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September 29, 2000

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED

SEP 29 2000

Missouri Public
Service Commission

RE: Case No. EO-2000-845

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original of the Nonproprietary and eight (8) conformed copies of the Highly Confidential **STAFF MOTION FOR COMMISSION ORDER DIRECTING THE FILING OF SUPPLEMENTAL DIRECT AND REBUTTAL TESTIMONY AND DIRECTING EXPEDITED TREATMENT.**

This filing has been e-mailed and sent by overnight courier or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Nathan Williams
Assistant General Counsel
(573) 751-8702
(573) 751-9285 (Fax)

NW:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

SEP 29 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

**STAFF MOTION FOR COMMISSION ORDER DIRECTING
THE FILING OF SUPPLEMENTAL DIRECT AND REBUTTAL
TESTIMONY AND DIRECTING EXPEDITED TREATMENT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and files the instant motion requesting that the Missouri Public Service Commission (Commission) keep all of the procedural dates previously directed by the Commission in its September 14, 2000 Order Adopting Procedural Schedule, including hearing dates and briefing schedule, but add the date of Thursday, October 12, 2000 by 3:00 p.m. for the filing by SJLP of supplemental direct testimony and schedules¹ and the date of Friday, October 20, 2000 by 3:00 p.m. for the filing of supplemental rebuttal testimony and schedules by other parties.² The supplemental direct and rebuttal testimony should address the September 21, 2000 Press Release of SJLP which states that "[f]ollowing a meeting of its board of directors held on Wednesday, September 20, 2000, to review the UtiliCorp request, **SJLP advised UtiliCorp that the impact and projected costs of the Lake Road plant fire are not 'material' for purposes of the Merger Agreement . . .**", as well as **

¹ In addition, the Commission should direct that SJLP should provide workpapers and all documents supporting its supplemental direct testimony at the time it makes its supplemental direct testimony filing.

² In addition, the Commission should direct that any party filing supplemental rebuttal testimony should provide workpapers and all documents supporting its supplemental rebuttal testimony at the time it makes its supplemental rebuttal testimony filing.

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³ (Emphasis added). The Staff requests that pursuant to 4 CSR 240-2.080(17), the Commission shorten the time for filing responses to the instant motion to Wednesday, October 4, 2000 by 3:00 p.m. due to the fact that the Commission previously has set the present expedited procedural schedule in an effort to accommodate SJLP respecting the timing of a Commission Report And Order in this case and SJLP's closing of its books for the year and SJLP's earnings announcement during the third week of January 2001.

Finally, the Staff seeks to advise the Commission that the Staff is conducting additional discovery related to the developments between UtiliCorp United Inc. ("UtiliCorp") and St. Joseph Light & Power Company ("SJLP"), respecting the Lake Road Power Plant Turbine 4 / Boiler 6 fire and outage. The requested information is relevant to both the SJLP – UtiliCorp merger case and the instant SJLP accounting authority order case. The data requests were submitted in the SJLP – UtiliCorp merger case on September 22, 2000 and request information from both SJLP and UtiliCorp. The Staff is hopeful that SJLP and UtiliCorp will respond to the Staff data requests in less than the 20 days permitted by 4 CSR 240-2.090(2). This is particularly important given the stage of the merger case and the impending Staff rebuttal testimony filing date of October 10, 2000 and the hearing dates of October 26 and 27, 2000 in the instant accounting authority order proceeding.

³ **

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In support of its motion, the Staff states as follows:

1. On June 23, 2000, SJLP filed its Application seeking from the Commission an Accounting Authority Order ("AAO") relating to SJLP's costs incurred due to an incident that occurred on June 7, 2000 at SJLP's Lake Road power plant. The Commission established the instant case for the processing of SJLP's Application.

2. On September 14, 2000, the Commission entered in this case its Order Adopting Procedural Schedule wherein it established the following procedural schedule dates:

Direct testimony of SJLP	-	September 18, 2000 3:00 PM
Rebuttal testimony of all other parties	-	October 10, 2000 3:00 PM
Surrebuttal and cross-rebuttal of all parties	-	October 17, 2000 3:00 PM
List of issues; order of witnesses and cross-examination	-	October 20, 2000 3:00 PM
Statement of the position of each party on each issue	-	October 20, 2000 3:00 PM
Evidentiary Hearing	-	October 26&27, 2000 8:30 AM
Initial Briefs	-	November 21, 2000 3:00 PM
Reply Briefs	-	December 4, 2000

