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January 9, 2002

FILED

JAN 09 2002

Mr. Dale Hardy Roberts
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

**Missouri Public
Service Commission**

RE: UtiliCorp United Inc. d/b/a Missouri Public Service - Case No. GA-2002-285

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of a Response to Staff Reply. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me.
Thank you for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

Dean L. Cooper
Dean L. Cooper *lyks*

DLC/rhg

Enclosures

cc: Mr. David Meyer, PSC
Mr. Doug Micheel, OPC

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

JAN 09 2002

In the Matter of the Application of UtiliCorp)
United Inc., d/b/a Missouri Public Service)
and St. Joseph Light & Power Company for)
an accounting authority order relating to)
Commission Rule 4 CSR 240-13.055(13).)

Missouri Public
Service Commission

Case No. GA-2002-285

RESPONSE TO STAFF REPLY

COMES NOW UtiliCorp United Inc. ("UtiliCorp"), d/b/a Missouri Public Service ("MPS") and St. Joseph Light & Power Company ("SJLP"), and hereby respectfully provides to the Missouri Public Service Commission ("Commission") the following response to the Staff Reply to UtiliCorp's Response ("Reply"):

Background

1. Earlier this afternoon (January 9, 2002), counsel for UtiliCorp received the Commission Staff's ("Staff") Reply. The Staff Reply additionally suggests that the Commission should: 1) direct UtiliCorp to gather and maintain the information and data necessary to measure the deferrals according to the matrix attached to Staff's initial Recommendation; and, 2) direct UtiliCorp to present to the Commission a measurement of the cost of the emergency amendment which UtiliCorp believes is superior to the cost of the emergency amendment. UtiliCorp responds to each additional recommendation herein.

Collection of Information

2. First, in response to the statement that UtiliCorp be directed to "maintain the information and data necessary to measure the deferrals according to the matrix," UtiliCorp would point out that no list of the identity of this information is included in the matrix. Any

order directing UtiliCorp to maintain certain information should include a precise list of what information must be maintained. The matrix begins with a subjective decision choice as to whether a specific customer would have, or would not have, been on the system in the absence of the rule. Past history would suggest that whatever information UtiliCorp maintains in regard to this subjective decision will not be the information for which Staff is looking. Thus, UtiliCorp suggests that any requirement to maintain information be accompanied with a precise list of the information to be maintained.

3. Second, UtiliCorp foresees some difficulty in gathering individual customer information from its system to apply in this situation. The emergency rule requires UtiliCorp to provide service to delinquent customers upon payment of a nominal amount. These customers with delinquent payments can request a return to service throughout the winter.

4. UtiliCorp currently has over \$1 million in delinquent accounts, affecting over 2,300 customers in the State of Missouri. These substantial increase in arrearages relate to the cold weather and high gas prices of last winter. UtiliCorp has asked for partial recovery of these bad debts in Commission Case No. GO-2002-175.

5. As delinquent customers elect to return to service throughout the winter under the emergency rule, the number of customers and the amount of delinquent accounts receivable declines, because these arrearage amounts are transferred from "past 90 day" arrearage/probable write-off status to payment arrangement status.

6. As these customers adopt payment agreements, UtiliCorp's ability to track the data within its system becomes more complex. The emergency rule significantly affects UtiliCorp's ability to gather and report information concerning these specific 2,300 customers. UtiliCorp believes that as customers move to payment agreement status, it

postpones write-off of bad debts, defers recovery of account receivable arrearages, incurs additional expenses, and risks additional losses by dealing with known credit risks. The changing status of accounts, the complexity of these issues and UtiliCorp's limited ability to differentiate statistics by fuel, makes it impossible for UtiliCorp to guarantee that it can obtain the information Staff seeks. However, UtiliCorp does understand that it will bear the burden of proof in any future rate case to approve recovery of these costs.

Superior Method

7. Commission Rule 4 CSR 240-13.055(13)(F) states that "The Commission shall grant an Accounting Authority Order, . . . upon application of a gas utility, and the gas utility may book to Account 186 for review, audit and recovery all incremental expenses incurred and incremental revenues that are caused by this emergency amendment."

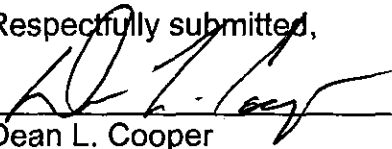
8. UtiliCorp used precisely this language in creating the Application in this case. Because this is the Commission's rule, UtiliCorp does not believe that it should be ordered, or have the obligation, to provide the most accurate methodology, even though it may be in UtiliCorp's interest to do so.

9. It is clear that UtiliCorp will likely challenge the appropriateness of at least some aspects of the matrix proposed by the Staff. As an example of a deficiency of the matrix, UtiliCorp would assert that there is a fundamental problem with equating a \$250 payment concerning natural gas UtiliCorp has purchased previously with a new \$250 bad debt that requires UtiliCorp to make an additional purchase of natural gas, as the matrix would do in regard to "Customers that would not have reconnected without the emergency rule provisions." UtiliCorp believes that there may be other issues that it will take with the matrix and, therefore, seeks to make clear that it intends to make these arguments at such

time as recovery is sought for such amounts. UtiliCorp does not believe that this should be an impediment to a grant at this time of an AAO utilizing the terms of the emergency rule, as UtiliCorp has requested.

WHEREFORE, UtiliCorp respectfully requests the Commission issue its Accounting Authority Order, consistent with the Application and the response herein, and issue such further orders as the Commission should find reasonable and just.

Respectfully submitted,


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ATTORNEYS FOR UTILICORP UNITED INC.
D/B/A MISSOURI PUBLIC SERVICE AND
ST. JOSEPH LIGHT & POWER COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was hand-delivered, on this 9th day of January, 2002, to:

Mr. David Meyer
Missouri Public Service Commission
Governor State Office Building
P.O. Box 360
Jefferson City, MO 65102-0360

Mr. Doug Micheel
The Office of the Public Counsel
6th Floor, Governor State Office Building
P.O. Box 7800
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