

1 A. The Company sees value in providing the
2 best service to the customer at the best price.

3 Q. I'm sure it does.

4 A. And in that light that determination was
5 made that the prompter directing to better trained
6 personnel was the most effective solution.

7 Q. Are you aware of what systems St. Joseph
8 Light and Power currently uses to answer customer
9 call concerns?

10 A. Yes, I am.

11 Q. And what system is that?

12 A. I would call it a back in BRU or back in
13 prompter, if you will, whereby the call comes to
14 any of the available customer representatives, and
15 if none are available, then it goes to an automated
16 device, answering device, which would have a
17 similar menu call with an option to leave a message
18 as I remember.

19 Q. Has UtiliCorp done any studies as to the
20 length of time that it takes for a customer to
21 utilize your system such as you have in Raytown
22 versus the system that St. Joseph Light and Power
23 has before they can talk to a service
24 representative who cannot just route their call,
25 but actually help them deal well their problem?

1 A. I don't know that it wouldn't mean that
2 there hasn't been. I'm not aware if it has or
3 hasn't.

4 Q. Are you personally aware of whether or not
5 UtiliCorpo has done any surveys to determine the
6 preference of customers, particularly in Missouri,
7 as to which system they would prefer?

8 A. Again, personally, I'm not aware. I don't
9 know that if it does or does not exist.

10 Q. I'd like to refer you to remaining on page
11 3, line 22, you state if the merger is approved,
12 we, meaning the Company, will continue to maintain
13 the local office open to customers during normal
14 business hours in St. Joseph, Missouri as well as
15 other convenient payment station locations; is that
16 an accurate quote?

17 A. Yes, it is.

18 Q. Do you have any idea how long the Company
19 is planning to maintain those local offices or has
20 that been decided to your knowledge?

21 A. I'll try to answer the question. It's a
22 difficult one to ask, because I don't know in the
23 context of any business decision what horizon that
24 decision reflects. For all criteria I'm aware of
25 today, the decisions around the local office stand

1 for the foreseeable future, that's why it's planned
2 accordingly so. There wouldn't be at this time any
3 plans to change from our outlook today.

4 Q. Regarding services and staffing at those
5 offices, do you know if there are any changes or
6 plans from what exists today?

7 A. There may be some staff adjustments, but I
8 would not be able to recall it by detail. It's
9 relatively minor from a field office standpoint
10 because of the way those offices are structured to
11 service customers today.

12 Q. I'm sorry. Can you explain to me what you
13 mean by what is relatively minor?

14 A. I'm not aware -- there may be no change in
15 staffing or if there is, it would be on the order
16 of one. If you're talking about a customer service
17 person fielding a customer call that's what I was
18 trying to respond to. But I don't have the
19 details, so that's merely a reflection on the
20 original work.

21 Q. And when you say the field offices, do you
22 also mean the customer call centers by that?

23 A. The field offices, I mean those that are
24 dispersed across the geography. So these would be
25 the offices in St. Joseph and Maryville and Mound

1 City.

2 Q. What about the call center operations? Do
3 you have any specific information on those as far
4 as services and staffing?

5 A. More specifically, please?

6 Q. Right. The call center operation.

7 A. I know the call center but where, in
8 Missouri?

9 Q. Yes, in Missouri.

10 A. In Missouri Public Service there will be
11 customer representatives added in Raytown to
12 service the customer base of St. Joseph Light and
13 Power.

14 Q. Thank you. I'd like to refer you to page
15 5 to your surrebuttal testimony, specifically line
16 13.

17 A. This is page 5?

18 Q. Yes.

19 A. Yes.

20 Q. And I believe you testify there that
21 customer survey conducted by third-party vendor for
22 Missouri Public Service customers indicated a 94
23 percent satisfaction rating. Do you know what
24 period of time that that survey was conducted over?

25 A. There are two windows upon which Missouri

1 customers were surveyed. I believe this one went
2 into effect this year. I don't recall the month.
3 It could be, like, a February, could be March, and
4 I think it was quoted in a rebuttal testimony by
5 someone, as I recall, but I'm not recalling it
6 exactly.

7 There were surveys done of Missouri Public
8 Service customers, but before that it was
9 restricted to connect service where the current
10 survey is broader based, which is consistent with
11 how we conduct surveys of customers elsewhere.

12 Q. Let me refer you now to page 6 of your
13 surrebuttal testimony, beginning on line 10. And I
14 believe you were asked a question if you agree with
15 the Staff's recommendation that St. Joseph Light
16 and Power and Missouri Public Service customers
17 continue to be surveyed and tracked separately, and
18 your answer is no, and then you continue on with
19 your answer.

20 I believe you also state that the
21 transaction survey currently conducted on a monthly
22 basis by SJLP is very similar to the survey
23 UtiliCorp utilizes. Are you aware of what
24 differences may exist between the two?

25 A. I've looked at each survey in the past and

1 believe broadly that they fit that criteria. So I
2 have looked. I have not studied them. I don't
3 have a schedule of all differences, no.

4 Q. Would it be possible in your opinion to
5 use one survey instrument for UtiliCorp customers
6 and another for St. Joseph Light and Power
7 customers but track the results separately?

8 A. Many things are possible out of cost
9 versus the benefit from doing the action. The
10 proposition here is questioning that pay back.

11 Q. In your -- I'm sorry -- in your opinion
12 would it be prudent from a cost benefit perspective
13 to do so?

14 A. The survey that's in place that tracks the
15 satisfaction survey would be representative in this
16 case after the merger of all customers in Missouri
17 and would be representative on that basis and
18 provide us the same opportunity to judge our
19 capability and contemplate any actions that might
20 be necessary resulting from review of those
21 satisfaction reports.

22 Q. Does UtiliCorp conduct these surveys
23 themselves or do they contract out the work to
24 someone?

25 A. The transactional surveys are done by a

1 third party.

2 Q. Isn't it true that often these third
3 parties conduct these surveys based upon area code?

4 A. I do not know what firms like that might
5 do by their practice.

6 Q. Would you happen to know the cost that's
7 involved?

8 A. No, I do not. The transactions -- the
9 personnel are pulled randomly by us to them. They
10 do not make the selection.

11 Q. In your opinion wouldn't data collected
12 separately, UtiliCorp customers in one survey,
13 St. Joseph Light and Power customers in another
14 after the merger, show whether or not St. Joe Light
15 and Power customers had experienced some sort of
16 deterioration in service?

17 A. There would be several ways that we're
18 considering that might occur. That could be one
19 way. Secondly, we do know that for a six-month
20 period following the close and a likely
21 implementation, we would be on separate systems and
22 would have a continuing view of before and after
23 without any incremental cost or investment. And
24 ongoing should the need arise the more cost
25 effective method that we were considering is the

1 annual residential survey, which is conducted by
2 Light and Power which may provide us another venue
3 to search for those individual responses.

4 Q. How would that survey differ in the way
5 that it's conducted from the survey that you're
6 conducting now?

7 A. One is mailed out and sent back and the
8 other calls are made.

9 Q. Which one are --

10 A. The transactional survey calls are made.

11 Q. Do you have an opinion as to which is
12 superior as far as giving you accurate data?

13 A. I believe when people answer questions
14 regardless of their form, they are accurate to the
15 degree they are accurate. What is an issue is the
16 statistical relevance of the response, and that's
17 due to the sample size. The sample sizes dictate
18 that.

19 Q. Do you happen to know what sample size is
20 the larger?

21 A. I do not. I know they are both in the
22 acceptable range, which is usually anything plus or
23 minus five or better.

24 Q. Do you happen to know under which survey
25 technique more -- a greater percentage of responses

1 are received?

2 A. Personally I don't. I expect somebody
3 does. I do not know that.

4 Q. Let me ask you to turn to page 7 of your
5 surrebuttal testimony, beginning on page -- excuse
6 me -- on line 3 and you state that MPS has been
7 surveying customers since late 1996 in the area of
8 connect service and has maintained a 97 percent
9 satisfactory rating. 97 percent of what survey
10 population?

11 A. These would be -- there's a statistical
12 sample pulled monthly from those receiving a
13 certain type of service. In this case it's on
14 connect service. So it's the response of those
15 customers to those questions that yield a 97
16 percent.

17 Q. Beginning on line 9 of page 7 you're asked
18 a question, Do you agree that the Commission should
19 continue to track --

20 A. I'm sorry. Page 9?

21 Q. Yes -- I'm sorry. I misspoke. Line 9 of
22 page 7. I apologize. You're asked the question,
23 Do you agree that the Commission should continue to
24 track and monitor complaints received from both
25 SJLP and MPS, and your response is, Yes. I support

1 the continuation of this incentive to track and
2 monitor complaints from both the MPS and SJLP
3 service areas, and you also go on with that
4 answer.

5 A. Yes.

6 Q. Would you have anymore to add at this time
7 as to why you don't support these surveys being
8 done separately for the two groups?

9 A. This meaning what?

10 Q. The tracking of the complaints.

11 A. So now restate your question.

12 Q. Or did I misunderstand your testimony.
13 Would you favor that there be separate tracking of
14 former MPS alone customers and then former SJLP
15 customers by the Commission?

16 A. Yeah. What I'm saying here is I would
17 support that those complaints can be separately
18 handled which was asked in the rebuttal, I believe.

19 Q. I'd like to now ask you to go to page 8 of
20 your surrebuttal testimony. And line 6, I believe,
21 you refer to ACR calculation of immediate end
22 hang-ups. How do you track -- first of all, how
23 does the Company track immediate hang-ups?

24 A. I can give you a broad answer. I'm not
25 going to be able to technically answer this

1 correctly.

2 Q. Whatever is your knowledge.

3 A. There's a switch behind this capability
4 where calls come in and it's able to track some
5 statistics like how many calls come in versus how
6 many calls depart, and it's from that source those
7 pieces of information are gathered.

8 Q. Do you happen to know based on any study
9 that's within your knowledge what percentage of
10 St. Joe Light and Power hang-ups are repetitive?

11 A. Again, I don't know that personally. It
12 may exist somewhere.

13 Q. On line 6 and 7 of page 8, I believe you
14 state as UtiliCorp's ACR calculation includes
15 immediate hang-ups, we have recalculated SJLP's ACR
16 using UtiliCorp measure. Does UtiliCorp have
17 anything planned to your knowledge at the present
18 time to assist the St. Joe Light and Power
19 customers become accustomed to this new process?

20 A. Repeat the question, please.

21 Q. Does UtiliCorp have anything planned at
22 this time to assist St. Joe Light and Power
23 customers to become accustomed to this new process?

24 A. Again, generally based on recollection
25 of -- are going to this capability initially in

1 some advanced notice. There was some information
2 to the customer about the services I recall about
3 what it is, how to use it and the like. Again,
4 even as you come in to a front-end prompter, the
5 availability of a customer representative is
6 readily available.

7 Q. I'd like you to go to page 10 of your
8 surrebuttal testimony, if you would. Line 5, you
9 refer to significant change management
10 initiatives. Would you give your opinion as to how
11 long those will take to implement?

12 A. Later in that answer are the broad areas
13 that I thought were the most significant. In the
14 first of those, it's a year which is a view of full
15 customer information system conversion for all of
16 the utility operations within UtiliCorp.
17 Standardization, which is another aspect of
18 operation is a bit ongoing. We're probably --
19 again, these things don't ever start and stop, but
20 I think we're in the year to 18 month-type window,
21 in my opinion.

22 Q. Isn't it true that UtiliCorp's ACR was
23 about 8 percent in 1999?

24 A. That's my recollection.

25 Q. And would you consider that to be a fairly

1 positive number?

2 A. Positive in what way?

3 Q. To both the customers and the Company.

4 A. I think it's --

5 Q. Reflects favorably on the Company.

6 A. I think it's reasonable performance. I
7 think it's acceptable performance.

8 Q. But don't you think it might be reasonable
9 to set that as a benchmark and continue to strive
10 for improvement rather than using ranges?

11 A. I think ranges better represent the
12 practical performance of people over time.
13 Individual points have faults much like this
14 analogy, this may be a poor one, if you have an 80
15 to 89 score often that's reflected in a grade
16 versus a point, and I think what the band tries to
17 reflect is giving natural adjustments in day-to-day
18 operations that may or may not have anything to do
19 with the capability of the company, whether it be
20 circumstances outside their control. If you get a
21 band of acceptableness in a guided organization to
22 not incentive themselves to do past a performance
23 measure that's cost beneficial or below, I think
24 putting it in a proper balance of service and cost
25 in an acceptable band of performance gives the best

1 balance at the outcome, in my opinion.

2 Q. What do you mean --

3 A. To a degree not every measure falls in
4 that category. I believe this one does.

5 Q. You refer in your testimony on this page
6 to a stabilized call center environment.

7 A. Excuse me. Can you point?

8 Q. Line 10.

9 A. Okay.

10 Q. What do you mean by that?

11 A. What I mean by the measures in until the
12 call center environment is fully -- I think what
13 can vary over time is with stability of tools, more
14 training in expertise, the size of the band can
15 narrow. And what I'm reflecting here is in the
16 earlier phase of implementation of new tools and
17 new approaches, the ranges are likely higher. Over
18 time I think ranges still apply, but I believe the
19 range -- the size of the range narrows as maturity
20 occurs. Again, trying to keep consistent with a
21 practical balance of service and cost given
22 reasonable incidences over time.

23 Q. But you would have no further opinion as
24 to when a stabilized call center environment might
25 occur?

1 A. No further views.

2 Q. This is perhaps asked and answered, but
3 let me ask it anyway, does UtiliCorp plan to set a
4 specific number for a benchmark instead of a range
5 when the call center stabilizes or will you
6 continue your philosophy of using ranges?

7 A. I can't definitively speak for what might
8 happen in the future. What I can say is I would
9 reinforce the concept around this for the reasons I
10 have gone through.

