	(D) CASH WORKING CAPITAL LAG (C-D)	(E) FACTOR (E/343)	(F) CASH WORKING CAPITAL REQUIREMENT (B+F)
1 PAYROLL						
2 PAID ABSENCE-VACATION	\$134,625	37.75	399.63	(361.88)	(0.99145)	(\$133,474)
3 PAID ABSENCE-DEF. VACATION 86	16,783	37.75	2007.58	(1,969.73)	(5.39658)	(\$90,582)
4 FEDERAL WITHHOLDING	544,421	37.75	18.01	19.74	0.05488	\$29,443
5 NET PAYROLL	1,088,868	37.75	12.80	24.95	0.06836	\$74,378
6 PAID ABSENCE-OTHER	157,233	37.75	12.80	24.95	0.06836	\$18,748
7 OIL	9,186	37.75	16.01	21.74	0.05956	\$547
8 GAS	5,972,112	37.75	36.23	1.52	0.00416	\$24,870
9 CASH VOUCHERS-OTHER O&M	1,458,433	37.75	37.71	0.04	0.00011	\$159
10 TOTAL O&M EXPENSE	9,372,885					
11 PAID ABSENCE-DEF VACATION PRE 86	12,764					(\$12,764)
12 CASH WORKING CAPITAL REQUIREMENT						(\$96,675)
13 ACCRUED INTEREST	20,282	37.75	82.96	(45.21)	(0.12386)	(\$2,512)
14 INCOME TAXES-INCL KC EARNINGS	18,962	37.75	77.23	(39.48)	(0.10816)	(\$2,840)
15 TAXES OTHER	139,622	37.75	18.91	18.84	0.05162	\$7,287
16 PROPERTY TAXES: MISSOURI	142,899	37.75	182.58	(144.73)	(0.39658)	(\$56,670)
17 GRT & MISSOURI	229,361	17.58	42.01	(24.43)	(0.06693)	(\$15,351)
18 GRT & MISSOURI	344,041	17.58	72.73	(55.15)	(0.15110)	(\$51,983)
19 TOTAL RATEPAYER SUPPLIED FUNDS						(\$121,350)
20 NET RATEPAYER SUPPLIED FUNDS						(\$218,825)
21 LESS: ACCRUED INTEREST OFFSET TO RATEBASE						(\$2,512)
22 NET RATEPAYER SUPPLIED FUNDS WITHOUT RATEBASE OFFSETS						(\$215,513)

CASH WORKING CAPITAL—INDIRECT

LINE NO.	DESCRIPTION	NORMALIZED TEST YEAR EXPENSES	REVENUE LAG	EXPENSE LAG	CASH WORKING CAPITAL LAG	FACTOR	CASH WORKING CAPITAL REQUIREMENT	ALLOCATED ELECTRIC ED-85-185	INDIRECT CASH WORKING CAPITAL
	(A)	(B)	(C)	(D)	(E)	(F)	(G)		
1	PAYROLL:								
2	PAID ABSENCE-VACATION	4,595,077	36.50	399.63	(363.13)	(0.99488)	(4,571,535)	2.2789%	(6104,181)
3	PAID ABSENCE-DEFERRED VACATION 1984	187,682	36.50	2007.50	(1,971.00)	(5.40000)	(1,013,483)	2.2789%	(23,096)
4	FEDERAL WITHHOLDING	17,376,030	36.50	18.01	18.49	0.05066	880,227	2.2789%	20,059
5	EDISON CREDIT UNION	8,640,881	36.50	19.05	17.45	0.04781	413,105	2.2789%	9,414
6	NET PAYROLL	31,759,625	36.50	12.80	23.70	0.06493	2,062,200	2.2789%	46,995
7	PAID ABSENCE-OTHER	4,842,543	36.50	12.80	23.70	0.06493	314,434	2.2789%	7,166
8	FUEL:								
9	HAWTHORN 5	18,219,354	36.50	20.61	15.89	0.04353	793,166	0.1383%	1,097
10	IRWIN	32,143,742	36.50	13.93	22.57	0.06184	1,987,628	0.1383%	2,749
11	LACYNE 1	10,865,774	36.50	51.14	(14.64)	(0.04011)	(435,822)	0.1383%	(603)
12	LACYNE 2	13,963,458	36.50	16.26	20.24	0.05545	774,302	0.1383%	1,071
13	MONROSE	11,095,408	36.50	26.37	10.13	0.02775	307,936	0.1383%	426
14	OIL	2,548,370	36.50	16.01	20.49	0.05614	143,058	0.1383%	198
15	GAS	2,541,351	36.50	34.35	2.15	0.00589	14,970	0.1383%	21
15	NUCLEAR FUEL	24,673,446	36.50	76.42	(39.92)	(0.10937)	(2,698,531)	0.1383%	(3,732)
16	INTERCHANGE PURCHASES	17,818,000	36.50	37.78	(1.28)	(0.00351)	(62,485)	0.1383%	(86)
17	INTERCHANGE SALES	(27,127,695)					0		0
18	WOLF CREEK-O&M EXP. - PAYROLL	10,783,210	36.50	12.80	23.70	0.06493	700,170	2.2789%	15,956
18	CASH VOUCHERS-OTHER O&M EXP.	89,529,744	36.50	37.71	(1.21)	(0.00332)	(296,797)	0.0894%	(265)
19	TOTAL O&M EXPENSE	274,456,000							
20	PAID ABSENCE-DEFERRED VACATION PREVIOUS 1984	1,049,238					(1,049,238)	2.2789%	(23,911)
21	CASH WORKING CAPITAL REQUIREMENT						(1,736,696)		(50,722)
22	ACCRUED INTEREST	96,731,456	36.50	82.51	(46.01)	(0.12605)	(12,193,464)	0.2674%	(32,605)
23	INCOME TAXES-INCLUDES K.C. EARNINGS TAX	31,087,015	36.50	77.23	(40.73)	(0.11159)	(3,468,970)	0.2674%	(9,276)
24	TAXES OTHER	5,047,111	36.50	18.91	17.59	0.04819	243,229	0.2674%	650
25	PROPERTY TAXES: MISSOURI	12,151,577	36.68	182.50	(145.82)	(0.39951)	(4,854,638)	0.2674%	(12,981)
26	KANSAS 1ST HALF	6,637,788	36.68	171.50	(134.82)	(0.36937)	(2,451,799)	0.2674%	(6,556)
27	KANSAS 2ND HALF	6,637,788	36.68	353.50	(316.82)	(0.86800)	(5,761,600)	0.2674%	(15,407)
28	NEBRASKA 1ST HALF	20,297	36.68	213.50	(176.82)	(0.48444)	(9,833)	0.1383%	(14)
29	NEBRASKA 2ND HALF	20,297	36.68	363.50	(326.82)	(0.89540)	(18,174)	0.1383%	(25)
30	WYOMING	10,909	36.68	182.50	(145.82)	(0.39951)	(4,358)	0.1383%	(6)
31	COLORADO	315	36.68	302.50	(265.82)	(0.72827)	(229)	0.1383%	(0)
32	GAT: 6% MISSOURI	18,682,130	19.58	72.73	(52.15)	(0.14562)	(2,720,425)	1.6015%	(43,568)
33	4% MISSOURI	8,970,131	19.58	42.01	(22.43)	(0.06145)	(331,233)	1.6015%	(8,828)
34	OTHER MISSOURI	3,130,619	19.58	63.33	(43.75)	(0.11986)	(375,245)	1.6015%	(6,010)
35	SALES TAX	9,748,821	19.58	32.13	(12.55)	(0.03438)	(335,199)	1.6015%	(5,368)
36	TOTAL RATEPAYER SUPPLIED FUNDS						(32,501,939)		(139,993)
37	NET RATEPAYER SUPPLIED FUNDS						(34,238,635)		(150,716)
38	ACCRUED INTEREST OFFSET TO RATEPAYER						(12,193,464)	0.2674%	(32,605)
39	INCOME TAX OFFSET TO RATEPAYER						(3,468,970)	0.2674%	(9,276)
40	NET RATEPAYER SUPPLIED FUNDS WITHOUT RATEPAYER OFFSETS						(49,801,069)		(169,597)

BOARD CITY POWER & LIGHT COMPANY
YEAR END 12-31-65 UPDATED TO 12-31-66 AND TAX REFORM ACT
(INCOME STATEMENT)

OPERATING REVENUES
OPERATION & MAINTENANCE EXPENSE
PRODUCTION
TRANSMISSION
DISTRIBUTION
CUSTOMER ACCOUNTS
CUSTOMER SERVICES
SALES
ADMINISTRATIVE & GENERAL
OTHER OPERATING EXPENSES

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316
--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-84-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT
ADJUSTMENTS TO INCOME STATEMENT

S-1

STEAM OPERATING REVENUE DOWNTOWN	\$	273,285
1. TO ANNUALIZE AND NORMALIZE DOWNTOWN REVENUES PER CALCULATION OF STAFF. (WHITE)		

S-2

STEAM OPERATING REVENUE NATIONAL STARCH	\$	-6,117,067
1. CONTRIBUTION MARGIN FROM NATIONAL STARCH REVENUES PER CALCULATION OF STAFF. (WHITE)		

S-3

STEAM PRODUCTION - OPS.	\$	-4,279,563
1. TO INCREASE TEST YEAR PAYROLL EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)	\$	389,644
2. TO INCREASE TEST YEAR FUEL EXPENSE TO REFLECT DOWNTOWN CUSTOMERS ANNUALIZED FUEL AND FUEL HANDLING COSTS. (KUENSTING)		2,364,284
3. TO REVERSE STEAM TRANSFER CREDIT FROM ELECTRIC OPERATIONS. (KUENSTING)		-6,791,914
4. TO RECOGNIZE GRAND AVENUE STATION FULL STEAM OPERATION. (COX)		-235,887
5. TO DISALLOW O&M COSTS RELATED TO ELECTRIC BOILERS. (WHITE)		-5,690
TOTAL	\$	-4,279,563

S-4

STEAM PRODUCTION - MAINT.	\$	409,611
1. TO INCREASE TEST YEAR PAYROLL EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)	\$	201,339
2. TO RECOGNIZE GRAND AVENUE STATION FULL STEAM OPERATION. (COX)		208,315
3. TO DISALLOW O&M COSTS RELATED TO ELECTRIC BOILERS. (WHITE)		-43
TOTAL	\$	409,611

