

UTILICORP UNITED
DOCKET NO. EM-00-001
DATA REQUEST NO. SJLP-1

DATE OF REQUEST: August 12, 1999
DATE RECEIVED: August 12, 1999
DATE DUE: September 15, 1999
REQUESTOR: Cary Featherstone

QUESTION:

Please provide copies of all documentation and supporting workpapers relating to all merger costs/savings estimates that support UCU/SJLP's application.

RESPONSE: See testimony of Vern Siemek, including Appendix VJS-A, testimony of Robert Browning, and testimony of Robert Holzwarth

ATTACHMENTS: Appendix VJS-A

ANSWERED BY: Vern Siemek

Exhibit No. 582
Date 7-10-00 Case No. EM-2000 292
Reporter xtt

Appendix VJS-A

Summary of Synergy Benefits, net of Costs to Achieve UtiliCorp/Saint Joseph Light and Power

(Dollars in Current 000's)

		Average Years 1-5	Average Years 6-10
I Operating Costs	Current Dollars		
1 Dispatching/Generation Savings		\$ 5,216	\$ 6,777
2 General & Administrative Savings		\$ 5,688	\$ 6,497
3 Distribution Savings		\$ 1,850	\$ 2,224
4 Transmission Savings		\$ 518	\$ 636
5 Conversion to UtiliCorp Benefits		\$ 3,004	\$ 4,443
6 Total O&M		\$ 16,277	\$ 20,576
II Capital Savings (Costs):			
1 Depr - Interconnect/SCADA/T&D		\$ (314)	\$ (305)
2 Amort of Transaction/Transition Costs		\$ (1,509)	\$ (1,507)
3 Return on Interconnect SCADA /T&D		\$ (830)	\$ (571)
4 Return on Transaction/Transition Costs		\$ -	\$ -
5 Total Capital Savings (Costs)		\$ (2,653)	\$ (2,383)
III Total Synergies, net of Cost to Achieve		<u>\$ 13,624</u>	<u>\$ 18,193</u>
IV Enterprise Support Functions Allocated (In) Current Dollars			
1 SJLP Direct Costs transferred to ESF		\$ 2,410	\$ 2,727
2 SJLP Direct Costs transferred to IBU		\$ 1,231	\$ 1,481
3 Support Functions Allocated (In)		\$ (13,010)	\$ (14,719)
4 Net Allocations (costs) savings to SJLP		<u>\$ (9,368)</u>	<u>\$ (10,512)</u>
V Total Synergies, net of Costs to Achieve and Allocated Costs		<u>\$ 4,255</u>	<u>\$ 7,681</u>
VI Premium Costs			
1 Return on Premium		\$ (9,680)	\$ (8,371)
2 Amortization of premium		\$ (2,302)	\$ (2,302)
3 Reflect non-tax deductibility of premium		\$ (1,535)	\$ (1,535)
4 Total Premium cost		<u>\$ (13,516)</u>	<u>\$ (12,208)</u>
VII SJLP share of premium costs		<u>\$ (6,758)</u>	<u>\$ (6,104)</u>
VIII Synergies, net of 50% of premium		<u>\$ (2,503)</u>	<u>\$ 1,577</u>
(Line V less VII)			

Shared synergies Master 1011 NHome Inflated.xls

See Appendix VJS-A for details of calculations

VJS-1

Summary of Synergy Benefits, net of Costs to Achieve

UtiliCorp/Saint Joseph Light and Power

(Dollars in Current 000's)

