

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 20th  
day of March, 1990.

In the matter of the application of Sho-Me Power )  
Corporation for authority to adopt FASB 71 as the )  
standard for accounting for past service adjustment ) CASE NO. EO-90-132  
costs under an employee pension plan. )

ORDER AUTHORIZING ACCOUNTING TREATMENT

On December 28, 1989, Sho-Me Power Corporation (Sho-Me or Applicant) filed an application requesting authority allowing Sho-Me to expense payments associated with past service liability agreements with the National Rural Electric Cooperative Association's (NRECA) Retirement, Safety and Insurance Department as they are paid, under accepted accounting standards, rather than requiring that the total amount of deferral be expensed upon acceptance of the past service liability agreements.

The Commission determines that this matter does not require a hearing and, based upon the verified application of Sho-Me and the recommendation of its Staff, the Commission finds and concludes as follows.

By memorandum filed February 22, 1990, the Commission's Staff (Staff) recommends that Sho-Me's application be approved. Staff explains that Sho-Me is requesting authority to expense and record the prior service costs from employee pensions on an annual basis as paid rather than expensing them as a one-time cost. Staff states that this authority is being requested by Sho-Me based upon a letter sent to Sho-Me by the Rural Electrification Administration (REA) which will allow its borrowers, such as Sho-Me, to defer the cost and spread the payments over a period of years if approval to do so is obtained from the Public Service Commission. Staff recommends approval for this approach because Staff considers this procedure to be the most reasonable one in this particular situation.

Based upon the recommendation of its Staff the Commission determines that the requested accounting authority should be granted.

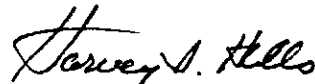
It is, therefore,

ORDERED: 1. That Sho-Me Power Corporation is granted authority hereby to expense payments associated with past service liability agreements with the National Rural Electric Cooperative Association's Retirement, Safety and Insurance Department as they are paid pursuant to accepted accounting standards.

ORDERED: 2. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures involved herein, or of the value for ratemaking purposes of the properties or expenditures involved herein, or as an acquiescence in the value for ratemaking purposes placed upon said properties or expenditures by Sho-Me Power Corporation. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and their resulting costs of capital, in any later proceeding.

ORDERED: 3. That this order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs  
Secretary

(S E A L)

Steinmeier, Chm., Mueller,  
Rauch and McClure, CC., Concur.  
Letsch, C., Absent.