S-5

STEAM DISTRIBUTION EXPENSES	\$	198,297
1. TO INCREASE TEST YEAR PAYROLL EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)	\$	243,462
2. TO DISALLOW ENERGY AUDIT COSTS CONTAINED IN TEST YEAR EXPENSE. (WHITE)		-45,165
TOTAL	\$	198,297

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-86-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT
ADJUSTMENTS TO INCOME STATEMENT

S-6

STEAM CUSTOMER ACCOUNTS	\$	29,197
1. TO INCREASE TEST YEAR PAYROLL EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)		

S-7

STEAM A&G	\$	-814,066
1. TO INCREASE TEST YEAR PAYROLL EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)	\$	13,354
2. TO ELIMINATE INTERDEPARTMENTAL RENTS. (BRANDEL)		-481,000
3. TO ELIMINATE ADMINISTRATIVE EXPENSES TRANSFER-DEBIT. (BRANDEL)		-986,400
4. TO ANNUALIZE A&G SALARIES. (BRANDEL)		387,048
5. TO ANNUALIZE INJURIES AND DAMAGES. (BRANDEL)		50,874
6. TO ANNUALIZE PENSION COSTS. (BRANDEL)		72,021
7. TO ANNUALIZE PAYROLL INSURANCE COSTS. (BRANDEL)		96,822
8. TO ANNUALIZE RATE CASE EXPENSE AND PSC ASSESSMENT. (BRANDEL)		5,633
9. TO ANNUALIZE MAINTENANCE OF GENERAL PLANT. (BRANDEL)		15,915
10. TO ANNUALIZE PROPERTY INSURANCE COSTS. (COX)		11,667
TOTAL	\$	-814,066

S-8

STEAM DEPRECIATION & AMORTIZATION	\$	529,901
1. TO ANNUALIZE DEPRECIATION EXPENSE ON DECEMBER 31, 1986 PLANT. (WHITE)		

S-9

STEAM OTHER TAXES	\$	-339,726
1. TO ELIMINATE GROSS RECEIPTS TAXES. (WHITE)	\$	-509,234
2. TO ANNUALIZE PROPERTY TAX EXPENSE. (WHITE)		72,580
3. TO INCREASE TEST YEAR FICA TAX TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)		95,256
4. TO INCREASE TEST YEAR UNEMPLOYMENT COMPENSATION TAX EXPENSE TO STAFF'S ANNUALIZED LEVEL. (BRANDEL)		1,672
TOTAL	\$	-339,726

FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY
CASE NO: HO-84-139
YEAR END 12-31-85 UPDATED TO 12-31-86 AND TAX REFORM ACT
ADJUSTMENTS TO INCOME STATEMENT

	S-10	
CURRENT INCOME TAXES		\$ -1,144,848
1. TO ANNUALIZE CURRENT INC TAXES. (FEATHERSTONE)		
	S-11	
DEFERRED ITC		\$ 0
1. TO ANNUALIZE DEFERRED ITC. (FEATHERSTONE)		
	S-12	
DEFERRED INCOME TAXES		\$ -191,176
1. TO ANNUALIZE DEFERRED INCOME TAXES. (FEATHERSTONE)		
	S-13	
DEFERRED INCOME TAX AMORT.		\$ -535
1. TO ANNUALIZE DEFERRED INCOME TAX AMORTIZATION. (FEATHERSTONE)		
	S-14	
DEFERRED ITC AMORTIZATION		\$ -34,598
1. TO ANNUALIZE DEFERRED ITC AMORTIZATION. (FEATHERSTONE)		

TRANSMISSION

AMERICAN CITY POWER & LIGHT COMPANY
FORM 500-10-65 (REVISED TO 12-31-62) AND TAX REFORM ACT
DEPRECIATION EXPENSE

LINE NO.	ASCT	DESCRIPTION	UNIT	AMOUNT	DEPRECIATION RATE	DEPRECIATION EXPENSE
PLANT IN SERVICE						
INTANGIBLE PLANT						
1		INTANGIBLE PLANT	\$	843	0.0000	0
2		TOTAL INTANGIBLE PLANT	\$	843		0
STEAM PRODUCTION PLANT						
3		LAND AND LAND RIGHTS	\$	3,344	0.0000	0
4		STRUCTURES AND IMPROVEMENTS	\$	1,316		7,882
5		INDIRECT MATERIAL	\$	1,316		7,882
6		INDIRECT LABOR	\$	1,316		7,882
7		INDIRECT SUBCONTRACT	\$	1,316		7,882
8		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
9		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
10		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
11		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
12		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
13		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
14		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
15		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
16		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
17		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
18		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
19		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
20		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
21		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
22		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
23		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
24		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
25		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
26		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
27		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
28		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
29		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
30		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
31		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
32		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
33		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
34		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
35		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
36		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
37		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
38		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
39		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
40		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
41		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
42		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
43		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
44		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
45		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
46		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
47		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
48		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
49		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
50		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
51		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
52		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
53		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
54		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
55		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
56		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
57		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
58		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
59		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
60		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
61		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
62		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
63		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
64		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
65		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
66		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
67		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
68		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
69		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
70		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
71		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
72		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
73		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
74		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
75		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
76		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
77		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
78		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
79		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
80		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
81		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
82		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
83		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
84		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
85		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
86		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
87		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
88		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
89		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
90		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
91		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
92		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
93		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
94		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
95		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
96		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
97		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
98		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
99		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882
100		OWNER DIRECT CONSTRUCT. COST	\$	1,316		7,882

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. MO-84-139
YEAR END 12-31-83 UPDATED TO 12-31-86 AND TAX REFORM ACT

INCOME TAX

	1983 YEAR	19.14% RETURN	19.74% RETURN	19.74% RETURN
NET OPERATING INC (SCH 12.2)	\$ -1,396,332	\$ 351,933	\$ 355,404	\$ 358,875
ADD:				
CURRENT INCOME TAX	\$ -1,144,848	\$ -152,213	\$ -150,242	\$ -148,271
DEFERRED INCOME TAXES:				
DEFERRED INVESTMENT TAX CREDIT	\$ 0	\$ 0	\$ 0	\$ 0
411.1-1-100 DEF. INC. TAX AMT.	304,187	304,187	304,187	304,187
411.1-1-100 DEF. INC. TAX AMT.	-68,828	-68,828	-68,828	-68,828
411.4-200 DEFERRED ITC AMORT.	-38,033	-38,033	-38,033	-38,033
TOTAL INCOME TAX	\$ -947,522	\$ 45,113	\$ 47,084	\$ 49,055
NET INCOME BEFORE TAXES (SCH 12)	\$ -2,343,854	\$ 397,046	\$ 402,488	\$ 407,930
ADD:				
DEPRECIATION-DIRECT	\$ 816,298	\$ 816,298	\$ 816,298	\$ 816,298
DEPRECIATION-INDIRECT	673,516	673,516	673,516	673,516
AMORTIZATION PRULEASE-INDIRECT	0	0	0	0
PRIOR YEARS VACATION AMORT.	0	0	0	0
DEPRECIATION CHARGED TO CLEARING	0	0	0	0
TOTAL ADDITIONS	\$ 1,489,814	\$ 1,489,814	\$ 1,489,814	\$ 1,489,814
LESS:				
INTEREST EXPENSE 4.3600%	\$ 151,324	\$ 151,324	\$ 151,324	\$ 151,324
CAPITALIZED INTEREST-DIRECT	1,700	1,700	1,700	1,700
CAPITALIZED INTEREST-INDIRECT	4,353	4,353	4,353	4,353
TAX DEPR. STRAIGHT LINE-DIRECT	782,289	782,289	782,289	782,289
TAX DEPR. STRAIGHT LINE-INDIRECT	527,287	527,287	527,287	527,287
EXCESS TAX DEPR.-DIRECT	0	0	0	0
EXCESS TAX DEPR.-INDIRECT	834,390	834,390	834,390	834,390
DIVIDENDS PAID CREDIT-DIRECT	0	0	0	0
DIVIDENDS PAID CREDIT-INDIRECT	278	278	278	278
PENSIONS CAPITALIZED-DIRECT	0	0	0	0
PENSIONS CAPITALIZED-INDIRECT	0	0	0	0
PROPERTY TAXES CAPITAL.-DIRECT	0	0	0	0
PROPERTY TAXES CAPITAL.-INDIRECT	0	0	0	0
PAYROLL TAXES CAPITAL.-DIRECT	0	0	0	0
PAYROLL TAXES CAPITAL.-INDIRECT	0	0	0	0
REMOVAL COSTS-DIRECT	0	0	0	0
REMOVAL COSTS-INDIRECT	5,278	5,278	5,278	5,278
SALES PROMO EXP. AMORT.-INDIRECT	356	356	356	356
DEFERRED STORM DAMAGE-INDIRECT	0	0	0	0
DEFERRED TREE TRIMMING-INDIRECT	0	0	0	0
HEALTH AND WELFARE-DIRECT	0	0	0	0
HEALTH AND WELFARE-INDIRECT	0	0	0	0
TOTAL DEDUCTIONS	\$ 2,307,155	\$ 2,307,155	\$ 2,307,155	\$ 2,307,155
NET TAXABLE INCOME	\$ -3,161,195	\$ -420,295	\$ -414,853	\$ -409,411
PROVISION FOR FEDERAL INCOME TAX:				
NET TAXABLE INCOME	\$ -3,161,195	\$ -420,295	\$ -414,853	\$ -409,411
LESS:				
DED MISSOURI INCOME TAX	\$ -106,124	\$ -14,110	\$ -13,927	\$ -13,744
FEDERAL TAXABLE INCOME	\$ -3,055,071	\$ -406,185	\$ -400,926	\$ -395,667
FEDERAL INCOME TAX	\$ -1,038,724	\$ -138,103	\$ -136,315	\$ -134,527
LESS:				
PROV FOR FEDERAL INCOME TAX	\$ -1,038,724	\$ -138,103	\$ -136,315	\$ -134,527
PROVISION FOR MISSOURI INCOME TAX:				
NET TAXABLE INCOME	\$ -3,161,195	\$ -420,295	\$ -414,853	\$ -409,411
LESS:				
DED FEDERAL INCOME TAX	\$ -1,038,724	\$ -138,103	\$ -136,315	\$ -134,527
MISSOURI TAXABLE INCOME	\$ -2,122,471	\$ -282,192	\$ -278,538	\$ -274,884
PROV FOR MISSOURI INCOME TAX	\$ -106,124	\$ -14,110	\$ -13,927	\$ -13,744
SUMMARY OF PROVISION FOR INCOME TAX:				
FEDERAL INCOME TAX	\$ -1,038,724	\$ -138,103	\$ -136,315	\$ -134,527
MISSOURI INCOME TAX	\$ -106,124	\$ -14,110	\$ -13,927	\$ -13,744
PROV FOR INCOME TAXES-CURRENT	\$ -1,144,848	\$ -152,213	\$ -150,242	\$ -148,271

