

**UTILICORP UNITED
DOCKET NO. EM-2000-292
DATA REQUEST NO. SJAG-22**

DATE OF REQUEST: December 20, 1999

DATE RECEIVED: December 21, 1999

DATE DUE: January 9, 2000

REQUESTOR: Stuart W. Conrad

QUESTION:

The joint application states, at page 4, that Applicants propose to include 50% of the unamortized balance of the merger premium in the rate bases of SJL&P's electric, gas and industrial steam operations, and to expense the annual amortization of the premium in cost of service. With respect to this statement please provide the following information:

- a. A complete explanation of why none of this premium is proposed to be included in the rate base or expenses of Missouri Public Service Company.
- b. A description and complete explanation of the rationale for the method to be used for the allocation of premium related investments and expenses to SJL&P's electric, gas and industrial steam operations.
- c. A comprehensive discussion and quantification of each and every benefit which you contend will be received by SJL&P's steam customers as the result of the proposed merger.

RESPONSE:

- a. The synergies are primarily assigned to SJLP, so the premium expenses are primarily assigned to SJLP.
- b. Preliminary Allocations attached.
- c. SJLP's steam customers will share in the synergies relating to reductions in SJLP overheads and in any reductions of plant operating costs. See preliminary allocations attached.

ATTACHMENTS: Preliminary Allocations Worksheet

ANSWERED BY: Bev Agut

Exhibit No. 503
Date 7-10-00 Case No. EM-2000-292
Reporter TM

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**Summary of Synergy Benefits, net of Costs to Achieve
UtiliCorp/St. Joseph Light and Power
(Dollars in Current 000's)**

	Average Years 1-5	Product Type	Allocation Name	Alloc. Method	ELECTRIC	GAS	STEAM	NON- REG	Total
I Operating Costs									
1 Dispatching/Generation Savings	\$ 5,216	Elec-Supply	100% Elec	1	5,216	0	0	0	5,216
2 General & Administrative Savings	\$ 5,688	A & G	Mass Form	8	5,226	203	148	111	5,689
3 Distribution Savings	\$ 1,850	Elec, Gas, Stm	Net Plant	5	1,785	43	22	0	1,850
4 Transmission Savings	\$ 518	Electric-Trans	100% Elec	1	518	0	0	0	518
5 Conversion to UtiliCorp Benefits	\$ 3,004	A & G	Mass Form	8	2,760	107	78	59	3,004
6 Total O & M	\$ 16,276				15,505	353	249	170	16,277
II Capital Savings									
1 Depr-Interconnect/SCADA/T&D	\$ (314)	Elec-Trans	100% Elec	1	(314)	0	0	0	(314)
2 Amort of Transaction/Transition Costs	\$ (1,509)	All	Mass Form	8	(1,386)	(54)	(39)	(29)	(1,509)
3 Return on Interconnect SCADA/T&D	\$ (830)	Elec-Trans	100% Elec	1	(830)	0	0	0	(830)
4 Return on Transaction/Transition Costs	\$ 0	All	Mass Form	8	0	0	0	0	0
5 Total Capital Savings (Costs)	\$ (2,653)				(2,530)	(54)	(39)	(29)	(2,653)
III Total Synergies, net of Cost to Achieve	\$ 13,624				12,976	300	211	141	13,624
IV Enterprise Support Function Allocated (In) Current Dollars									
1 SJLP Direct Costs transferred to ESF	\$ 2,410	A & G	Mass Form	8	2,214	86	63	47	2,410
2 SJLP Direct Costs transferred to IBU	\$ 1,231	A & G	Mass Form	8	1,131	44	32	24	1,231
3 Support Functions Allocated (In)	\$ (13,010)	A & G	Mass Form	8	(11,951)	(465)	(339)	(254)	(13,009)
4 Net Allocations (costs) savings to SJLP	\$ (9,368)				(8,606)	(335)	(244)	(183)	(9,368)
V Total Synergies, net of Costs to Achieve and Allocated Costs	\$ 4,255				4,370	(35)	(34)	(42)	4,255
VI Premium Costs									
1 Return on Premium	\$ (9,680)	Premium	MIA/EBIT	10	(9,251)	(240)	(189)	0	(9,680)
2 Amortization of premium	\$ (2,302)	Premium	MIA/EBIT	10	(2,200)	(57)	(45)	0	(2,302)
3 Reflect non-tax deductibility of premium	\$ (1,535)	Premium	MIA/EBIT	10	(1,467)	(38)	(30)	0	(1,535)
4 Total Premium Cost	\$ (13,518)				(12,918)	(335)	(264)	0	(13,516)
VII SJLP Share of Premium Costs	\$ (6,758)				(6,459)	(168)	(132)	0	(6,758)
VIII Synergies, net of 50% of premium (Line V less VII)	\$ (2,503)				(2,089)	(202)	(166)	(42)	(2,503)

