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In the Matter of the Investigation by the)
Commission of the adequacy of future)
Kansas electric generation capacity.)

Docket No. 99-GIME-321-GIME

ORDER DIRECTING INVESTIGATION

Now, the above captioned matter comes on for consideration and determination by the State Corporation Commission of the State of Kansas (“Commission”) upon its own motion. The Commission, being fully advised in the premises, finds as follows:

I. BACKGROUND

1. A number of recent events have demonstrated the need for the Commission to investigate the adequacy of Kansas electric generation capacity.
2. Electric capacity shortages during the Summer of 1998 may indicate that Kansas electric utilities have not adequately planned generation capacity to meet future peak demands.
3. The 1998 Southwest Power Pool (“SPP”) EIA41 1 report projects that Kansas utilities will not have an adequate capacity margin by year 2002 to meet minimum reliability criteria.
4. On July 21, 1998, Farmland Industries, Inc. filed a complaint, Docket No. 99-WSRE-034-COM. This complaint, inter *alia*, questioned the capacity of Kansas Gas and Electric Company and its parent, Western Resources, Inc., and the relationship of off-system sales of that capacity to

the utilities' duty to serve their certificated customers. The broad policy implications of that complaint were deferred to a future general investigation.' This is that general investigation.

5. The questions concerning capacity sufficiency arise at the time when there is national and local debate concerning the issue of restructuring the electric industry.

II. AUTHORITY

6. The Commission has authority under K.S.A. 66-1,169a to 'obtain generation forecasts and other related information from all Kansas electric utilities. This authority extends to otherwise non-jurisdictional utilities such as municipal utilities.

7. Furthermore, the Commission has authority under K.S.A. 66- 10 1d to investigate, on its own motion, all schedules of rates and rules and regulations, services and practices of electric public utilities.

8. Finally, the Commission has plenary authority under K.S.A. 66-101 to regulate and oversee the practices of the utilities under its jurisdiction and is empowered to do all things necessary and convenient for the exercise of its power, authority and jurisdiction.

III. FINDINGS AND CONCLUSIONS

9. The Commission finds that the electric capacity shortages during the Summer of 1998, which resulted in interruptions of electric service to many customers, and the forecasts of the SPP, which indicate worsening capacity margins in the coming years, substantiate the need for the Commission to exercise its authority to investigate the adequacy of Kansas electric generation capacity for the coming years.

^{1/} See October 26, 1998 Order Establishing Scope of Complaint Proceeding and Setting Prehearing Conference in Docket No. 99-WSRE-034-COM.

10. The Commission takes administrative notice of the detrimental effects or harm electric power interruptions may cause on the public interest. The Commission has received a formal complaint concerning those interruptions and has deferred the overall policy implications of that complaint to a future generic investigation docket. The Commission finds that the general investigation contemplated by this docket is a suitable docket to consider the policy implications of the complaint.

11. The Commission finds that it is necessary to obtain specific capacity and planning information from all electric utilities in Kansas in order to formulate effective policy for the future regulation of the utilities under its jurisdiction,

12. The Commission further finds that the information gathered in this investigation may be helpful to Kansas policy makers other than the Commission as the issues of restructuring the electric industry are debated nationally, and in Kansas, at the Commission and the Kansas Legislature.

13. The Commission has authority under K.S.A. 66-1,169a, K.S.A. 66-101d and K.S.A. 66-101 to conduct an investigation into the adequacy of Kansas electric generation capacity and the related public policy concerns and issues.

14. The Commission received a Memorandum dated September 14, 1998 from Commission Staff. Commission Staff noted that the electric capacity shortages during the Summer of 1998 emphasize a growing concern that Kansas electric utilities may not have adequately planned generation capacity to meet future peak demands.' The Commission concludes that there exists an adequate factual basis for the Commission to initiate such an investigation at this time.

^{2/} The Memorandum compiled by Commission Staff is open to the public and is available upon request.