KANSAS CITY POWER & LIGHT COMPANY
CASE NO. HO-86-139Calculation of Annualized Interest Deduction - Direct Steam

<u>Line No.</u>	<u>Description</u> (A)	<u>Missouri Jurisdictional Amount</u> (B)	(C)	<u>Reference</u> (D)
1	Missouri Jurisdictional Rate Base as Adjusted	\$3,470,741		Accounting Schedule 3
2	Weighted Cost of Debt	<u>x 4.36%</u>		
3	Interest Expense Deduction		\$151,324	Accounting Schedule 15
4	Construction Work in Progress	\$ 39,000		
5	Weighted Cost of Debt	<u>x 4.36%</u>		
6	Capitalized Interest Deduction	(Direct) 1,700		Accounting Schedule 15
		(Indirect) <u>4,353</u>		
7	Total Annualized Interest Deduction		<u>\$157,377</u>	

KANSAS CITY POWER AND LIGHT COMPANY
CASE NO. HO-86-139

TAXES OTHER THAN INCOME

	Total Steam Heat Year Ended 12/31/85	MPSC Staff Adjustment	Staff Adjustment Number	Total Steam As Adjusted	Sponsored By
1. Property Taxes	62,954	72,580	S-9.2	135,534	White
2. Gross Receipts Taxes	509,234	(509,234)	S-9.1	-0-	White
3. FICA	38,627	95,256	S-9.3	133,883	Brandel
4. Unemployment Compensation	<u>2,228</u>	1,672	S-9.4	<u>3,900</u>	Brandel
Total	<u>613,043</u>			<u>273,317</u>	

FEATHERSTONE

FEATHERSTONE-DIRECT

KANSAS CITY POWER AND LIGHT COMPANY
CASE NO. HO-86-139

<u>Interviewee</u>	<u>Type of Customer</u>
AT&T	New Construction/Electric-1986
City of Kansas City	
Municipal Auditorium	Current Steam Customer
Rattle Hall	Current Steam Customer
City Hall	Current Steam Customer
Courts Building	Current Steam Customer
Police Building	Current Steam Customer
Faultless Starch	Current Steam Customer
Folger's Coffee	Current Steam Customer
Gailoyd Enterprises (KCPL Building)	Current Steam Customer
Rome Savings	Former Steam Customer/ Test Boiler Customer-Electric-1986
Jackson County	
Jackson County Court House	Current Steam Customer
Jackson County Justice Center	Current Steam Customer
Jackson County Jail	Current Steam Customer-1983
KPL-Gas Service	Natural Gas Supplier in Kansas City
National Starch	Current Steam Customer-Industrial-1985
Executive Mills - Developer	
One Kansas City Place	New Construction/Electric Customer-1987
Twelve Wyandotte Plaza Building	New Construction/Gas Customer-1985
Rodeway Inn	Former Steam Customer/ Converted to Gas-1986
Rothenburg Tobacco	Current Steam Customer
Smith and Boucher	Consultant for Developers
Stanley-Sargent	Former Steam Customer/ Test Boiler Customer-Electric-1985
State of Missouri	
Missouri State Office Building	Current Steam Customer
Missouri Court of Appeals	Current Steam Customer
Missouri Div. of Employment Security	Current Steam Customer
Tower Properties	Former Steam Customer/Converted to Gas New Construction/Gas-1986
Vista Hotel	Current Steam Customer

DIRECT TESTIMONY
of
MICHAEL C. MANDACINA
Manager of Utility Steam Operations
KANSAS CITY POWER & LIGHT COMPANY

Case No. HO-83-274
(May 1983)

- 1 Q. Please state your name and address.
- 2 A. Michael C. Mandacina, 1330 Baltimore Avenue, Kansas City, Missouri.
- 3 Q. By whom are you employed and in what capacity?
- 4 A. I am employed by Kansas City Power & Light Company as Manager of
5 Utility Steam Operations.
- 6 Q. Please review briefly your educational background and professional
7 experience.
- 8 A. I graduated from St. Louis University in 1969 with a Bachelor of
9 Science degree in Electric Engineering, and received a Master of
10 Science degree in Electrical Engineering from the University of
11 Missouri in 1973. I became a Registered Professional Engineer in the
12 State of Missouri in 1974. I received a Master of Business Adminis-
13 tration degree from the University of Missouri at Kansas City in 1978.
14 I was employed by Wilcox Electric in 1969 and 1970 as an electronic
15 design engineer in the Airborne Development Lab. I left Wilcox to
16 join KCPL and was first employed as a Sales Engineer in the Sales
17 Department. In 1974, I was promoted to District Supervisor in the
18 Marketing Department. My duties included direct supervision of the
19 District Office and Sales Representatives, and coordination of steam
20 customer accounts. In 1978, I was promoted to District Manager in
21 the same department, then called Commercial Operations, and was
22 responsible for the entire District Office operation. I was promoted

1 to my current position in 1982, where i have general management
2 responsibility for all of KCPL's downtown public utility steam
3 operations.

4 Q. What is the purpose of your testimony in this proceeding?

5 A. My purpose is to briefly overview the history of KCPL's steam
6 system, and to explain and support the Company's proposed definitive
7 public utility steam system territorial description, filed in tariff form
8 with the Commission on January 26, 1983, a copy of which has been
9 identified as Case No. HO-83-274, KCPL Exhibit No. 1, which was
10 prepared under my direction and supervision.

11 Q. Will you briefly describe the history of KCPL's public utility steam
12 system?

13 A. Yes. As set forth in its January 26, 1983 transmittal letter, KCPL
14 and its predecessors have supplied steam for heating and other
15 purposes to downtown Kansas City, Missouri customers since 1888.
16 Kansas City Electric Lighting Company built a generating station at
17 604 Wall Street (now 604 Baltimore), Kansas City, Missouri, for the
18 purpose of supplying electric energy for incandescent lighting, com-
19 mencing operation in 1888. Limited distribution and sale of steam, as
20 an otherwise wasted by-product of electric generation, began at that
21 time from this "Heating Station No. 1." The popularity of steam
22 service grew, resulting in the formation of the Kansas City Heating
23 Company in 1905. That company built a second steam supply source
24 in 1907 (Heating Station No. 2) which was later expanded in 1917. A
25 purchase of the Missouri River Powerhouse (now Grand Avenue
26 Station) from the Kansas City Transit Company in 1927 enabled the
27 retirement of Heating Station No. 1. New high-pressure supply mains
28 were constructed from Grand Avenue Station in 1929 and 1930, and
29 extended in 1954. The addition of another high-pressure main in

1 1958 enabled retirement of Heating Station No. 2, leaving Grand
2 Avenue Station as the sole source of steam supply for downtown
3 Kansas City, Missouri customers.

4 Throughout the first 30 years of this same period, numerous
5 electric companies competed in the Kansas City area for retail electric
6 business for essentially lighting and transit purposes. Through a
7 series of business failures, mergers and acquisitions, Kansas City
8 Power and Light Company emerged as the certificated electric and
9 steam utility for what is now KCPL's metropolitan Kansas City,
10 Missouri service area. In 1922, the Commission approved the con-
11 solidation of Kansas City Power and Light Company and Carroll
12 County Electric Company (now KCPL's East District) forming Kansas
13 City Power & Light Company. On July 31, 1922, the Commission's
14 Order in Case No. 3387 approved the consolidation, and issued the
15 new Kansas City Power & Light Company a certificate of convenience
16 and necessity to provide such service in those areas "in which the
17 Commission has heretofore authorized said Kansas City Power and
18 Light Company and Carroll County Electric Company to conduct the
19 business of a public utility" Of necessity, but without specific
20 mention, KCPL's public utility steam service to downtown Kansas
21 City, Missouri was included. To eliminate certain administrative
22 problems that had developed, in 1934 (Case No. 8560), the Commis-
23 sion issued its "blanket" certificate of convenience and necessity for
24 KCPL's Missouri service territory, again including the downtown
25 Kansas City, Missouri public utility steam territory, but without
26 specific mention.

27 Because KCPL has never exercised its public utility steam
28 service certificate rights and obligations outside the downtown Kansas
29 City, Missouri area, I am advised by our attorneys that its certificate

1 of convenience and necessity therefor has become, as a matter of law,
2 coextensive with the territory described in KCPL Exhibit No. 1.

3 Q. Why does KCPL now propose to specifically define its public utility
4 steam service territory?

5 A. Being a regulated monopoly, KCPL's certificated service territories
6 are the very essence of its businesses. It is thus important that a
7 service area, establishing the exclusive right to serve while carrying
8 the obligation to serve all customers indiscriminately, be clearly
9 defined. As a practical matter, KCPL's public utility steam service
10 territory is well-defined, by location of facilities and customers, and I
11 am advised as a legal matter the territory is likewise "defined."
12 However, nowhere to my knowledge is there a document setting forth
13 that territory as such. It is in the interests of our steam customers,
14 both existing and potential future, that the geographic area within
15 which KCPL is, and holds itself out to be, ready, willing and able to
16 supply public utility steam service be clearly defined.

17 Q. Will you please explain why it is in the interest of customers that the
18 steam service territory be clearly defined?

19 A. First, let me state that, in preparing KCPL Exhibit No. 1, we
20 attempted to add specific definition to the existing public utility steam
21 service territory. We were further guided, however, by the princi-
22 ples of including therein (i) all existing customers, and (ii) those
23 areas where steam supply lines and related facilities are already in
24 place and ready for service. This assures existing customers of
25 continuity of steam service, and prospective customers within the
26 defined territory of access to steam service. Assuming the continued
27 advantages of public utility steam service in general, we will have
28 definitively limited that area within which such service is available.

