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September 7, 2000

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Director, Administration

DALE HARDY ROBERTS  
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DANA K. JOYCE  
General Counsel

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

**RE: Case No. EO-2000-845**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of the **STAFF'S PROPOSED PROCEDURAL SCHEDULE**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Nathan Williams  
Assistant General Counsel  
(573) 751-8702  
(573) 751-9285 (Fax)

NW/lb  
Enclosure  
cc: Counsel of Record

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**FILED<sup>2</sup>**  
SEP 7 2000

Missouri Public  
Service Commission

In the Matter of the Application of St. )  
Joseph Light & Power Company for the )  
Issuance of an Accounting Authority )  
Order Relating to Its Electrical )  
Operations. )

Case No. EO-2000-845

**STAFF'S PROPOSED PROCEDURAL SCHEDULE**

COMES NOW the Staff of the Missouri Public Service Commission and for its Proposed Procedural Schedule, respectfully states:

1. On June 23, 2000, St. Joseph Light & Power Company ("SJLP"), pursuant to § 393.140.4 and 393.140.8, RSMo. 1994, filed its Application seeking from the Commission an Accounting Authority Order ("AAO") relating to SJLP's electric operations.
2. On July 17, 2000, the Commission issued an Order that, *inter alia*, granted the motion of AG Processing, Inc. ("AGP") to intervene and set an early prehearing conference date of August 31, 2000.
3. On August 31, 2000, SJLP, AGP, the Staff and the Office of the Public Counsel ("OPC") appeared for the prehearing conference. SJLP suggested a procedural schedule that included a two-day hearing on Thursday and Friday, October 26-27, 2000. The Staff, AGP and OPC indicated that this date was unworkable and the parties engaged in off-the-record discussions. Although the parties engaged in lengthy discussions, they were unable to reach consensus on a proposed procedural schedule.
4. During the prehearing conference SJLP related that it had revised its estimate of costs for which it seeks an AAO from the \$7.1 million stated in its application to \$3.5 million.

Rather than first learning from SJLP, which is seeking an expedited procedural schedule, that it had revised the estimate, the Staff first became aware that SJLP had revised its cost estimate on or about August 22, 2000 from an article on page 18 of the August 21, 2000 edition of the publication Electric Utility Week. A copy of the article is attached hereto. While SJLP has provided responses to various Staff data requests, only in the last few days has the Staff received information which SJLP contends will permit the Staff to review how SJLP determined this \$3.5 million figure. The Staff is still waiting for additional information from SJLP in order for the Staff to perform its own analysis using the Staff's production cost model.

5. Unlike any other request for an AAO that the Staff can recall, the Staff already has serious questions as to whether any part of the costs relating to this incident for which SJLP seeks an AAO should ever be recoverable from SJLP ratepayers. Based on information of which the Staff has been made aware to date, the Staff has reason to believe that the damages to Turbine/Generator #4 and Boiler 6 were caused by imprudent operator error. Generally, utilities have sought AAOs for costs incurred due to "acts of God," for other extraordinary events beyond the company's control, or for major capital additions. In these cases the contested issues typically have been whether the costs incurred are sufficient to warrant an AAO, what costs are appropriate for inclusion in an AAO, what is the proper quantification of the costs sought to be covered by the AAO and what are the proper bookkeeping entries respecting such costs. In contrast, this case appears to involve an outage directly related to imprudence.

6. SJLP has advised the Staff that SJLP's proposed procedural schedule is based, in part, on its desire to avoid any need to issue revised financial statements when the Commission issues its AAO order. Thus, SJLP desires to have the issue of this AAO request resolved before it closes its books in the third week of January 2001. While the mere grant of an AAO does not

guarantee or assure certain ratemaking treatment, it may be viewed as some indication respecting the possibility of ratemaking treatment concerning such costs. As a consequence, the Staff views with great seriousness a need to indicate to the Commission the Staff's concern at this stage of the case that imprudence appears to be the cause of the incident that resulted in the costs that this AAO request is intended to cover.

7. This Commission has pending before it a related case—Case No. ES-2001-28. In its Order Establishing Case entered July 27, 2000, the Commission ordered the Staff to file no later than December 6, 2000, the Staff's final or interim incident report regarding the same incident that prompted SJLP to file the instant case. In the paragraph immediately preceding the ordered paragraphs of its July 27, 2000 Order Establishing Case, the Commission stated the following: "The Commission determines that a case should be established to receive information relevant to the above-described incident and to determine what, if any, action by the Commission is warranted." In light of all the foregoing, the Staff finds the Commission's statement very relevant and suggests to the Commission that it would be helpful for the Commission to have the benefit of the Staff's incident report before entering any AAO in this case. The procedural schedule the Staff proposes below would permit the Commission to have the benefit of the Staff's incident report for a longer period of time before it enters its Report and Order in the instant case than would be the case regarding SJLP's proposed procedural schedule.