3. On September 21, 2000, SJLP and UtiliCorp separately issued statements indicating that issues have arisen between them regarding the effect of the June 7, 2000 incident at the Lake Road power plant on their March 4, 1999 Agreement And Plan Of Merger, which SJLP and UtiliCorp have jointly presented to this Commission for approval. The Commission

established Case No. EM-2000-292 to address SJLP – UtiliCorp’s Joint Application for authority to merge. A copy of SJLP’s September 21, 2000 Press Release, marked “Attachment 1,” is appended hereto. A copy of a two page document comprising UtiliCorp’s September 21, 2000 statement, the content of a September 21, 2000 St. Joseph News-Press newspaper article and SJLP’s September 21, 2000 statement is appended hereto, marked as “Attachment 2.” Attachment 1 was provided to the Staff by SJLP, and Attachment 2 was provided to the Staff by UtiliCorp.

4. SJLP indicated in its September 21, 2000 Press Release that it received a letter from UtiliCorp which stated that UtiliCorp had completed a preliminary investigation of the impact and projected costs of the June 7, 2000 incident at the Lake Road power plant and “that, in the opinion of UtiliCorp, such impact is material” and requested SJLP “to confirm whether it views the damage caused by the fire as material.” SJLP also stated in its September 21, 2000 Press Release that UtiliCorp’s letter advised SJLP that the UtiliCorp letter did not represent the termination notice contemplated by the March 4, 1999 Agreement And Plan Of Merger. In the September 21, 2000 Press Release, SJLP also related that “[f]ollowing a meeting of its board of directors held on Wednesday, September 20, 2000, to review the UtiliCorp request, SJLP advised UtiliCorp that **the impact and projected costs of the Lake Road plant fire are not ‘material’ for purposes of the Merger Agreement . . .**” (Emphasis added).

5. The term “material adverse effect” is defined in the March 4, 1999 Agreement And Plan Of Merger as follows:

ARTICLE III Representations and Warranties of the Company [i.e., SJLP]

For purposes of this Agreement. “Company Material Adverse Effect” means a material adverse effect (i) on the business, properties, assets, liabilities (contingent or otherwise), financial condition, results of operations or prospects of

the Company and its Subsidiaries, taken as a whole, or (ii) on the ability of the Company to perform its obligations under or to consummate the transactions contemplated by this Agreement, other than effects caused by changes resulting from conditions affecting the electric utility or gas utility industries generally.

(March 4, 1999 Agreement And Plan Of Merger between SJLP and UtiliCorp, page A-11, filed in Case No. EM-2000-292 as Schedule RKG-1 to the direct testimony of Robert K. Green (Exhibit 2)).

ARTICLE IV Representations and Warranties of UCU

For purposes of this Agreement, "UCU Material Adverse Effect" means a material adverse effect (i) on the business, properties, assets, liabilities (contingent or otherwise), financial condition, results of operations or prospects of UCU and its Subsidiaries, taken as a whole, or (ii) on the ability of UCU to perform its obligations under or to consummate the transactions contemplated by this Agreement, other than effects caused by changes resulting from conditions affecting the electric utility or gas utility industries generally.

(March 4, 1999 Agreement And Plan Of Merger between SJLP and UtiliCorp, page A-21, filed in Case No. EM-2000-292 as Schedule RKG-1 to the direct testimony of Robert K. Green (Exhibit 2)).

6. The Staff has obtained a copy of the letter from UtiliCorp to SJLP referred to in SJLP's September 21, 2000 Press Release. ** _____

____ ** UtiliCorp has designated that letter as "Highly Confidential." The contents of the letter will be specifically referred to herein and will be treated as "Highly Confidential" in accordance with the Commission's Protective Order in the instant case. A copy of this letter is appended hereto under seal as "Attachment 3."

7. ** _____

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**

** SJLP has designated this document as being "Highly

Confidential.” The contents of the document will be specifically referred to herein and will be treated as “Highly Confidential” in accordance with the Commission’s Protective Order in the instant case. A copy of this document is appended hereto under seal as “Attachment 4.”

9. ** _____

_____ **

_____ **

_____ **

10. The Staff would note that it does not have in its possession copies of all of the correspondence between UtiliCorp and SJLP regarding these matters. ** _____

_____ **

11. In its Application for Accounting Authority Order, which SJLP filed with the Commission on June 23, 2000, SJLP stated the following, among other things:

¶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. . . .

¶8. 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

. . . .

¶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. . . .

Application at pp. 3-4.