11 Q. Let me refer you to page 11 of your
12 surrebuttal testimony, specifically lines 10 and
13 11. I believe you state, We have the systems and
14 processes in place to support the same level of
15 service and commitment that's outlined in the SJLP
16 program. And can you be more specific as to what
17 commitment the Company will provide and is
18 representing to the Commission that it will provide
19 if the Commission grants a merger?

20 A. Commitment in what respect?

21 Q. Well, for insurance, St. Joe Light and
22 Power, if I'm not mistaken, their commitment is a
23 dollar incentive to be awarded to the customer.
24 Does UtiliCorp plan on doing anything like that?

25 A. Are you referencing the service guarantee

1 program?

2 Q. Yes.

3 A. My view is that the effort dollars and
4 resources that we've invested have gone into the
5 fundamentals of the service delivery, which has to
6 do with the systems and the right processes and the
7 right training to be able to provide good stable
8 service over time is the outcome. We have not
9 invested time nor effort into a service guarantee,
10 because that would be our own motivation. It's not
11 viewed as something we would consider at least in
12 the near term. I wouldn't say never. For some
13 people it has a value. There's certain marketing
14 benefits of doing it or what have you.

15 In this case from a service delivery
16 standpoint, our investment in time and effort is
17 trying to go into the fundamentals behind being
18 able to deliver good service.

19 Q. So it's not -- as far as you know it's not
20 UtiliCorp's intention to continue the \$25 account
21 credit?

22 A. Correct.

23 Q. Let me refer you to page 13 of your
24 surrebuttal testimony. Beginning on line 15, I
25 believe you state that UtiliCorp calculates

1 reliability measures by including all permanent
2 customer interruptions over one minute requiring
3 intervention resource service. SJLP includes all
4 permanent customer outages as well as momentary
5 interruptions. And then you use as an example,
6 automatic operations and protective equipment. Why
7 do you believe that UtiliCorp's method is superior
8 to that utilized by St. Joseph Light and Power?

9 A. The industry has no standard to my
10 knowledge about what components go into calculating
11 reliability. By and large each utility comes to
12 some reasonable term about what they do include and
13 what they exclude. Whether major outages and
14 storms are in or whether they are out. Planned
15 outages are in or out and so forth. What intervals
16 of time are included and excluded. So I don't
17 believe it's a severe or insubordinate issue. I
18 think they are all valid for the intended purpose
19 and the definition that's created, which include in
20 Missouri, I don't believe there would be a
21 consistent definition of reliability among
22 utilities.

23 Q. Going to page 15 of your surrebuttal
24 testimony, you're asked the question beginning on
25 line 8 -- excuse me -- line 6. Does the Company

1 plan to submit this information on a regular basis
2 and a formal report has been suggested by Staff.
3 And information, and correct me if I'm wrong, that
4 you're referring to immediately for that is
5 reliability data and indices, as well as access to
6 technical and operating personnel available by
7 request at any time to UtiliCorp; is that correct?

8 A. Yes. That's the scope.

9 Q. Okay. And I think you go on and state
10 that the data is available through any audit the
11 Commission might conduct from time to time?

12 A. It's really at their request any time.

13 Q. And the Company, meaning UtiliCorp, would
14 be responsive to any audit from the Commission at
15 any time?

16 A. That's true today.

17 Q. Okay. You go on to answer -- I've gone
18 about this rather around the bush -- but you said,
19 Given the data is available from both requests and
20 audit --

21 A. Excuse me. Where are you?

22 Q. On line 8 now. I'm sorry.

23 A. Oh, okay.

24 Q. An additional formal reporting and
25 requirement is unnecessarily burdensome. If this

1 information is available to Commission on request
2 and therefore presumably in the Company's
3 possession at any time, why would a formal
4 reporting requirement be burdensome?

5 A. I think you would drive the cost to create
6 reports when there's a need and benefit to look at
7 them. Routine reporting without need or without
8 cause would seem to expend dollars unnecessarily.
9 Should there be an issue or a request, of course,
10 it would be provided at the time the need existed.

11 Q. But would it really cost that much more
12 money for the Company to produce it on a formal
13 regular basis?

14 MR. SWEARENGEN: Objection. He's arguing
15 with the witness.

16 JUDGE WOODRUFF: Sustained.

17 BY MR. BATES:

18 Q. And just a few more questions. Continuing
19 on page 15, line 16, you state that there are many
20 factors that may impact reliability beyond the
21 Company's control. Could you define for the
22 Commission what some of those factors would be?

23 A. I'm sure I won't get all of them. A
24 representative sample might be weather, third-party
25 intervention, pole hits, line hits, you know, that

1 type of thing. Which if you're out by a contractor
2 hitting a line and causing an outage, I don't know
3 if you can consider that performance of the utility
4 or not by having the reliability as an example.

5 Q. Let me briefly go back to the \$25 service
6 guarantee plan currently being offered by
7 St. Joseph Light and Power. If the Commission does
8 approve the proposed merger, will you see you
9 communicate to the former St. Joseph Light and
10 Power customers anything specific that that \$25
11 service guarantee plan is no longer going to be in
12 effect?

13 A. Before any existing and committed to plan,
14 if there were any change, we would communicate that
15 in advance.

16 Q. In going back to your comments on
17 reporting, do you have any idea what the cost would
18 be involved in regular reporting?

19 A. No, I do not.

20 MR. BATES: That's all. Thank you,
21 Mr. Pella.

22 JUDGE WOODRUFF: No questions from the
23 Bench, so no need for recross. Is there any
24 redirect?

25 MR. SWEARENGEN: Just a couple, your

1 Honor.

2 REDIRECT EXAMINATION BY MR. SWEARENGEN:

3 Q. On this motion of communicating with
4 customers, there's been some testimony about your
5 call center in Missouri. Does UtiliCorp use other
6 methods on a regular basis to communicate with its
7 customers?

8 A. To communicate with customers, I mean,
9 there's several points of contact. The service
10 center, what we call the service center, some
11 people call it the call center, there's obviously
12 one contact point, local offices are another. We
13 do have various mailings that go to customers that
14 provide another outlet for communication and that
15 sort of thing.

16 Q. With respect to those mailings, on what
17 occasions would that occur?

18 A. Mailings occur regularly throughout the
19 year on a variety of matters.

20 Q. Okay. And if you were going to change
21 some type of service, for example, with Commission
22 approval, would that be a situation when you would
23 perhaps provide a mailing of some sort?

24 A. As I said earlier, any time we would make
25 a change to an existing program or anything that

1 would affect what the customer would view as a
2 prearranged commitment or program, we would have
3 advanced communications, and in that case very
4 targeted.

5 Q. Now, earlier in the cross-examination you
6 were asked some questions with reference to a
7 survey discussed on page 5 of your surrebuttal
8 testimony. Would you turn there for a minute,
9 please?

10 A. Yes.

11 Q. And there was a question about a survey on
12 lines 12 and 13, you responded this was a survey
13 conducted by a third-party vendor indicating a 94
14 percent satisfaction rating. And then you were
15 asked when that survey may have taken place. And
16 I'm not sure that you were able to answer that
17 question. But turning over to page 7 of your
18 testimony there beginning on line 5 --

19 A. There it's outlined.

20 Q. That's the survey that shows 94 percent?

21 A. Yes.

22 Q. And that's the same one?

23 A. That's the same. If I would have turned
24 the page, I would have been able to more accurately
25 answer.

1 Q. And that would have been conducted by a
2 third-party vendor?

3 A. Correct.

4 Q. Would that have been Gallup?

5 A. Yes. But I asked on their behalf that you
6 don't call it a Gallup survey. They are the vendor
7 we use to conduct the surveys. Those that who deal
8 with these people know the difference why that
9 might be the case, so let the record show that is
10 not a Gallup survey.

11 Q. I didn't ask that question.

12 A. Anything that gets close to that.

13 Q. That unorganization that conducted that
14 survey, would you regard it to be a reliable
15 organization that can conduct an accurate survey?

16 A. That's why they were selected, yes.

17 Q. I think there was a question as to whether
18 or not these surveys would be conduct by area
19 code. What was your answer to that?

20 A. We randomly sample monthly based on
21 customers who are actually requesting that specific
22 service and that's forwarded for follow up. So the
23 third-party vender does not do the selection. The
24 Company does the random sample and sends only those
25 customers necessary to be contacted.

1 Q. I think you used the term transactional
2 survey?

3 A. Yes.

4 Q. Is that what you meant by that?

5 A. Yes.

6 Q. The survey is conducted --

7 A. The transactional survey volume and that
8 we poll our customers on monthly.

9 Q. And give us some quick, brief examples of
10 the type of transactions or events that you would
11 be talking about.

12 A. These would -- one is connect service.

13 Q. What's that? What's connect service?

14 A. If somebody asks for a new service at a
15 residence, and so they will ask how they were
16 treated, were we on time, was the commitment
17 fulfilled and so forth. There might -- as I recall
18 there are even a sample of some questions, I think,
19 in the surrebuttal along that line.

20 Q. Just give a couple of other quick examples
21 of events or transactions that might result in the
22 service.

23 A. Payment arrangements is another where
24 those that would have had that transaction are
25 asked about were they able to be worked properly,

1 were they given choices, how did they feel about
2 that experience, that type of thing. There's
3 another on billing itself. Another is more based
4 on image, which is were we professional and
5 pleasant to work with and cooperative, that type of
6 thing. Those are the basics.

7 MR. SWEARENGEN: Thank you. That's all I
8 have.

9 JUDGE WOODRUFF: Commissioner Schemenauer
10 indicated he had a question.

11 COMMISSIONER SCHEMENAUE: Thank you, your
12 Honor.

13 QUESTIONS BY COMMISSIONER SCHEMENAUE:

14 Q. I just had one question. When you merge
15 the call centers, do you plan to keep one office
16 open in St. Joe?

17 A. Correct.

18 Q. And how many people will be staffed,
19 additional people will be staffed in Raytown?

20 A. Due to the call center consolidation?

21 Q. Yeah. Right now you're --

22 A. If I recall it's 11 customer reps, service
23 reps.

24 Q. Okay. You've got 67 right now, and you're
25 going to add 11?

1 A. That's my recollection.

2 Q. And there's 16 in St. Joe now, so the
3 other five will be in the office or part of that
4 five will be in the St. Joe office?

5 A. It would depend on the openings available
6 both in St. Joe and UtiliCorp at the time.
7 Obviously, that --

8 Q. I'm not asking you that. I just want to
9 know of the 16 service representatives and 2
10 supervisors that are in St. Joe now --

11 A. Yes.

12 Q. -- how many of them will still have a job
13 when you merge?

14 A. Jobs as they exist in St. Joe, I think
15 technically the right answer is none of them.

16 Q. Okay. So then you're going to add 11 to
17 your staff to handle all of St. Joe's customers?

18 A. Correct. And I believe there's an
19 additional supervisor in Raytown as well.

20 Q. Okay.

21 A. So that would make the total count 12.

22 Q. Okay. So we'll go from 18 down to 12 to
23 answer the same number of calls?

24 A. Okay.

25 Q. Will that be a long distance call for them

1 or an 800 number?

2 A. There's an 800 toll-free number.

3 COMMISSIONER SCHEMENAUER: Okay. Thank
4 you. That's all I have.

5 JUDGE WOODRUFF: Commissioner Murray, do
6 you have any questions?

7 COMMISSIONER MURRAY: I don't.

8 JUDGE WOODRUFF: Any recross based on that
9 last question?

10 MR. BATES: No, your Honor.

11 JUDGE WOODRUFF: Any redirect?

12 FURTHER REDIRECT EXAMINATION BY MR. SWEARENGEN:

13 Q. What about the St. Joe office, I'm trying
14 to make sure we get the record right. The 18 down
15 to 12, would there be anybody left at St. Joe?

16 A. Absolutely. We remain with an office and
17 there will be many employees of personnel with a
18 variety of jobs in the St. Joe area at the office.
19 So the office is not closing. One function of what
20 it previously resided at St. Joe is what we were
21 talking about here relative to the call center.

22 MR. SWEARENGEN: Thank you.

23 JUDGE WOODRUFF: Thank you. You may step
24 down.

25 Deborah Bernson is the next witness?

1 MR. BATES: Yes, your Honor.

2 Your honor, at this time I tender the
3 witness for cross-examination and can ask that
4 premarked Exhibit 702, which is her rebuttal
5 testimony, be admitted into the record.

6 JUDGE WOODRUFF: Okay. Thank you.

7 (Witness sworn.)

8 JUDGE WOODRUFF: Okay. Exhibit 702 has
9 been offered into evidence. Any objections to its
10 receipt?

11 Hearing none, it will be received into
12 evidence.

13 (EXHIBIT NO. 702 WAS MARKED FOR
14 IDENTIFICATION AND RECEIVED INTO EVIDENCE.)

15 JUDGE WOODRUFF: All right. And
16 Ms. Bernsen has been tendered for
17 cross-examination. Does anyone have any
18 cross-examination questions for her?

19 Hearing none, we'll come up to the Bench.

20 Commissioner Murray, do you have any
21 questions?

22 COMMISSIONER MURRAY: Yes, I do. Just a
23 moment, please.

24 JUDGE WOODRUFF: Sure.

25 DEBORAH A. BERNSEN, being first duly sworn,

1 testified as follows:

2 QUESTIONS BY COMMISSIONER MURRAY:

3 Q. Good afternoon.

4 A. Good afternoon.

5 Q. Page 6 of your rebuttal testimony.

6 A. Yes.

7 Q. You show the complaints and the inquiries
8 on Missouri Public Service to the PSC during the
9 years of 1997 through '99, and also the complaints
10 and inquiries on SJLP to the Missouri Public
11 Service Commission during those same years; is that
12 correct?

13 A. That's true.

14 Q. If you look at those complaints and if you
15 look at the MPS customers, isn't it true that the
16 complaints and inquiries per 1,000 customers has
17 gone down consistently each of those years?

18 A. That's true. It has for the three years
19 that we show 1997 through '99 it has decreased.

20 Q. And then if you look at St. Joe Power and
21 Light, the complaints and inquiries per 1,000
22 customers has actually vacillated. It was highest
23 in '97, and then it went down significantly in '98,
24 and then back up to double that in 1999; is that
25 correct?