IV. SCOPE OF THE INVESTIGATION

15. The Commission intends to investigate generally the capacity margin projected for Kansas utilities for the years 1998 through 2007. K.S.A. 66-1,169a requires the Commission to compile and maintain a comprehensive statewide generation capacity forecast and grants the Commission authority to seek and obtain such information as it may require from otherwise non-jurisdictional municipal utilities. Historically, the Commission Staff has fulfilled this function by monitoring and reviewing the annual SPP EIA411 reports. The Commission will use as its starting point the SPP EIA411 reports which have been reviewed by the Commission Staff. In addition, the Commission will direct specific questions concerning these matters to all Kansas utilities that are members of the Southwest Power Pool. Those questions are listed in Appendix A of this Order.

16. The Commission must also be concerned with those non-jurisdictional utilities that could impact the demand for additional generation capacity that is not adequately forecasted by the Southwest Power Pool. Accordingly, additional questions will be directed to those utilities that are not members of the Southwest Power Pool. Those questions are also listed in Appendix A of this Order.

17. The initial phase of the investigation will consist of the review by the Commission Staff of the responses to the questions directed to all Kansas electric utilities. Staff is directed to compile a summary of the responses. Based on the summary of the responses, the Commission intends to issue an order establishing further proceedings, including, but not limited, to roundtable discussions and other opportunities for comment from the utilities involved and representatives of other parties who may have an interest in the proceedings. The persons served with this Order are listed in Appendix B and C of this Order.

V. ASSESSMENT OF COSTS

18. Pursuant to K.S.A. 66-1502, when the Commission deems it necessary to investigate any public utility and the costs of that investigation are likely to exceed \$100.00, the Commission may assess the public utility the expense of the investigation.

19. The Commission will utilize members of its staff, comprised of attorneys, economists, accountants and engineers, and, as deemed appropriate by the Commission, employ special assistants and consultants to investigate all matters connected with the above-captioned matter.

20. The Commission finds and concludes that the Commission Staffs findings in this investigation will be presented to the Commission and the expenses attributable to this investigation may exceed \$100.00. These expenses will be assessed against the Kansas jurisdictional electric utilities pursuant to K.S.A. 66-1502, and assessment will begin three business days after the utilities receive notice of the assessment by mail. By this order, the utilities are given notice that they have an opportunity to request a hearing on assessment made herein in accordance with the provisions of the Kansas Administrative Procedure Act. Those utilities being served with the notice of assessment are listed in Appendix B of this Order.

IT IS, THEREFORE, BY THE COMMISSION CONSIDERED AND ORDERED THAT:

(A) This Order and the questions appearing as Appendix A shall be served on each electric utility in the State of Kansas and other interested persons as listed in Appendix B and C. Each utility listed in Appendix B is an automatic party to this proceeding and shall answer the questions and may participate further if it so desires. Any other person interested in the proceedings may file a petition to intervene. All parties shall receive service of all pleadings in this matter.

(B) Each utility shall respond to the questions in Appendix A within 45 days of service.

(C) Within 30 days of the receipt of the answers to Appendix A, the Commission Staff is directed to compile a summary of the responses and shall prepare an initial list of policy topics and questions for further discussion. The Summary and list of topics shall be served on all Kansas utilities and any party who has been granted intervention in these proceedings or who has filed a petition to intervene which has not been denied.

(D) Within 15 days of the receipt of the summary and suggested topics, any party may suggest modifications to the suggested list of policy topics and questions for further discussion.

(E) The Commission will issue further orders providing for participation in the discussion by roundtable or otherwise.

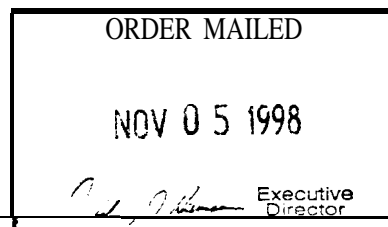
(F) Any party may file a petition for reconsideration of this order within fifteen days of the date this order is served. If service is by mail, service is complete upon mailing and three days may be added to the above time.

