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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 17th  
day of August, 1999.

In the Matter of St. Joseph Light & Power )  
Company's Revised Industrial steam Rate )  
Schedules Designed to Increase Rates for ) Case No. HR-99-245  
Steam Service in the Company's Missouri ) Tariff No. 9900425  
Service Territory. )

**ORDER APPROVING STIPULATION AND AGREEMENT**

On December 1, 1998, SJLP filed revised industrial steam service rate schedules designed to increase SJLP's annual industrial steam service revenues by approximately \$274,423, or 14.95 percent. SJLP's revised rate tariffs were assigned tariff number 9900425 and Case No. HR-99-245. On December 23, 1998, the Commission issued a Suspension Order and Notice. That Order, *inter alia*, suspended SJLP's revised rate tariffs until November 1, 1999 and set the case for hearing beginning on July 6, 1999.

On July 6, 1999, the parties appeared for the scheduled hearing. The Commission granted Staff's oral motion to recess the hearing for one day to allow further settlement negotiations. The parties again appeared for hearing on July 7, 1999. At that time the parties announced that they had reached an agreement in principle to settle this case and requested that the hearing be continued to allow the parties to prepare and file a written Stipulation and Agreement. The hearing was continued to allow

the parties to prepare such a Stipulation and Agreement.

On July 16, 1999, SJLP, Staff, the Office of the Public Counsel (OPC), AG Processing, Inc., and Friskies Petcare, a division of Nestle USA, (collectively referred to as "Industrial Customers"), filed a Unanimous Stipulation and Agreement. The Unanimous Stipulation and Agreement purported to settle all disputes between the parties regarding Case No. HR-99-245. The Unanimous Stipulation and Agreement provided that SJLP would file and the Commission would approve rate schedules designed to reduce the gross annual industrial steam service revenues of SJLP by a total of \$25,000 effective for service rendered on and after October 31, 1999. Sample revised rate schedules appropriately implementing the changes agreed upon in the Stipulation and Agreement were attached to the Unanimous Stipulation and Agreement as Appendix A.

The Commission established August 9, 1999, as the date for a hearing at which the parties could answer the Commission's questions regarding the proposed Stipulation and Agreement. At the request of the Commission, Staff filed a Memorandum explaining its rationale for entering into the Stipulation and Agreement on July 30, 1999. On August 5, 1999, the Commission issued a notice canceling the hearing on the stipulation and agreement.

In the Stipulation and Agreement, contingent upon the Commission accepting the Stipulation and Agreement, the parties waived their rights to present testimony, to cross-examine witnesses, to present oral argument or briefs, to have the transcript read by the Commission and to judicial review. Also contingent upon the Commission's acceptance of the

Stipulation and Agreement, the parties agreed that all of the prefiled testimony submitted by SJLP, Staff, OPC and Industrial Customers should be received into evidence without the necessity of the respective witnesses taking the stand. The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of issues raised in this case, pursuant to Section 536.060, RSMo Supp. 1998.

The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the Stipulation and Agreement.

**IT IS THEREFORE ORDERED:**

1. That the Stipulation and Agreement filed on July 16, 1999, by St. Joseph Light & Power Company, the Staff of the Public Service Commission, the Office of the Public Counsel, AG Processing, Inc., and Friskies Petcare, a division of Nestle USA, is hereby approved as a resolution of all issues in this case (See Attachment 1).

2. That the prefiled testimony and schedules submitted on behalf of St. Joseph Light & Power Company, the Staff of the Public Service Commission, the Office of the Public Counsel, AG Processing, Inc., and Friskies Petcare, a division of Nestle USA, are received into evidence.

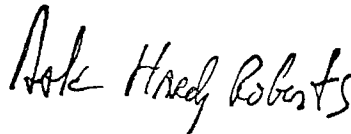
3. That St. Joseph Light & Power is ordered to utilize the depreciation rates as specified in Appendix B of the Unanimous Stipulation and Agreement

4. That the revised industrial steam service rate schedules filed by St. Joseph Light & Power on December 1, 1998 are rejected.

5. That St. Joseph Light & Power is authorized to file tariff sheets designed to reduce the gross annual industrial steam service revenue of St. Joseph Light & Power, exclusive of sales and other similar taxes on gross receipts, by a total of Twenty Five Thousand Dollars (\$25,000.00) effective for services rendered on and after October 31, 1999, in conformance with the sample tariff sheets shown in Appendix A of the Unanimous Stipulation and Agreement.