1 A. That's true also. These figures are very
2 subject to things that may occur within a company's
3 service territory, might have a rate case, may have
4 had a billing error situation, so obviously it's
5 affected by some of those types of things.

6 Q. But is it still Staff's position that the
7 processes that are in place at St. Joe Power and
8 Light -- Light and Power rather -- are superior to
9 those for the Missouri Public Service customers?

10 A. I don't know if -- I think what Staff
11 tried to do here specifically by showing the
12 complaints and inquiries was to get a feel for the
13 kinds of things that come into our Commission's
14 consumer services office. And from those figures,
15 I think we probably could make a reasonable
16 assumption that both companies are doing a pretty
17 good job in terms of what is coming into our
18 consumer services department for complaints. Both
19 show a trend downward and both figures are
20 relatively -- they are reasonable.

21 Q. Okay. Then I'd like to just go to page 10
22 on your testimony. Staff there proposes a
23 reporting requirement that UtiliCorp should provide
24 to the Staff actual monthly performance information
25 regarding the indicators on the calendar year

1 quarterly basis?

2 A. Right.

3 Q. Is that something that we do not
4 ordinarily require?

5 A. The Commission has not routinely required
6 that in any form or venue that I'm aware of. This
7 has recently occurred with several companies as a
8 result of some mergers that have occurred in the
9 last -- and one that did not occur actually -- but
10 some mergers that were proposed in the last year.
11 This reporting requirement, the types of
12 information, the frequency and the format of it is
13 very similar, if not almost identical, to ones that
14 were proposed in several merger cases before this
15 Commission in the last year.

16 Q. And why is it something that is
17 ordinarily -- or that Staff would propose in a
18 merger situation?

19 A. Staff has proposed this starting with the,
20 I believe, Kansas City Power and Light Western
21 Resources was the first instance where the Staff
22 proposed such a thing. And we believe that the
23 Commission's responsibility to ensure ongoing -- an
24 ongoing high level of customer service dictates
25 that we have something in place that helps us to

1 monitor the performance of the merged company.

2 Q. In order to --

3 A. In order to determine whether any
4 deterioration in service has occurred in a timely
5 manner as opposed to waiting until there's a
6 serious problem that's brought to light, and then
7 we have to react to it. So we feel like it's part
8 of our responsibilities.

9 Q. And do you feel that that is a different
10 situation for a recently merged company than for a
11 utility that would have been regulating and hasn't
12 changed?

13 A. I believe so. And I think I referenced it
14 in the testimony, there are a number of things that
15 may occur during the transition and the post-merger
16 period, and those things may or may not happen, but
17 there is -- it is a reasonable assumption for any
18 of us to make that there are some pressures on cost
19 cutting or cost cutting. And sometimes what occurs
20 is that cost cutting occurs in an area of that
21 perhaps affects the customer's level of service
22 they are being provided. So that's why the Staff
23 believes that it's very important that there are
24 some indicators in place, that they are monitored.
25 I believe that would give the Commission, as well

1 as should give the Company a heads-up on if there
2 is a deterioration in a level of service over
3 time.

4 COMMISSIONER MURRAY: All right. Thank
5 you for your testimony.

6 JUDGE WOODRUFF: Commissioner
7 Schemenauer?

8 COMMISSIONER SCHEMENAUER: No questions.

9 JUDGE WOODRUFF: Any recross based on
10 questions from the Bench?

11 Hearing none, any redirect?

12 MR. BATES: Yes, your Honor. Just a
13 couple. Thank you.

14 REDIRECT EXAMINATION BY MR. BATES:

15 Q. Ms. Bernsen, is it true that complaints
16 per 1,000 are still lower for St. Joe Light and
17 Power customers than for UtiliCorp?

18 A.

19 A. Yes, that is true. The complaint per
20 1,000 are .55 for 1999 for MoPub, and they are .36
21 for St. Joe Light and Power.

22 Q. And I believe that Commissioner Murray
23 asked you about MGE reporting to the Staff during
24 the last -- during the period of the last three
25 years. Do you recall that?

1 A. No, I don't. But I am aware of that.
2 Perhaps you would like to ask me that, I don't
3 know.

4 Q. I may have misunderstood Commissioner
5 Murray. If that's true, then I'll withdraw the
6 question.

7 COMMISSIONER MURRAY: I don't recall
8 asking that either.

9 MR. BATES: I'm sorry. In that case I'll
10 withdraw the question, your Honor.

11 THE WITNESS: Perhaps you can give her
12 that question if that's all right.

13 JUDGE WOODRUFF: Did you have anything
14 else?

15 MR. BATES: No. Thank you, your Honor.

16 JUDGE WOODRUFF: Then you may step down.
17 Next witness?

18 MR. BATES: We call J. Kay Niemeyer, your
19 Honor.

20 (Witness sworn.)

21 JUDGE WOODRUFF: You may inquire.

22 J. KAY NIEMEYER, being first duly sworn, testified
23 as follows:

24 DIRECT EXAMINATION BY MR. BATES:

25 Q. Ms. Niemeyer, did you cause both NP and HC

1 copies of rebuttal testimony to be filed in this
2 case?

3 A. Yes.

4 Q. And are there any additions or corrections
5 that you would make to that testimony at this time?

6 A. There is one correction on page 1.

7 Q. And what would that be?

8 A. Line 11, I'm a Management Analyst III.

9 Q. And what were you at the time that you
10 prepared the testimony?

11 A. A Management Analyst II.

12 MR. BATES: Your Honor, I tender this
13 witness for cross-examination and move to be
14 accepted into the record her premarked testimony
15 712, which is the NP version and 712HC.

16 JUDGE WOODRUFF: Okay. 712 and 712HC have
17 been offered into evidence. Are there any
18 objections?

19 Hearing none, they will be received into
20 evidence.

21 (EXHIBIT NOS. 712 AND 712HC WERE MARKED
22 FOR IDENTIFICATION AND RECEIVED INTO EVIDENCE.)

23 JUDGE WOODRUFF: Ms. Niemeyer has been
24 offered for cross-examination. Are there any
25 questions for her?

1 Hearing none, then we'll come up to the
2 Bench. Commissioner Murray, do you have any
3 questions?

4 COMMISSIONER MURRAY: Just a moment,
5 please. I don't believe I do. Thank you.

6 JUDGE WOODRUFF: Commissioner
7 Schemenauer?

8 COMMISSIONER SCHEMENAUER: No questions.

9 JUDGE WOODRUFF: No need for recross or
10 redirect then. You may step down.

11 Next witness?

12 MR. BATES: James Ketter.

13 (Witness sworn.)

14 JUDGE WOODRUFF: You may sit down.

15 MR. BATES: Your Honor, at this point I
16 tender the witness for cross-examination and move
17 into the record premarked Exhibit 708, which is
18 Mr. Ketter's rebuttal testimony.

19 JUDGE WOODRUFF: Exhibit 708 has been
20 offered into evidence. Are there any objections?

21 Hearing none, it will be received into
22 evidence.

23 (EXHIBIT NO. 708 WAS MARKED FOR
24 IDENTIFICATION AND RECEIVED INTO EVIDENCE.)

25 JUDGE WOODRUFF: Mr. Ketter has also been

1 tendered for cross-examination. Are there any
2 questions?

3 AgP?

4 JAMES KETTER, being first duly sworn, testified as
5 follows:

6 CROSS-EXAMINATION BY MR. CONRAD:

7 Q. Good afternoon, Mr. Ketter.

8 A. Good afternoon.

9 Q. Let me ask you to turn directly to page 8
10 of Exhibit 708, your rebuttal?

11 A. Yes.

12 Q. About midway down the page you discuss
13 those three indices?

14 A. Yes.

15 Q. How do you -- let's take them one at a
16 time. The SAIFI, how does St. Joe Light and Power
17 currently define that?

18 A. Well, it's the average frequency of
19 interruption. And as you're probably directing me,
20 there are differences in the way that the data is
21 recorded in whether momentaries or other kinds of
22 interruptions are counted.

23 Q. Well, since you suggest the question, let
24 me ask it, but tie it back to what has been going
25 on here. I believe Mr. Pella, in his materials,

1 identified some differentiation between what was
2 called a permanent and a temporary interruption.
3 And the temporary interruption was something less
4 than -- I believe he said less than a minute?

5 A. That's my recollection, yes.

6 Q. Is that how St. Joe defines it?

7 A. St. Joe Light and Power includes customer
8 interruptions and blinks as it was reported.

9 Q. Let me focus on the blinks for just a
10 second. Do they report the blinks in their
11 indices?

12 A. Apparently it's counted as an outage, as
13 an interruption.

14 Q. So a blink would be -- it talks about
15 blinks and maybe I talk about blips -- how long a
16 duration would a blink be?

17 A. I would expect that is the automatic
18 operation of equipment on the system, transmission
19 of distribution system.

20 Q. Just 5, 10 seconds, something like that?

21 A. Or less, yes.

22 Q. And St. Joe is reporting that now; is that
23 your understanding?

24 A. Yes. From the numbers that I reported in
25 my testimony.

1 Q. Okay. Now, would you agree with me that
2 if there was a change so that these blinks would
3 not be reported, then those types of interruptions
4 that occur would simply not show up anywhere in any
5 of these indices; is that correct?

6 A. Well, changes -- any changes in definition
7 is going to change the product at the end. If it's
8 frequency, every time it blinks, it's going to
9 count one. Other indices if you have got a number
10 of customers might weight the way it impacts the
11 indices.

12 Q. Now, would you agree with me that with
13 respect to one of these blinks that might last just
14 one or two seconds after which power was restored
15 insofar as the utility systems were concerned, with
16 that type of a service interruption could still
17 have repercussions for the customer?

18 A. Yes. Any interruption would be of
19 interest to the customer.

20 Q. All the way from perhaps lost power to a
21 personal computer, something as simple as that, to
22 having to restart a production process that might
23 take as much as five or six hours because of that
24 one little two or three second blip. Would you
25 agree with me?

1 A. That's possible.

2 Q. And that would depend on the -- in the
3 latter case the nature of the process. Would you
4 agree with me it's also possible that you might in
5 certain circumstances even see lost production and
6 product waste to product that was personally
7 processed would simply have to be discarded?

8 A. I have known of customers to where that's
9 a problem, yes.

10 Q. Now, in any of these indices -- well, let
11 me strike that.

12 As I read your background, Mr. Ketter,
13 you've got some background in engineering?

14 A. Yes.

15 Q. So you're familiar with the concept,
16 perhaps far better than I of multi-phase power,
17 particularly three-phase power?

18 A. Yes.

19 Q. Can you -- well, agree with me or not,
20 that a series of motors or whatever kind of
21 machinery it is that's set up requires three-phase
22 power, if one of those phases goes away, what
23 happens?

24 A. Could be trouble. If you're operating a
25 process, you may not sense that, but if your motors

1 are starting, you're probably going to have damage
2 to your equipment.

3 Q. Now, does the loss of the phase on
4 three-phase power, does that show up in any of
5 these indices?

6 A. Not to my knowledge.

7 Q. Is there any index of which you're aware
8 that would measure that or would report that or
9 would show that?

10 A. No, I don't believe so. And these average
11 indices I don't believe are designed to hit that
12 problem. Specialized customers with three-phase
13 equipment would be very sensitive to any of those
14 blips that would be recorded, but these are system
15 average indices.

16 Q. Has Staff taken -- have you made any
17 investigation with respect to the reliability of
18 power that's supplied to those special types of
19 customers, usually the larger customers?

20 A. Nothing particularly. The Staff responds
21 to inquiries from customers when they have
22 complaints. But typically those customers are
23 sophisticated enough to deal with those directly
24 with the companies.

25 Q. Or would you agree with me that perhaps

1 the amount of their monthly bill might be such that
2 it would attract the Company's attention?

3 A. Probably, yes.

4 MR. CONRAD: Well, let's hope so. Thank
5 you. That's all.

6 JUDGE WOODRUFF: Any other
7 cross-examination from anyone? Okay. We'll come
8 up to the Bench. Commissioner Murray?

9 COMMISSIONER MURRAY: Thank you.

10 QUESTIONS BY COMMISSIONER MURRAY:

11 Q. Good afternoon, Mr. Ketter.

12 A. Good afternoon.

13 Q. It's my understanding that the
14 recommendations here are for -- as with Ms. Bernsen
15 testified to a moment ago, to provide some sort of
16 a benchmark to gauge whether or not as a result of
17 the merger there is any deterioration in service --

18 A. Yes.

19 Q. -- is that correct?

20 Were you here when there was a discussion
21 about the inability or the difficulty in tracking
22 the synergies and understanding how they result,
23 may result either from the merger or they might
24 have occurred even absent the merger on a
25 stand-alone basis?

1 A. No, I wasn't.

2 Q. Okay. Well, there was quite a bit of
3 testimony filed in that regard and indicating that
4 it's very difficult, if not impossible, to track
5 what is actually created as a result of the merger
6 versus what would have happened on the stand-alone
7 basis. I'm wondering in terms of reliability how do
8 you separate and track whether if there is a
9 deterioration in service whether it is a result of
10 the merger or it would have happened on a
11 stand-alone basis?

12 A. It wasn't my intent to find a cause. My
13 recommendation was that each entity would track
14 their own reliability indices, and we'd have that
15 for a benchmark. Whatever the cause, I think the
16 customers deserve reliable service. So this was
17 just another way to establish a benchmark and
18 follow that service in the future.

19 Q. And it was my understanding that these
20 additional reporting requirements are generally
21 only required as a result of the merger
22 transaction; is that your understanding?

23 A. That's brought to the Staff's attention to
24 the reliability standards. As Ms. Bernsen
25 indicated the previous merger requests have pulled

1 our attention to what will happen after a merger,
2 whether reliability will be impaired or not. And
3 these are just ways to establish a benchmark to
4 follow that.