(G) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Wine, Chr.; Seltsam, Comm.; Claus, Comm.

Dated: NOV 04 1998



David J. Heinemann
Executive Director

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APPENDIX A

Questions for Kansas Electric Utilities Belonging to SPP

- I) Please provide the following information related to the Summer Net Internal Demand forecasts given for the years 1998 through 2007 on the most recent 1998 SPP EIA41 1 report:
- a) A list of interruptible customers, their estimated demand (as it correlates to their contribution to the EIA41 1 interruptible total), the expiration date of their current contract (or tariff), any provisions to allow the customer to buy through interruption, and notification requirements prior to interruption.
 - b) Do you anticipate any interruptible retail customers converting to full requirements retail customers? If yes, provide an estimate of the total demand involved.
 - c) A list of all days and the corresponding demand for the Summer of 1998 that exceeded the 1998 forecast.
 - d) A discussion of how 1998 Summer demands may affect future demand forecasts.
 - e) Estimate of annual peak Summer demand growth in percentage and how this estimate was derived.
 - f) Describe any other adjustments made to internal demand to arrive at net internal demand for each forecast year.
- II) Please provide the following information related to the Summer Net Capacity Resource forecasts given for the years 1998 through 2007 on the most recent 1998 SPP EIA41 1 report:
- a) A list of all generating units included in the total for net operable capacity in each forecast year. Include rating and capacity for each unit.
 - b) Capacity, type, fuel and planned operation date for each unit added after 1998 in forecast.
 - c) Capacity, and year for each unit forecasted for retirement or determined to be inoperable in planning period. Describe unit and reason for listing as inoperable or retiring.
 - d) A list of wholesale full responsibility sales by customer, capacity and forecast year. Include year contract expires.
 - e) A list of wholesale full responsibility purchases by seller, capacity and forecast year. Include year contract expires.
 - f) A list of capacity sales by customer, capacity and forecast year. Include year contract expires and describe whether sale is from a designated unit or from system.
 - g) A list of capacity purchases by seller, capacity and forecast year. Include year contract expires and describe whether purchase is from a designated unit or from seller's system.
 - h) Describe any other adjustments made to net operable capacity to arrive at planned capacity resources for each forecast year.

Appendix A, continued.

Questions for Kansas Electric Utilities that Do Not Belong to SPP

I) Please provide the following information:

- a) Do you have a net (total minus interruptible) peak internal demand forecast for the Summers of 1998 through 2007? If so, please provide the forecasts, if not, please provide any forecast information you do have, and information regarding the 1996 through 1998 net Summer internal demand peaks including dates and amounts.
- b) Do you have a forecast for planned capacity resources for the Summers of 1998 through 2007? If so please provide the planned capacity resource forecasts, if not please provide any capacity planning information you do have, and information regarding 1996 through 1998 Summer capacity resources including source and amount.
- c) List the planned capacity purchases for the years 1998 through 2007 by seller, capacity and year. Include year contract expires and describe whether purchase is from a designated unit or from seller's system. Note if any capacity purchases are nonfirm.
- d) List the planned capacity sales for the years 1998 through 2007 by buyer, capacity+ and year. Include year contract expires and describe whether sale is from a designated unit or from system. Note if any capacity sales are nonfirm.
- e) Estimate of annual peak Summer demand growth in percentage and how this estimate was derived.
- f) List any other adjustments to planned capacity resources or net internal demand considered in forecasts.

II) If the responses to these questions were coordinated by a representative organization for the affected utilities, please provide the following:

- a) List of municipal utilities or cooperatives not represented in the responses.
- b) List of cooperatives already addressed by Sunflower Electric Power Corporation's SPP EIA4 11 data and the amounts reported separately by Sunflower included in this response.
- c) Any information regarding the probable accuracy of the data and how it was obtained.

