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June 23, 2000

FILED³

JUN 23 2000

Missouri Public
Service Commission

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

RE: St. Joseph Light & Power Company
Request for AAO

EO-2000-845

Dear Mr. Roberts:

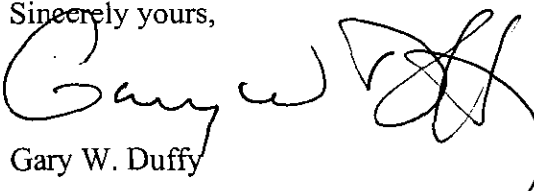
Enclosed for filing in the above-referenced proceeding please find an original and eight copies of

- (1) Application for Accounting Authority Order
- (2) Motion to Establish Date for Staff Recommendation and Other Procedural Dates

These two documents relate to the same proceeding.

If you have any questions, please give me a call.

Sincerely yours,


Gary W. Duffy

Enclosures
cc w/ encl:

Office of Public Counsel
Office of the General Counsel

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

FILED³
JUN 23 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

APPLICATION FOR ACCOUNTING AUTHORITY ORDER

COMES NOW St. Joseph Light & Power Company ("SJLP" or "the Company"),
by counsel, and for its application to the Missouri Public Service Commission ("the
Commission") pursuant to Subsections (4) and (8) of Section 393.140 RSMo 1994 for the
issuance of an accounting authority order relating to its electrical operations, respectfully
states:

1. SJLP is a Missouri corporation engaged primarily in the production,
transmission, distribution, and sale of electrical energy in northwest Missouri, as well as
supplying natural gas and industrial steam in limited areas, all subject to the jurisdiction
of the Commission. SJLP's principal office and place of business is located at 520
Francis Street, St. Joseph, Missouri 64501. In accordance with 4 CSR 240-2.060(1)(A),
the Company's facsimile number for purposes of this proceeding is 816 387-6453 and the
Company's electronic mail address for purposes of this proceeding is trush@sjlp.com .
In accordance with 4 CSR 240-2.060(1)(B), attached as **Appendix A** is a Certificate of
Good Standing from the Missouri Secretary of State.

2. All notices, orders or other communications respecting this application
and proceeding should be addressed to:

Tim Rush
Manager, Customer Operations
St. Joseph Light & Power Company
P. O. Box 998
St. Joseph, MO 64502-0998

Gary W. Duffy
Attorney at Law
Brydon, Swearengen & England P.C.
P. O. Box 456
Jefferson City, MO 65102-0456

3. By this application, SJLP seeks authority from the Commission to undertake certain accounting procedures in connection with its electrical operations, all as more specifically described herein.

4. On June 7, 2000, a turbine failed and a fire erupted at SJLP's Lake Road Power Plant which resulted in the unplanned shutdown of Turbine 4 and Boiler 6 unit ("Unit 4/6"). SJLP is investigating the incident to determine the extent of the damage, but at present, it appears that the unit will not be available for service for two to three months, depending upon the extent of the damage. There was not extensive fire damage and it was confined to the turbine-generator.

5. Unit 4/6 is a 97 megawatt base-load coal-fired unit that uses a blend of low sulfur coal. This is one of SJLP's lowest cost units. It provided 27.5% of the 1999 electric system requirements for SJLP. As a result of the loss of Unit 4/6, SJLP has been required to purchase a significant portion of its customers' energy requirements on the open market at prices considerably in excess of the energy cost that would have been experienced had Unit 4/6 been available. This, in turn, has caused SJLP to incur a significant increase in its electric power supply costs. This increase in costs is expected to continue until Unit 4/6 is returned to regular service.

6. The current estimate of the cost of incremental replacement energy above the energy cost of Unit 4/6 and repair cost, net of insurance proceeds, is \$7,105,000, assuming that Unit 4/6 is back in service by September 1, 2000. The incremental cost, net of income taxes, represents approximately 50% of the Company's 1999 earnings, excluding merger-related expenses. This \$7,105,000 cost estimate is based on the assumption of normal weather and other conditions such as availability of energy and transmission services in the region, during the time for repair. The Company has insurance for repair of the unit and some limited business interruption insurance, which have been considered in the estimate above. A worksheet breaking out the elements of cost in the estimate is attached as **Appendix B**.

7. As indicated above, these expenditures are extraordinary and material to the Company's earnings and cash flow, and are not now and have not previously been reflected in SJLP's electric rates set by the Commission. Additionally, 2000 year-to-date earnings have lagged prior years, excluding merger-related expenses.

8. SJLP, one of the smallest investor-owned electric utilities in the country, is exposed to extraordinary business risks due to the absence of an energy adjustment clause in the State of Missouri. This business risk was increased when the wholesale market was deregulated, as evidenced by the volatility and magnitude of energy prices being experienced currently. When a situation like the Lake Road Unit 4/6 incident occurs, the Company has no other recourse but to seek recovery of these incremental costs in order to maintain its financial integrity and to continue to provide high-quality services to its customers.

9. As a consequence of these unforeseen events, SJLP seeks an order from the Commission authorizing SJLP to defer and record in Uniform System of Accounts,

account 182.3 the incremental costs (net of any insurance proceeds) incurred by SJLP as a result of and in connection with the June 7, 2000, incident at the Lake Road Plant described above, through the effective date of rates to be established in SJLP's next general electric rate case. SJLP also proposes that in such rate case, the incremental costs which are deferred and recorded in account 182.3 be amortized in rates over a five-year period, in a manner similar to that previously utilized by the Commission to allow recovery of costs of other unforeseen significant events, such as floods and ice storms. SJLP desires that the Commission's order authorizing the accounting procedures requested herein be effective no later than year end 2000.