5 Q. And what do you plan to do with the
6 information?

7 A. That information will show the operation
8 of the utility whether it's the St. Joe division or
9 Missouri Public Service division, how the customers
10 are receiving service. I'm involved in responding
11 to individual customers when they call-in to the
12 Commission to ask for assistance. So all of that
13 information might be helpful in responding to the
14 Company of problems that may come about.

15 COMMISSIONER MURRAY: I think that's all
16 the questions I have. Thank you.

17 JUDGE WOODRUFF: Vice Chair Drainer, do
18 you have any questions?

19 COMMISSIONER DRAINER: No, I do not.

20 JUDGE WOODRUFF: Commissioner
21 Schemenauer?

22 COMMISSIONER SCHEMENAUER: Yes.

23 QUESTIONS BY COMMISSIONER SCHEMENAUER:

24 Q. I'm trying to educate myself, Mr. Ketter.
25 If you turn to page 8, and I'm trying to understand

1 actually what that means. The SAIDI and CAIDI and
2 I'm reading the definition of those two --

3 A. Yes.

4 Q. -- indices. And it looks like you have a
5 division problem. You have a number on top and one
6 on the bottom and you divide the two and you come
7 up with this answer?

8 A. Yes.

9 Q. Okay. For the SAIDI and CAIDI the top
10 number is the sum of all customer interruptions; is
11 that right? For both of them would be the same as
12 your definition shows?

13 A. Yes. That was the average duration.

14 Q. But I'm trying to -- I'm in the math part
15 of it. I'm a numbers guy. Okay. The top number
16 should be the same on both computations?

17 A. Okay.

18 Q. But the bottom number for the SAIDI should
19 be larger than the bottom number for the CAIDI
20 because the total number of customers is going to
21 be larger than the total number of customers
22 interrupted; is that correct?

23 A. That was for the average duration versus
24 the -- only the customers -- the CAIDI is just for
25 those customers that are interrupted, that

1 duration. And then that's a quotient of those that
2 were actually interrupted. The system average
3 duration is a quotient of that duration versus all
4 the customers.

5 Q. Okay. I understand that. Back to my
6 math, and I'm trying to get an empirical answer
7 here. What's the top number, the dividend and the
8 bottom number is the divisor? If the top number is
9 the same on both of them, and the bottom number for
10 the SAIDI is larger than the bottom number for the
11 CAIDI, the quotient should be smaller for the SAIDI
12 instead of larger?

13 A. Another -- I'm going to say definition
14 that I have here for the CAIDI is the quotient of
15 the average, the system average divided by the
16 duration divided by the frequency. You're trying
17 to get those to cancel out.

18 Q. The numbers are -- the .4767 for St. Joe,
19 SAIDI, is that in hours?

20 A. Yes.

21 Q. So it's 4767 -- .4767 of an hour --

22 A. Yes.

23 Q. -- on average for total number of
24 customers in the system?

25 A. Yes. System average duration.

1 Q. Okay. And the .2533 is the total, that
2 fraction times hours, the total number of time or
3 just the total number of customers interrupted?

4 A. For those customers interrupted, the
5 duration was the .25. And I think that might
6 have --

7 Q. I have you lower than where you show it on
8 all of them.

9 A. I wondered about that also, but I think
10 those blips that St. Joe counts in there -- are
11 counting is a possibility to make that --

12 Q. So the little millisecond interruption
13 that they have would call it an interruption?

14 A. Right. That's more --

15 Q. There's more of them?

16 A. Yes.

17 Q. Okay. I understand now. One last
18 question and I know -- you're not going to be on
19 the stand anymore; is that correct?

20 A. I offered testimony in the transmission
21 area.

22 Q. Are you going to be on the stand and talk
23 about that? I didn't see your name down here
24 again.

25 A. No.

1 Q. So you won't be back?

2 A. Right.

3 Q. I have a question in that area. On page 3
4 you're talking about the present configuration of
5 the transmission system not having a direct
6 connection between UtiliCorp and St. Joe Power and
7 Light. Is this connection -- is it desired to have
8 the connection or is it essential to give the
9 synergies to have a direct connection?

10 A. It's a direct connection so that central
11 dispatch can be done under united system, and there
12 are also other requirements that other entities
13 have, you know, have a direct connection. But like
14 for FERC requirements, but this is to be able to
15 simply dispatch the system.

16 Q. And when you talk about dispatch, you're
17 talking about dispatching electricity, not people,
18 right?

19 A. Yes, electricity.

20 Q. Until this is interconnected either if
21 it's with doing in transmission option line like
22 going to the options there or leasing from KCPL,
23 they won't be able to achieve the synergies of
24 central dispatch of electricity that they plan on
25 achieving; is that correct?

1 A. Well, it needs to be connected so that if
2 necessary Missouri Public Service plants can
3 deliver to St. Joe's historical area and vice
4 versa.

5 Q. Okay. And without the interconnection
6 they really have to maintain two separate systems
7 until they either lease some power lines or get in
8 a power pool or build a line; is that correct?

9 A. That's correct.

10 COMMISSIONER SCHEMENAUER: That's all I
11 have. Thank you.

12 JUDGE WOODRUFF: Any recross?

13 AgP?

14 RECROSS-EXAMINATION BY MR. CONRAD:

15 Q. And forgive me, Mr. Ketter, this may be a
16 topic that's of interest only to Commissioner
17 Schemenauer and to me. But looking again at your
18 table on page 8, let me see if I can get this
19 straight. If the numbers there for -- pick either
20 utility -- were all zeros, that would represent
21 customer ecstasy, right?

22 A. Probably.

23 Q. I mean, that would represent a state of
24 perfection?

25 A. No recorded outages.

1 Q. No recorded outages. Stress on the word
2 recorded. So to the extent that UtiliCorp has a
3 three-year average of CAIDI that is approximately
4 seven times the three-year average for St. Joe
5 Light and Power. I got 7.2, close enough?

6 A. Okay.

7 Q. That doesn't necessarily indicate
8 customers seven times as unhappy, but what it does
9 indicate is there is -- there is considerably more
10 interruption duration by customers for UtiliCorp
11 than for St. Joe. Is that a fair characterization?

12 A. That was duration, yes.

13 Q. Yes. I was looking at the CAIDI, the
14 three-year average for both and just putting those
15 side by side.

16 A. Yes.

17 Q. Okay. Now Commissioner's question also
18 left me -- your response to it rather, left me
19 still unclear. Looking back at the discussion
20 about blips or blinks, I think we used the term,
21 St. Joe is or is not recording blinks?

22 A. St. Joe is reported to me.

23 Q. And that would include instances as short
24 as one, two, three seconds?

25 A. Yes. And I think it's reflected in the

1 table the frequency of interruptions is much higher
2 in St. Joe, the 1.91 will indicate.

3 MR. CONRAD: I'm clear now. Thank you.

4 JUDGE WOODRUFF: Any other questions on
5 recross? Redirect?

6 MR. BATES: No. Thank you, your Honor.

7 JUDGE WOODRUFF: All right. Moving onto
8 the next issue then, which is Access to Books and
9 Records, and Mr. McKinney is back.

10 MR. SWEARENGEN: That's settled.

11 JUDGE WOODRUFF: Access to Books and
12 Records is settled?

13 MR. SWEARENGEN: Oh, excuse me. It's
14 not. The next one is, Gas Supply.

15 JUDGE WOODRUFF: Mr. McKinney, it's been
16 awhile, but you are still under oath.

17 THE WITNESS: Thank you.

18 JUDGE WOODRUFF: Is he tendered for
19 cross-examination?

20 MR. SWEARENGEN: He's tendered.

21 JUDGE WOODRUFF: Mr. McKinney has been
22 tendered for cross-examination. Does anyone have
23 questions for him?

24 MR. COFFMAN: Yes.

25 JUDGE WOODRUFF: Go ahead, Public

1 Counsel.

2 MR. COFFMAN: Thank you.

3 JOHN W. McKINNEY, previously sworn, testified as
4 follows:

5 CROSS-EXAMINATION BY MR. COFFMAN:

6 Q. Good afternoon, Mr. McKinney.

7 A. Good afternoon.

8 Q. I want to make sure I understand the
9 Company's position on this particular issue. The
10 Company is not agreeable to make its books and its
11 Company's books available and the books of its
12 wholly-owned subsidiaries to regulatory scrutiny
13 from the Office of Public Counsel beyond what you
14 believe is lawfully required?

15 A. That's correct. What is required by this
16 Commission's rules and regulations and the laws of
17 the State of Missouri.

18 Q. Okay. And going back to the issue, I
19 guess, the access or affiliate transaction issue, I
20 believe in your Company's position statement to the
21 question, Will UCU's affiliate transactions as a
22 result of the proposed merger increase in size and
23 scope and thus become more complex and difficult to
24 monitor, while at the same time it will become more
25 important to monitor such transactions to ensure

1 compliance with standards, question mark. You
2 answered, No.

3 A. (Witness nods head.)

4 Q. You're familiar with that position
5 statement?

6 A. Yes.

7 Q. Now, are you disagreeing that as a result
8 of the merger, the size of affiliate transactions
9 will increase?

10 A. The size of the transactions or number of
11 transactions?

12 Q. Either one.

13 A. Just because the size of the company
14 changes, that doesn't necessarily have a direct
15 parallel with the number of affiliate
16 transactions. And I would need for you to define
17 what you mean by an affiliate transaction also.
18 Are you meaning the transaction between UtiliCorp
19 and one of its divisions or between one of the
20 divisions and subsidiary of UtiliCorp?

21 Q. Either type. Would either type increase
22 as a result of the proposed merger?

23 A. Well, the dealings between UtiliCorp
24 United -- UtiliCorp United is Missouri Public
25 Service. It's UtiliCorp United d/b/a. UtiliCorp

1 United if the merger goes through, is St. Joe Light
2 and Power. So those transactions are not affiliate
3 transactions in my definition at all. The
4 affiliate transactions between Missouri Public
5 Service division and Aquila Energy, those are
6 affiliate transactions. Will those increase, I
7 don't believe necessarily more than they are now.

8 Q. Now, can we use the Commission's
9 definition of affiliate transactions in its newly
10 promulgated rule?

11 A. Could you read that to me, please?

12 Q. I don't know that I have it handy, but I
13 do believe that it does define transactions such as
14 those between UtiliCorp and Missouri Public Service
15 Company.

16 A. I would have to read that to accept that.
17 I believe it does between parents and subs and
18 UtiliCorp is not a holding company. If it was a
19 holding company, I would agree, but UtiliCorp is
20 not a holding company. It's just one company.

21 Q. All right. Okay. Well, assuming your
22 definition of affiliate transaction, you still
23 don't believe it would be reasonable to assume that
24 the number or the size of the affiliate
25 transactions would increase as a result of the

1 proposed merger?

2 A. I don't believe they would, no.

3 Q. Do you believe the scope of affiliate
4 transactions will increase as a result of the
5 proposed merger?

6 A. No, I do not. There may be a few more in
7 that division does any business with Aquila Energy
8 either as a gas by or an emergency by, but those
9 are fully regulated under the FERC requirements.

10 Q. And you don't believe that there will be
11 any more complex affiliate transactions than are
12 currently experienced by UtiliCorp after the
13 proposed merger?

14 A. No, I do not.

15 Q. I note in the list of issues here that
16 there was a separate issue that was listed out
17 called fuel energy cost information condition. It
18 was a Staff issue, I believe, proposed by Mr. Tom
19 Lin of the Commission Staff. Are you familiar with
20 that issue?

21 A. I know it's an issue that was heard here
22 today, I believe, or yesterday. It's not one of my
23 issues.

24 Q. I believe it's scheduled for Friday and
25 it's in italics, which would indicate that it may

1 have been settled?

2 A. Yeah. I believe italics mean those were
3 settled issues, yes.

4 Q. Are you familiar with how that issue was
5 settled?

6 A. Not entirely, no.

7 Q. Okay. Have you read Mr. Lin's testimony
8 filed in this case?

9 A. It's been some time, but, yes, I did.

10 Q. Okay. And do you know whether or not
11 UtiliCorp had a problem agreeing to the condition
12 requested in Mr. Lin's testimony as regarding
13 providing information from UtiliCorp and its
14 subsidiaries to the Staff Commission?

15 A. I couldn't testify to that, no. I'm not a
16 witness on that issue. I'm sorry.

17 Q. All right. Are you familiar with merger
18 conditions that have been agreed to in other
19 Missouri Public Service Commission cases?

20 A. Some.

21 Q. Did you review the settlement that was
22 approved in the Western Resources KCPL case?

23 A. Yes, I did.

24 Q. That would be Case No. EM-97-515?

25 A. That's correct.

1 Q. Do you recall the terms of that condition?

2 A. Not in detail. I do remember the general
3 merger settlement. I couldn't give you every word
4 of the settlement. It's been some time since I've
5 read it.

6 Q. Do you recall that it agreed to provide
7 certain books and records waiving certain legal
8 objections to the production of certain documents?

9 A. That was those companies' choice, that's
10 correct.

11 Q. Sitting here you are not recommending or
12 agreeing to waive any particular right you believe
13 you might have as to the production of any books
14 and records of UtiliCorp --

15 A. No, I'm not.

16 Q. -- as a condition of this merger?

17 A. We will comply with all rules and
18 regulations of this Commission and the laws of the
19 State of Missouri.

20 MR. COFFMAN: Okay. That's all the
21 questions I have. Thank you.

22 JUDGE WOODRUFF: Any further cross?
23 Okay. We'll come up to the Bench. Vice Chair
24 Drainer?

25 QUESTIONS BY COMMISSIONER DRAINER:

1 Q. Good afternoon, Mr. McKinney.

2 A. Good afternoon.

3 Q. Are you having a lot of fun this week?

4 A. It's been an interesting week. Thank you.

5 Q. Let me be clear and try to be quick.

6 Basically with respect to providing books and
7 records to Staff, you are agreeing to provide any
8 books or records as you would today?