(Dollars in Current 000's)						First Five Full Years		2006	2007	2008	2009	2010	Years 6-10		Ten Full Years		
2001	2002	2003	2004	2005	Total	Average Years 1-5	Totals						Average Years 6-10	Totals	Average		
I Operating Costs																	
Current Dollars																	
1 Dispatching/Generation Savings	See I.1	\$ 3,820	\$ 4,358	\$ 5,196	\$ 6,021	\$ 6,687	\$ 26,082	\$ 5,216	\$ 7,817	\$ 6,502	\$ 7,274	\$ 8,557	\$ 5,733	\$ 33,883	\$ 6,777	\$ 59,965	\$ 5,997
2 General & Administrative Savings	See I.2	\$ 5,193	\$ 5,599	\$ 5,739	\$ 5,882	\$ 6,029	\$ 28,442	\$ 5,688	\$ 6,180	\$ 6,334	\$ 6,493	\$ 6,655	\$ 6,822	\$ 32,484	\$ 6,497	\$ 60,926	\$ 6,093
3 Distribution Savings	I	\$ 1,385	\$ 1,821	\$ 1,965	\$ 2,014	\$ 2,064	\$ 9,249	\$ 1,850	\$ 2,116	\$ 2,169	\$ 2,223	\$ 2,279	\$ 2,336	\$ 11,122	\$ 2,224	\$ 20,370	\$ 2,037
4 Transmission Savings	I	\$ 315	\$ 548	\$ 582	\$ 576	\$ 590	\$ 2,591	\$ 518	\$ 605	\$ 620	\$ 636	\$ 652	\$ 668	\$ 3,180	\$ 636	\$ 5,772	\$ 577
5 Conversion to UtiliCorp Benefits	See I.5	\$ 1,996	\$ 3,022	\$ 2,976	\$ 3,401	\$ 3,826	\$ 15,021	\$ 3,004	\$ 3,876	\$ 4,152	\$ 4,454	\$ 4,728	\$ 5,003	\$ 22,213	\$ 4,443	\$ 37,234	\$ 3,723
6 Total O&M		\$ 12,709	\$ 15,348	\$ 16,437	\$ 17,894	\$ 18,997	\$ 81,385	\$ 16,277	\$ 20,594	\$ 19,777	\$ 21,079	\$ 20,870	\$ 20,561	\$ 102,882	\$ 20,576	\$ 164,267	\$ 18,427
II Capital Savings (Costs):																	
1 Depr - Interconnect/SCADA/T&D	See II.1	\$ (285)	\$ (330)	\$ (324)	\$ (318)	\$ (313)	\$ (1,570)	\$ (314)	\$ (307)	\$ (302)	\$ (296)	\$ (290)	\$ (330)	\$ (1,525)	\$ (305)	\$ (3,095)	\$ (310)
2 Amort of Transaction/Transition Costs	I	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (7,545)	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (1,509)	\$ (1,501)	\$ (7,537)	\$ (1,507)	\$ (15,082)	\$ (1,508)
3 Return on Interconnect SCADA/T&D	I	\$ (898)	\$ (897)	\$ (841)	\$ (788)	\$ (731)	\$ (4,152)	\$ (830)	\$ (677)	\$ (624)	\$ (571)	\$ (519)	\$ (483)	\$ (2,854)	\$ (571)	\$ (7,006)	\$ (701)
4 Return on Transaction/Transition Costs	I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Total Capital Savings (Costs)		\$ (2,690)	\$ (2,736)	\$ (2,674)	\$ (2,813)	\$ (2,553)	\$ (13,267)	\$ (2,653)	\$ (2,493)	\$ (2,435)	\$ (2,378)	\$ (2,318)	\$ (2,294)	\$ (11,918)	\$ (2,383)	\$ (25,183)	\$ (2,518)
III Total Synergies, net of Cost to Achieve																	
		\$ 10,019	\$ 12,612	\$ 13,783	\$ 15,281	\$ 16,443	\$ 68,118	\$ 13,624	\$ 18,101	\$ 17,342	\$ 18,703	\$ 18,552	\$ 18,267	\$ 90,966	\$ 18,193	\$ 159,084	\$ 15,908
IV Enterprise Support Functions Allocated (In) Current Dollars																	
1 SJLP Direct Costs transferred to ESF	See I.2	\$ 2,292	\$ 2,350	\$ 2,409	\$ 2,489	\$ 2,530	\$ 12,050	\$ 2,410	\$ 2,594	\$ 2,659	\$ 2,725	\$ 2,793	\$ 2,863	\$ 13,633	\$ 2,727	\$ 25,683	\$ 2,568
2 SJLP Direct Costs transferred to IBU	I	\$ 922	\$ 1,212	\$ 1,308	\$ 1,341	\$ 1,374	\$ 6,157	\$ 1,231	\$ 1,409	\$ 1,444	\$ 1,480	\$ 1,517	\$ 1,555	\$ 7,404	\$ 1,481	\$ 13,561	\$ 1,356
3 Support Functions Allocated (In)	I	\$ (12,375)	\$ (12,885)	\$ (13,002)	\$ (13,327)	\$ (13,860)	\$ (65,049)	\$ (13,010)	\$ (14,002)	\$ (14,352)	\$ (14,710)	\$ (15,078)	\$ (15,455)	\$ (73,597)	\$ (14,719)	\$ (138,645)	\$ (13,865)
4 Net Allocations (costs) savings to SJLP		\$ (9,161)	\$ (9,123)	\$ (9,285)	\$ (9,517)	\$ (9,755)	\$ (46,842)	\$ (9,368)	\$ (9,999)	\$ (10,248)	\$ (10,505)	\$ (10,768)	\$ (11,037)	\$ (52,559)	\$ (10,512)	\$ (99,401)	\$ (9,940)
V Total Synergies, net of Costs to Achieve and Allocated Costs																	
		\$ 858	\$ 3,489	\$ 4,478	\$ 5,764	\$ 6,688	\$ 4,255	\$ 8,101	\$ 7,093	\$ 8,198	\$ 7,784	\$ 7,230	\$ 7,681				
VI Premium Costs																	
See IV.1																	
1 Return on Premium	I	\$ (10,203)	\$ (9,941)	\$ (9,680)	\$ (9,418)	\$ (9,156)	\$ (48,399)	\$ (9,680)	\$ (8,895)	\$ (8,633)	\$ (8,371)	\$ (8,110)	\$ (7,848)	\$ (41,857)	\$ (8,371)	\$ (90,256)	\$ (9,026)
2 Amortization of premium	I	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (11,510)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (2,302)	\$ (11,510)	\$ (2,302)	\$ (23,020)	\$ (2,302)
3 Reflect non-tax deductibility of premium	I	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (7,673)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (1,535)	\$ (7,673)	\$ (1,535)	\$ (15,347)	\$ (1,535)
4 Total Premium cost		\$ (14,040)	\$ (13,778)	\$ (13,516)	\$ (13,255)	\$ (12,993)	\$ (67,582)	\$ (13,516)	\$ (12,731)	\$ (12,470)	\$ (12,208)	\$ (11,946)	\$ (11,685)	\$ (61,041)	\$ (12,208)	\$ (128,623)	\$ (12,862)
VII SJLP share of premium costs																	
		\$ (7,020)	\$ (6,889)	\$ (6,758)	\$ (6,627)	\$ (6,487)	\$ (6,758)	\$ (6,366)	\$ (6,236)	\$ (6,104)	\$ (5,973)	\$ (5,842)	@50%	\$ (6,104)			
VIII Synergies, net of 50% of premium																	
(Line V less VII)		\$ (6,162)	\$ (3,400)	\$ (2,280)	\$ (864)	\$ 192	\$ (2,503)	\$ 1,736	\$ 858	\$ 2,094	\$ 1,811	\$ 1,388	\$ 1,577				