

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 9th  
day of September, 1983.

CASE NO. ER-84-23

In the matter of Missouri Public  
Service Company of Raytown, Missouri,  
for authority to file tariffs  
increasing rates for electric service  
provided to customers in the Missouri  
service area of the Company.

---

SUSPENSION ORDER AND  
NOTICE OF PROCEEDINGS

On August 12, 1983, Missouri Public Service Company of Raytown,  
Missouri, submitted to this Commission tariffs reflecting increased rates for  
electric service provided to customers in the Missouri service area of the  
Company. The proposed tariffs bear a requested effective date of September 12,  
1983. The proposed tariffs are designed to produce an increase of approximately  
11.8 percent (\$18,000,000) in charges for electric service.

To allow sufficient time to study the effect of the proposed tariffs  
and to determine if they are just, reasonable and in the interest of the public,  
it is the opinion of the Commission that the proposed tariffs should be  
suspended for a period of one hundred twenty (120) days beyond September 12,  
1983, the requested effective date, unless otherwise ordered by this Commission.

Inasmuch as the Commission is required by law to give the hearing and  
decision of rate increase cases preference over all other questions pending  
before it and to decide the same as speedily as possible, and since the burden  
of proof that the proposed rates are just and reasonable is upon the company

proposing same, the Commission is of the opinion that a hearing should be scheduled at which time the Company shall present its entire case in support of these proposed rates. To facilitate the hearing process in this matter, the Commission concludes that a schedule of proceedings should be established, and that all parties should be required to file prepared testimony and schedules in advance of the hearing, as hereinafter ordered. The Commission would further note that on September 8, 1983, Company filed a motion indicating that it would be unable to make its required filings before November 4, 1983. The schedule of proceedings set forth herein reflects the additional time requested by Company.

The Commission is further of the opinion that the Secretary of the Commission should serve a copy of this Order upon the mayor of each city, and the county court of each county in the Company's service area. In addition, the Secretary shall send notice of this Order to the publisher of each newspaper located in the counties in which the Company provides service, as listed in the Newspaper Directory of the current Official Manual of the State of Missouri, and to the members of the General Assembly representing the Missouri area served by the Company.

Any city, county, or other proper entity desiring to intervene in this proceeding shall file its application to intervene within thirty (30) days following the date of this Order as provided by 4 CSR 240-2.110(14) and shall serve a copy of the application on the Company's attorney, W. R. England, III, Hawkins, Brydon & Swearngen, P. O. Box 456, Jefferson City, Missouri 65102.

The Commission is also of the opinion that the Company should give notice to its customers pursuant to 4 CSR 240-2.110(12) in the manner provided below.

In past cases before the Commission, parties have attempted to offer as rebuttal evidence, evidence which actually supplements their prefiled

testimony and schedules and should have been filed therewith. Opposing parties have then claimed unfair surprise. The practice of prefiling testimony is designed to give parties notice, at the earliest reasonable opportunity, of the claims, contentions and evidence in issue and to avoid unnecessary objections and delays in the proceedings caused by such allegations of unfair surprise at the hearing.

To avoid such disputes, the Commission is hereby defining "direct", "rebuttal" and "surrebuttal" testimony and schedules. Each party's "direct" testimony and schedules must include all testimony and schedules asserting and explaining that party's proposed adjustments to the Company's book figures, as well as all testimony and schedules asserting and supporting that party's proposed rate base, proposed rate of return, proposed rate design, and any other proposed changes in or additions to the Company's tariffs. The "direct" testimony and schedules must also include all testimony and schedules regarding issues concerning the quality of service being provided by the Company. Each party shall file its entire "direct" case in accordance with the deadlines established by the Commission, and all direct testimony and schedules shall be prefiled. Witnesses will not be permitted to supplement the prefiled direct case at the hearing.

"Rebuttal" testimony and schedules include testimony and schedules which explain why a party rejects or disagrees with adjustments to book figures proposed by another party, and testimony and schedules which explain why a party rejects or disagrees with the rate base, rate of return, rate design or any other changes in or additions to the Company's tariffs proposed by another party. "Rebuttal" testimony and schedules also include testimony and schedules which are responsive to the testimony and schedules contained in any other party's direct case regarding the quality of service being provided by the

Company. Rebuttal testimony and schedules on any issue in this case must be prefiled and served on all parties as ordered below. Witnesses will not be permitted to supplement prefiled rebuttal evidence. The Commission will not countenance any effort to present a party's entire case as "rebuttal".