9 A. That's correct.

10 Q. Under our rules and regulations?

11 A. That's correct.

12 Q. And with respect to affiliate
13 transactions, I do want to be clear on this. Are
14 you willing to comply with that rule today or are
15 you willing to comply once there's a court decision
16 on the affiliate transaction rules by the courts if
17 they find in favor of the Commission?

18 A. We are doing our best to be in compliance
19 today. We have not appealed that ruling. We did
20 ask for a waiver. The Commission did not see fit
21 to grant that, so therefore we are working to be in
22 total compliance of that rule today and will in the
23 future as long as it is a formal rule of this
24 Commission.

25 Q. And obviously if higher courts were to

1 make a decision that's different than our current
2 rules and regulations, you would say that you would
3 comply with that decision?

4 A. That's correct.

5 Q. And with respect to your affiliates, from
6 what I'm hearing you say, and correct me if I'm
7 wrong, basically St. Joe Light and Power will be
8 just another division as Missouri Public Service
9 is?

10 A. That's correct.

11 Q. And it will not be an affiliate. It's a
12 division, an operating division?

13 A. That's correct.

14 Q. Should we approve the merger?

15 A. That's correct.

16 Q. So that really doesn't fall under the
17 affiliate transaction rules. It would more like
18 Aquila. Aquila is an affiliate, correct?

19 A. That's correct. Now, if I might
20 interject. There will be under the FERC's special
21 reporting requirements and we've agreed to separate
22 accounting, and we will do the separate reports for
23 the Commission for the two operating divisions like
24 we do today. And the FERC will require if St. Joe
25 has its own set of wholesale tariffs separate from

1 MoPub, those transactions will have to be reported
2 separately as operating divisions in one company.

3 Q. But you have to do that today with regard
4 to Missouri Public Service?

5 A. We have to do that today, that's correct.

6 Q. That's a FERC's, and not State?

7 A. That's correct.

8 Q. Then I guess finally what's the dispute
9 here? I don't understand the dispute.

10 A. It's my understanding the office -- and
11 Public Counsel will have to speak for themselves --
12 but it's my understanding is that their request is
13 that we agree to comply with this access to records
14 no matter what the courts do in the future. If the
15 courts overturn the rule, it's my understanding the
16 Office of Public Counsel wants us to continue to
17 comply with the rule even if the courts overturn it
18 or modify it.

19 Q. But with respect to just the daily
20 bookkeeping, I believe it was stated earlier in
21 this hearing, when it comes to just looking at your
22 books and records, in this case other complying to
23 things I heard Mr. Stewart mention, so I'll put
24 that in there. Have there been excessive motions
25 to compel and battles over giving records?

1 A. I don't believe there have been any
2 motions to compel, and hopefully there have been no
3 battles over any records.

4 Q. And do you believe that UtiliCorp has
5 since the last rate case continued to try to do a
6 better job and cooperate with Staff in giving the
7 information it needs to do its job?

8 A. We are endeavoring to do the best job
9 possible every day.

10 COMMISSIONER DRAINER: Okay. Thank you.
11 No other questions.

12 JUDGE WOODRUFF: Commissioner Murray?

13 QUESTIONS BY COMMISSIONER MURRAY:

14 Q. Good afternoon, Mr. McKinney.

15 A. Good afternoon.

16 Q. Is it your position that UtiliCorp should
17 not be held to higher standards of reporting or
18 surveillance than other utilities are held to?

19 A. Basically I wouldn't say higher
20 standards. I would like to see uniformity
21 reporting among all utilities. If the Commission
22 or the Commission Staff would like to see us
23 reporting on a certain area on an ongoing, just
24 like I said on the earlier, we have an agreement on
25 surveillance reporting, we believe it would be fair

1 and it would be useful information for the
2 Commission to have comparable data for all
3 utilities.

4 If they believe it is good to have certain
5 information from us or us and St. Joe or us and
6 Empire, then there's only two more electrics to
7 do. And that way the Commission would have
8 comparable data, consistent data from everybody,
9 and that's our recommendation.

10 Q. So that's just what you're asking that you
11 be treated like the others and that the others --

12 A. Be treated like us.

13 Q. -- have to provide the same type of
14 information?

15 A. That's correct.

16 Q. And in relation to affiliate transactions,
17 you have agreed that if whatever rules and laws are
18 in place, you will comply with them?

19 A. To the best of our ability, yes.

20 Q. And it's my understanding that you were
21 seeking to not be held to the affiliate transaction
22 rules that had been promulgated by this Commission
23 and were on appeal and were stayed for certain
24 utilities, that you did not feel it was appropriate
25 that you be required to comply with them if there

1 were other utilities that were not required to
2 comply. Was that your basis of your request for --

3 A. That was correct. To be on comparable
4 terms as everybody. To be equal, but the
5 Commission saw it a different way and we will
6 comply with those rules.

7 Q. It was three Commissioners that did not
8 think that you should be granted that waiver,
9 but --

10 A. We accept that and, we didn't appeal that
11 decision.

12 Q. I have another question which really it
13 goes back to the regulatory plan, but I think it's
14 kind of important that I ask this question at least
15 for my own benefit. I would like to know the
16 Company's position if we were to find that we could
17 not accept the Company's regulatory plan, but that
18 we could approve the merger on other terms, and I'd
19 like to know if the Company's position would be
20 that we either approve it with the regulatory plan
21 that is proposed or reject it?

22 A. The Commission can do what it wishes, of
23 course, and I wouldn't tell the Commission anything
24 else. We have asked the Commission to approve it
25 with the regulatory plan. If the Commission

1 approves it on other terms, we would have to make
2 an evaluation of that order to see if it met the
3 overall financial economic sense that we believe
4 that we need to move forward with the merger. So
5 we would have to look at your order and to see if
6 we felt we could move forward with that. I would
7 not be the one making that final determination.
8 Our board of directors, of course, would.

9 Q. But would it be your position that rather
10 than reject the merger out right as proposed by the
11 Company, that if we could not accept the regulatory
12 plan, but we could approve the merger with other
13 conditions, would it be preferable that you have
14 that opportunity to look at that at --

15 A. I always consider options. And I'm
16 speaking for myself there. I cannot speak for our
17 board.

18 Q. I understand.

19 A. Thank you.

20 COMMISSIONER MURRAY: All right. Thank
21 you.

22 THE WITNESS: Thank you.

23 JUDGE WOODRUFF: Commissioner
24 Schemenauer?

25 COMMISSIONER SCHEMENAUER: No questions.

1 JUDGE WOODRUFF: Okay. Any recross based
2 on questions from the Bench?

3 MR. COFFMAN: Yes, your Honor.

4 JUDGE WOODRUFF: Mr. Coffman?

5 RECROSS-EXAMINATION BY MR. COFFMAN:

6 Q. Mr. McKinney, are you the top decision
7 maker in your company with regard to how your
8 company responds to affiliated transaction
9 ratemaking or rule making requirements?

10 A. No, I'm not.

11 Q. Who would that person be?

12 A. Mr. John Emson, Senior Vice President.

13 Q. And I understand that you're not an
14 attorney, but just to be clear, how you define
15 affiliate transaction under the Commission's rule,
16 you do not -- or you would not consider after the
17 merger St. Joe Light and Power division to be an
18 affiliated entity of UtiliCorp United?

19 A. No, I would not.

20 Q. Okay.

21 A. Today I do not consider any of the
22 divisions of UtiliCorp affiliate entities. They
23 are UtiliCorp. They are just UtiliCorp d/b/a.
24 They are not a separate entity of the company.

25 Q. You have read and understood the

1 definition in the Commission's newly promulgated
2 rule, though?

3 A. Yes, I have.

4 Q. Okay.

5 A. If I'm incorrect the Commission, of
6 course, I'm sure will let us know.

7 Q. Did I -- and maybe I misunderstood you,
8 did I hear you say that it was your understanding
9 that Public Counsel's condition with regard to
10 access to books and records is that UtiliCorp do
11 something that was not required by an appellate
12 court?

13 A. No. It was my understanding, and I will
14 be happy to stand corrected or I will be happy to
15 read it if you want to give it to me again. It was
16 my understanding of the Public Counsel's request is
17 we would agree to the same terms and conditions
18 that was in that other settlement without regard to
19 any court decision that may be coming. And so if
20 the courts would over turn the Commission's present
21 rule, we would continue to, you know, go with that
22 other. I'd be happy to read it again, though.

23 MR. COFFMAN: Permission to approach?

24 JUDGE WOODRUFF: You may.

25 BY MR. COFFMAN:

1 Q. I'm handing you a copy of Ryan Kind's
2 rebuttal testimony, which is, I believe, the access
3 to books and records and affiliate transaction
4 conditions were listed there. I will let you read
5 those. There are two bullet points at the bottom
6 of the page. I'll give you a chance to read those
7 and refresh your memory.

8 COMMISSIONER MURRAY: What page?

9 MR. COFFMAN: It's --

10 THE WITNESS: I believe it's page 6 of
11 Mr. Kind's testimony. Starting on line 13 through
12 line 23. I don't think we have a disagreement. I
13 think that's what the Company has testified to.
14 Like I say, it's been some time. I thought -- you
15 know, I had misinterpreted Public Counsel. They
16 are just saying irregardless of the Commission's
17 decision regarding our request for waiver.

18 BY MR. COFFMAN:

19 Q. And that's with regard to the affiliate
20 rules?

21 A. That's the affiliate rules.

22 Q. And the bullet point above that refers to
23 Public Counsel's requested condition regarding
24 access to books and records?

25 A. And we'll grant those as required by the

1 Commission's rule and the laws of the State of
2 Missouri as my testimony says.

3 Q. And in the statement of position that was
4 filed by UtiliCorp, I believe your response to both
5 of those conditions were that the Company was not
6 in agreement to comply with either one of those
7 conditions?

8 A. Let me look at those. The access to books
9 and records was should the OPC's conditions that
10 the merged entity be required to agree to comply
11 with Commission's affiliate transaction rules be
12 adopted. Now, however, UtiliCorp agrees to comply
13 with all lawfully promulgated effective Commission
14 rules. So it says, no, but it says we will comply
15 with all the rules that are in effect.

16 Q. Has the Company answered no because it
17 envisions some situation where it would not be
18 willing to agree to such a condition, but that
19 there would be a situation where that condition
20 would require to do something beyond the law?

21 A. I just want to make sure that I understand
22 the OPC's request, if the OPC wants a blanket
23 request that they will be able to go into any of
24 UtiliCorp's affiliates at any time even if there's
25 no affiliate transactions and no relationships, we

1 may want to discuss that with the OPC to find out
2 the reason for that. If it is to review the books
3 and records of the affiliates and under an
4 affiliate transaction or in the rate case to make
5 sure costs were allocated properly, then we
6 wouldn't have any problem in those areas. And I
7 don't think we have in the past. I think the
8 Commission rules cover that.

9 Q. Well, after refreshing your memory on the
10 Public Counsel request on these two conditions on
11 page 6 of Ryan Kind's rebuttal testimony, would you
12 change your recommendations about whether or not
13 those conditions are agreeable?

14 A. I would stay with the Commission. The
15 Company's position is, the Company will grant
16 access to the Office of the Public Counsel as
17 required by the Commission rules and laws of the
18 State of Missouri, whatever those are.

19 MR. SWEARENGEN: Will that solve your
20 problem?

21 THE WITNESS: If the Public Counsel is
22 wanting something besides that, I don't understand
23 what it would be.

24 BY MR. COFFMAN:

25 Q. And is it your understanding that Public

1 Counsel is requesting something beyond that?

2 A. No. I'm saying I am agreeable to that
3 position. I'm stating here on the record that we
4 will grant access as required by the rules of this
5 Commission and laws of the State of Missouri. If
6 Public Counsel wants something beyond that, I need
7 to know that so I can respond.

8 Q. Okay. Is there something in here that you
9 don't understand in the request?

10 A. I'm not sure if I do or not. All I can
11 give you is our position.

12 MR. COFFMAN: That's all I have.

13 JUDGE WOODRUFF: Okay. Is there any other
14 recross? Any redirect?

15 MR. SWEARENGEN: No. Thank you.

16 JUDGE WOODRUFF: You may step down then.

17 THE WITNESS: Thank you.

18 JUDGE WOODRUFF: I believe Mr. Kind is the
19 next witness on the list.

20 You are, of course, still under oath.

21 MR. COFFMAN: I would offer Mr. Ryan Kind
22 again for cross-examination on this issue.

23 JUDGE WOODRUFF: Okay. Any
24 cross-examination questions for Mr. Kind?

25 Let's go up to the Bench then, Vice Chair

1 Drainer?

2 COMMISSIONER DRAINER: I have no
3 questions.

4 JUDGE WOODRUFF: Commissioner Murray?

5 COMMISSIONER MURRAY: I have one.

6 RYAN KIND, previously sworn, testified as follows:

7 QUESTIONS BY COMMISSIONER MURRAY:

8 Q. This is probably in the area that you
9 would be back on the stand for later, but we do
10 have a couple conflicts with our schedule
11 tomorrow. I don't want to miss the opportunity to
12 ask you this.

13 On page 9 of your -- I'm sorry. This is
14 page 9 of an attachment, I guess, to attachment 1
15 of your testimony. And this would be the
16 conditions that the market power conditions that
17 Office of Public Counsel is proposing.

18 A. Right.

19 Q. One of those conditions is that the merged
20 entity would agree that it wouldn't propose or
21 otherwise support legislation of Missouri designed
22 to prohibit or substantially limit the Commission
23 from addressing market power issues in the manner
24 set forth in these conditions. And I'm wondering
25 does that -- would not that constitute an

1 interference by the executive branch of the
2 Company's ability to work with the legislature? It
3 just seems to me that they are asking as to
4 interfere with their right to work in any way they
5 choose with the legislature.

6 A. That is the request there, and I think
7 it's first of all, I would just mention that that
8 condition was found to be reasonable by this
9 Commission in the KCPL Western Resources merger and
10 that was part of the stipulation and agreement that
11 was agreed to in that case and approved by this
12 Commission. And we believe that that condition is
13 necessary for this Commission to ensure that this
14 merger is not detrimental to the public interest
15 from the market power perspective, and I'd be
16 willing to elaborate on that if you would like me
17 to.