29 Q. Why is it important to definitively limit the public utility steam service

1 area?

2 A. There are essentially three fundamental reasons. First, our only
3 source for public utility steam service presently is Grand Avenue
4 Station, located at the north end of the downtown Kansas City,
5 Missouri area. We are therefore limited in the area and distances
6 over which steam can be economically transmitted. Second, we have
7 experienced in the past some new steam customer additions in
8 locations where steam supply facilities were lacking, usually at
9 customer expense under our line extension rules. Because downtown
10 Kansas City, Missouri is a mature area, with steam supply facilities
11 being underground, the costs of installing and extending facilities is
12 extremely high, exceeding \$300 per foot. For an average city block
13 of approximately 400 feet, this means a cost in excess of \$120,000 to
14 extend new facilities a block. Third, the downtown Kansas City,
15 Missouri district is badly in need of revitalization, and numerous civic
16 and economic development efforts are underway to accomplish that
17 end. Given the existence of steam supply facilities within that area
18 now, and the attraction that public utility steam supply can provide
19 to potential downtown customers exclusively, it is hopeful that such
20 steam service can assist in revitalization efforts.

21 Q. Do you have any conclusions to offer?

22 A. While approval of the proposed public utility steam service territorial
23 description by the Commission is a "technical" detail, it is neverthe-
24 less an important one that should be effected in the best interests of
25 KCPL and its public utility steam service customers.

FEATHERSTONE


AFFIDAVIT

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

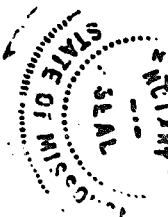
MICHAEL C. MANDACINA, being first duly sworn, on his oath states: that he has participated in the preparation of the foregoing written testimony, in question and answer form, consisting of 5 pages, to be presented to the Public Service Commission of the State of Missouri in Case No. HO-83-274; that the answers therein contained were given by him; that he has knowledge of the matters set forth in said answers; and that such answers are true to the best of his knowledge and belief.


Michael C. Mandacina

Subscribed and sworn to before me this 15th day of May, 1983.


Notary Public
Jackson County, Missouri

My commission expires:
June 29, 1983



FEATHERSTONE

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P O BOX 678

KANSAS CITY, MISSOURI 64141

L. G. RASMUSSEN

VICE PRESIDENT
CORPORATE PLANNING
and FINANCE

January 26, 1983

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

Dear Mr. Hubbs:

Enclosed for filing with the Commission are ten (10) sets of the following tariff sheets related to Kansas City Power & Light Company's public utility steam service to downtown Kansas City, Missouri customers:

Kansas City - Public Utility Steam Service:
Original Sheet Nos. 3 and 3A (Territorial Description)

These tariff sheets and the map attached thereto provide a detailed description of KCPL's public utility steam system territory, coextensive with that area within which KCPL has historically held, and continues to hold itself ready, willing and able to provide public utility steam service, subject to the terms and conditions of its General Rules and Regulations Applying to Steam Service currently in effect and on file with the Commission.

Please note that the enclosed tariff sheets bear a proposed effective date of February 26, 1983. The Commission should be advised, however, that even though the proposed tariffs (territorial description) are new, they do not reflect a change in what has in fact been the Company's steam system territory for many years. These tariffs merely add precision in definition to those historic de facto boundaries for public utility steam service in downtown Kansas City, Missouri.

The Commission will note that KCPL's Territorial Description for electric service to Missouri customers, coextensive with its Missouri retail "blanket" certificate of convenience and necessity issued January 10, 1934 (Case No. 8560), is currently in effect and on file with the Commission.

A brief review of the history of KCPL's public utility steam service may assist in determining why no territorial description for such service has been filed prior to this time. KCPL and its predecessors have supplied steam for heating and other purposes to downtown Kansas City, Missouri customers continuously since 1888. Kansas City Electric Light Company built a generating station at 604 Wall Street (now 604 Baltimore), Kansas City,

Mr. Harvey G. Hubbs

-2-

January 26, 1983

Missouri, for the purpose of supplying electric energy for incandescent lighting commencing operation in 1888. Limited distribution and sale of steam, as an otherwise wasted by-product of electric generation, began at that time from this "Heating Station No. 1".

Thereafter, the popularity of steam service grew, resulting in the formation of the Kansas City Heating Company in 1905. That company built a second steam supply source in 1907 (Heating Station No. 2), which was later expanded in 1917. A purchase of the Missouri River Powerhouse (now Grand Avenue Station) from the Kansas City Transit Company in 1927 enabled the retirement of Heating Station No. 1. New high pressure supply mains were constructed from Grand Avenue Station in 1929 and 1930, and extended in 1954. The addition of another high pressure main in 1958 enabled retirement of Heating Station No. 2, leaving Grand Avenue Station as the sole source of steam supply for downtown Kansas City, Missouri customers.

Throughout the first thirty years of this time period, numerous electric companies competed in the Kansas City area for retail electric business for essentially lighting and transit purposes. Through a series of business failures, mergers and acquisitions, Kansas City Power and Light Company emerged as the certificated electric and steam utility for what is now KCPL's metropolitan Kansas City, Missouri service area. In 1922, the Commission approved the consolidation of Kansas City Power and Light Company and Carroll County Electric Company (now KCPL's East District) forming Kansas City Power & Light Company. On July 31, 1922, the Commission's order in Case No. 3387 approved the consolidation, and issued the new Kansas City Power & Light Company a certificate of convenience and necessity to provide such service in those areas "in which the Commission has heretofore authorized said Kansas City Power and Light Company and Carroll County Electric Company to conduct the business of a public utility" Of necessity, but without specific mention, KCPL's public utility steam service to downtown Kansas City, Missouri was included. To eliminate certain administrative problems that had developed, in 1934 (Case No. 8560), the Commission issued its "blanket" certificate of convenience and necessity for KCPL's Missouri service territory, again including the downtown Kansas City, Missouri public utility steam territory, but without specific mention.

Because KCPL has never exercised its public utility steam service certificate rights and obligations outside the downtown Kansas City, Missouri area, its certificate of convenience and necessity therefor has become, as a matter of law, coextensive with the territory described in the enclosures filed herewith, pursuant to Section 393.170(3) R.S.Mo. The enclosed description merely documents that fact.

FEATHERSTONE

Mr. Harvey G. Hubbs

-3-

January 26, 1983

I would thus appreciate your bringing the enclosures to the attention of the Commission, and for convenience, I have enclosed sufficient copies of this letter for circulation.

Sincerely,

L. C. Rasmussen
L. C. Rasmussen

LCR:jp
Enclosures
cc: Office of Public Counsel

FEATHERSTONE

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

Jefferson City

December 1, 1983

CASE NO. MO-83-274

Mark G. English, Attorney
Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105

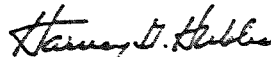
A. Drue Jennings
General Counsel
Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105

L. C. Rasmussen, Sr., Vice President
Kansas City Power & Light Company
1330 Baltimore Avenue
Kansas City, Missouri 64105

Jeremiah D. Finnegan
Attorney at Law
4225 Baltimore Avenue, Suite 101
Kansas City, Missouri 64111

Enclosed find certified copy of ORDER in the above-numbered case.

Sincerely,



Harvey G. Hubbs
Secretary

uncertified copy:

Office of the Public Counsel
P. O. Box 7800
Jefferson City, Missouri 65102

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. HO-83-274

In the matter of the filing by Kansas City Power & Light Company of Kansas City, Missouri, of tariffs designed to establish and define steam service area boundary lines.

APPEARANCES: Mark G. English, Attorney, Kansas City Power & Light Company, 1330 Baltimore Avenue, Kansas City, Missouri 64105, for Kansas City Power & Light Company.

Steven Dottheim, Deputy General Counsel, Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

REPORT AND ORDER

On January 26, 1983, Kansas City Power & Light Company (KCPL or Company) filed proposed tariffs with the Commission designed to define the boundary lines of the service area in which KCPL is authorized or obligated to provide steam service. The Commission docketed said tariffs in Case No. HO-83-274, and duly suspended said tariffs by Suspension Order dated February 25, 1983. By its "Order of Consolidation and Second Suspension, Requiring Notice to Customers, Modifying Schedule of Proceedings, and Granting Interventions" dated March 4, 1983, the Commission, inter alia, consolidated for joint hearing Case Nos. HR-83-245 and HO-83-274 and further suspended to December 26, 1983, the tariff sheets previously suspended in Case No. HO-83-274.

Pursuant to said Order of Consolidation, and the "Order Dismissing Certain Tariffs and Modifying Notice to Customers" dated August 31, 1983, KCPL duly gave required notice to its steam heat service customers of the pendency of Case No. HO-83-274. The Order Dismissing Certain Tariffs and Modifying Notice to Customers further dismissed and closed Case No. HR-83-245, a steam rate case.

On May 24, 1983, KCPL duly filed the testimony and supporting schedules of M. C. Mandacina. On September 9, 1983, the Commission Staff duly filed the testimony and supporting schedules of J. L. Ketter.

KCPL, Commission Staff and Office of Public Counsel are the only parties to this case; there was no requested intervention or other participation by any other person.

A prehearing conference in this matter was duly held on September 19, 1983, as ordered by the Commission, and formal evidentiary hearings were held pursuant to Commission order on October 3, 1983. KCPL and Commission staff were the only parties appearing at the prehearing conference and formal evidentiary hearings. At the formal evidentiary hearings, KCPL offered the prefiled testimony and supporting schedules of M. C. Mandacina, and the Staff offered the prefiled testimony and supporting schedules of J. L. Ketter. KCPL, Staff and Public Counsel, by Stipulation and Agreement offered at said formal evidentiary hearings, stipulated and agreed that the Commission should enter an order approving and allowing the tariffs as filed in this case. Upon the offering of the prefiled testimony and supporting schedules of M. C. Mandacina and J. L. Ketter and said Stipulation and Agreement, the formal evidentiary hearings were then recessed for disposition by the Commission of said Stipulation and Agreement.