APPENDIX B
ASSESSMENT LIST
CERTIFICATED AND JURISDICTIONAL UTILITIES
(SEE ATTACHED LIST)

Kenneth J. Maginley, Manager
P.R. & W. Elec. Coop. Assn., Inc
East Highway 24, Box 5
Wamego, KS 66547

Mark A. Brown, Manager
Sumner-Cowley Elec. Co., Inc
2223 North A Street
P.O. Box 220
Wellington, KS 67152

Davis Rooney, Controier
WestPlains Energy
2300 Broadway
P.O. Box 170
Great Bend, KS 67530

Floyde H. Goins, Jr., Manager
Nemaha-Marshall Elec. Coop. Assn.,
Inc.
P.O. Box 0
Axtell, KS 66403

Carroll L. Waggoner, Treasurer
Sunflower Elec. Power Corporation
301 W. 13th
P.O. Box 980
Hays, KS 67601

Jack Colgin, Gen. Mgr.
Victory Elec. Coop. Assn., Inc.
North 14th Street, P.O. Box 1335
Dodge City, KS 67801

Neil K. Norman, Manager
Wheatland Elec. Coop., Inc.
101 Main Street, P.O. Box 130
Scott City, KS 67871

David L. Jesse, Manager
Pioneer Elec. Coop. Assn, Inc.
P.O. Box 368
Ulysses, KS 67880

Alan L. Hennaing, Manager
Sedgwick County Elec. Coop. Assn.,
Inc.
P.O. Box 220
Cheney, KS 67025

Cost Webb, Manager
Southwestern Public Service Co.
Box 1261
Amarillo, TX 79170

Charles W. Merrill
Exec. Vice President
Kansas Elec. Power Coop., Inc.
P.O. Box 4877
Topeka, KS 66604

Daniel O'Brien, Gen. Manager
Kaw Valery Elec. Coop. Co., Inc.
5715 West 21st St.
P.O. Box 4286
Topeka, KS 66604

R.L. Lamb, President
Empire District Elec. co.
P.O. Box 127
Joplin, MO 64802

Bob Williams
Kansas City Power & Light Co.
1201 Walnut
P.O. Box 418679
Kansas City, MO 64106

Jerry Courington
Western Resources, Inc.
818 Kansas Avenue
Topeka, KS 66612

Jerry Rumbaugh, Manager
D.S. & O. Rural Elec. Coop. Assn.,
Inc.
P.O. Box 286
Solomon, KS 67480

Jerry Courington
Kansas Gas & Elec. Co.
120 E. 1st
Wichita, KS 67202

Gene Argo, Pres. & Gen. Manager
Midwest Energy, Inc.
P.O. Box 898
Hays, KS 67601-0898

City Clerk
CITY OF BURLINGAME
City Hall-130 W. Santa Fe
Burlingame, KS 66413

CITY OF LARNED
P.O. Box 70 - 419 Broadway
Larned, KS 67550

Supt. of Elec. Utilities
PRATT MUNICIPAL ELEC.
321 West 10th
Pratt, KS 67124

City Manager
STERLING MUNICIPAL LIGHT &
POWER
114 N. Broadway P.O. Box 287
Sterling, KS 67579

Supt. of Utilities.
CITY OF ANTHONY
P.O. Box 504
Anthony, KS 67003

D.D. Dierking
CITY OF CLAY CENTER
City Hall - 427 Court
P.O. Box 117
Clay Center, KS 67432

CITY OF MCPHERSON
Board of Public Utilities
400 East Kansas Ave., P.O. Box
1008
McPherson, KS 67460

Eiec. Utility Director
CITY OF RUSSELL
P.O. Box 112
Russell, KS 67665

James D. Marsh
Director of Engineering & Utilities
CITY OF WELLINGTON
3 17 South Washington
Wellington, KS 67 152

