

No. 690
Class

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

Requested From: Steve Catron
Date Requested: 2/11/87
Information Requested:

Per attached document, taken from the files of J.R. Miller:

1) Please provide all correspondence between KCP&L and Mr. Iles Davis and/or associates of Mr. Davis' law firm, from Jan. 1986 to current.

2) Please provide any updates or ^{further} documentation concerning KCP&L 'strategies' for customer involvement or customer intervention in the current rate case.

Requested By: Mark O. Linschmeider
Information Provided: as referred to in the above questions

1) & 2) The only documents regarding the steam system are attached - these are copies of the information passed out to the customers attending the informational meeting with the steam customers. (Since not all customers could attend, the information was mailed also.)

Mark O. Linschmeider 2/19/87

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, memo, and/or report) and state the following information as applicable for the particular 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:

OFFICIAL CASE FILE

MISSOURI PUBLIC SERVICE COMMISSION

Date Received:

2/20/87 M.O.

EXHIBIT No. 20

Date 4-7-87 Case No. HO 86-139

Revised Taxed

Jhi.



September 2, 1986

Messrs. A. J. Doyle
L. C. Rasmussen
J. A. Mayberry
B. J. Beaudoin
M. C. Sholander
R. H. Graham

Re: Steam Rate Case HO-86-139

Enclosed is a draft of a suggested strategy to begin customer involvement in the forthcoming steam rate case. I would appreciate any additions, changes, or further suggestions. It is my understanding Mr. Ilus Davis has already consented to be the spokesman for the customer group.

It would seem reasonable that we provide the 4th floor auditorium as the location for the suggested meeting. We should coordinate the actual date and other details with Mr. Davis' schedule. I would appreciate any suggestions as soon as possible so we can have organized customer involvement prior to the October 1 pre-hearing conference.

M. C. Mandacina

M. C. Mandacina

CONFIDENTIAL

MCM:mlh
Enc

cc: /J. R. Miller
A. D. Jennings
F. L. Branca
J. A. Gawron

**SUGGESTIONS FOR CUSTOMER INTERVENTION IN
STEAM RATE CASE NO-86-139**

1. Establish prominent community leader as spokesman for the customer group. Completed
2. Provide spokesman with detail of rate case, schedule, conversion plan and strategies. By 9-5-86
3. Provide location for informational meeting scheduled the week of 9-2-86 to advise customers of rate case schedule and steps for intervention process. By 9-5-86
4. Personally and by letter, invite interested customers to informational meeting. By 9-8-86
5. Working in conjunction with the spokesman, at the meeting provide all necessary information for briefing the conversion plan, rate case schedule, intervention process and other details. Offer assistance for development of any customer testimony.
6. Request customers to contact Commission/Staff regarding possibility of hearings to be held in Kansas City, since the only customers involved are here.

CONFIDENTIAL

Handed out to customer @ 9 AM only w/ customer 9/16/86 4:21 PM.

September ____, 1986

Ilus W. Davis, Esq.
1700 City Center Square
1100 Main Street
Kansas City, Missouri 64105

Dear Mr. Davis:

Re: KCPL Steam Heat Conversion Plan
and Proposed Steam Rate Increase

Please include the undersigned as an Intervenor in the above matter now before the Missouri Public Service Commission. We understand that the Intervenor you represent will do so

1. in support of the KCPL Steam Heat Conversion Plan, but
2. reserving the right to take a position at a later date with respect to KCPL's Proposed Steam Rate Increase.

It is understood that all fees, costs and expenses of your Intervention on behalf of KCPL Steam Heat Customers will be prorated among those you represent on the basis of square feet of occupied space, but not to exceed one cent (1¢) per square foot.

(Customer Name)

By: _____
Title: _____

Customer Service Address:

Kansas City, Missouri 641____

You may contact the following named person as our representative in the above matter.

Telephone No.: _____

Handed out to customers @ 9/14/86 Mtg 4th fl 1330

KANSAS CITY POWER & LIGHT COMPANY

DOWNTOWN STEAM SERVICE PLAN

Introduction

KCPL's central station steam system started operations before the turn of the century. Steam was initially supplied from the Wall Street Plant (which was located at 6th and Wall), and subsequently from Grand Avenue Station. Most of the ten miles of underground steam lines are now 60 to 80 years old, and because of their advanced age require ever-increasing levels of maintenance and repair.

Grand Avenue Station no longer generates electricity for KCPL's electric customers, and KCPL has retired in place the electric generation facilities at the station. Thus, the entire burden of Grand Avenue's ownership and operating costs must now be borne by the steam heat customers, since this is the only service being provided by these facilities.

KCPL's steam customers and steam sales have declined dramatically over the years. The number of steam heat customers has dropped from a high of 394 in 1950 to about 130 now. From their peak in 1971, steam sales have slumped more than 60%. However, the facilities required to serve this declining customer base remain the same, and operation and maintenance expenses continue to increase as these facilities age. In 1985, KCPL's largest steam customer, CPC International, sold its facilities to National Starch which takes only about one-fourth of the steam that CPC did. These factors have caused the unit cost of producing and delivering steam to sharply rise over the years.