6. That this order shall become effective on August 27, 1999.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Lumpe, Ch., Crumpton, Murray,  
Schemenauer, and Drainer, CC., concur

Hopkins, Senior Regulatory Law Judge

FILED

JUL 16 1999

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

Missouri Public  
Service Commission

In the matter of St. Joseph Light & Power )  
Company's Revised Industrial Steam Rate )  
Schedules Designed to Increase Rates for )  
Steam Service in the Company's Missouri )  
Service Territory. )

Case No. HR-99-245

**UNANIMOUS STIPULATION AND AGREEMENT**

Come now St. Joseph Light & Power Company ("SJLP"); the Staff of the Missouri Public Service Commission ("Staff"); the Office of the Public Counsel ("OPC"); AG Processing, Inc; and Friskies Petcare, a division of Nestle USA (collectively referred to as "Industrial Customers"), by and through their respective counsel, and respectfully state as follows:

On December 1, 1998, SJLP submitted to the Commission tariffs reflecting increased rates for Industrial Steam service provided to customers in its Missouri service area. The tariffs were designed to produce an annual increase of \$274,423 in annual steam revenues, or approximately 14.95 percent. In an order in Case No. HR-99-245, issued December 23, 1998, the Commission, *inter alia*, suspended those proposed tariffs to November 1, 1999, and set the case for hearing commencing on July 6, 1999. It also allowed the intervention of AG Processing. On January 26, 1999, Friskies Petcare sought intervention. The Commission granted intervention in an order issued on January 28, 1999.

On March 4, 1999, the Commission issued an order in Case No. HR-99-245 establishing a procedural schedule which called for the Staff, OPC and Industrial Customers to file direct testimony on revenue requirement by May 13, 1999 and on rate design by May 20, 1999. It established a pre-hearing conference to be held on May 24 through 28, 1999. It set a prepared

rebuttal testimony filing date of June 10, 1999, and a prepared surrebuttal testimony filing date of June 22, 1999. The Commission amended the procedural schedule in an order issued June 8, 1999, by requiring a list of issues to be filed by June 17, and statements of position on those issues by the various parties by June 24, 1999.

Prepared direct, rebuttal, and surrebuttal testimony from witnesses of the various parties was filed with the Commission in accordance with the procedural schedule. Representatives of the parties also participated in the pre-hearing conference. The Commission also held a local public hearing in SJLP's service territory.

On June 17, 1999, a combined list of issues, order of witnesses, and order of cross-examination was filed in Case Nos. HR-99-245, GR-99-246, ER-99-247 and EC-98-573. The list identified 34 issues (not counting sub-issues) and showed a schedule which would occupy 8 days of hearings before the Commission. On June 24, 1999, the Staff, OPC, SJLP and Industrial Customers each filed statements of position on the listed issues.

On July 6, 1999, the parties appeared before the Commission for the first day of scheduled hearings and announced that there was a possibility of settlement. While there had been various settlement discussions between various parties over an extended period of time, settlement discussions intensified in mid June. The parties requested that they be given time to determine if a settlement could be reached and the hearings thereby be avoided. On July 7, 1999, the parties represented to the Commission that a settlement in principle had been reached. They asked the Commission to suspend the hearing schedule and represented that a unanimous stipulation and agreement, with sample tariff sheets attached, would be filed with the Commission no later than July 14, 1999.

The parties have reduced their settlement agreements to writing and hereby stipulate and

agree as follows:

1. That SJLP shall be authorized to file and the Commission should approve rate schedules designed to reduce the gross annual steam heating service revenues of SJLP, exclusive of sales and other similar taxes on gross receipts, by a total of Twenty-Five Thousand Dollars (\$25,000), effective for service rendered on and after October 31, 1999.

2. That the rate design reflected in the said steam heating service rate schedules should implement the reduction on an equal percentage basis.

3. That attached hereto and marked as **Appendix A** are sample rate schedules which appropriately implement said rate reduction in the manner stated.

4. That the sample revised rate schedules set out in **Appendix A** also reflect other agreements by the parties hereto. Without limiting the generality of the foregoing, these agreements include:

A. That SJLP will record income taxes by calculating tax straight-line depreciation on all assets in SJLP's plant accounts and by flowing through for cost of removal, net of salvage, the total tax deduction less the amount included in tax straight-line depreciation.

B. That SJLP will amortize on its books the ultimate rate case expense for this proceeding over a three (3) year period. It is the position of Public Counsel that this amortization is not proper for ratemaking purposes nor is it consistent with the Uniform System of Accounts and Public Counsel will oppose any attempt by SJLP to recover the rate case expense incurred for this proceeding in any future Commission case. To the extent that SJLP may seek rate recovery or further amortization of any unamortized balance of this expense in a subsequent rate case, any party to that proceeding may oppose such recovery or further amortization. Furthermore, no party to this proceeding shall otherwise be bound by this

provision for ratemaking purposes in any subsequent rate case and may take the position in such case that this expense, for ratemaking purposes, should have been amortized or treated differently.