10. Because the incremental costs resulting from the June 7, 2000 incident are significant and unusual in terms of SJLP's overall electric operations, the requested accounting procedures are necessary to enable SJLP to maintain its financial integrity. In the absence of such authority, or an alternative method of recovery of these costs, SJLP will be deprived of an opportunity to recover these costs through its rates. The Commission could, as an alternative, approve a temporary energy surcharge that would be subject to audit and refund of any over-collection.

11. The Commission is aware of the Company's intention to merge with UtiliCorp United Inc. Hearings in Case No. EM-2000-292 are scheduled next month. Approval of this accounting authority request will protect the Company's financial integrity if the merger is not approved by this Commission.

12. If the merger is approved by the Commission as set out in the regulatory plan filed by UtiliCorp United Inc., however, and this application is also approved, it is SJLP's understanding that at the closing of the merger, SJLP will write off the amounts incurred as a result of the June 7, 2000 incident, as a rate moratorium would be in place

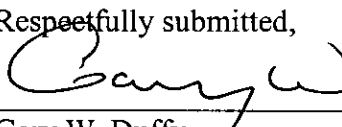
for five years under the regulatory plan. The foregoing statement assumes that any rate recovery of the deferred amount pursuant to the Accounting Authority Order would be expressly conditioned by the Commission on SJLP completing a general rate case in less than five years.

13. Other than the normal annual Actual Cost Adjustment proceedings for its gas operations, SJLP has no (a) pending actions, (b) final unsatisfied judgments, or (c) decisions against it from any state or federal agency or court which involve (i) customer service or (ii) rates, which action, judgment or decision has occurred within three years of the date of this application.

14. SJLP has timely filed all its currently due annual reports and no Commission assessment fees are overdue.

WHEREFORE, SJLP respectfully prays that the Commission issue its order authorizing SJLP to account for its electrical operations expenses as described and requested herein, or such other relief, not inconsistent with the foregoing, as the Commission deems appropriate.

Respectfully submitted,



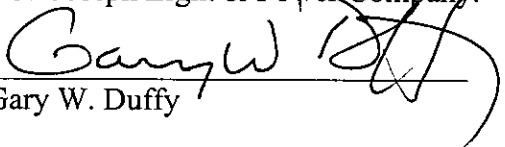
Gary W. Duffy MBE 24905
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312 East Capitol Avenue
P. O. Box 456
Jefferson City, Missouri 65102-0456
Phone: 573 635-7166
Fax: 573 635-3847
Email: Duffy@Brydonlaw.com

Attorneys for St. Joseph Light & Power Company

VERIFICATION

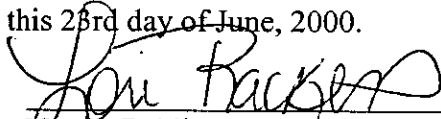
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

On the 23rd day of June, 2000 before me appeared Gary W. Duffy to me personally known, who, being by me first duly sworn, states that he is the attorney for St. Joseph Light & Power Company and acknowledged that he had read the above and foregoing document and believes that the allegations therein are true and correct to the best of his information, knowledge and belief, and that the above designated attorneys are authorized to file said application on behalf of St. Joseph Light & Power Company.



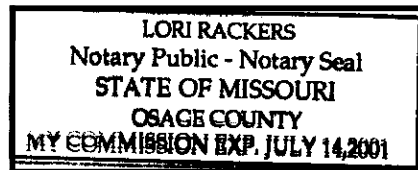
Gary W. Duffy

Subscribed and sworn to before me this 23rd day of June, 2000.



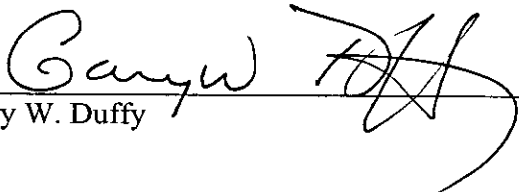
Notary Public

My Commission expires: 7/14/01



Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing document was served on the Office of the Public Counsel and the Office of the General Counsel this 23rd day of June, 2000 by hand delivery.



Gary W. Duffy

LakeRdAAOapp6/gdmydocs/wp8

No. 00000180A

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION

CERTIFICATE OF CORPORATE GOOD STANDING

I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

ST. JOSEPH LIGHT & POWER COMPANY

was incorporated under the laws of this State on the 8th day of NOVEMBER, 1895, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 21st day of JUNE, 2000.


Secretary of State



St. Joseph Light & Power Company**Estimated Incremental Cost of Lake 4/6 Incident***

Incremental Replacement Energy Cost (Based on the assumption of normal weather and other conditions such as availability of energy and transmission services in the region)	\$7,934,000
Boiler & Machinery Insurance Deductible (Insurance deductible may be \$100,000 if determined to be fire insurance)	150,000
Recovery from Business Interruption Insurance (\$17,800/day from 7/8 - 8/31, 30 days after the incident)	(979,000)
Total	<u>\$7,105,000</u>

- * This is a preliminary estimate and does not include interest and other incidental expenses. Additional information will be made available as it becomes known.

APPENDIX B