

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY, MISSOURI
January 30, 1987

CASE NO. AO-87-48

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Gerald T. McNeive, Jr. Assoc. Gen. Counsel, Laclede Gas Co., 720 Olive, St. Louis, MO 63101
E.L. McKenzie, Secretary, Assoc. Natural Gas Co., P.O. Box 628, Blytheville, AR 72316
Enclosed find certified copy of ORDER in the above-numbered case.

Sincerely,

Harvey G. Hubbs

Harvey G. Hubbs
Secretary

uncertified copy:

John Low, Manager, West Fork Project, ASARCO, Inc., PO Box 116, Pankin, MO 63629
Richard Wrench, Treasurer, Great River Gas Co., PO Box 967, Kiskok, Iowa 52632
Timothy M. Rush, Manager, Rates & Market Research, St. Joseph Light and Power Co.,
520 Francis Street, St. Joseph, MO 64502
Jack Krokoskia, Vice President of Mining, Doe Run Company, Box 500, Viburnum, MO 65566

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of January, 1987.

CASE NO. AO-87-48

In the matter of the investigation
of the revenue effects upon Missouri
utilities of the Tax Reform Act of
1986.

ORDER ADDRESSING COMMENTS, GRANTING
INTERVENTIONS AND EXTENDING FILING DATES

Pursuant to the Commission's Order Establishing Docket issued November 3, 1986, twenty-three utilities have filed information with respect to the revenue effects of the 1986 Tax Reform Act (TRA) and comments addressing procedural alternatives for recognizing the effects of the TRA. With one exception, the utilities generally indicate that they do not contemplate the filing of tariffs to implement rate reductions in the near future.

The Staff and the Public Counsel filed comments on January 9, 1987. Intervenor Monsanto, et al., and Anheuser-Busch filed comments on January 13, 1987.

The Staff contends that the appropriate vehicle to recognize the effects of the TRA is through voluntary tariff filings by the companies or through complaint proceedings against each company. Staff recommends that it conduct informal meetings with each company who has filed comments in this docket in order to discuss the possibility of voluntary rate decreases reflecting the revenue requirement effects of the TRA. Staff proposes that if an agreement cannot be reached, it would then file a complaint against the company.

In the event numerous complaint cases are filed and rate decreases are ultimately found reasonable, staff suggests two alternatives to address the delay of rate decreases pending the disposition of these cases: (1) the Commission could require all companies within its jurisdiction to file tariffs, superseding all other filed tariffs and schedules, which would indicate that all tariffs, rates and charges in effect as of July 1, 1987 are interim, subject to refund; or (2) all such tariffs could be subject to refund only to the extent that there has been a reduction in revenue requirement due to the TRA. Staff requests that the Commission order the companies to file comments addressing these alternatives.

In addition, Staff requests the Commission to order the companies to file comments detailing the reason the companies believe their rates are not excessive in spite of the TRA.

Public Counsel and industrial intervenors also propose informal meetings to determine whether the issues can be resolved through negotiated settlement.

Having reviewed the companies' filings and the comments in response thereto, the Commission determines that the informal meeting approach is appropriate. Accordingly, the Commission determines that Staff shall establish a schedule of meetings between Staff, the Public Counsel, the individual companies and interested intervenors to discuss the possibility of voluntary rate decreases reflecting the revenue requirement effects of the TRA.

The Commission further finds that on or before March 2, 1987, the companies, which have not already filed such information, shall file comments which detail the offsetting cost increases or other factors which cause the companies to believe that their rates are not excessive in spite of the impact of the TRA. The companies shall also file on March 2, 1987, responses to Staff's alternate proposals with respect to the filing of interim tariffs which would take effect on July 1, 1987.

The Commission is of the opinion that any responses to the March 2, 1987 comments shall be filed on or before March 12, 1987.

On January 22, 1987, American-National Can Company, Continental Cement Corporation, Dundee Cement Company, Emerson Electric Company, Ford Motor Company, Mallinckrodt, Inc., McDonnell Douglas Corporation, Missouri Portland Cement Company, Nooter Corporation, Noranda Aluminum, Inc., Pea Ridge Iron Ore Company, Procter & Gamble Manufacturing Company and River Cement Company, filed an application to intervene in this proceeding. The Commission determines that the application to intervene is reasonable and should be granted.

Two companies, UtiliCorp United, Inc. and Great River Gas Company, have requested extensions of time beyond the February 28, 1987 reporting date established in the Commission's order for the filing of calendar year 1986 data. The companies state that they will not have their books closed and annual audit completed until the end of February or mid-March, 1987. The Commission determines that these requests are reasonable and should be granted.

Finally, the Commission determines that the February 28, 1987, filing date should be extended for all utilities to March 2, 1987, since February 28 falls on a Saturday.

It is, therefore,

ORDERED: 1. That the Staff shall establish a schedule of informal meetings as set forth in the body of this order and shall commence such meetings as soon as practicable.

ORDERED: 2. That on or before March 2, 1987, the companies, which have not filed such information, shall file with the Commission information setting forth with specificity the offsetting cost increases or other factors which cause the companies to believe that their rates are not excessive in spite of the TRA and responses to Staff's proposals for the filing of interim tariffs effective on or before July 1, 1987.

ORDERED: 3. That any other party may file responses to Staff's interim tariff proposal on or before March 2, 1987.

ORDERED: 4. That any responses to the March 2, 1987, comments shall be filed on or before March 12, 1987.

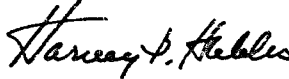
ORDERED: 5. That the application to intervene filed by American-National Can Company, Continental Cement Corporation, Dundee Cement Company, Emerson Electric Company, Ford Motor Company, Mallinckrodt, Inc., McDonnell Douglas Corporation, Missouri Portland Cement Company, Nooter Corporation, Noranda Aluminum, Inc., Pea Ridge Iron Ore Company, Procter & Gamble Manufacturing Company and River Cement Company filed on January 22, 1987, be, and it is, hereby granted.

ORDERED: 6. That UtiliCorp United, Inc. and Great River Gas Company be, and they are, hereby granted an extension of time from February 28, 1987 to March 30, 1987, to file calendar year 1986 data.

ORDERED: 7. That for all other utilities, the date for the filing of 1986 data be, and it is, hereby extended from February 28, 1987 to March 2, 1987.

ORDERED: 8. That this Order shall become effective on the date hereof.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Mueller,
Hendren and Fischer, CC., Concur.

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CASE NO. AO-87-48

WDS

Chairman

C. M.

Commissioner

ACM

Commissioner

CBH

Commissioner

A. J. M.

Commissioner

A.
1584c

C. 1-27-87

Agenda 1-30-87

Issue date: Reasonable time

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original
on file in this office and I do hereby certify the same to be
a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission
at Jefferson City, this 30th day of January, 1987.

Harvey G. Hubbs

Harvey G. Hubbs

Secretary