8. The Staff requires information that it has requested from SJLP but has not yet received regarding quantification of the cost of the outage which is covered by the AAO requested. This information is needed in order to evaluate the appropriateness of SJLP's request for an AAO and to prepare the Staff's rebuttal testimony. The receipt of this outstanding information which the Staff requires is dependent upon SJLP. The Staff needs approximately 45

days from the date when the Staff receives this information to review it, and file rebuttal testimony and schedules. If the Staff receives the outstanding information by September 15, 2000, and the preparation and delivery of the transcript of the evidentiary hearing is expedited, then the Staff proposes the following procedural schedule as appropriate under the circumstances:

Tuesday, September 12, 2000	SJLP Direct Testimony
Friday, September 15, 2000	SJLP provides to the Staff by this date all information that supports SJLP's \$3.5 million cost amount
Thursday, November 2, 2000	Rebuttal Testimony
Tuesday, November 7, 2000	List of Issues
Tuesday, November 14, 2000	Surrebuttal / Cross-surrebuttal Testimony
Friday, November 17, 2000	Statements of Position, Order of Witnesses and Order of Cross examination
Monday & Tuesday, November 27-28, 2000	Evidentiary Hearing
Thursday, December 21, 2000	Initial Briefs (All parties)
Wednesday, January 3, 2001	Reply Briefs (All parties)

9. The foregoing schedule reflects the Staff's attempt to balance its need for sufficient time to conduct an adequate review of the costs that SJLP seeks to have covered by the AAO, and SJLP's desire for an expedited proceeding. It is not the Staff's intent to prevent the Commission from having the time it needs to deliberate and issue its Report and Order. The Staff is attempting to accommodate SJLP within reason. In the unlikely event that SJLP declines to request expedited preparation and delivery of the transcript of the evidentiary hearing, then, alternatively, the Staff proposes the procedural schedule as follows:

Tuesday, September 12, 2000

SJLP Direct Testimony

Friday, September 15, 2000

SJLP provides to the Staff by this date all information that SJLP is relying upon to support SJLP's request for an AAO

Thursday, November 2, 2000

Rebuttal Testimony

Tuesday, November 7, 2000

List of Issues

Tuesday, November 14, 2000

Surrebuttal / Cross-surrebuttal  
Testimony

Friday, November 17, 2000

Statements of Position, Order of  
Witnesses and Order of Cross examination

Monday &  
Tuesday, November 27-28, 2000

Evidentiary Hearing

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Initial Briefs (All parties)

Friday, January 12, 2001

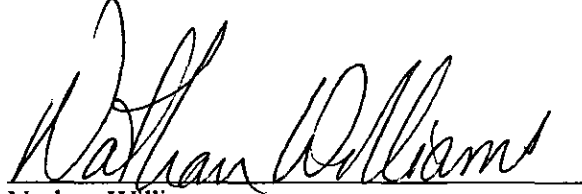
Reply Briefs (All parties)

*The only difference in this schedule from that proposed in the previous paragraph is the briefing schedule. The difference in the briefing schedule is due to the additional time necessary if the preparation and delivery of the transcript of the evidentiary hearing is not expedited.*

**WHEREFORE**, the Staff requests that the Commission issue its Order establishing a procedural schedule as specifically set forth herein.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

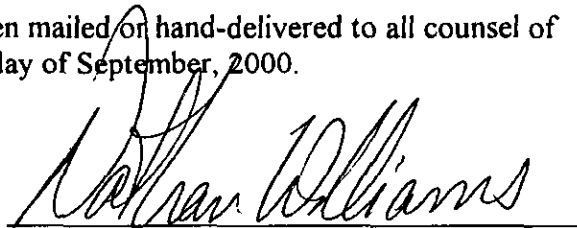
A handwritten signature in cursive script, appearing to read "Nathan Williams", written over a horizontal line.

Nathan Williams  
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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 7<sup>th</sup> day of September, 2000.

A handwritten signature in cursive script, appearing to read "Nathan Williams", written over a horizontal line.

Packard also has a major manufacturing plant in Roseville.