18 Q. Well, I understand your position in terms
19 of why the conditions that would be included in the
20 conditions of the merger should be there, but I
21 guess my question beyond that, and I understand
22 that it's been approved in other merger cases. But
23 I guess I would like your rationale as to why we
24 should go that far into the Company's ability to
25 propose or support legislation?

1 A. Okay. I'd be glad to do that. It
2 basically has to do primarily with power from the
3 horizontal market power conditions that we
4 recommended. And I guess similar to the Company,
5 we believe that there should be no market power
6 study performed right now, but that there should be
7 a retail market power study performed in the future
8 at the time the legislature restructures the
9 Missouri electric industry or at the time that the
10 Commission determines such a study would be
11 appropriate in conjunction with electric
12 restructuring.

13 And so part of our horizontal market power
14 conditions is that there be such a study performed
15 in the future and submitted by the Company. And
16 then the further conditions in the horizontal
17 market power area require the Company to initiate a
18 proceeding where that study can with analyzed and
19 other parties can weigh in on their views on
20 whether that study was done appropriately or not
21 and offer alternative studies.

22 And then there would also be a phase at
23 that proceeding where it would be determined what
24 market power mitigation measures would be needed or
25 appropriate, if any, in order to address market

1 power that had been gained by UtiliCorp as a result
2 of this particular merger. In other words to
3 address the incremental market power that occurred
4 as a result of this merger, if any, was found to
5 occur.

6 And in order to address -- in order to
7 leave open the complete spectrum of market power
8 mitigation measures including the most -- what
9 utilities consider often to be the most severe form
10 of market power mitigation which is divestiture of
11 some other generation resources. We believe that
12 that last condition on legislation, which you
13 referred to, is necessary because without that
14 condition what we have found is that basically all
15 of our utilities are actively lobbying the
16 legislature to have them determine that you did not
17 have that as a tool available to mitigate market
18 power. And we believe that that tool, if you don't
19 have that tool available, then you can't ensure
20 that there is not the possibility of significant
21 risk of future harm resulting from this merger once
22 we go to retail competition in Missouri.

23 COMMISSIONER MURRAY: All right. Thank
24 you for your answer.

25 JUDGE WOODRUFF: Commissioner

1 Schemenauer?

2 COMMISSIONER SCHEMENAUER: No questions,
3 your Honor.

4 JUDGE WOODRUFF: Any recross based on
5 questions from the Bench?

6 MR. COFFMAN: Yes.

7 JUDGE WOODRUFF: Go ahead, Mr. Coffman.

8 REDIRECT EXAMINATION BY MR. COFFMAN:

9 Q. Mr. Kind, are you aware of any similar
10 agreement to forego legislation for lobby in
11 Missouri State Legislature that was entered into by
12 Southwestern Bell with this Commission?

13 A. I'm just vaguely aware that there was such
14 an agreement. I don't really know the particulars
15 of it.

16 Q. As a merger condition, if this Commission
17 so approved, wouldn't that not be something that
18 the utility would have to choose whether or not it
19 agrees to it in order to merge?

20 A. That's right. It would, as we've phrased
21 it, is that these conditions should be imposed as
22 in that if the Company -- if UtiliCorp wants to
23 consummate the merger, then they must agree to the
24 condition that has been imposed by this Commission
25 where the condition would be stated something like

1 UtiliCorp agrees that it will. And so the
2 condition would not just be the Commission saying
3 you must do this, but it's just -- it becomes the
4 utility's option if they want to proceed with the
5 merger, then they have to accept that condition
6 when they voluntarily agree to accept and abide by
7 it in the future.

8 MR. COFFMAN: Thank you. That's all I
9 have.

10 COMMISSIONER DRAINER: I have to follow up
11 on this, because Commissioner Murray said that this
12 is brought up and we're not in here tomorrow.

13 QUESTIONS BY COMMISSIONER DRAINER:

14 Q. I just want to follow up on the Western
15 Resources KCP&L was a stipulation that all of the
16 parties agreed when it was brought to us?

17 A. That's correct.

18 Q. And the Southwestern Bell was a
19 stipulation and agreement that they agreed to in a
20 stipulated form, correct?

21 A. As far as I know.

22 Q. Well, I guess basically are you aware of
23 this Commission ever putting a gag order on the
24 company to be able to exercise its legislative
25 rights where they have not come to the Commission

1 in a stipulation and agreement in order to have
2 agreed to that?

3 A. No, I'm not, Commissioner.

4 Q. So when you say that the company can
5 voluntarily do this or not, it's with the
6 Commission using a very large hammer, and that the
7 Commission has not done that before to any party
8 that you're aware of in order for them to act?

9 A. I think that's right. It would be a
10 rather severe remedy. However, we think --

11 Q. Okay. Thank you. You answered my
12 question. I do know what your position is. I just
13 wanted to make clear that has not happened before
14 without the companies voluntarily having a
15 stipulation agreement with all parties where it's
16 initiated by the parties, not the Commission.
17 Thank you.

18 JUDGE WOODRUFF: Any further recross? I
19 mean, redirect.

20 MR. COFFMAN: No redirect.

21 JUDGE WOODRUFF: I'm sorry. You were
22 redirect. Never mind. I think it's time for a
23 break. Let's come back at five o'clock and try and
24 get through the rest of what's scheduled for
25 Thursday before we leave.

1 (A BREAK WAS TAKEN.)

2 MR. FRANSON: May I address the
3 Commission?

4 JUDGE WOODRUFF: You may.

5 MR. FRANSON: Judge, the next two issues
6 are Gas Supply RFP Conditions and Gas Peak Load
7 Study Conditions. The only witnesses scheduled are
8 Company Witness Mr. Pella, and Staff Witness
9 Ms. Allee. I would ask the Commission to combine
10 those so we have Mr. Pella up there one time and
11 then Ms. Allee up there one time.

12 JUDGE WOODRUFF: That's fine. I
13 understand they are both --

14 MR. SWEARENGEN: They are both settled.

15 JUDGE WOODRUFF: They are both settled.

16 MR. FRANSON: And I believe Mr. Swearengen
17 agrees to that.

18 MR. SWEARENGEN: I'm not even sure the
19 witnesses need to take the stand unless the Bench
20 has questions.

21 JUDGE WOODRUFF: Well, let's put them on
22 the stand and we can ask.

23 MR. SWEARENGEN: Mr. Pella.

24 JUDGE WOODRUFF: Of course, you've
25 testified previously in this proceeding so you are

1 still under oath.

2 THE WITNESS: Yes.

3 MR. SWEARENGEN: I would tender Mr. Pella
4 on Gas Supply RFP Condition and the Gas Peak Load
5 Study Condition.

6 JUDGE WOODRUFF: Okay. He's been offered
7 for cross-examination. Are there any
8 cross-examination from the parties?

9 MR. CONRAD: Yes.

10 JUDGE WOODRUFF: Yes?

11 STEVE PELLA, previously sworn, testified as
12 follows:

13 CROSS-EXAMINATION BY CONRAD:

14 Q. Mr. Pella, it's been referenced that these
15 two issues that you have been tendered -- for which
16 you have been tendered for cross-examination have
17 been settled; is that correct?

18 A. It's my understanding.

19 Q. What is the nature of the settlement?

20 A. Basically the response in my surrebuttal
21 testimony is the extent of the settlement whereby
22 the request of Staff rebuttal was agreed to in
23 terms of RFP's on the gas supply and the conducting
24 of peak load stuff 90 days thereafter. A given
25 data is available.

1 MR. CONRAD: Thank you.

2 JUDGE WOODRUFF: Any further
3 cross-examination?

4 Commissioner Murray, do you have any
5 questions?

6 COMMISSIONER MURRAY: No questions.

7 JUDGE WOODRUFF: Commissioner
8 Schemenauer?

9 COMMISSIONER SCHEMENAUER: No questions.

10 JUDGE WOODRUFF: You have no redirect?

11 MR. SWEARENGEN: No, I do not.

12 JUDGE WOODRUFF: Okay. You can step down
13 then.

14 THE WITNESS: Are you sure? I think I'm
15 the next one up. I'd be happy to sit down.

16 MR. SWEARENGEN: Well, he is our witness
17 on the next issue which is contested.

18 JUDGE WOODRUFF: Okay. For Load Research
19 Condition?

20 MR. SWEARENGEN: Right.

21 JUDGE WOODRUFF: Do we want to put
22 Ms. Allee up, though?

23 MR. FRANSON: We would like to, your
24 Honor.

25 (Witness sworn.)

1 ANN ALLEE, being first duly sworn, testified as
2 follows:

3 DIRECT EXAMINATION BY MR. FRANSON:

4 Q. Ma'am, please state your name.

5 A. Ann Allee.

6 Q. Ma'am, have you prepared or caused to be
7 prepared rebuttal testimony in this case?

8 A. Yes, I have.

9 MR. FRANSON: Your Honor, at this time I
10 would offer Exhibit 700, the rebuttal testimony of
11 Ann Allee, and let the record reflect that I'm
12 providing three copies of that to the court
13 reporter.

14 (EXHIBIT NO. 700 WAS MARKED FOR
15 IDENTIFICATION BY THE REPORTER.)

16 JUDGE WOODRUFF: Exhibit 700 has been
17 offered into evidence. Are there any objections?

18 Hearing none, it will be received into
19 evidence.

20 (EXHIBIT NO. 700 WAS RECEIVED INTO
21 EVIDENCE.)

22 MR. FRANSON: At this time I would offer
23 the witness for cross-examination.

24 JUDGE WOODRUFF: Any questions for
25 cross-examination?

1 Yes?

2 CROSS-EXAMINATION BY MR. CONRAD:

3 Q. Ms. Allee, is this the only issue that you
4 testified on?

5 A. Yes.

6 Q. Were you here in the hearing room a moment
7 ago when Mr. Pella was on the stand with respect to
8 this issue?

9 A. Yes.

10 Q. Do you agree with his characterization of
11 the resolution of this issue?

12 A. Yes, I do.

13 MR. CONRAD: Thank you. That was all.

14 JUDGE WOODRUFF: Any other
15 cross-examination?

16 Commissioner Murray, any questions?

17 COMMISSIONER MURRAY: No questions.

18 JUDGE WOODRUFF: Commissioner
19 Schemenauer?

20 COMMISSIONER SCHEMENAUER: No questions,
21 your Honor.

22 JUDGE WOODRUFF: No recross. Any
23 redirect?

24 MR. FRANSON: No, your Honor.

25 JUDGE WOODRUFF: Okay. Thank you. You

1 may step down.

2 (Witness excused.)

3 JUDGE WOODRUFF: Now, Mr. Pella can come
4 up.

5 THE WITNESS: Now I'm back.

6 MR. SWEARENGEN: I will tender Mr. Pella on
7 the Load Research condition issue.

8 JUDGE WOODRUFF: Okay. Thank you.

9 Any cross-examination for Mr. Pella on
10 this issue?

11 MR. KRUEGER: I have some questions, your
12 Honor.

13 JUDGE WOODRUFF: Go ahead.

14 STEVE PELLA, previously sworn, testified as
15 follows:

16 CROSS-EXAMINATION BY MR. KRUEGER:

17 Q. Good afternoon, Mr. Pella.

18 A. Good afternoon.

19 Q. Or good evening.

20 A. Good afternoon.

21 Q. In your surrebuttal testimony you
22 mentioned that you have Staff dedicated to load
23 research. How many people do you have working on
24 load research at UtiliCorp?

25 A. There are a number of people who

1 participate in it. There's one person that spends
2 most of their time and others who spend part of
3 their time. But the word dedicated means directed
4 to the work, not exclusively directed to the work
5 100 percent of the time.

6 Q. When in a response to a data request No.
7 4155, the answer given was that there are two
8 individuals; is that not correct?

9 A. The other person is the person
10 supervisor. That would be the next most directed
11 person to load research. That would be the other
12 person, but there are others in the organization
13 that do it. That's why I just picked the one that
14 was the most direct to highlight.

15 Q. Do you have an idea what kind of
16 equivalents it is then or --

17 A. My recollection it's slightly less than
18 one. Not in the full-time equivalent.
19 Probably .8.

20 Q. Thank you. Do these employees perform all
21 of the functions that are involved with the load
22 research program?

23 A. At UtiliCorp --

24 Q. Yes.

25 A. -- for Missouri Public Service?

1 We utilize a third-party firm to assist us
2 in data collection and it's Quantum.

3 Q. And your employees oversee this contract;
4 is that right?

5 A. Yes.

6 Q. Does the UtiliCorp load research program
7 collect data from customers located in Missouri?

8 A. Yes.

9 Q. And does the UtiliCorp load research
10 program also collect data for service territories
11 outside the State of Missouri?

12 A. Yes.

13 Q. And what are those service territories?

14 A. Kansas and Colorado, I believe.

15 Q. Your transition team recommended that
16 UtiliCorp hire three additional employees to do
17 load research; is that correct?

18 A. No. I don't believe that is correct. And
19 it would be important to differentiate persons from
20 full-time equivalents. There might be a full-time
21 equivalent of maybe an increase of two. In terms
22 of bodies there would also be an increase.

23 Q. I'm looking at a paper which appears to be
24 maybe a reproduction of a slide which indicates
25 hiring a load research analyst to load research

1 technician and market research analyst?

2 A. A market research technician is in the
3 marketing organization. They are not conducting
4 load research.

5 Q. Okay.

6 A. So the previous two would be the two I
7 referenced.

8 Q. Okay.

9 A. So, yes. It's an addition of two people,
10 and those people would be directed to the load
11 research program primarily.

12 Q. And I think you said that the full-time
13 equivalents now on staff is about .8?

14 A. Correct.

15 Q. And that you would be adding two full-time
16 equivalents?

17 A. Correct.

18 Q. Okay. Would that staff then be
19 responsible for collecting the data for the three
20 current service territories plus the St. Joe
21 service territory?