"Surrebuttal" testimony and schedules on any issue in this case must also be prefiled, as ordered below. "Surrebuttal" testimony and schedules must be limited to material which is responsive to matters raised in another party's "rebuttal" testimony and schedules, and are not to merely bolster or reiterate matters previously presented by direct or rebuttal testimony and schedules. Some surrebuttal testimony may be generated by the cross-examination of a witness in the hearing, and thus cannot be prefiled. However, parties will not be permitted to present surrebuttal evidence which was not prefiled if it could and should reasonably have been prefiled under the policy established in this Order.

Nothing herein, nor in any other order in this case, shall preclude a party from addressing, or having a reasonable opportunity to address, matters not previously disclosed and arising at the hearing. The Commission, in its discretion and for good cause shown, may waive strict application of these requirements.

The Commission is of the opinion the Company should submit any requests for true-up at an early date. The requests should include a proposed date to which the Company's financial data is to be brought forward as well as a proposed time for a true-up hearing. The Company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any improper mismatch in those areas. The Commission will not consider isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue-expense-rate base match at a proper

point in time. Re: Kansas City Power & Light Company, Case No. ER-83-49 at page 8 (issued July 8, 1983). The Company shall also file at an early date its recommendation concerning the proper test year, as adjusted, to be used in these proceedings.

The Commission's Staff, the Public Counsel and all intervenors shall respond by either concurring in the Company's proposal or setting forth alternatives to Company true-up and test year proposals at an early date as well.

In light of the decision of the Missouri Court of Appeals in State ex rel. Fischer v. Public Service Commission, WD-33143 (Mo. Ct. App., Nov. 9, 1982), Motion for Transfer denied, Docket Nos. 64749 and 64754 (Mo. S. Ct. Feb. 23, 1983), the Commission advises the parties that any stipulation and agreement which may be entered into by fewer than all parties in this case will be handled in the following manner, unless otherwise ordered by the Commission:

1. Such a stipulation and agreement will be considered as the joint recommendation of those parties who are signatories thereto.
2. The case will go to hearing as with any other contested proceeding before the Commission, and an opportunity will be afforded to all parties to call witnesses, subpoena witnesses, cross-examine witnesses, and provide documentary evidence and other information in accordance with Commission procedures, custom and practice. A Commission determination as to the desirability of oral argument or briefing will be made at the close of the evidence, after the receipt of recommendations of the parties.
3. The Commission will then consider the case as fully submitted, and will reach its final decision in the case subject only to the usual motions for rehearing, other post-hearing motions, and the appeal process. In the event all or a portion of the joint recommendation is not accepted by the Commission, there will be no additional hearing as was the case under prior Commission procedures, custom and practice in connection with stipulations and agreements.

In order to follow-up with respect to prior Commission orders concerning Company, and receive certain information concerning Company, the Commission requests that certain issues as contained in ORDERED sections below be included among those issues to be presented to the Commission for its consideration. The Commission understands that the parties may have information, questions and comments concerning these requests. The parties should bring these to the attention of the Commission by motion or other appropriate means by the date set forth for motions for continuance.

The Commission understands that the schedule set forth herein may require adjustment for good cause shown at the request of one or more parties. For example, due to the number of Commission requests herein and the number and complexity of pending rate cases, the auditors and other rate case personnel of the Staff, Public Counsel or intervenors may require additional time to properly prepare the case. It may be that the Company would seek additional time in the scheduling of this case in order to include updated rate base, expense or revenue information. These matters should be brought to the attention of the Commission by means of motions for continuance within the time frame set forth herein.

In order to clearly identify the issues between the parties and the dollar amounts associated with those issues, the Commission emphasizes the importance of the deadlines for filing the hearing memorandum and reconciliation as hereinafter ordered.

It is, therefore,

ORDERED: 1. That all proposed tariff sheets submitted on August 12, 1983, by Missouri Public Service Company of Raytown, Missouri for the purpose of increasing rates for electric service provided to customers in its Missouri service area be, and are hereby, suspended for a period of one hundred twenty

(120) days from September 12, 1983, to January 10, 1984, unless otherwise ordered by the Commission.

ORDERED: 2. That any proper entity desiring to intervene and participate herein shall, except for good cause shown, file its application to intervene and serve a copy of same upon the Company's attorney on or before October 10, 1983.

ORDERED: 3. That unless otherwise ordered by the Commission, the Company shall file fifteen (15) copies of its prepared direct testimony and schedules and minimum filing requirements with the Secretary of the Commission, and shall serve two (2) copies of same upon the Public Counsel and each party who has filed a timely and proper application to intervene, on or before November 4, 1983.