C. That the Commission should order SJLP to utilize the depreciation rates for the accounts specified on **Appendix B** hereto.

D. That SJLP will amortize pension and OPEB deferred gains and losses over five years, based on the average of such unamortized deferred gain/loss balances for the prior five year period.

E. That SJLP will allocate general and administrative expenses between the electric, gas and steam operations based on a 50/50 weighting of the direct operating and maintenance expenses factor and the allocated plant factor; and it will revise its allocations manual accordingly.

F. That contingent upon the Commission's approval of this Unanimous Stipulation and Agreement ("Stipulation and Agreement"), SJLP will expressly and voluntarily withdraw the tariff sheets it filed in this case designed to implement a Performance Based Rate Mechanism (PBR), as filed on December 1, 1998, as Sheet Nos. 4.5 (a) through 4.5(g).

G. That contingent upon the Commission's approval of this Stipulation and Agreement, SJLP will expressly and voluntarily withdraw the tariff sheets it filed in this case designed to implement an Energy Cost Adjustment Clause, as filed on December 1, 1998, as Sheet Nos. 4.1(a) through 4.1(h).

5. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of all issues in this proceeding. None of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this proceeding or in



any other proceeding except as expressly specified herein or as required by law.

6. 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 this Stipulation and Agreement.

7. This Stipulation and Agreement has resulted from extensive negotiations among the parties and the terms hereof are interdependent. In the event the Commission does not unconditionally approve and adopt this Stipulation and Agreement, in its entirety, and the tariff sheets shown in **Appendix A** do not become effective for service rendered on and after October 31, 1999, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

8. This Stipulation and Agreement is also dependent upon the Commission's approval of similar stipulations and agreements being filed simultaneously in Case Nos. ER-99-247, EC-98-573, and in Case No. GR-99-246. In the event the Commission does not also unconditionally approve and adopt the Stipulations and Agreements in both those cases, and the tariff sheets attached to those Stipulations and Agreements do not become effective for service rendered on and after October 31, 1999, then this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

9. In the event the Commission accepts the specific terms of this Stipulation and Agreement without condition and without modification, the parties waive: their respective rights pursuant to Sections 536.070 and 536.080.1 RSMo. to call and cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo.; and their respective rights to judicial review pursuant to Section 386.510 RSMo.

10. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties agree that all of the prefiled testimony submitted by SJLP, Staff, OPC, and Industrial Customers (i.e., what has been marked respectively as Exhibits 1H through 27H inclusive; 100H through 119H, inclusive; 200H through 206H, inclusive; and 400H) shall be received into evidence without the necessity of the respective witnesses taking the stand.

11. 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 pursuant to this paragraph 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 this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

12. 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.

13. To assist the Commission in its review of this Stipulation and Agreement, the parties also request that the Commission advise them of any additional information that the Commission may desire from the parties related to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

14. The Staff shall have the right to file suggestions or prepared testimony in support of this Stipulation and Agreement, and the other parties shall have the right to file responsive suggestions or prepared testimony.


15. Because this Stipulation and Agreement reflects a compromise of disputed claims, it shall not be cited as precedent or referred to in testimony as an assertion of the particular position of any party in any subsequent or pending judicial or administrative proceeding, except that this shall not be construed to prohibit reference to its existence in future proceedings, including proceedings to enforce compliance with its terms.

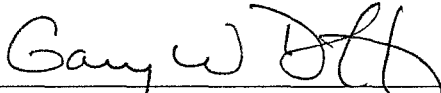
16. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Stipulation and Agreement, for cross-examination, or for a decision in accordance with Section 536.080.1 RSMo or Art. V, § 18 Mo. Const., and the parties shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any testimony or exhibits that may have

been offered or received in support of or in opposition to this Stipulation and Agreement shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue its order approving this Stipulation and Agreement as a complete resolution of all issues in this case, order SJLP to utilize the depreciation rates as specified herein, issue an order rejecting the proposed tariff sheets which SJLP filed on December 1, 1998, and authorize the filing of tariff sheets in conformance with those shown in **Appendix A** to implement the Stipulation and Agreement.

Respectfully submitted,

  
\_\_\_\_\_  
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Attorneys for the Office of the  
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Certificate of service

The undersigned certifies that a true and correct copy of the foregoing was either hand-delivered or mailed to all counsel of record this 16<sup>th</sup> day of July, 1999.

