



Missouri Public Service Commission

Area Code 314
751-3234

February 19, 1987

P.O. BOX 360
JEFFERSON CITY
MISSOURI 65102

Commissioners:

WILLIAM D. STEINMEIER

Chairman

CHARLOTTE MUSGRAVE

ALLAN G. MUELLER

CONNIE W. HENDREN

JAMES M. FISCHER

ROBERT J. SCRIBNER

Staff Director

HARVEY G. HUBBS

Secretary

WILLIAM C. HARRELSON

General Counsel

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: 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.

Dear Mr. Hubbs:

Enclosed for filing in the above-captioned case is an original and fourteen (14) conformed copies of Staff's Response to Motion. Copies have been sent this date to all parties of record.

Thank you for your cooperation in this matter.

Sincerely,

Douglas C. Walther

Douglas C. Walther
Assistant General Counsel

DCW:nsh

Enclosures

cc: All parties of record

FILED

FEB 19 1987

PUBLIC SERVICE COMMISSION

FILED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 19 1987

OF THE STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

In the matter of the investigation)
of the revenue effects upon) Case No. AO-87-48
Missouri utilities of the Tax)
Reform Act of 1986.)

RESPONSE TO MOTION

Comes now the Staff of the Missouri Public Service Commission (Staff) and in response to the motion of Arkansas Power & Light Company (Company) filed in this case on February 9, 1987, respectfully states as follows:

1. On November 3, 1986, the Missouri Public Service Commission issued an order requiring utilities to file a jurisdictional cost of service study based on 1986 data, adjusted to reflect the Tax Reform Act of 1986 (TRA). That information is due on March 2, 1987.

2. On February 9, 1987 Company requested that the Commission issue an order relieving it of filing the calendar year 1986 data on March 2, 1987. In support of its motion Company stated that the data it filed in this docket on December 15, 1986 was based on cost of service data for the twelve months ending June 1986. Company further stated that there have been no cost changes between June 1986 and December 1986 which would have an effect on the estimated tax savings.

3. Staff opposes the Company's motion to have the filing of calendar year 1986 data waived. The Commission has made it clear that the affected companies are to file data showing the revenue requirement impact of the TRA on their 1986 Missouri jurisdictional operations. Staff concurs in this and believes that it is vital that the 1986 information presented encompass the entire year. Also, by submitting data for the entire year, the data will include eight months of rates implemented as a result of Company's last rate case, Case No. ER-85-265. Further, the information filed by Company on

December 15, 1986 did not reflect the use of the LCP allocation method ordered by the Commission in Case No. ER-85-265. Staff believes it is important that the Company file data prepared in a manner consistent with the Commission's Report and Order in Case No. ER-85-265 so that a true picture of the effects of the TRA on Company's revenue requirement is presented and that it do so on the March 2, 1987 deadline imposed by the Commission.

WHEREFORE, Staff respectfully requests that the Commission deny Company's request for waiver.

Respectfully submitted,

Douglas C. Walther

Douglas C. Walther
Assistant General Counsel

Attorney for the Staff of the
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CERTIFICATE OF SERVICE

I hereby certify that
copies of the foregoing
have been mailed or hand-
delivered to all parties of
record on this 19 day of

February 19 87
Douglas C. Walther