City Clerk
CITY OF ASHLAND
City Hall - 703 Main Street
Ashland, KS 67831

CITY OF COFFEYVILLE
P.O. Box 1629 - 7th & Walnut
Coffeyville, KS 67337

CITY CLERK
CITY OF POMONA
P.O. Box 67
Pomona, KS 66076

CITY OF SABETHA
P.O. Box 187 - 805 Main
Sabetha, KS 66534

Director or Utilities
CITY OF WINFIELD
P.O. Box 646
Winfield, KS 67156

Gilbert E. Hanson, Jr., General
Manager
Kansas Municipal Energy Agency
6330 Lamar Ave. #110
Overland Park, KS 66202-4247

Harold T. Walker, City Attorney
Kansas City, Kansas Board of Public
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701 North 7th Street
Kansas City, KS 66101

Greg D. Ottinger
Kansas City, Kansas Board of Public
Utilities
1575 Eye Street, N.W.
Washington, D.C. 200054175

APPENDIX C
GENERAL SERVICE LIST
(SEE ATTACHED LIST)

In addition to Appendix B, the following parties are served generally. While the Commission realizes this list includes non-jurisdictional utilities, the Commission believes the parties hereafter named have an interest in this general docket. As such, the Commission encourages these parties to participate in this matter.

Doug Jackson, Manager
N.C.K. Elec. Coop., Inc.
P.O. Box 309
Belleville, KS 66935

Roger Maier, Manager
Northwest Kansas Elec.
Coop. Assn., Inc.
P.O. Box 168
Bird City, KS 6773 1

Dale Coomes, Manager
Sekan Elec. Coop. Assn, Inc.
120 N. Ozark
P.O. Box 40
Girard, KS 66743

Max Cain, Manager
United Elec. Coop., Inc.
410 North State, P.O. Box 326
Iola, KS 66749

Allan Miller, Manager
Norton-Decatur Coop. Elec. Co., Inc.
309 Main Street
P.O. Box 360
Norton, KS 67654

Carl Sederlund, Manager
Radiant Elec. Coop., Inc.
P.O. Box 390
100 North 15th Street
Fredonia, KS 66736

Donald R. Minard, Manager
Smoky Hill Elec. Coop. Assn., Inc.
208 West 1st Street
P.O. Box 125
Ellsworth, KS 67439-0125

Walker Parris, General Manager
Ninnescah Rural Elec. Coop. Ann., Inc.
P.O. Box 967
Pratt, KS 67 124

Donald E. Hellwig, Manager
Twin Valley Elec. Coop., Inc.
P.O. Box 385
Altamont, KS 67330

David L. Schneider, Manager
Western Coop. Elec. Assn., Inc.
P.O. Box 278
WaKeeney, KS 67672

Rodney V. Gerdes, Mgr.
Brown-Atchison Elec.
Coop. Assn., Inc.
1712 Central
P.O. Box 230

John Sheppard, Gen. Manager
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P.O. Box 308
Cedar Vale, KS 67024

Jerry Jarrett, Manager
Doniphan Elec. Coop. Assn., Inc.
P.O. Box 588
Troy, KS 66087

James Gouldie, Manager
Jewell-Mitchell Coop.
Elec. Co., Inc.
P.O. Box 307
Mankato, KS 66956

Roy Harries, Manager
Leavenworth-Jefferson
Elec. Coop., Inc.
P.O. Box 70
McLouth, KS 66054

Ernest J. Barker, Manager
Butler Rural Elec. Co. Assn., Inc.
216 S. Vine St.
Box 1242
El Dorado, KS 67042

Kirk Thompson, Manager
CMS Elec. Coop., Inc.
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Meade, KS 67884

Larry Scott, Manager
Lyon-Coffey Elec. Coop., Inc.
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Burlington, KS 66839

Delbert Tyler, Manager
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Kansas City, MO 64116

Walker Hendrix
Allen Brady Cantrell
Citizens' Utility Ratepayer Board
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Topeka, KS 66604

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