Findings of Fact

Kansas City Power and Light Company is a public utility corporation duly organized and existing under the laws of the State of Missouri. The Company is an electric corporation as defined in Chapters 386 and 393, RSMo 1978, with its administrative offices and principal place of business located at 1330 Baltimore Avenue, Kansas City, Missouri 64105. It is engaged principally in the generation, transmission, distribution and sale of electric energy and to a lesser extent in the furnishing of steam service. Electric energy is distributed and sold to the public on a retail basis in an area in the State of Missouri and Kansas, and steam service is supplied and sold to the public on a retail basis in Kansas City, Missouri.

FEATHERSTONE

KCPL and its predecessors have supplied steam for heating and other purposes to downtown Kansas City, Missouri customers since 1888. Throughout the first thirty (30) years of this service, numerous electric companies competed in the Kansas City area for retail electric business for essential lighting and transit purposes. Through a series of business failures, mergers and acquisitions, Kansas City Power and Light Company emerged as a certificated electric and steam utility for what is now KCPL's metropolitan, Kansas City, Missouri service area. In 1922, this Commission approved the consolidation of Kansas City Power and Light Company and Carroll County Electric Company (now KCPL's East District) forming Kansas City Power & Light Company. On July 31, 1922, the Commission's order in Case No. 3387 approved the consolidation, and issued the new Kansas City Power & Light Company a Certificate of Convenience and Necessity to provide service in those areas "in which the Commission has heretofore authorized to said Kansas City Power and Light Company and Carroll County Electric Company to conduct the business of a public utility". Of necessity, but without specific mention, KCPL's public utility steam service to downtown Kansas City, Missouri was included. - To eliminate certain administrative problem that had developed, in Case No. 8560 (1934) the Commission issued a blanket Certificate of Convenience and Necessity for KCPL's Missouri service territory, again presumably including the downtown, Kansas City, Missouri public utility steam territory, but without specific mention.

By its proposed tariffs, KCPL wishes to clearly define its steam service territory. KCPL's only source for public utility steam service presently is Grand Avenue Station, located at the north end of the downtown Kansas City, Missouri area. KCPL is thus limited in area and distance over which steam can be economically transmitted. Because downtown Kansas City, Missouri is a mature area, with steam supply facilities being underground, the cost of installing expanding facilities is extremely high, exceeding \$300 per foot. For an average city block of approximately 400 feet, this means a cost in excess of \$120,000 to extend new facilities one block.

FEATHERSTONE

Given the existence of steam supply facilities within downtown Kansas City, Missouri and the attraction that public utility steam service can provide to potential downtown customers exclusively, KCPL is hopeful that its steam service can assist in the revitalization efforts of downtown Kansas City, Missouri.

Staff witness Ketter testified that he had reviewed the Commission order in Case No. 8560, and noted no reference to the steam operation of the Company or definition of boundaries relating to steam facilities. However, there are two references to boundaries in KCPL's General Rules and Regulations respecting steam service. Staff recommends that this Commission approve the Company's proposed steam service boundary tariffs as filed.

The proposed boundaries include all of the Company's existing customers and existing steam facilities. The practical limits of the Company's steam service territory are defined by the Company's existing steam facilities. The Company's filing in this matter provides a tariff definition of the territory in which the Company must provide and maintain service, and the proposed boundaries more clearly define current practical limits regarding how far customers can be from the steam source.

A copy of the Stipulation and Agreement entered into in this case is attached to this Report and Order as "Appendix A", and is hereby incorporated by reference herein.

Conclusions

KCPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapters 386 and 393, RSMo 1978. KCPL's proposed tariffs, which are the subject matter of this proceeding, were suspended pursuant to authority vested in this Commission by Section 393.150, RSMo 1978.

The Commission, after notice and hearing, may order a change in any rate, charge or rental, and any regulation or practice affecting any rate, charge or rental, and it may determine and prescribe the lawful rate, charge or rental, and the

FEATHERSTONE

lawful regulation or practice affecting said rate, charge or rental thereafter to be observed.

The Commission may consider all facts which, in its judgment, have any bearing on a proper determination of the Company's steam service territory boundaries.

For the purpose of determining just and reasonable terms and conditions for the provision of steam heat service, the Commission may accept a Stipulation and Agreement in settlement of any matters submitted by the parties. The Commission is of the opinion, after due consideration of the Stipulation and Agreement submitted by the parties hereto, that the matters of agreement contained therein are reasonable and proper and should be accepted.

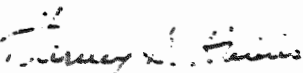
The prefiled testimony and supporting schedules of M. C. Mandacina and J. L. Ketter are received into evidence, and the formal evidentiary hearings are hereby adjourned and the recommendations of the parties hereto are adopted.

It is, therefore,

ORDERED: 1. That the tariffs as filed by Kansas City Power & Light Company in Case No. HO-83-274 be, and hereby are, allowed to go into effect on the effective date of this Report and Order.

ORDERED: 2. That this Report and Order shall become effective on the 24th day of December, 1983.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Shapleigh, Chm., Musgrave, Mueller
and Hendren, CC., Concur.

Dated at Jefferson City on this
1st day of December, 1983.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the filing by Kansas)	
City Power & Light Company of Kansas City,)	
Missouri, of tariffs designed to establish)	Case No. HO-83-274
and define steam service area boundary)	
lines.)	

STIPULATION AND AGREEMENT

WHEREAS, on January 26, 1983, Kansas City Power & Light Company (KCPL) filed proposed tariffs with the Commission designed to define the boundary lines of the service area in which KCPL is authorized or obligated to provide steam service;

WHEREAS, the Commission docketed said tariffs in Case No. HO-83-274 and duly suspended said tariffs by Suspension Order dated February 25, 1983;

WHEREAS, by Order of Consolidation and Second Suspension, Requiring Notice to Customers, Modifying Schedule of Proceedings, and Granting Interventions dated March 4, 1983, the Commission inter alia consolidated for joint hearing Case Nos. HR-83-245 and HO-83-274 and further suspended to December 26, 1983 tariff sheets previously suspended in Case No. HO-83-274;

WHEREAS, KCPL submitted to the Commission on May 20, 1983 Affidavit of Publication in The Daily Record, a daily newspaper of general circulation published in Kansas City, Jackson County, Missouri, respecting notice of intervention deadline and hearings in Case Nos. HR-83-245 and HO-83-274;

WHEREAS, by Order Dismissing Certain Tariffs and Modifying Notice to Customers dated August 31, 1983, the Commission dismissed and closed Case No. HR-83-245 pursuant to the request of KCPL and authorized KCPL to modify pursuant to its request the notice to be given its steam heat customers respecting Case No. HO-83-274;

WHEREAS, KCPL on May 24, 1983 and the Commission Staff on September 9, 1983 duly filed testimony and associated schedules in support of said proposed tariffs, and

WHEREAS, no person has intervened in opposition to said proposed tariffs, and the parties hereto are unaware of any opposition whatsoever to said proposed tariffs; and

FEATHERSTONE

WHEREAS, a prehearing conference in Case No. HO-83-274 was held on September 19, 1983 as ordered by the Commission.

Now, therefore, the parties hereto do stipulate and agree as follows:

1. That the proposed tariffs filed by KCPL in this matter be approved and allowed by the Commission as filed.
2. That the direct testimony and associated exhibits of KCPL witness M. C. Mandacina, filed on May 24, 1983, and the direct testimony and associated exhibits of Commission Staff witness J. L. Ketter, filed on September 9, 1983, are hereby submitted for the record, shall be received into evidence without objection, and the appearance and cross examination of said M. C. Mandacina and J. L. Ketter shall be excused and waived.
3. That the evidence referred to in Paragraph 2 hereof and any additional evidence adduced at the hearing held for submission of this Stipulation and Agreement to the Commission constitutes and comprises all the evidence submitted in this case.
4. That the Staff shall have the right to provide to the Commission, in memorandum form, whatever further explanation the Commission requests and that such memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. It is understood by the parties hereto that any rationales advanced by the Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by such other parties.
5. That the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced in any ratemaking principle, value methodology, cost of service method, or rate design proposal underlying any of the rates and tariffs provided for in this Stipulation and Agreement.
6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties hereto waive their respective rights pertaining to (a) the presentation of oral argument or filing of written briefs, pursuant to Section 328.080(1) RCW 1978; (b) the reading of the transcript by the Commission

pursuant to Section 316.080(2) RSMo 1978; and (3) judicial review.
pursuant to Section 386.910, RSMo 1978 with respect to all issues in
this matter.

7. That in the event the Commission does not approve and
adopt this Stipulation and Agreement in total, and in the event the
tariffs agreed to herein do not become effective for service rendered
in accordance with the provisions contained herein, this Stipulation
and Agreement shall be void, and no party hereto shall be bound by any of
the agreements or provisions hereof.

Respectfully submitted,

By 
Mark G. English

ATTORNEY FOR
KANSAS CITY POWER & LIGHT COMPANY

By 
Steven Dottheim

ATTORNEY FOR THE STAFF OF THE
MISSOURI PUBLIC SERVICE COMMISSION

By 
Michael C. Pendergast

ATTORNEY FOR THE
OFFICE OF THE PUBLIC COUNSEL

FEATHERSTONE

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original
on file in this office and I do hereby certify the same to be
a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, this 1st day of December 1983.



Harvey G. Hubbs
Secretary

UNREPORTED BUS AND TRUCK CASES

UNREPORTED BUS AND TRUCK CASES—Continued.

REPORTS OF THE PUBLIC SERVICE COMMISSION

OF THE

STATE OF MISSOURI

In the Matter of the Application of the KANSAS CITY POWER & LIGHT COMPANY for an order authorizing it to construct, maintain and operate electric transmission lines in the Counties of Jackson, Clay, Cass, Platte, Carroll, Chariton, Howard, Lafayette, Pettis, Randolph and Saline, all in the State of Missouri.

Case No. 8580.

Decided January 10, 1934.