ORDERED: 4. Concurrently with the filing of its prepared testimony and exhibits in this matter, the Company shall file with the Commission its recommendation concerning the proper test year, as adjusted, for use in this case. That on or before December 5, 1983, the Commission's Staff, the Public Counsel and the intervenors shall either concur in the Company's recommendation or shall recommend alternatives to the Company's suggested adjusted test year.

ORDERED: 5. That the Commission Staff shall file fifteen (15) copies of its prepared direct testimony and schedules with the Secretary of the Commission, and serve five (5) copies of same upon the Company and two (2) copies of same upon the Public Counsel and each intervenor, on or before February 13, 1984.

ORDERED: 6. That the Public Counsel and each intervenor shall file fifteen (15) copies of their prepared direct testimony and schedules with the Secretary of the Commission, and serve five (5) copies of same upon the Company

and two (2) copies of same upon each other party, on or before February 13, 1984.

ORDERED: 7. That all parties in this matter shall file rebuttal testimony and schedules, as defined herein, no less than three (3) days, and surrebuttal testimony and schedules no less than one (1) day, prior to the initial day of hearing before the Commission of the issue addressed by that evidence. Such testimony and schedules shall be filed with the Secretary of the Commission and served upon all parties in the quantities set forth for direct testimony and schedules above.

ORDERED: 8. That a witness' testimony shall be designated as an "Exhibit", and any attachments to a witness' testimony shall be designated as "Schedules".

ORDERED: 9. That all direct, supplemental, rebuttal and surrebuttal testimony and other exhibits and schedules shall contain the following information, in the following format, in the upper right hand corner of a cover sheet:

Exhibit No.: (To be marked by hearing reporter)  
Issue: (If known at the time of filing)  
Witness/Type of Exhibits: (Specify witness' last name only and whether  
Sponsoring Party: direct, supplemental, rebuttal, or other  
Company: type of exhibit)  
Case No.:

ORDERED: 10. That the Company be, and is hereby, ordered to notify each affected customer of any hearing by either an imprint on a bill, or in a separate notice accompanying a billing, at least fifteen (15) days but not more than forty-five (45) days before the hearing set by this Order, unless otherwise ordered by the Commission. Such notice shall be in the following form:

#### NOTICE

The (Company) has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase the Company's Missouri jurisdictional annual gross revenues by approximately



\_\_\_\_\_ percent. For the average customer using \_\_\_\_\_ kwh per month, the proposed increase is \_\_\_\_\_ percent, or \$ \_\_\_\_\_. A hearing will be held before the PSC beginning at 1:00 p.m., \_\_\_\_\_, in the PSC's Hearing Room on the Tenth Floor of the Jefferson State Office Building, Jefferson City, Missouri. If you wish to comment, secure information, or otherwise participate in this case, you may contact in writing the Office of Public Counsel, 1014 Northeast Drive, Jefferson City, Missouri 65101, telephone 314/751-4857.

ORDERED: 11. That a prehearing conference in this matter be, and is hereby, scheduled to commence at 9:00 a.m. on March 5, 1984, in the Commission's hearing room on the tenth floor of the Jefferson State Office Building, Jefferson City, Missouri, and shall continue through March 9, 1984, as necessary.

ORDERED: 12. That a party may be dismissed from this proceeding for failure of the party's attorney to appear and participate at the prehearing conference, unless excused in accordance with 4 CSR 240-2.090(4).

ORDERED: 13. That the parties shall file a hearing memorandum setting out the issues to be heard, definitions of terms used in describing those issues, each party's position on those issues and quantification of the amount on each issue in dispute no later than March 16, 1984. As an Appendix to the Hearing Memorandum, the parties shall include a reconciliation setting forth the total amount or values of each party's case as well as the individual contested amounts or values associated with each party's total recommendation for expenses, revenues and rate base. If necessary, the reconciliation may be amended or replaced during the proceedings to reflect any change in the issues or amounts in controversy.

ORDERED: 14. That in the body of the hearing memorandum to be filed with the Commission as set forth above, the parties shall cause to be included with respect to each issue, after a description of the parties' position, the most recent two or three orders of this Commission pertaining thereto, and a statement of whether the cited cases are in support of, or in opposition to, the treatment proposed by each party in the instant case.

ORDERED: 15. That all parties shall be present at 10:00 a.m. on March 19, 1984, to mark exhibits and to dispose of all preliminary hearing matters. All parties shall present their testimony, schedules and witnesses for examination and cross-examination at a hearing commencing at 1:00 p.m. on March 19, 1984, and continuing through March 23, 1984, as necessary. Said hearing shall be held in the Commission's hearing room on the tenth floor of the Jefferson State Office Building, Jefferson City, Missouri.

