

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 13th  
day of January, 1995.

In the matter of the application of )  
St. Joseph Light & Power Company for )  
the issuance of an accounting order ) **CASE NO. EO-95-193**  
relating to its electrical operations. )

**ORDER GRANTING ACCOUNTING AUTHORITY**

On December 20, 1994, St. Joseph Light & Power Company (SJLP) filed with the Missouri Public Service Commission (Commission) an Application for an Accounting Authority Order (AAO) regarding certain costs and expenses SJLP incurred as a result of an ice storm in its service area on December 6, 1994. SJLP is a Missouri corporation and a public utility, engaged in the production, transmission, distribution, and sale of electrical energy in northwest Missouri. SJLP also supplies natural gas and industrial steam in limited areas. All these undertakings subject SJLP to the jurisdiction of the Commission. SJLP's principal place of business is located at 520 Francis Street, St. Joseph, Missouri.

SJLP stated in its application that it incurred material and extraordinary costs in connection with the December 6, 1994 ice storm. Those costs included a reduction in revenues due to the thousands of customers temporarily without electric service and resources expended to restore that service. In addition to its own personnel, SJLP hired approximately 80 transmission and distribution crews from other utilities and private contractors to work approximately 18 hours a day to restore

services. In some cases repairs were required before service could be restored, resulting in expenses for materials and for food and lodging for out-of-town crews. SJLP requests the Commission to issue an Accounting Authority Order permitting it to defer and record in Uniform System of Accounts, Account 182, the incremental costs it incurred as a result of the ice storm. SJLP also asks that it be permitted to amortize these incremental costs and recover them in electric rates over a five-year period, subject to Commission approval, in its next general rate case. SJLP requested that the Commission's order be issued by January 15, 1995, to enable the company to include these incremental costs on its books for 1994.

On January 9, 1995, the parties filed a Stipulation and Agreement and requested that the Commission approve that agreement in resolution of all issues. The parties requested that the Commission take official notice of the ice storm of December 6, 1994, in SJLP's service territory, in accordance with 4 CSR 240-3.130(2). The parties agreed that the ice storm disrupted service to thousands of SJLP's customers and resulted in the company making considerable expenditures to restore service including, but not limited to:

- (a) the incremental cost of hiring approximately 80 transmission and distribution crews from other utilities and private contractors;
- (b) the incremental cost of overtime;
- (c) the incremental cost of repairs and materials required to restore service; and
- (d) the incremental cost of food and lodging for out-of-town crews.

The parties agreed that the ice storm was an extraordinary event that had a material effect on SJLP's electric operations and requested the Commission to issue an Accounting Authority Order which would approve the Stipulation and Agreement and authorize SJLP to accumulate the extraordinary costs and expenses and lost inventory associated with the ice storm through February of 1995 in Uniform System of Accounts, Account 182.3 (Other Regulatory Assets). The company agreed to submit such charges to the Staff and OPC in a timely manner for their review. SJLP would be permitted to amortize these incremental costs ratably over a sixty-month period beginning on March 1, 1995. However, ratemaking treatment would be reserved for SJLP's next general rate case. The parties waived their rights to present evidence, oral arguments, and written briefs, and their rights to judicial review pursuant to § 386.510 RSMo (1994).

After considering SJLP's application and the Stipulation and Agreement (attached to this order as Exhibit 1) of the parties, the Commission determines that the agreement is reasonable and an appropriate resolution of the issues, and that no evidentiary hearing is required. The Commission takes official notice of the ice storm that occurred on December 6, 1994, in SJLP's service area. Deferral of costs from one period for recovery in rates in a later rate case is only allowed when events occur which are extraordinary and nonrecurring result in extraordinary losses or expenses. The principal inquiry is whether the costs and expenses to be deferred result from an extraordinary event. The December, 1994, ice storm was a natural disaster which resulted in unusual expenses for restoring electric service to SJLP's customers. The Commission is of the opinion that that ice storm constitutes an extraordinary event and that the costs and expenditures described above, if prudently incurred, are extraordinary and material for SJLP's electric

operations and are not now, nor have they previously been, reflected in SJLP's electric rates. Therefore, it is appropriate to grant SJLP an accounting authority order so that it can accumulate the extraordinary costs and expenses and amortize those costs to expense on its books proportionately over a sixty-month period. This accounting authority should be granted subject to the provisions of the Stipulation and Agreement, i.e. that amortization of all costs deferred begin on March 1, 1995, that amortization be made proportionately over a sixty-month period, and that no ratemaking treatment is established or guaranteed by means of this Accounting Authority Order. SJLP's deferred expenses related to the December 6, 1994, ice storm can be considered by the Commission for ratemaking treatment in its next general rate proceeding.

