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PSC Process Marred By Secret Meetings, Email Conveying Support For Merger Consumers Council says Chairman Davis Should Recuse Himself To Avoid Appearance Of Impropriety

ST. LOUIS – Alberta Slavin, president of the Consumers Council of Missouri, today called on the chairman of the Missouri Public Service Commission, Jeff Davis, to recuse himself from any further hearings and voting on the proposed merger by KCP&L and Aquila.

Slavin said Davis must recuse himself to avoid the appearance that consumers' interests were marginalized when he met secretly with Aquila executives, and they inferred Davis' support for the proposed merger months before the proposal was brought before the PSC. If the merger is approved by the PSC, it could cost Aquila customers \$80 million in higher utility rates.

According to a published reports, PSC Chairman Davis met with Aquila CEO Richard Green who subsequently sent an email to the electric company's board members saying Davis had enthusiastically supported a merger involving his utility and Kansas City Power & Light. The meeting occurred well before a formal request was made before the PSC, the governing body Davis chairs that regulates utilities in Missouri.

“While nothing illegal may have happened, Chairman Davis should recuse himself from this case so the PSC process maintains a certain degree of integrity,” said Slavin, a former PSC commissioner. “The commissioners are quasi-judges, and the implication is akin to a judge promising acquittal to a criminal defendant before the trial ever starts.”

Slavin said the process for a utility merger involves public hearings and research. It also means commissioners must consider all of the information and then make a decision based on what is best for the people of Missouri. In essence, Slavin said commissioners are like judges who are to keep an open mind until the case is concluded and then render a decision.

As part of the merger proposal, Aquila wants to shift its debt to customers, resulting in \$80 million in higher utility rates. This would be done despite Aquila pledging not to do so in the wake of the collapse of Enron and its own utility trading losses.

“The PSC process must be beyond reproach,” Slavin said, “This is the second time we have seen Chairman Davis' communications with utilities in newspaper headlines. My hope is that the people of Missouri can rely on the PSC to avoid even the appearance of impropriety and retain credibility for the body charged with regulating the state's utilities.”