ORDERED: 16. Concurrently with the filing of its prepared testimony and exhibits the Company shall file any requests for true-up audit and hearing. In addition to a proposed point at which the Company's expenses, revenues and rate base shall be brought forward, the Company's recommendation shall include a time for true-up hearing and a complete listing of the accounts or items of expense, revenues and rate base to be subject to true-up. On or before December 5, 1983, the Commission Staff, the Public Counsel and all intervenors shall either concur in the Company's request or file suggested alternatives to the Company's recommendation regarding true-up.

ORDERED: 17. That since it is apparent that the investigation of these tariffs cannot be completed within 120 days, the tariffs are hereby further suspended for a period of six (6) months beyond January 10, 1984, to July 10, 1984, unless otherwise ordered by the Commission.

ORDERED: 18. That any motions for continuance or extensions of time of the proceedings or events established herein, or matters of information, questions or comments on the Commission requests contained herein, shall be filed on or before September 26, 1983, by Company, Staff and Public Counsel, and on or before October 26, 1983, by any intervenors.

ORDERED: 19. That motions for continuance and any other motions submitted in this case shall be accompanied by suggestions in support thereof.

Other parties shall have five (5) days to respond thereto, utilizing time calculations in the Missouri Supreme Court rules of civil procedure.

ORDERED: 20. That all counsel and parties to this proceeding shall review 4 CSR 240-4.020 and comply with its terms; shall communicate the meaning and importance of that rule to all personnel who counsel believes or reasonably should believe ought to be made aware of same; and all counsel shall immediately report to the Commission all future possible violations of any Commission rule by any party, including the party they represent.

ORDERED: 21. That Company and Staff shall, in their direct case, and other parties may in their direct case or rebuttal, undertake to provide evidence and argument sufficient for the Commission to determine:

A. The degree to which the Company has "efficient and economical management", describing a specific methodology and criteria for such determination; further, whether a Commission determination on this point should be utilized by the Commission in making its determination of the Company's authorized return on equity or rate base and, if so, how it should be so utilized; further, whether a Commission determination on this point should be utilized after its determination of Company's required return on equity or rate base as an adjustment thereto, and, if so, how it should be so utilized; further, if a party believes the preceding approaches are not the most appropriate, then a specific adjustment, or plan, whereby the Company will have incentives for efficient management and disincentives for inefficient management.

B. Whether Company is experiencing some form of "attrition" and if so: (1) whether the Commission should take any action

with respect thereto, and, if so, (2) what alternatives exist and what recommendations of the parties are with respect to such action.

C. Whether the Company's employee levels and wage and salary related expenses are reasonable and, if not, what adjustment should be made thereto.

D. Whether the Company's costs of long-term and short-term debt, and equity, are reasonable and, if not, what adjustment should be made thereto.

E. Whether the Company's depreciation expenses are reasonable and, if not, what adjustments should be made thereto.

F. The reasonableness of the Company's rate design and, if not reasonable in one or more respects, what adjustments should be made thereto and, further, in the event that a party believes that the Company's rate design should be reviewed separately from this case, then that party's suggestions with respect thereto.

G. The reasonableness of the Company's allocation of plant, revenues and expenses among the Company's rate jurisdictions and, further, among the Company's several regulated activities and, further, between the Company's regulated and unregulated activities, if any.

H. If the Company includes in its test year expenses any amount for advertising expense, particularly for goodwill advertising, then its effect and its benefit to the ratepayers (through the use of expert testimony. See Report and Order in P.S.C. Case No. ER-82-52, Re: Union Electric Company, decided July 2, 1982).

I. If the Company includes in its test year expenses any amount relating directly or indirectly to the attempted acquisition of The Gas Service Company, then whether the Company's inclusion is reasonable and, if not, what adjustments should be made thereto.

J. The reasonableness of the Company's calculation of the allowance for funds used during construction.

K. The adequacy of the Company's plans for implementation of the PURPA Standards approved in Case No. ER-83-40, including load management plans, and, if the Company's plans are not adequate, then specific recommendations for Company action that should be ordered by the Commission.

ORDERED: 22. That any Stipulation and Agreement submitted in this case shall conform to the requirements stated herein, unless otherwise ordered by the Commission.

ORDERED: 23. That the Secretary of the Commission shall serve a copy of this Order and provide notice as described, supra.

ORDERED: 24. That this Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs  
Secretary

(S E A L)

Shapleigh, Chm., DORITY  
and Mueller, CC., Concur.  
Musgrave and Hendren, CC.,  
Absent.