Several new commercial office buildings have been built in the city this summer and a new regional mall is opening later this month. Roseville is also adding about 2,000 new residential electricity accounts a year. The city's current 74,200 population is projected to increase to 95,200 in five years.

Because of this explosive growth the Enron contract will only supply about one-sixth of Roseville's electric load by 2005, Habashi said. The muni will thus have to continue buying power on a forward monthly basis in the market. "Volatility will still be considerable," he said.

Six months ago the muni opened its doors to retail competition and began offering customer choice. However, Roseville customers, including industrials, have expressed no interest in switching to direct-access power suppliers.

Many of Roseville's large customers have long-term power supply contracts with the city, Habashi said. "What's the sense of riding the market wave when those folks are committed to you for five years," he said.

## **MIDAMERICAN ENERGY PLANS TO FOLLOW ILLINOIS EXPERIENCE WITH OHIO SERVICE**

Des Moines, Iowa-based MidAmerican Energy said last week it intends to become a competitive player in Ohio when customer choice for electric service begins there on Jan. 1, 2001. Before providing electricity, MidAmerican said, it will also compete for natural gas customers in Ohio when that market opens Nov. 1.

This is MidAmerican's second entry into a deregulated energy market. For the past year the company has been offering competitive services in Illinois where sales recently hit a plateau of 1 billion kWh of power and 10 billion cubic feet of natural gas.

Ohio is the fourth largest energy market in the country behind Texas, California and Florida. It has estimated annual electric revenues of \$10.2-billion from 4.4 million customers and \$4.3-billion from 3.3 million natural gas customers, MidAmerican said.

In anticipation of the move, the company recently opened an office in Beachwood, Ohio.

## **OUTAGES**

### **ST. JOSEPH LIGHT & POWER'S KEY UNIT BACK ON-LINE THREE WEEKS EARLY**

St. Joseph Light & Power said Aug. 10 that its Lake Road Station was back on-line—about three weeks early and \$3.1-million under budget for repairs and replacement power.

The 97-MW, coal-fired baseload plant provides more than 25% of SJLP's power. Lake Road Station was damaged by a fire June 7, and had not been expected to be back in service until Sept. 1. Based on that, uninsured repairs and replacement power had been estimated to cost about \$7.1-million.

The company said actual costs are about \$4 million.

"Repairs and startup tests have been completed and the unit is producing electricity," said Dwight Svuba, SJLP vice president of energy supply.

The company had filed an application with the Missouri Public Service Commission for an Accounting Authority Order to defer the expenses resulting from the incident so the company can seek recovery in its next general rate case. However, it added, if the planned buyout of SJLP by UtiliCorp United is approved, some portion of the costs may be expensed.

## **FUELS**

### **OUTDATED TRANSMISSION POLICIES HURT U.S. WIND POWER GROWTH, GROUP ASSERTS**

Costly and complicated interconnection rules continue to stunt the growth of wind energy in the U.S., which has the potential to become a global leader in wind energy production, a new report sponsored by the American Wind Energy Assn. finds.

"Simply put, historically transmission systems have been built and transmission policies written to deliver power to customers from traditional utility resources," said AWEA's white paper, "Fair Transmission Access for Wind: A Brief Discussion of Priority Issues." Unless transmission policies are updated to recognize wind-power needs, the nation will be forced to rely on traditional energy sources and wind power will not reach its potential, the Washington-based group said.

The Federal Energy Regulatory Commission's recent Order 2000 gives regional transmission organizations sole authority over interconnection requests, which should help streamline and standardize wind-power interconnections, according to the report. But FERC needs to take other steps, AWEA recommended, including allocating embedded system costs to end-use customers rather than to generators, as it did in the case of the California Independent System Operator.

FERC should also make clear that existing facilities already delivering power to the grid should not face any new interconnection costs upon expiration or surrender of existing power sales contracts, the group recommended, and, among other steps, it should publicize the costs a utility will impose on new interconnections and it should support different connection requirements based on the size of a generator.

The white paper is available on AWEA's Website at [www.awea.org](http://www.awea.org).

### **PSCo ADDS 36 MW TO LARGEST 'CUSTOMER DRIVEN' WIND POWER PROGRAM IN COUNTRY**

Another 36 MW of wind power will be added to the Wind-source program of Public Service Co. of Colorado, bringing the utility's total to 56 MW, PSCo officials said Tuesday.

The company said Windsource is the largest such "customer-driven" program in the U.S. Development will span five years, with 4 MW of the new 36-MW program in service



Service List for  
Case No. EO-2000-845  
September 7, 2000

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