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SJLP

<u>UTILITY ALLOCATION FACTOR</u>	<u>SOURCE:</u> <u>FERC Form 1 (1998)</u>	<u>ELEC ALLOC</u> <u>FACTOR</u>	<u>GAS ALLOC</u> <u>FACTOR</u>	<u>STEAM ALLOC</u> <u>FACTOR</u>	<u>NON-UTIL</u> <u>ALLOC FACTOR</u>	<u>TOTAL</u>
1 100% ELECTRIC		100.000%	0.000%	0.000%	0.000%	100.000%
2 100% GAS		0.000%	100.000%	0.000%	0.000%	100.000%
3 100% STEAM		0.000%	0.000%	100.000%	0.000%	100.000%
3a 100% NON-UTILITY		0.000%	0.000%	0.000%	100.000%	100.000%
4 PAYROLL-TOTAL	Page 354-355	16,000,735	932,263	421,112	53,838	17,407,948
A	(incl Constr & Rem)	91.916%	5.355%	2.419%	0.309%	100.000%
4a PAYROLL-EXPENSE	Page 354-355	12,860,729	769,781	389,980	53,838	14,074,328
A	(only E, G & S (other))	91.377%	5.469%	2.771%	0.383%	100.000%
5 NET PLANT INVESTMENT	Page 200-201	167,786,774	4,000,175	2,097,541	0	173,884,490
		96.493%	2.301%	1.206%	0.000%	100.000%
6 CUSTOMERS	Per John Weisensee	62,340	6,337	6		68,683
B		90.765%	9.226%	0.009%	0.000%	100.000%
7 HEADCOUNT	FERC Form 1 backup pg 323	332	12	-	-	344
		96.512%	3.488%	0.000%	0.000%	100.000%
8 MASSACHUSETTS FORMULA						
MARGIN	Per John Weisensee	63,309,518	2,127,791	2,775,945	3,951,764	72,165,018
%	C	87.729%	2.949%	3.847%	5.476%	100.000%
PAYROLL - EXPENSE		12,860,729	769,781	389,980	53,838	14,074,328
%		91.377%	5.469%	2.771%	0.383%	100.000%
NET PLANT		167,786,774	4,000,175	2,097,541	-	173,884,490
%		96.493%	2.301%	1.206%	0.000%	100.000%
MASS BASIS AVE. %		91.866%	3.573%	2.608%	1.953%	
9 MODIFIED IDENTIFIABLE ASSETS		122,421,150	4,256,000	4,686,000	n/a	131,363,150
(Rate Base, net of RB offsets)		93.193%	3.240%	3.567%	0.000%	100.000%
10 WEIGHTED ASSET/EBIT						
Modified Identifiable assets	50%	122,421,150	4,256,000	4,686,000	n/a	131,363,150
		93.193%	3.240%	3.567%	0.000%	100.000%
EBIT	50%	21,177,360	372,666	72,613	n/a	21,622,639
		97.941%	1.724%	0.336%	0.000%	100.000%
10 AVERAGE WTD ASSET/EBIT		95.567%	2.482%	1.952%		100.000%

A includes Iatan payroll which we do not consider in allocation base (since all Iatan charges are electric; none are allocated)
I changed the electric and steam because they were wrong

B average # of customers for 12/98; from December internal report "Comparative Financial and Operating Statement"

C total revenue less fuel, purchased power, gas for resale, cost of goods sold; from December internal report "Comparative Financial and Operating Statement"