22 A. Yes.

23 Q. And under the transition team's plan, will
24 this new staff also be responsible for performing
25 the load research functions currently provided to

1 the company by Quantum Consulting?

2 A. Possibly. The current intent is to bring
3 the load research program inside and to discontinue
4 use of the third-party service. In that condition
5 the people would be -- there would be no
6 third-party vendor to oversee.

7 Q. But this in-house staff would have the
8 duty to perform the functions that were previously
9 performed for you on a third-party basis by
10 Quantum; is that correct?

11 A. Correct.

12 Q. What are the industry standards of
13 statistical precision for load research data that
14 you discussed in your testimony?

15 A. 90 plus or minus 10.

16 Q. Can you tell me what that means?

17 A. It's a statistical accuracy based on
18 sample sizes.

19 Q. What does the 90 represent?

20 A. Confidence level.

21 Q. And this is a 90 percent confidence level?

22 A. Confidence level.

23 Q. So you're at 90 percent confident that
24 what?

25 A. You need a statistician here.

1 Q. Okay.

2 A. There are formal definitions of it. It's
3 the statistical definition of sampling and
4 confidence levels. And what that is is what would
5 stand on record.

6 Q. Do you know what the 10 percent, what the
7 10 represents?

8 A. It's a variance. It's a plus or minus
9 degrees of confidence.

10 Q. Does St. Joe's current load research data
11 meet this standard?

12 A. Yes.

13 Q. Does the load research data that UtiliCorp
14 collects for Missouri Public Service territory in
15 Missouri meet this industry standard at the present
16 time?

17 A. Yes, to the best of my knowledge.

18 Q. Your transition team recommended that the
19 St. Joe sample be reviewed in its six month and
20 beyond operational requirements; is that correct?

21 A. Can you point me to the testimony?

22 Q. Well, I believe it's in testimony --
23 again, I'm referring to what I think is a slide
24 that was prepared and submitted in response to a
25 data request.

1 A. Probably be helpful if I looked at it.

2 MR. KRUEGER: May I approach, your Honor?

3 JUDGE WOODRUFF: You may.

4 THE WITNESS: Okay. Yes.

5 BY MR. KRUEGER:

6 Q. Do you need to refer to it further?

7 A. No.

8 Q. Is a reduction in the number of sample
9 customers monitored for load research purposes one
10 of the options that will be considered?

11 A. For whom?

12 Q. For St. Joe.

13 A. Currently under consideration is a
14 reduction of sample size as St. Joe's level is, as
15 I recall it, at 97 percent by comparison.

16 Q. I'm sorry. I didn't hear the last part.

17 A. Is 97 percent by comparison.

18 Q. What is the 97 percent?

19 A. Confidence level.

20 Q. I see. Okay. So then one of the things
21 that is to be considered is a reduction of sample
22 size because for one it meets industry standards;
23 is that right?

24 A. One of the things to consider in the basis
25 was to try to come to terms with a balance between

1 accuracy, use, cost and benefit and trying to
2 reconcile those factors.

3 Q. But one of the things that would be under
4 consideration then would be a reduction of the
5 sample size?

6 A. Yes.

7 Q. Mr. Pella, in your surrebuttal testimony
8 on page 19 at lines 12 to 13, you state that
9 UtiliCorp intends to have quality load research
10 data for rate case analysis. Did you make that
11 statement?

12 A. Yes.

13 Q. Do you believe that estimating class loads
14 for all hours of the year is necessary for rate
15 case analysis?

16 A. I probably can't answer that personally.

17 Q. Can you answer this question, if the
18 Missouri Staff requests such data in a rate case,
19 is UtiliCorp willing to develop it if they haven't
20 already done so for their own purposes?

21 A. If the Commission asks and that's the
22 basis for the compliance.

23 Q. I'm asking if the Staff asks?

24 A. I'm not in a position to answer.

25 Q. Suppose that the Commission determines

1 that the test year to be used in the case is not
2 the same time period that UtiliCorp has hourly
3 class load data for. Would UtiliCorp be willing to
4 develop the data for that time period if the Staff
5 requests it?

6 A. Again, I don't know.

7 Q. Do you have any ability to estimate the
8 amount of time and expense that's required to
9 develop hourly class loads on an as-needed basis?

10 A. I expect someone can in the organization.

11 Q. Do you?

12 A. No.

13 Q. Would you be able to say whether it could
14 be done within the 20 day time period allotted for
15 responding to data requests?

16 A. No, I cannot.

17 Q. Okay. Thank you.

18 MR. KRUEGER: No other questions, your
19 Honor.

20 JUDGE WOODRUFF: Thank you.

21 Any other cross? Questions from the
22 Bench, Commissioner Murray?

23 COMMISSIONER MURRAY: No questions.

24 JUDGE WOODRUFF: Commissioner
25 Schemenauer?

1 COMMISSIONER SCHEMENAUER: No questions.

2 JUDGE WOODRUFF: No recross. Any
3 redirect?

4 MR. SWEARENGEN: No redirect.

5 JUDGE WOODRUFF: You may step down,
6 Mr. Pella.

7 MR. SWEARENGEN: We would reoffer his
8 testimony. I think that's the last time --

9 JUDGE WOODRUFF: I see he's up here for
10 Gas Safety Program Condition.

11 MR. SWEARENGEN: Yeah. That's a settled
12 issue, but we can put him back for that, if
13 necessary.

14 JUDGE WOODRUFF: However you want to do
15 it. Makes no difference to me.

16 MR. FRANSON: Your Honor, the Staff has no
17 objection to that coming in at this time, but we
18 will be offering Mr. Beck tomorrow at that time.

19 MR. SWEARENGEN: I would reoffer Exhibits
20 9 and 10 then.

21 JUDGE WOODRUFF: Okay. Exhibits 9 and 10
22 have been offered into evidence. Are there any
23 objections to their receipt?

24 Hearing none, they will be received into
25 evidence.

1 (EXHIBIT NOS. 9 AND 10 WERE RECEIVED INTO
2 EVIDENCE.)

3 JUDGE WOODRUFF: Ms. Mantle, I believe.

4 I believe you also testified earlier?

5 THE WITNESS: Yes, I did.

6 JUDGE WOODRUFF: So you are still under
7 oath.

8 MR. KRUEGER: Your Honor, I believe this
9 is the last appearance for -- last scheduled
10 appearance for Ms. Mantle in this hearing, so I
11 would at this time offer Exhibit 710 and tender
12 Ms. Mantle for-cross examination.

13 JUDGE WOODRUFF: Okay. Exhibit No. 710
14 has been offered into evidence. Are there any
15 objections to its receipt?

16 Hearing none, it will be received into
17 evidence.

18 (EXHIBIT NO. 710 WAS RECEIVED INTO
19 EVIDENCE.)

20 JUDGE WOODRUFF: Okay. Any
21 cross-examination questions for Ms. Mantle on this
22 issue?

23 MR. SWEARENGEN: I have just one.

24 JUDGE WOODRUFF: Go ahead.

25 LENA M. MANTLE, previously sworn, testified as

1 follows:

2 CROSS-EXAMINATION BY MR. SWEARENGEN:

3 Q. Are rate design issues normally taken up
4 in rate cases where the Commission is dealing with
5 operation of law dates or are they more frequently
6 dealt with in separate dockets?

7 A. In a case where we have been working on a
8 rate design case, they are included often in a rate
9 case, because we can't get the data on the timely
10 basis.

11 MR. SWEARENGEN: Okay. Thank you.

12 JUDGE WOODRUFF: Any questions from the
13 Bench, Commissioner Murray?

14 COMMISSIONER MURRAY: No questions.

15 JUDGE WOODRUFF: Commissioner
16 Schemenauer?

17 COMMISSIONER SCHEMENAUER: I think mine
18 have been answered. Thank you.

19 JUDGE WOODRUFF: No questions from the
20 Bench, so no recross. Any redirect?

21 MR. KRUEGER: No, your Honor.

22 JUDGE WOODRUFF: Ms. Mantle, you may step
23 down.

24 (Witness excused.)

25 JUDGE WOODRUFF: The next item is the

1 Surveillance Condition, which I believe is also
2 italicized. It's a settled case, is that right?

3 MR. SWEARENGEN: That's a settled issue
4 case. Could I just ask one other question. I did
5 indicate that Mr. Pella is down for the Gas Safety
6 Program Condition, which is an issue for tomorrow,
7 which has been settled. Does anyone desire to ask
8 him any questions about that? Otherwise, I think
9 he can probably be excused from the proceeding.

10 JUDGE WOODRUFF: I believe he can be
11 excused, yes.

12 MR. SWEARENGEN: Okay. Thank you. I'm
13 sorry to have interrupted you.

14 JUDGE WOODRUFF: That's quite all right.

15 Like I said, the next item is Surveillance
16 Condition. Mr. McKinney has taken the stand.

17 MR. SWEARENGEN: That, I believe, is a
18 settled issue as well.

19 MR. DOTTHEIM: That is correct from the
20 Staff's perspective also.

21 JUDGE WOODRUFF: And it's settled in the
22 sense that it was settled in the surrebuttal
23 testimony when he --

24 MR. SWEARENGEN: Well, Mr. -- my esteemed
25 counsel and colleague over there, Mr. Conrad, has

1 seemed to have come up with a good way to handle
2 this.

3 JUDGE WOODRUFF: We'll do it the same way
4 then.

5 MR. SWEARENGEN: That's right.

6 JUDGE WOODRUFF: Okay. Questions for
7 cross-examination?

8 Yes, Mr. Conrad?

9 JOHN W. MCKINNEY, previously sworn, testified as
10 follows:

11 CROSS-EXAMINATION BY MR. CONRAD:

12 Q. Good afternoon, Mr. McKinney.

13 A. Good afternoon.

14 Q. I understand that the issue for which you
15 have been tendered is perceived to have been
16 resolved?

17 A. That's correct.

18 Q. What is the basis of the resolution of
19 that issue?

20 A. The Commission Staff asked us to comply
21 with certain surveillance reporting requirements
22 and we have agreed to those conditions.

23 Q. Are the nature of the undertakings
24 detailed in your surrebuttal?

25 A. Yes. On page 17.

1 MR. CONRAD: Thank you. That's all.

2 JUDGE WOODRUFF: Any other
3 cross-examination?

4 Any questions from the Bench?

5 COMMISSIONER MURRAY: No questions.

6 COMMISSIONER SCHEMENAUER: No questions.

7 JUDGE WOODRUFF: No recross. And any
8 redirect?

9 MR. SWEARENGEN: No redirect.

10 JUDGE WOODRUFF: Mr. McKinney, you may
11 step down.

12 Does Staff wish to call Ms. McKiddy?

13 MR. DOTTHEIM: Yes. Staff calls
14 Ms. McKiddy on the issue of Surveillance Reports.

15 JUDGE WOODRUFF: Okay. I believe you
16 testified earlier also?

17 THE WITNESS: Yes, I did.

18 MR. DOTTHEIM: This will be the last time
19 that Ms. McKiddy will take the stand in this
20 proceeding. At this time I'd like to offer again
21 Exhibit 711 and request that it be moved into
22 evidence, and I tender Ms. McKiddy for
23 cross-examination.

24 JUDGE WOODRUFF: I actually show 711 as
25 already being in.

1 MR. COMLEY: And that's what we have, too.

2 JUDGE WOODRUFF: Okay. If it's not, it is
3 at this point.

4 (EXHIBIT NO. 711 WAS RECEIVED INTO
5 EVIDENCE.)

6 JUDGE WOODRUFF: Are there any
7 cross-examination questions for Ms. McKiddy?

8 Yes, Mr. Conrad?

9 ROBERTA MCKIDDY, previously sworn, testified as
10 follows:

11 CROSS-EXAMINATION BY MR. CONRAD:

12 Q. Ms. McKiddy, were you here in the hearing
13 room a moment ago when Mr. McKinney was on stand
14 with respect to this issue?

15 A. Yes, I was.

16 Q. Do you agree with his recitation of the
17 extent of the resolution of the issue?

18 A. Yes, I do.

19 MR. CONRAD: Thank you. That's all.

20 JUDGE WOODRUFF: All right. Any questions
21 from the Bench?

22 COMMISSIONER MURRAY: No questions, your
23 Honor.

24 COMMISSIONER SCHEMENAUER: No questions,
25 your Honor.

1 JUDGE WOODRUFF: No recross so I assume no
2 redirect?

3 MR. DOTTHEIM: Correct.

4 JUDGE WOODRUFF: Then you may step down,
5 Ms. McKiddy, and I believe you are excused.

6 (Witness excused.)

7 JUDGE WOODRUFF: Moving to Transaction
8 Costs then.

9 MR. FREY: Your Honor, Staff calls James
10 Russo.

11 JUDGE WOODRUFF: Isn't Mr. Siemek first?

12 MR. FREY: Oh, I'm sorry.

13 JUDGE WOODRUFF: We're on a fast track,
14 but not quite that fast.

15 Mr. Siemek, you've previously testified,
16 and you are still under oath.

17 I assume he's ready for
18 cross-examination?

19 MR. SWEARENGEN: Oh, he is tendered for
20 cross-examination.

21 JUDGE WOODRUFF: Thank you.

22 Are there any questions for Mr. Siemek on
23 this issue? All right. Hearing none, then we'll
24 move on up to the Bench, Commissioner Murray?

25 COMMISSIONER MURRAY: I don't believe so.

1 Just one moment. No, I don't have any questions.
2 Thank you.

3 JUDGE WOODRUFF: Commissioner
4 Schemenauer?

5 COMMISSIONER SCHEMENAUER: No questions.

6 JUDGE WOODRUFF: No recross and no
7 redirect, you may step down.

8 Now, we'll talk to Mr. Russo.

9 MR. FREY: Thank you.

10 JUDGE WOODRUFF: And I believe this is
11 your first time on the stand in this case, so would
12 you please raise your right hand.