*Gary W. Duffy*  
\_\_\_\_\_  
Gary W. Duffy

sj99steamstip3/gdmydoxwp8

# APPENDIX A

## P.S.C. MO. No. 3 - Steam

4th Revised Sheet No. 3  
2nd Revised Sheet No. 3.1

Cancelling 3rd Revised Sheet No. 3  
Cancelling 1st Revised Sheet No. 3.1

P. ( . MO. No. 3 4th Original Sheet No. 3  
Revised  
Cancelling P.S.C. MO. No. 3 3rd Original Sheet No. 3  
Revised  
St. Joseph Light & Power For St. Joseph, Mo. And Environs  
Name of Issuing Corporation Community, Town or City

SCHEDULE "810" STEAM SERVICE		
<u>AVAILABILITY</u> Available for firm service from the Company's facilities to customers located in the vicinity of Lake Road Generating Station who shall contract to use this service for continuous periods of not less than two years.		
* <u>BASE RATE</u> Net Two Parts		
1. Reserved Capacity Charge: For all BTU of Reserved Capacity, per month, per million BTU . . . . .		\$247.60
Plus		
2. Energy Charge per million BTU: For the first 300 million BTU's per million BTU's of reserved capacity . . . . .		3.599
For all over 300 million BTU's per million BTU's of reserved capacity . . . . .		2.925
<u>LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES</u> See Sheet No. 8, Section 14.		
<u>LATE PAYMENT CHARGE</u> See Sheet No. 8, Section 15.		
<u>DETERMINATION OF RESERVED CAPACITY</u> The Reserved Capacity shall be the actual demand for the billing period but not less than 80 percent of the highest actual demand established in the previous 11 months, and in no case, less than three million BTU's per hour.		
<u>SPECIAL RULES</u> The pressure, temperature and heat content of all service under this schedule shall be only as specified by the Company.		
*Indicates new rate or text +Indicates change		

DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_  
month day year month day year  
ISSUED BY Terry F. Steinbecker President St. Joseph, Missouri  
name of officer title address

P.S.C. MO. No. 3 2nd Original Sheet No. 3.1  
 Revised  
 Cancelling P.S.C. MO. No. 3 1st Original Sheet No. 3.1  
 Revised  
St. Joseph Light & Power For St. Joseph, Mo. And Environs  
 Name of Issuing Corporation Community, Town or City

SCHEDULE "811"  
 STANDBY OR SUPPLEMENTARY STEAM SERVICE

Availability

Available for steam service to any customer who shall contract for a minimum monthly Reserved Capacity of 3 mmBtu for a period of 60 consecutive months, where the customer desires service as standby or supplementary to service provided by the customer's own facilities.

\* Base Rate

Demand Charge per mmBtu

For each million Btu's of Reserved Capacity per month . . . . . \$460.35

Fixed Energy Charge per mmBtu

For each million Btu's per month . . . . . \$0.917

Energy Fuel Charge per mmBtu

The energy fuel charge shall be determined based on the incremental cost of fuel for the period of actual energy usage.

Rental Charge per month

The Company and customer shall enter into a steam equipment rental contract and the customer shall agree to pay to the Company, in addition to his bill for service, a monthly rental charge therefor equal to one and three-fourths percent of the Company's total investment in all steam equipment solely dedicated to providing steam service to the customer.

Minimum

The minimum monthly bill shall be the Demand Charge plus the Rental Charge.

License, Occupation, Franchise or Other Similar Charges or Taxes

See Sheet No. 8, Section 14.

Late Payment Charge

See Sheet No. 8, Section 15.

Determination of Reserved Capacity

The customer shall subscribe to a prespecified demand level which shall be used in the calculation of the demand charge. In no case shall the specified reserved capacity be less than three million Btus per hour. The Company agrees to deliver, upon a minimum of six hours notification, a demand level equal to, or less than, the subscribed demand level. If the customer requests and the Company delivers a demand greater than the subscribed level, the new actual

\*Indicates new rate or text  
 +Indicates change

DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_  
 month day year month day year  
 ISSUED BY Terry F. Steinbecker President St. Joseph, Missouri  
 name of officer title address

R-01 (12/94-DEB)



## APPENDIX B - DEPRECIATION RATES:

### STEAM

<u>Account No.</u>	<u>Account</u>	<u>New Depreciation Rate</u>
<b>Production Plant</b>		
311	Structures and improvements	4.40
312	Boiler plant equipment	4.00
315	Electric equipment	3.80
316	Power plant equipment	3.50
<b>Distribution Plant</b>		
375	Structures and improvements	2.00
376	Steam mains	2.50
379	Pumping and Regulating Equipment	3.00
380	Steam services	3.00
381	Steam meters	4.00

**RECEIVED**

AUG 18 1999

OFFICE OF THE COUNSEL  
PUBLIC SERVICE COMMISSION