Studies

KCPL has become increasingly aware of the adverse factors affecting its central station steam service system. Studies conducted in 1981 and 1982 indicated that steam rates at that time were inadequate and would have to be raised substantially in order to cover operating costs and provide a reasonable return on investment. The studies also determined that the system could not be viable without the addition of a large-demand customer. In response, KCPL secured CPC International as a customer in 1984, which had the effect of more than tripling steam demand. However, in 1985 CPC sold its facilities to National Starch, which has only one-fourth of CPC's steam usage. This drastic decrease in steam load, coupled with the anticipated retirement of electric facilities at Grand Avenue Station and the consequent increase in the cost of providing steam service led to the present study and this Plan.

In June 1985 Mr. A. J. Doyle, KCPL's Chief Executive Officer, met with steam customers to review the history of KCPL's steam service and to assure them of the Company's intentions to continue to meet their energy requirements. By letter dated July 19, 1985, Mr. Doyle indicated that KCPL was studying alternatives to the present central station steam service:

By early 1986, KCPL will develop a tentative five-year conversion plan to eliminate its low pressure steam distribution system through the use of on-site electric boilers and minimize its high pressure steam distribution system through (a) a central electrode boiler, (b) by on-site installation or (c) various combinations with

electric operation. KCPL will present that tentative plan to its steam heat customers, hopefully, in March 1986 for their review, comments and possible refinement. Of course, any such plan as may be finally adopted by KCPL will be subject to review and approval by the Missouri Commission before it becomes effective.

In addition, KCPL committed to operate the steam production facilities at Grand Avenue for the term of the National Starch steam service agreement (through 1990), and not to make a steam rate increase effective before 1987. KCPL also offered to make building energy use studies at the facilities of each steam customer at no charge.

A task force was formed in July 1985 to develop this five-year conversion plan. Representatives from System Power Operations, Internal Services and Steam, Accounting, Engineering, Law, Corporate Planning and Rates were named to this task force. Engineering and financial examinations were made of the present system as well as many alternatives to that system. It became obvious that it is not economically feasible to continue central station steam production and distribution, either in its present, or an alternative, configuration. Based on these examinations, the task force focused on on-site electric boilers as the preferred alternative, since it minimizes future capital expenditures. A test program was established to install up to eight electric boilers on the premises of present steam customers in order to collect information concerning installation and maintenance of such equipment, and also to gauge customer acceptance. The Downtown Steam Service Plan is

predicated upon the recommendations and findings of this task force.

The Downtown Steam Service Plan

The elements of the Plan are as follows:

1. KCPL will discontinue steam service from Grand Avenue Station upon the termination of the steam service agreement with National Starch in 1990.

2. In anticipation of this discontinuance, KCPL will phase-out central station steam production and distribution service, commencing after Commission approval of the Plan.

3. In each phase-out steam distribution area, KCPL will offer to each customer the option of receiving on-site heating equipment, as a substitute for the discontinued central station steam service. The customer is under no obligation to accept this equipment, and is free to meet its heating needs by other methods.

4. The on-site heating equipment may be either electric steam boilers or all-electric heating equipment, depending on their relative capital cost. The customers may choose either of the two; however, if the customer chooses heating equipment, and it is more expensive than the corresponding boiler, the customer must in that case reimburse KCPL for the difference in the capital cost.

5. KCPL will own, install and maintain the electric steam boilers, and these steam boiler customers will continue to be steam customers served under the applicable steam service tariffs. KCPL will own and install the all-electric heating equipment, and the customers will be obligated to maintain such equipment at their own

expense. These latter customers will become electric space heating customers of KCPL, and will be charged under the applicable electric space heating tariffs.

6. Ownership of both the electric steam boilers and the all-electric heating equipment will pass to the customers as of December 31, 1995; however, the customers have the option of earlier purchase of the boilers and equipment at its depreciated original cost. After December 31, 1995, all customers having on-site equipment (whether boilers or all-electric heating equipment) will become electric customers of KCPL and will be served under the applicable electric service tariffs.

7. KCPL will continue to offer building energy use studies at the facilities of each steam customer, to determine the appropriate sizing of the on-site equipment.

8. KCPL continues its commitment not to make a steam service rate increase effective before 1987.

KCPL believes this Plan is the most feasible method of continuing steam service to downtown Kansas City at a reasonable cost and with adequate reliability.

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 679

KANSAS CITY, MISSOURI 64141

March 14, 1986

Dear Steam Heat Customer:

In case you were not able to attend the March 13, 1986 steam customer meeting at KCPL, the enclosed summary and news release will provide you with the information that was presented.

Should you have any questions or require further information, please contact me on 556-2328.

Sincerely,



Michael C. Mandacina
Director Internal Services and
Steam Operations

MCM:mlh
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