13 (Witness sworn.)

14 JUDGE WOODRUFF: You may inquire.

15 MR. FREY: Thank you, your Honor.

16 JAMES RUSSO, being first duly sworn, testified as
17 follows:

18 DIRECT EXAMINATION BY MR. FREY:

19 Q. Please state your name for the record,
20 sir.

21 A. James M. Russo.

22 Q. And by whom are you employed and in what
23 capacity?

24 A. By the Missouri Public Service Commission
25 as a regulatory auditor.

1 Q. And are you the same James M. Russo who
2 prepared and caused to be filed in this case James
3 M. Russo rebuttal testimony both NP and HC, which
4 have previously been marked for identification
5 purposes as Exhibit 717NP and HC?

6 A. Yes.

7 Q. Do you have any corrections to make to
8 that prefiled testimony, sir?

9 A. No.

10 Q. If I asked you the same questions as are
11 contained in those documents, would your answers be
12 the same?

13 A. Yes.

14 Q. And are the answers true and accurate to
15 the best of your knowledge, information and belief?

16 A. Yes.

17 MR. FREY: Your Honor, I would offer
18 Exhibit 717 for admission into the record and
19 tender the witness for cross at this time.

20 JUDGE WOODRUFF: Is he also going to be
21 testifying on the next issue; is that right?

22 MR. FREY: Yes, he will.

23 JUDGE WOODRUFF: We may get to that today.

24 MR. FREY: So we're not --

25 JUDGE WOODRUFF: What we've been doing in

1 the past is not offering -- well, offering it, but
2 not admitting until he's testified on all issues.

3 MR. FREY: Okay. Fine. Thank you.

4 JUDGE WOODRUFF: Okay. So Mr. Russo has
5 been tendered for cross-examination. Are there any
6 questions?

7 Hearing none, we'll come up to the Bench.
8 Commissioner Murray?

9 COMMISSIONER MURRAY: Thank you.

10 QUESTIONS BY COMMISSIONER MURRAY:

11 Q. Good afternoon, Mr. Russo.

12 A. Good afternoon.

13 Q. On page 7 of your testimony, now I realize
14 this is a highly confidential document, but --

15 A. There's nothing on page 7.

16 Q. Okay. What I'm referring to on page 7 is
17 lines 8 through -- well, really the rest of that
18 paragraph. And in the way you characterize what
19 you consider appropriate for transaction cost
20 treatment, is that consistent -- is that treatment
21 consistent with prior Commission policy?

22 A. In terms of the last sentence there from
23 lines 15 through 17 would be consistent. Anything
24 above that, I have no knowledge of whether or not
25 that's been past policy.

1 Q. Okay. And the Staff's recommendation that
2 50 percent of those costs be allocated to
3 non-regulated operations, you say that's on the
4 basis that the joint applicants have not provided
5 the Staff any information concerning a reasonable
6 allocation of the acquisition adjustment to
7 non-regulated operations. Are you just using 50
8 percent as an arbitrary number or is it related to
9 something in particular?

10 A. The acquisition adjustment itself is going
11 to be 50 percent recovery and that was the basis.

12 Q. Okay. But you're recommending that 50
13 percent of the transaction costs be allocated to
14 non-regulated operations; is that correct?

15 A. Yes.

16 Q. And you're not saying, are you, that the
17 acquisition costs were 50 percent allocated to
18 non-regulated --

19 A. No, I'm not saying that, Commissioner.
20 Not at all. We did not have a number. We chose
21 the 50 percent based on -- and we chose the 40
22 years based on how the acquisition adjustment
23 itself would have been treated. And that's not to
24 say that the acquisition adjustment was going to
25 put it on regulated on that percentage.

1 Q. And on page 8 of your testimony, you set
2 out some things that you don't believe were
3 associated with transition costs; is that correct?

4 A. Could you --

5 Q. Maybe I didn't phrase that --

6 A. Are you referring to lines 16 through 18?

7 Q. Well, I'm referring to your reference to
8 work force transition costs -- all right. You
9 agree that those are transition costs, work force
10 transition costs?

11 A. Yes.

12 Q. But then you go on at lines 14 and
13 following and agree -- are you also agreeing that
14 conversion costs for computer systems to new
15 computer systems as well as the costs of facilities
16 needed to realize generation synergies? Are you
17 agreeing or disagreeing that those are transition
18 costs?

19 A. Those are transition costs, yes.

20 Q. And you disagree that legal costs and
21 banker fees are transition costs?

22 A. Yes, that is correct.

23 Q. And that is because we categorize them as
24 transaction costs?

25 A. Yes, Commissioner.

1 COMMISSIONER MURRAY: That's all the
2 questions I have. Thank you.

3 JUDGE WOODRUFF: Commission Schemenauer?

4 COMMISSIONER SCHEMENAUER: No questions.

5 JUDGE WOODRUFF: Any recross based on
6 questions from the Bench? Redirect?

7 MR. FREY: Yes. May I have a moment,
8 sir?

9 JUDGE WOODRUFF: Certainly.

10 MR. FREY: Thank you, your Honor.

11 REDIRECT EXAMINATION BY MR. FREY:

12 Q. Mr. Russo, I believe in answer to a
13 question from Commissioner Murray you mentioned
14 that there's a proposal for 50 percent recovery to
15 acquisition adjustment. Is that a UtiliCorp
16 proposal?

17 A. Yes.

18 MR. FREY: Thank you.

19 JUDGE WOODRUFF: Anything further?

20 MR. FREY: No further questions. Thank
21 you.

22 JUDGE WOODRUFF: You may step down,
23 Mr. Russo.

24 Mr. Hynemen, I believe is next.

25 And, Mr. Hynemen, I believe you did

1 testify earlier also.

2 THE WITNESS: Yes, sir, your Honor.

3 JUDGE WOODRUFF: So you are still under
4 oath.

5 And is he tendered for cross-examination?
6 Mr. Frey, is he tendered for cross-examination?

7 MR. FREY: I'm not Mr. Hynemen's attorney,
8 but --

9 MR. DOTTHEIM: Yes.

10 JUDGE WOODRUFF: Oh, okay.

11 MR. DOTTHEIM: Yes. Mr. Hynemen is
12 tendered for cross-examination.

13 JUDGE WOODRUFF: Thank you. The voice
14 from the corner.

15 MR. DOTTHEIM: Yes.

16 JUDGE WOODRUFF: Okay. Are there any
17 cross-examination questions for Mr. Hynemen?

18 Hearing none, we'll come up to the Bench.
19 Commissioner Murray?

20 COMMISSIONER MURRAY: Give me just a
21 moment, if you would, please.

22 JUDGE WOODRUFF: Certainly.

23 COMMISSIONER MURRAY: No questions. Thank
24 you.

25 COMMISSIONER SCHEMENAUER: No questions.

1 JUDGE WOODRUFF: No need for recross or
2 redirect then and you may step down.

3 And Mr. Robertson?

4 And, Mr. Robertson, you have testified
5 several times already. You're still under oath.

6 THE WITNESS: Yes, sir.

7 JUDGE WOODRUFF: Are there any
8 cross-examination questions for Mr. Robertson?

9 Hearing none, then we'll come up to the
10 Bench. Commissioner Murray? We keep doing this
11 faster and faster.

12 COMMISSIONER MURRAY: Yes, we do. I don't
13 have any questions. Thank you.

14 JUDGE WOODRUFF: Commissioner
15 Schemenauer?

16 COMMISSIONER SCHEMENAUER: I have no
17 questions.

18 JUDGE WOODRUFF: No need for recross or
19 redirect. You may step down.

20 JUDGE WOODRUFF: And that completes the
21 Transaction Cost issue. Taking us to our last
22 issue, Cost to Achieve.

23 MR. SWEARENGEN: Mr. Siemek.

24 JUDGE WOODRUFF: Mr. Siemek has returned.

25 Of course, you are still under oath,

1 Mr. Siemek.

2 MR. SWEARENGEN: I tender Mr. Siemek for
3 cross-examination.

4 JUDGE WOODRUFF: Thank you.

5 Are there any cross-examination questions
6 for Mr. Siemek on this issue?

7 Hearing none, we'll come up to the Bench.
8 Commissioner Murray?

9 COMMISSIONER MURRAY: I have no questions.

10 JUDGE WOODRUFF: Commissioner
11 Schemenauer?

12 COMMISSIONER SCHEMENAUE: No questions,
13 your Honor.

14 JUDGE WOODRUFF: All right. No recross or
15 redirect, and you may step down.

16 THE WITNESS: Thank you, your Honor.

17 MR. SWEARENGEN: That may be the last time
18 we see that gentleman.

19 JUDGE WOODRUFF: I believe so. Do we need
20 to get his evidence admitted?

21 MR. SWEARENGEN: His direct testimony is
22 Exhibit 7 and surrebuttal Exhibit 8.

23 JUDGE WOODRUFF: Okay. Exhibit 7 and 8
24 have been offered into evidence. Are there any
25 objections?

1 Hearing none, they will be admitted into
2 evidence.

3 (EXHIBIT NOS. 7 AND 8 WERE RECEIVED INTO
4 EVIDENCE.)

5 JUDGE WOODRUFF: And Mr. McKinney. Of
6 course, you are still under oath also.

7 Any cross-examination questions for
8 Mr. McKinney?

9 Hearing none, we'll come back up to the
10 Bench. Commissioner Murray?

11 COMMISSIONER MURRAY: No questions.

12 JUDGE WOODRUFF: Commissioner
13 Schemenauer?

14 COMMISSIONER SCHEMENAUE: No questions.

15 JUDGE WOODRUFF: No recross and redirect
16 and you step down.

17 THE WITNESS: Thank you.

18 JUDGE WOODRUFF: Thank you.

19 MR. SWEARENGEN: We will see him again
20 tomorrow.

21 JUDGE WOODRUFF: I believe Mr. Russo is up
22 again. Okay. Mr. Russo, you are still under
23 oath.

24 Are there any cross-examination questions
25 for Mr. Russo?

1 Hearing none, we'll come back up to the
2 Bench. Commissioner Murray?

3 COMMISSIONER MURRAY: No questions.

4 JUDGE WOODRUFF: Commissioner
5 Schemenauer?

6 COMMISSIONER SCHEMENAUER: No questions.

7 JUDGE WOODRUFF: No recross or redirect
8 and this is his last appearance; is that right?

9 MR. FREY: Yes.

10 JUDGE WOODRUFF: So we need to deal with
11 his testimony, 717 and 717HC; is that correct?

12 MR. FREY: Yes, your Honor. Yes.

13 JUDGE WOODRUFF: Are you offering this
14 into evidence at this point?

15 MR. FREY: Yes. I'd like to offer Exhibit
16 717HC and NP into evidence at this time.

17 JUDGE WOODRUFF: Exhibit 717 and 717HC
18 have been offered into evidence? Are there any
19 objections?

20 Hearing none, they will be received into
21 evidence.

22 (EXHIBIT NOS. 717 AND 717HC WERE RECEIVED
23 INTO EVIDENCE.)

24 (Witness excused.)

25 JUDGE WOODRUFF: Mr. Hynemen again. And

1 you are also still under oath.

2 MR. DOTTHEIM: Staff tenders Mr. Hynemen
3 for cross-examination on the Cost to Achieve issue.

4 JUDGE WOODRUFF: Are there any questions
5 for Mr. Hynemen on cross-examination?

6 Hearing none, Commissioner Murray?

7 COMMISSIONER MURRAY: No questions.

8 JUDGE WOODRUFF: Commissioner
9 Schemenauer?

10 COMMISSIONER SCHEMENAUER: No questions.

11 JUDGE WOODRUFF: No recross or redirect
12 and you may step down.

13 MR. COFFMAN: We offer Mr. Robertson on
14 the issue of Cost to Achieve.

15 JUDGE WOODRUFF: Okay. Any
16 cross-examination questions for Mr. Robertson?

17 Commissioner Murray?

18 COMMISSIONER MURRAY: No questions.

19 JUDGE WOODRUFF: Commissioner
20 Schemenauer?

21 COMMISSIONER SCHEMENAUER: No questions.

22 JUDGE WOODRUFF: No recross or redirect.
23 You may step down, although this is his last time,
24 I believe.

25 MR. COFFMAN: I would like to ultimately

1 offer the testimony of Mr. Ted Robertson into the
2 record and that would be, I believe, the Exhibits
3 202NP and 202HC.

4 JUDGE WOODRUFF: Okay. Exhibits 202HC and
5 202NP have been offered into evidence. Are there
6 any objections?

7 Hearing none, they will be received into
8 evidence.

9 (EXHIBIT NOS. 202HC AND 202NP WERE
10 RECEIVED INTO EVIDENCE.)

11 JUDGE WOODRUFF: And that should take care
12 of matters for today.

13 Yes, Mr. Dottheim?

14 MR. DOTTHEIM: Judge, I have with me
15 copies of the final EMS run, the final accounting
16 schedules.

17 JUDGE WOODRUFF: Okay.

18 MR. DOTTHEIM: If we could mark those as
19 an exhibit, I could offer them and if the parties
20 would like to review them this evening, I could ask
21 that they be moved into evidence tomorrow.

22 JUDGE WOODRUFF: Okay. Now, we've already
23 got Staff accounting schedules marked as 720. Are
24 you going to offer those separately?

25 MR. DOTTHEIM: Yes.

1 JUDGE WOODRUFF: This will be 730 then,
2 revised Staff accounting schedules. And we'll
3 defer until tomorrow to take up objections.

4 MR. DOTTHEIM: I'll give to the court
5 reporter three copies and a copy for the Bench.

6 (EXHIBIT NO. 730 WAS MARKED FOR
7 IDENTIFICATION BY THE REPORTER.)

8 JUDGE WOODRUFF: Anything else that needs
9 to be taken up on the record? Then we are
10 adjourned until 8:30 tomorrow.

11 (THE HEARING WAS ADJOURNED UNTIL 8:30 A.M.
12 FRIDAY, JULY 14, 2000.)
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