- (See Digest: Monopoly and Competition, 6.) Territorial Division. Municipally and Privately Owned Plants. In authorizing a privately owned utility, by blanket order, to extend its transmission lines anywhere within a defined territory, the Commission refused to reserve for development by municipally owned systems, a definite area around each city served by a municipal plant, it being pointed out that since the Commission was without jurisdiction to compel a municipality to extend its lines beyond its boundaries, there would be no tribunal to which the residents of such areas could resort to compel service or to regulate it when rendered.
- (See Digest: Certificates of Convenience and Necessity, 12.) Electrical Utility. Territorial Division. The Commission granted an electrical utility's application for authority to extend its transmission lines anywhere within a defined territory, since such authority would not only eliminate the necessity of the utility requesting authority from time to time for specific development within the territory, but would act in the public interest, in that the utility would know within what field to concentrate its activities and to develop its market, and the citizens would know to whom to look for service.
- (See Digest: Orders, 3-4; Arbitration.) Amendment of Former Order. Arbitration. Where the Commission in its former order had granted an electrical utility authority to extend its transmission lines anywhere within a defined territory, but made it mandatory that any controversy with interested parties be submitted to it for arbitration, said order was amended by providing that any such controversy was to be submitted to the Commission only after the parties had agreed to do so.

APPEARANCES:

Ludwick Graves and Chester Smith for the Applicant.
N. W. Simpson for Missouri Power and Light Co.
R. W. Hedrick for Receiver of St. Louis-San Francisco Ry. Co.

Case No.	Caption.	Date of Order.
T-2993	West Plains Trans. Co., Re (Extension of authority)...	Dec. 22, 1934
T-2994	Whedlock, Fred O., Re (Interstate permit granted)....	July 2, 1934
T-2974	Whiteway Trans. Co., Re (Extension of authority)....	Nov. 9, 1934
T-2991	Wichita Yellow Cab Co., Re (Interstate permit granted)....	June 5, 1934
T-2945	Wichman, H. A., Re (Transfer of truck certificate)....	Mar. 20, 1934
T-2937-X	Wieners Bros. Transfer, Re (Contract hauler's permit granted)....	Aug. 10, 1934
T-2913	Whitson, Floyd, Re (Extension of authority)....	Feb. 6, 1934
T-2979	Williams, H. L., Re (Extension of authority)....	Nov. 21, 1934
T-2981	Williams, H. L., Re (Extension of authority)....	Jan. 26, 1935
T-2978	Williams, J. C., Re (Extension of authority)....	April 30, 1934
T-2983	Williams, Mont., Re (Truck certificate granted)....	Jan. 29, 1934
T-2985	Williams, Mont., Re (Extension of authority)....	May 9, 1934
T-2970	Willie, A. W., Re (Extension of authority)....	Sept. 30, 1934
T-2966	Wilson, Arthur J., Re (Truck certificate granted)....	Jan. 17, 1934
T-2935	Wilson, Clarence, Re (Truck certificate granted)....	Aug. 14, 1934
T-2940-X	Wilson, J. B., Re (Contract hauler's permit granted)....	Oct. 12, 1934
T-2934	Wilson, Samuel L., Re (Interstate permit granted)....	July 6, 1934
T-2987	Winkelman, A. S., Re (Extension of authority)....	Aug. 30, 1934
T-2986	Winkelman, H. S., Re (Extension of authority)....	April 10, 1934
T-2990	Wolfe, J. A., Re (Transfer of truck certificate)....	Jan. 29, 1934
T-2990	Woodruff, John, Re (Extension of authority)....	July 10, 1934
T-2916	Woods & Son Transfer Co., Re (Joint and through rates)....	July 2, 1934
T-2918	Woods & Son, Re (Extension of authority)....	April 24, 1934
T-2920	Wood Bros., Re (Transfer of truck certificate)....	Oct. 16, 1934
T-2922	Woods, F. P., Re (Truck certificate granted)....	Dec. 10, 1934
T-2949	Woodson, C. F., and E. F., Re (Extension of authority)....	Jan. 30, 1935
Y.		
T-2911	Yellow Cab & Baggage Co., Re (Dismissal for failure to pay fees and fire insurance)....	June 26, 1934
T-2955	Yowell, Charles H., Re (Truck certificate denied)....	Jan. 29, 1934
T-2910	Young, J. R., and H. E. Jones, Re (Interstate permit granted)....	Feb. 20, 1934
T-2908-X	Young, Russell M., Re (Contract hauler's permit granted)....	Sept. 27, 1934
T-2984	Younts, William H., Re (Transfer of truck certificate)....	Feb. 10, 1934
T-2987	Yowell and Jones, Re (Extension of authority)....	May 11, 1934
T-2914	Yowell & Jones, Re (Joint service at joint and through rates)....	Feb. 15, 1935
Z.		
T-2946-X	Zero Refrigerators, Re (Contract hauler's permit granted)....	June 2, 1934
T-2939-X	Ziegenhew, H. T., Re (Contract hauler's permit granted)....	Jan. 24, 1935
T-2920	Zigant, Fred Anton, Re (Extension of authority)....	Aug. 20, 1934
T-2921	Zigant, Fred Anton, Re (Extension of authority)....	Oct. 12, 1934
T-2907-X	Zisch, George, Re (Contract hauler's permit granted)....	June 26, 1934

J. A. Potter for Trustees of Missouri Pacific Railroad Co.
A. W. Douglas for Chicago, Rock Island & Pacific Railway Co.

B. Hooper for Kansas City Southern Ry. Co.

C. H. Williamson for Frisco Ry. Co., Telephone and Telegraph Dept.

J. W. Walbridge for Western Union Telegraph Co.

Roscoe Howard for Slater, Missouri Municipal Plant.

REPORT AND ORDER OF THE COMMISSION.

ENGLISH, COMMISSIONER:

This case is before the Commission upon the application of the Kansas City Power & Light Company of Kansas City, Missouri, hereinafter referred to as the applicant, for an order of the Commission granting said applicant a certificate of convenience and necessity to construct, reconstruct, relocate, maintain and operate electric transmission and power lines necessary to furnish electric service to the public within the territory more fully hereinafter described, in the Counties of Jackson, Clay, Cass, Platte, Carroll, Chariton, Howard, Lafayette, Pettis, Randolph and Saline, all in the State of Missouri.

This case was heard by the Commission, after due notice had been given, at Jefferson City on the first day of November, 1933, at which time and place all interested parties were given an opportunity to be heard.

The applicant has furnished to the Commission the names of all the railroad, telegraph and telephone companies whose lines are located within the area in which the applicant desires to operate and the names of all the electric utility companies that are operating in the territory adjacent thereto. Notice of hearing was given to all of these companies. Notice was also given to the clerks of the county courts of the various counties, as well as to the mayors of the cities in which there are operated municipally owned plants located in the territory described.

The applicant has filed a map, marked Applicant's Exhibit Y, showing the entire area for which it seeks a certificate of convenience and necessity. It also filed maps marked Applicant's Exhibits N, O, P, Q, R, S, T, U, V, W, and X, on which are delineated in greater detail the boundary lines of the area in each county in which it is operating and for which it seeks a certificate.

Certified copies of the orders of the courts of the above named counties granting the applicant authority to construct electric lines along and across the highways of said counties were filed as exhibits in this case. The applicant states that before constructing any of its transmission lines along a state highway it will secure from the State Highway Commission such authority as may be required by law for the proposed construction.

The applicant now furnishes electric service to the city of Kansas City and parts of Jackson County adjacent thereto, thirty-five other towns and cities located in the counties which we have heretofore designated, and rural territory adjacent thereto.

The electric utilities operating in the territory adjacent to the territory sought to be served by the applicant are the Missouri Gas & Electric Service Company, the Missouri Power & Light Company, the Consumers Public Service Company, the Missouri Utilities Company, the City Light & Traction Company, and the Missouri Public Service Company. No protest was made by any of these electric utilities except the Missouri Public Service Company, to the granting of the territory sought.

In Section 36, Township 49-N, R. 26-West, Lafayette County, Missouri, the applicant has one customer located in the western or the southwestern part, of that section. To reach that customer the applicant has an electric line extending from the north side of the aforesaid section southward, crossing the lines of the Missouri Public Service Company located along Highway No. 40. The applicant is serving this one customer by that extension under authority granted by the Commission in Case No. 5768. The record in that case does not show that the Missouri Public Service Company has secured authority from the Commission for the construction and operation of the electric lines that it has in that territory; neither do the files of the Commission give that information. However, it seems to us that public convenience and necessity would not require the maintenance of the two electric lines in that rural territory, and for simplification of the designation of the territory in which the applicant seeks to serve, and in order that the public may know to whom it should look for electric service in that small territory, it appears that the applicant's proposed boundary line should be changed in that section by locating the boundary line on a line running east and west across the section $\frac{1}{4}$ mile south of the north boundary line of said section. Accordingly, we will of our own motion amend the application to conform to our views of the reasonable designation of that part of the boundary. The applicant and the Missouri Public Service Company can arrange at a suitable time for the necessary changes in their lines south of that quarter section line so that the customer now served by the applicant will be served by the Missouri Public Service Company.

Some of the communication companies, telephone and telegraph, as well as railroad companies, protested the authority sought by the applicant because if granted they would have no way of knowing where the lines to be constructed in the future would be located.

Heretofore the applicant has filed with the Commission an application for and has secured a certificate of convenience and necessity to construct each extension made to its large system.

The system has grown into one of the larger utilities of the state and it has many extensions to make. Some of these are only a few hundred feet in length made for the purpose of serving but one or two customers. The applicant seeks to avoid the necessity of appearing before the Commission each time it desires to extend electric lines in territory now served by it or to be served by it under this application. In its application and at the hearing it made the express undertaking that before beginning the actual construction of any particular extension the utility or utilities concerned in the matter will be notified and given an opportunity to cooperate with the applicant. In the case of a disagreement the matter will be brought to the Commission for determination. The applicant further states that before any line in operation is to be changed in a major way, such as the number of phases or the amount of the voltage or the location over a new route, all utilities interested in the proposed change will be given proper notice. It thus appears that under the manner in which the applicant proposes to carry out the development of the territory the rights of the other utilities will be properly safeguarded if the application is granted.

[1-2] Some of the cities in which electric service is furnished by municipally owned plants appeared, inquiring what their position would be should the authority sought by the applicant herein be granted and suggesting that an area surrounding such cities be reserved for service by the municipal plants. No authority is sought or would be given to the applicant to serve in the incorporated areas of municipalities in which municipal electric service is now being furnished. The Commission can not and would not grant authority to serve these or any other municipalities until the consent of the proper municipal authorities had been obtained. In the areas adjacent to the city limits the applicant might be in competition with the cities operating municipal plants. The Commission has no jurisdiction over the operation of municipal plants in this State. But on the other hand the Commission is vested with exclusive jurisdiction over the operations of private utilities outside the corporate limits of the municipalities. We will therefore construe the application as one for authority to extend applicant's lines in the territory outside of such incorporated areas as the public convenience and necessity may require.

