



Martha S. Hogerty
Public Counsel

State of Missouri

Roger B. Wilson
Governor

Office of the Public Counsel
Governor's Office Building
200 Madison, Suite 650
P.O. Box 7800
Jefferson City, Missouri 65102

Telephone: 573-751-4857
Facsimile: 573-751-5562
Web: <http://www.mo-opc.org>
Relay Missouri
1-800-735-2966 TDD
1-800-735-2466 Voice

October 23, 2000

Mr. Dale H. Roberts
Secretary/Chief Regulatory Law Judge
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED

OCT 23 2000

**RE: St. Joseph Power and Light
Case No. EO-2000-845**

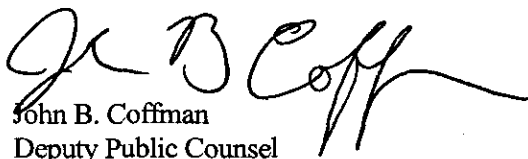
Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case please find the original and eight copies of **Public Counsel's Statement of Position**. I have on this date mailed, faxed, and/or hand-delivered the appropriate number of copies to all counsel of record. Please "file" stamp the extra enclosed copy and return it to this office.

Thank you for your attention to this matter.

Sincerely,


John B. Coffman
Deputy Public Counsel

JBC:jb

cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

OCT 23 2000

Missouri Public
Service Commission

In the matter of the application of)
St. Joseph Light & Power Company for) Case No. EO-2000-845
the issuance of an accounting authority)
order relating to its electrical operations.)

PUBLIC COUNSEL'S STATEMENT OF POSITION

Comes Now the Office of the Public Counsel (Public Counsel) and for its Statement of
Positions states as follows:

1. **Should the Commission grant to SJLP an Accounting Authority Order to defer recognition of the costs it incurred as the result of the incident at Unit 4/6 at SJLP's Lake Road Power Plant on June 7, 2000?**

No. Regardless of the standard applied, SJLP does not deserve to receive extraordinary accounting relief for costs incurred as a result of this incident. The Commission has traditionally granted AAOs only when the nature of the event is one that was beyond the control of the utility. In this case, the evidence shows that, but for SJLP's own acts and omissions, the costs that SJLP wants to defer would not have been incurred.

2. **Was the cause of the costs SJLP seeks to defer in this case due to SJLP operator error?**

Yes, along with other SJLP acts and omissions. The fire and explosion at the Lake Road Power Plant on June 7, 2000 was not the result of an Act of God or of any unforeseen mechanical failure beyond SJLP's control.

3. **If the answer to (2) is "yes," was the SJLP operator error that caused the costs SJLP seeks to defer in this case the result of circumstances created by SJLP?**

Yes.

4. **If the answer to (3) is "yes," should the Commission grant to SJLP an Accounting Authority Order to defer recognition of the costs it incurred as the result of the incident at Unit 4/6 at SJLP's Lake Road Power Plant on June 7, 2000?**

Absolutely not.

5. **Was the cause of the incident at Unit 4/6 at the Lake Road Power Plant on June 7, 2000, the result of SJLP's acts and/or omissions?**

Yes. This incident was completely within SJLP's control, and in fact, occurred as a direct result of SJLP's acts and omissions, including a decision to place the refurbished unit into operation with full knowledge that its operators were not sufficiently trained to operate it and a failure to follow standard operating procedures.

6. **Was the event involving Unit 4/6 at the Lake Road Power Plant on June 7, 2000, an "extraordinary event" as that term has been used by the Commission in the approval of past Accounting Authority Orders?**

No. Although the Commission reviews AAOs on a case-by-case basis, it has traditionally analyzed whether the nature of the event was "extraordinary" based upon whether it was an event that was "unpredictable" and beyond the control of the utility. In this case, the evidence shows that, but for SJLP's own acts and omissions, the costs that SJLP wants to defer would not have been incurred, and therefore, this event does not meet the Commission's definition of "extraordinary" for purposes of granting an AAO.

7. **Was the event involving Unit 4/6 at the Lake Road Power Plant on June 7, 2000, a "nonrecurring event" as that term has been used by the Commission in the approval of past Accounting Authority Orders?**

No. Outages (both forced and planned) are normal occurrences for electric utilities. The Commission has also found previously that purchased power contracts themselves are recurring events that are a fundamental undertaking for an electric utility.

8. **Do the costs identified by SJLP resulting from the June 7, 2000 event qualify as "material" under the Uniform System of Accounts definition of material?**

Yes. However, the Commission should not confuse a question about whether the size of costs are material with the question of whether the nature of the event causing these costs is deserving of extraordinary accounting relief.

9. **Should the Commission adopt the new criteria for the issuance of an AAO advocated by Staff in the prepared rebuttal testimony of Mr. Harris?**

It is not necessary. Denying the requested AAO is entirely consistent with past Commission orders which define the "extraordinary and nonrecurring event" standard. See answers to (7) and (8) above.

10. **Should the Commission authorize the deferral of \$3,332,931 as requested by SJLP, or some other amount?**

No deferral at all is appropriate.

11. **Should the Commission address the issue of prudence in this case?**

No. Although some of the facts relevant to this case could also be the relevant to a prudence review in a rate case, prudence is not the issue. The relevant issue at hand is whether SJLP deserves special accounting relief for costs resulting from an event caused by SJLP's own acts and omissions.

12. **If the Commission allows SJLP to defer costs pursuant to an AAO, when should the Commission require the amortization to begin?**

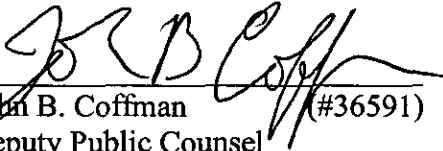
If the Commission believes that SJLP deserves the requested AAO, the amortization of the deferral should begin with SJLP's September 2000 financial statements.

13. **If the Commission allows SJLP to defer costs pursuant to an AAO, when should SJLP be required to file a rate case to recover the deferred costs?**

No.

Respectfully submitted,

OFFICE OF THE Public Counsel

By: 
John B. Coffman (#36591)
Deputy Public Counsel
Douglas E. Micheel (#38371)
Senior Public Counsel
P. O. Box 7800
Jefferson City, MO 65102
(573) 751-5560
(573) 751-5562 FAX

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following this 23rd day of October 2000:

Gary Duffy
Brydon, Swearngen & England
P. O. Box 456
Jefferson City, MO 65102

Steven Dottheim
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Stuart W. Conrad
Finnegan, Conrad and Peterson
1209 Penntower Office Bldg.
3100 Broadway
Kansas City, MO 64111

A handwritten signature in black ink, appearing to read "J. Coffey", is written over a horizontal line.