**IT IS THEREFORE ORDERED:**

1. That the Stipulation and Agreement of the parties (Exhibit 1) is approved in resolution of all issues.
2. That St. Joseph Light & Power Company is granted an accounting authority order to accumulate extraordinary costs and expenses related to the December 6, 1994, ice storm in its service territory through February, 1995, and amortize those costs to expense on its books proportionately over a sixty-month period.
3. That amortization of all deferred flood related costs shall begin on March 1, 1995.
4. That nothing in this order shall be considered a finding by the Commission of the reasonableness of the expenditures involved in this proceeding, and the Commission reserves the right to consider the ratemaking treatment to be afforded these expenditures in any later proceeding.

5. That this order shall become effective on January 24,  
1995.

BY THE COMMISSION



David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,  
and Crumpton, CC., Concur.  
Kincheloe, C., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the application of )  
St. Joseph Light & Power Company for the )  
issuance of an accounting order relating ) Case No. EO-95-193  
to its electrical operations. )

STIPULATION AND AGREEMENT

On December 20th, 1994, St. Joseph Power and Light Company (SJLP) filed its Application with the Missouri Public Service Commission (Commission) seeking an accounting authority order regarding certain costs and expenses incurred by SJLP as a result of an ice storm on December 6, 1994.

The Commission Staff (Staff) and the Office of the Public Counsel (OPC) have reviewed the Application and have investigated the circumstances recited in the Application. As a result of the foregoing, the parties stipulate and agree as follows:

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 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.

2. The parties request the Commission to take official notice, pursuant to 4 CSR 240-2.130(2), of the ice storm on December 6, 1994 in the service territory of SJLP.

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3. The ice storm resulted in the disruption of service to thousands of SJLP's electric customers. As a consequence, SJLP has been required to expend considerable resources in order to restore service to these customers. These expenditures include but are not limited to:

- (a) Incremental cost of engaging services of approximately 80 transmission and distribution crews from other utilities and private contractors;
- (b) Incremental cost of overtime (Company personnel involved in restoring service often worked 18-hour days);
- (c) Incremental costs of repairs and materials required to repair and restore service; and
- (d) Incremental costs of food and lodging for out-of-town crews.

4. The ice storm was an extraordinary event and had a material effect on SJLP's electric operations.

5. The parties recommend that:

- (a) The Commission issue an order in this docket which approves this Stipulation and Agreement and authorizes SJLP to account for the costs and expenses associated with the December 6, 1994 ice storm in conformance with the terms of this Stipulation and Agreement;

- (b) SJLP accumulate through February 1995 on its books and records the extraordinary costs and expenses and lost inventory associated with the recent ice storm in Account 182.3, Other Regulatory Assets, and SJLP agrees to submit such charges to the Staff and OPC in a timely manner for their review;
- (c) SJLP amortize such costs to expense on its books ratably over a sixty-month period beginning on March 1, 1995.
- (d) Commission should specifically reserve any and all ratemaking treatment of SJLP's deferral and amortization of such extraordinary expenses for SJLP's next general rate proceeding.

6. None of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in any other proceeding, except as otherwise specified herein.

7. None of the Signatories shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying the Stipulation and Agreement.

8. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each Party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days

of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

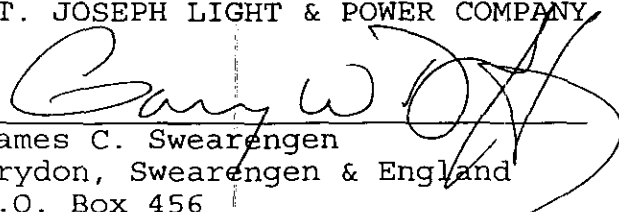
The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

9. If the Commission accepts and approves the terms of this Stipulation and Agreement, the Signatories waive their respective

rights to present further evidence herein and to present oral argument and written briefs, and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986.

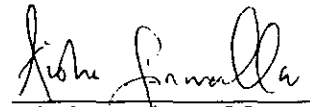
Respectfully submitted,

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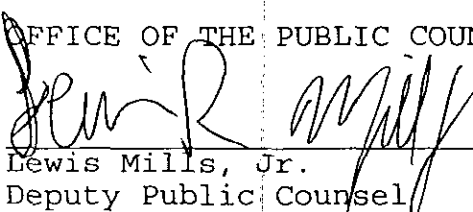
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