The Commission is not inclined to reserve for development by the city a definite area around each city in which there is a municipal plant. The Commission has no power to require the municipality to extend its lines into that area. Some of the municipalities in this State refuse to serve customers outside of the corporate limits. Some doubt their power so to do. On the other hand, the Commission has undoubted jurisdiction to require the applicant to extend its lines into these areas. If we

refuse to exercise jurisdiction over this area, there will be no tribunal to which the people residing therein could resort to compel service if desired or to regulate it when rendered. The State looks to the interest of the public outside of the corporate limits of a city as well as of the public within, and we think it would be beyond our powers as well as a dereliction of duty to exclude from our jurisdiction any area adjacent to the limits of the municipalities in question.

The applicant undertakes to extend its lines to serve new customers in the district in which it may be authorized to operate. Upon the evidence submitted at the hearing, it appears that it now has electric lines, such as feeder and trunk lines, extending throughout the area it proposes to serve.

CONCLUSIONS:

In our opinion, the present application as amended and construed by us in this report, should be sustained, and the authority sought should be granted. The issue of this order constitutes an important step in a program which the Commission has long contemplated.

During the life of this Commission the electric utilities have expanded from modest enterprises each serving restricted, local, usually municipal needs, to wide flung systems serving hosts of communities and the intervening rural areas. Reductions in the rates charged for electricity have been constant during the life of this Commission partly as a result of the exercise of our powers of regulation, partly because of improvements in the art, and partly because of increased use. The electricity now consumed in the State would have cost at least twelve million dollars per annum more than it now costs if the rates charged when this Commission was organized were still prevailing, or even at the rates charged in 1921 when the present uses of current for other purposes than lighting had been developed.

So far as can be foreseen, the uses of electricity have only begun. The improvements in the art have been so rapid, the economies affected by the development of large transmission systems have been so great, the possible uses for this quiet, clean, efficient servant of human needs so manifold, that it requires no very lively imagination to envision the entire state gridironed with transmission lines and every homestead, however humble, enjoying the benefits of cheap and constant light, heat, and power. As a harbinger of the realization of this vision, we now find the state served by a number of large and efficient electric systems. It is clearly to the public interest that the area in which service is to be rendered by each of them be marked out and designated. Thus responsibility will be fixed; the citizen will know to whom to look for service; the utility will know within what field to concentrate its activities and to develop its market.

21 MO. P. S. G.

We may now contemplate the possibility of the division of the state into districts each served by a dependable electric utility upon which may reasonably be imposed the duty of service in its given area. Studies looking to this end have been made by the Electric Department of the Commission during the last few years and in some instances boundaries between utilities have been established and small areas, such as a portion of a county, have been assigned to a utility. The present order by which the allocation of a large area to a utility is made is the first of what is hoped to be a series of such orders.

An order in conformity with this report will issue.

COLLET, Chf.; STOECKER and ANDERSON, C.C., concur;
HULL, C., not sitting.

ORDER.

Now on this day, the Commission having made and filed its report herein, it is, after due consideration,

Ordered: 1. That the applicant be and is hereby granted authority to construct, reconstruct, locate, relocate, maintain and operate electric transmission lines along, over, and across the highways of the Counties of Jackson, Clay, Cass, Platte, Carroll, Chariton, Howard, Lafayette, Pettis, Randolph and Saline, and along such other routes as may be properly provided in said counties, all in the State of Missouri, with authority to furnish electric service to all persons in the area for which this certificate is granted, such area being more fully described by the maps filed herein by the applicant, marked Applicant's Exhibits N, O, P, Q, R, S, T, U, V, W, X and Y, with the exception that the boundary line as proposed by the applicant in Section 36, Township 40-N, R. 26-W, Lafayette County, shall be located on a line extending east and west across said section $\frac{1}{4}$ of a mile south of the north boundary line thereof. The aforesaid maps are hereby referred to and made a part of this order. The authority hereby granted, however, does not grant permission to serve within the corporate limits of any municipality until or unless the consent of the proper municipal authorities shall have first been obtained.

Ordered: 2. That said electric transmission and power lines and all equipment connected therewith shall be constructed so as to conform to the specific rules and regulations contained in the National Electrical Safety Code, issued by the United States Bureau of Standards, and where said transmission lines cross the tracks of any railroad company, said crossing shall be constructed so as to conform to the specific rules and regulations contained in the Commission's General Order No. 24, issued August 17, 1925. Furthermore, that said applicant herein shall maintain and operate said transmission lines and all equipment connected therewith in a reasonably safe and adequate manner so as not to endanger the safety of the public or to interfere unreasonably with the service of other aerial lines, and shall give reasonable notice to any other utility whose service might be affected by any proposed construction or change; and that the Commission fully retain jurisdiction of the parties and the subject matter of this proceeding, on the evidence now before the Commission, for the purpose of making such further order or orders as may be necessary.

21 MO. P. S. C.

Ordered: 3. Wherever said transmission lines parallel aerial lines belonging to or operated by other companies or individuals or cross such line or lines or come in close proximity thereto so as to cause induction or other electrical interference, thereby making necessary changes in said line or lines of the applicant for the general benefit and safety or in the said line or lines of the applicant for the general benefit and safety of the public, the expense, if any accrued in making such changes, shall be determined by an agreement between the parties operating such lines and the applicant, and in case of failure of the parties to reach such agreement in settlement thereof, the matter shall be submitted to the Public Service Commission for arbitration and determination, and in such event, the award made by the Commission shall be found in compliance with Section 118 of the Original Act creating the Public Service Commission of this State, now Section 5241, Revised Statutes of Missouri for 1929.

Ordered: 4. That before beginning the construction of any electrical power and transmission line in the territory herein designated and before a change is made in the location, phase or voltage of any electric line that may be in operation, the applicant shall give all other utilities affected by such change or construction at least fifteen days' written notice, showing in sufficient detail what the proposed construction or change will be to enable competent representatives of those utilities to determine what action the particular utility or utilities may desire to take in reference thereto.

Ordered: 5. That this order shall take effect ten days after the date hereof, and that the Secretary of the Commission shall forthwith serve on all parties interested herein, a certified copy of this report and order and that the applicant and all other interested parties shall notify the Commission before the effective date of this report and order, in the manner prescribed by Section 25 of the Public Service Commission Law, whether the terms of this order are accepted and will be obeyed.

*SUPPLEMENTAL REPORT AND ORDER NO. 1.

By order of the Commission issued herein on January 10, 1934, the Kansas City Power & Light Company of Kansas City, Missouri was granted a certificate of convenience and necessity for the construction, maintenance, operation and relocation of its transmission lines along, over and across the highways of certain parts of the Counties of Jackson, Clay, Cass, Platte, Carroll, Chariton, Howard Lafayette, Pettis, Randolph and Saline, and along such other routes as may be properly provided in those parts of said Counties, for the purpose of furnishing electric service to the public. In said order the Commission required:

"ORDERED: 3. Wherever said transmission lines parallel aerial lines belonging to or operated by other companies or individuals or cross such line or lines or come in close proximity thereto so as to cause induction or other electrical interference, thereby making necessary changes in said line or lines or in the said line or lines of the applicant for the general benefit and safety of the public, the expense, if any accrued in making such changes,

*Dated February 10, 1934.

RAINESTONE

COMMITTEE

shall be determined by an agreement between the parties operating such lines and the applicant, and in case of failure of the parties to reach such agreement in settlement thereof, the matter shall be submitted to the Public Service Commission for arbitration and determination, and in such event, the award made by the Commission shall be found in compliance with Section 118 of the Original Act creating the Public Service Commission of this State, now Section 5241 Revised Statutes of Missouri for 1929."

It appears that further consideration should be given to the question of requiring the interested parties to submit to the Commission for arbitration and determination issues upon which they may disagree and are unable to determine for themselves.

Section 118 of the Public Service Commission Law, Section 5241 of the Revised Statutes of Missouri for 1929, requires that,

"Whenever any public utility has a controversy with another public utility or person and all the parties to such controversy agree in writing to submit such controversy to the commission as arbitrators, the commission shall act as such arbitrators, and after due notice to all parties interested shall proceed to hear such controversy, and their award shall be final. Parties may appear in person or by attorney before such arbitrators.

[3] It does not appear from that section that the parties may be required to submit their disagreements or controversies to the Commission for arbitration, but have the privilege of doing so and the Commission shall act only in case the utility or person or persons to such controversy shall agree in writing to submit such controversy. The wording of the Commission's order issued in this case as quoted above makes it mandatory and, therefore, appears to be in violation of the spirit of the statutes. We, therefore, believe that that section should be amended for the protection of the rights of all parties interested.

It is, therefore,

Ordered: 1. That paragraph "ORDERED: 3" as contained in the Commission's order issued herein on the 10th day of January, 1934, be and is hereby amended and made to read as follows:

Ordered: 3. Whenever said transmission lines may or do parallel aerial lines belonging to or operated by other companies or individuals or cross such line or lines or come in close proximity thereto so as to cause induction or other electrical interference, thereby making necessary changes in said line or lines or in the said line or lines of the applicant for the general benefit and safety of the public, the expense, if any accrued in making such changes, shall be determined by an agreement between the parties operating such lines and the applicant, and in case of failure of the parties to reach such agreement in settlement thereof, the matter may be

submitted to the Public Service Commission for arbitration and determination as provided for in Section 118 of the Original Act creating the Public Service Commission of this State, now Section 5241 of the Revised Statutes of Missouri for 1929.

Ordered: 2. That this order shall take effect ten days after the date hereof, and that the Secretary of the Commission shall forthwith serve on all parties interested herein, a certified copy of this report and order and that the applicant, Kansas City Power & Light Company, and all other interested parties shall notify the Commission before the effective date of this report and order, in the manner prescribed by Section 25 of the Public Service Commission Law, whether the terms of this order are accepted and will be obeyed.

COLLET, Chr.; STOECKER, ANDERSON and McPHERSON, CC., concur; ENGLISH C., absent.

***MISSOURI PACIFIC TRANSPORTATION COMPANY, a corporation, Complainant, vs. MIDLAND STAGES, Defendant.**

Case No. 2572.

Decided January 23, 1934.

- 1 (See Digest: Evidence, 6-9.) Motor Carrier. Evidence of Fraudulent Acts. Evidence held to justify finding that the defendant motor carrier, authorized to transport passengers in interstate commerce, had, through subterfuge, used his permit to engage in intrastate business.
- 2 (See Digest: Busses and Trucks, 25.) Revocation of Interstate Permit. Unauthorized Intrastate Business. Where it was found that a motor carrier, authorized to transport passengers in interstate commerce, had been violating the law by using his interstate permit to engage in an intrastate business, the carrier's permit was revoked.

APPEARANCES:

Thos. J. Cole of St. Louis for Complainant.
Herbert H. Hoff of Jefferson City for Defendant.

REPORT OF THE COMMISSION.

ENGLISH, COMMISSIONER:

This case comes before the Commission upon the complaint of the Missouri Pacific Transportation Company, holder of a certificate of convenience and necessity authorizing it to transport passengers in intrastate commerce between St. Louis and Kansas City, Missouri, over Highway 50.

*Motion for rehearing overruled, February 23, 1934. Revocation sustained by three-judge Federal Court, in Equity No. 610, June 13, 1934 (not officially reported).

ASAP

FEATHERSTONE

44 12 1987

No. 639
Class _____

Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139

Requested From: Steve Catron
Date Requested: January 28, 1987
Information Requested: Reference KCP&L's response to MPSC Data Request No. 324.

This KCP&L determined its expected losses by year of total annual revenue requirements for making the conversion from steam system operations to electric boiler and/or space heating for:

- ① Electric boiler and/or space heating equipment return and recovery of "and/or" investment
- ② Electric boiler and/or space heating operating and maintenance costs
- ③ losses associated with KCP&L's proposed rates in this case as result of carrying costs of "phasing in" rates over four year period 1987-90. (Kite)
- ④ additional operating losses subsequent to the effective date of any tariff authorized by the MPSC as result of continued decline of steam sales and/or increase in operating expenses and/or increases to investment. ⑤ any other loss not reflected in ① through ④ above.

T. Please provide any updates to above along with supporting

Requested By: C. Featherstone
Information Provided: Documentation detailing the calculations.

II. Include any updates to Data Request No. 324

② Boardman Exhibit NO. (BTR) Sch. 1

page 7-11 Figure 7-3 a d h as 7-4 a b 6

③ Kite Schedule 3

④ T. no updates to II. ④ above exists as KCP&L anticipate an updating these schedules with more current information?

If so, please provide.

III. How does KCP&L anticipate recovery of the above losses? eg. through steam rate

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is separate, complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, address, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: See response attached
B. Boardman 1/30/87

Date Received: 2/3/87

KANSAS CITY POWER & LIGHT COMPANY

Data Information Request No. 639
Case No. HO-86-139

Information Requested:

Reference KCPL's response to MPSC Data Request No. 324: Has KCPL determined its expected losses by year of total annual revenue requirements for making the conversion from steam system operations to electric boilers and/or space heating for:

- 1) Electric boilers and/or space heating equipment return and recovery "of" and "on" investment.
 - 2) Electric boilers and/or space heating, operating and maintenance costs.
 - 3) Losses associated with KCPL's proposed rates in this case as result of carrying costs of "phasing in" rates over four year period 1987-90 (Kite Schedule 8)
 - 4) Additional operating losses subsequent to the effective date of any tariff authorized by the MPSC as result of continued decline of steam sales and/or increase in operating expense and/or increases to investment.
 - 5) Any other loss not reflected in 1 through 4 above.
- I. Please provide any updates to above along with supporting documentation detailing the calculations.
 - II. a. Include any updates to 1) Data Request No. 324. 2) Beaudoin Exhibit No. ____ (BJB), Sch. 1, page 7.11, Figure 7-3 a & b and 7-4 a & b. 3) Kite Schedule 8.
b. If no updates to II.a. above exists does KCPL anticipate on updating these schedules with more current information? If so, please provide.
 - III. How does KCPL propose recovery of the above losses? e.g. through steam rates and/or shareholder funds.

Information Provided:

Response 1 to 5

No study of the specific losses by year has been made for the electric boiler/space heating equipment conversions during the phase-in period 1987-1990. The annual losses would be a function of the pattern (number and steam load) of the customers accepting the conversion program during the 1987-1990 period. The losses per Mlb would be the additional cost of return, depreciation, taxes, O&M and electricity for the new electric boilers per Mlb of steam sold less the fuel and some O&M per Mlb saved on the central production and distribution system.

One can get a rough idea of the losses per Mlb by comparing the levelized annual expenses on pp. 7.10 and 7.11 of the Steam Conversion Study for the Case GIC vs. CIC and dividing by 190,000 Mlb.

Annual Expenses, CIC	\$5,462,000
Fuel and half O&M, GIC	<u>-3,018,000</u>
	\$2,444,000
Annual Steam Sales - Mlb	190,000
Loss during transition - per Mlb	\$12.86

The actual loss per Mlb might be higher because actual annual fixed charges and amortization would be higher in early years compared to the levelized approach.

Response I, II a and b.

No update of the above analyses is anticipated.

Response to III.

The losses during transition on converted customers would be at expense of shareholders based on the phase-in rates proposed by KCPL in this case. Should a future steam rate case be required prior to 1990 then rates could be designed to recover the direct cost for each class of steam customer (i.e. converted customers vs. central production/distribution customers); such rates could mitigate those annual losses prospectively.

If a converted customer decided to purchase the electric facilities and become an electric heat customer, then the expected transition losses would be reduced.

NOV 6 1986

No. 324
Class Data Information Request
Kansas City Power & Light Company
Case No. HO-86-139Requested From: Steve CatronDate Requested: 11/6/86Information Requested:

What is the maximum loss KCP&L would be willing to
bear in regards to the Downtown Steam Conversion Plan,
broken out by:

a) operating losses and foregone return on the current
system over the phase-in period, 1987-1990;

b) foregone carrying cost of electric boilers and
heating equipment;

c) any unrecovered investment of the boilers and
heating equipment.

Requested By: Mark OligschlaegerInformation Provided:

See attached response. If additional clarification
is needed, please call so that we can get together and
discuss further.

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By:

Date Received:

11/10/86 M.O.

KANSAS CITY POWER & LIGHT COMPANY

MPSC Case No. HO-86-139
MPSC Data Request No. 324

Response:

- a) Under KCPL's phase-in proposal the losses that KCPL is willing to bear are identified in B. J. Beaudoin's testimony p. 15, lines 25 and 26, and p. 16, lines 1 to 5. The loss figures are also referenced on p. 17, lines 21 and 23 of R. A. Kite's testimony and Schedule 8 sponsored by him.
- b) If KCPL's Steam Conversion Plan is accepted and the phase-in rates are in effect during the 1987 to 1990 period, then KCPL recognizes that all of the carrying costs on any installed boilers and electric equipment would be foregone during that period. The amount foregone is dependent on the number of customers who accept KCPL's conversion offer. Exhibit No. ____ (BJB), Schedule 1, p. 7.11 (Figure 7-4b) gives an estimate of the levelized annual revenue requirements for scenarios C1A (all customers converted) and C1C (40% of consumption converted). Note that the levelized Fixed Charges (FC) range from \$4.7 million to \$2.1 million per year for those two scenarios. The actual fixed charges for earlier years would be higher than the levelized fixed charges. The foregone carrying costs also would increase from 1987 to 1990 as the number of converted customers increased during that period.
- c) Under KCPL's Plan I would expect that once the old system was retired at 12/31/90 that a new steam rate case would be filed to reflect only the cost of service of the new conversion system. The rates filed at that time

FEATHERSTONE

- 2 -

would reflect operating expenses and only the return on and the amortization through 1995 of the unrecovered investment in the new boilers and heating equipment. KCPL would not expect to bear losses during the period 1991 to 1995.

rLB 2 1987

Date Information Request
 Kansas City Power & Light Company
 Case No. HO-86-139

Requested From: Steve CatronDate Requested: 2/2/87

Information Requested: _____

Per the attached airtel, provided thru O.C. # 378:

Please provide supporting documentation (work papers, etc.)
 for the circled number of \$50 million dollars conversion cost.

Requested By: Mark D. Lindeblauer

Information Provided: The authorized amount for the test project
was \$947,000. It was for Eight (8) Sites with an estimated
demand of 2,621 KW D. At the time I made the \$50 million
dollar estimate, I estimated the total load downtown about
135 Mega Watts.

$$\begin{aligned} & \$947,000 \times 135 \text{ Mega Watts} = \$48,777,000 \\ & 2,621 \text{ KW D} \end{aligned}$$

Actual documentation of the Calc I could not find, but this is my
recollection.

The attached information provided to the Missouri Public Service Commission Staff in response to the above date information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. HO-86-139 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the KCP&L Kansas City, Missouri office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, address, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The phrases "you" or "your" refers to Kansas City Power & Light Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By:

Joseph D. Harrison
2/9/87

Date Received:

LGC 2-18-87

1986-1987 DIVISION ISSUE
DEVELOPMENT FORM1. Description of Proposed Division Issue:

At the end of 1985, KCPL will no longer have the large Corn Products steam load. This will result in steam, as presently produced and distributed, becoming an increasingly costly energy source. The operating and maintenance costs of Grand Avenue Station and the district heating system, coupled with the shrinking customer base in the downtown area, require that KCPL make plans now for the ultimate disposition of existing facilities (i.e., extension, retirement, abandonment) at G.A.S. and on the district heating system. Plans need to be made to provide alternate methods of serving the energy needs of downtown customers that is reliable and competitively priced.

2. Suggested Statement of Potential Division Issue:

Develop plans for the ultimate disposition of existing steam generation and distribution facilities, and plan the facilities and methods required to keep downtown customer energy needs supplied reliably and economically by KCPL.

3. Rationale for Resource Deployment:

The low anticipated steam load after 1985 will not allow much steam generation by firing coal at G.A.S. with existing equipment. The deteriorated condition of the pipe distribution system increases the feasibility of installing electric boilers on site at customer premises. The projected cost for a total conversion of approximately 140 customers is \$50 million which includes the modifications to electrical distribution facilities.

Submitted by: J. A. GavronDate: June 14, 1985Title: Superintendent
Railway Steam Operations

The result of this issue on the steam staff.

WILL 1/22/87