12. In its pleading entitled "Proposed Procedural Schedule" filed with the Commission on September 7, 2000, SJLP states the following:

¶6. . . . [The costs SJLP seeks to defer] amount to approximately 25 percent of SJLP's earnings in 1999, excluding merger-related expenses. The only proper issues in this case are whether the event and resulting costs are extraordinary and material. . . .

SJLP's Proposed Procedural Schedule, p. 3.

13. It appears to the Staff that the positions that SJLP has presented to the Commission and to UtiliCorp regarding the materiality of the costs it has incurred due to the June 7, 2000 incident at SJLP's Lake Road power plant are inconsistent. Therefore, the Staff requests that the Commission direct that SJLP in supplemental direct testimony to be filed no later than Thursday, October 12, 2000, by 3:00 p.m., address the issue of the apparent difference in the positions SJLP has presented to the Commission and to UtiliCorp regarding the materiality of the costs relating to the June 7, 2000 event at Lake Road Unit 4/6. ** _____

_____ ** The Commission should direct that this matter also should be addressed by SJLP in its supplemental direct filing. Consistent with the present procedural schedule, the Commission should order that parties other than SJLP may submit supplemental rebuttal testimony to SJLP's supplemental direct testimony by Friday, October 20, 2000 by 3:00 p.m. Thus, the Staff proposes the following modified procedural schedule:

Direct testimony of SJLP	- September 18, 2000 3:00 PM
Supplemental direct testimony of SJLP	- October 12, 2000 3:00 PM

Rebuttal testimony of all other parties	- October 10, 2000 3:00 PM
Surrebuttal and cross-rebuttal Testimony of all parties	- October 17, 2000 3:00 PM
Supplemental rebuttal testimony of all other parties to the supplemental direct testimony of SJLP	- October 20, 2000 3:00 PM
List of issues; order of witnesses and cross-examination	- October 20, 2000 3:00 PM
Statement of the position of each party on each issue	- October 20, 2000 3:00 PM
Evidentiary Hearing	- October 26&27, 2000 8:30 AM
Initial Briefs	- November 21, 2000 3:00 PM
Reply Briefs	- December 4, 2000

14. The Staff is serving this pleading on counsel for all parties to Case No. EO-2000-845 in part by electronic transmission and in entirety by overnight courier or hand-delivery.

WHEREFORE, the Staff requests that the Commission issue an Order modifying the procedural schedule, which the Commission established on September 14, 2000, in order to add (i) the date of Thursday, October 12, 2000 by 3:00 p.m. for SJLP to file supplemental direct testimony and (ii) the date of Friday, October 20, 2000 by 3:00 p.m. for other parties to file supplemental rebuttal testimony regarding the matter of the apparent difference in the positions that SJLP has presented to the Commission in the instant case and to UtiliCorp in response to UtiliCorp's inquiry respecting the materiality of the fire and outage at SJLP's Lake Road power plant Unit 4/6 and **

** The Staff

also requests that pursuant to 4 CSR 240-2.080(17), the Commission shorten the time for filing responses to the instant motion to Wednesday, October 4, 2000 by 3:00 p.m.

Respectfully submitted,

DANA K. JOYCE
General Counsel

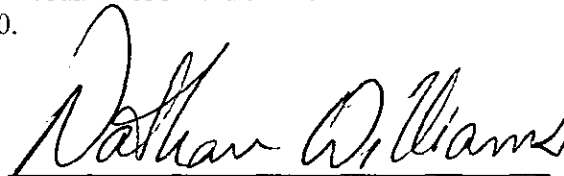


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Certificate of Service

I hereby certify that copies of the foregoing have been sent in part by electronic transmission and in entirety by overnight courier or hand-delivery to all counsel of record as shown on the attached service list this 29th day of September, 2000.



September 21, 2000 — UtiliCorp United (NYSE:UCU) today issued the following statement in response to a news release issued today by St. Joseph Light & Power Company (NYSE:SAJ):

A great deal of solid, responsible work has been accomplished by both companies in preparing to complete the terms of our merger agreement, and the transition effort is on track and on schedule. However, a very serious issue awaits resolution involving the financial and operational implications of a June 7, 2000 fire that damaged a unit at the Lake Road power plant operated by St. Joseph. UtiliCorp has asked St. Joseph to provide a detailed explanation regarding the materiality of this incident, and remains hopeful that a satisfactory response will be forthcoming.

***St. Joseph Light & Power Statement Awaited**
St. Joseph (Mo.) News-Press — 09/21/2000
By Robyn L. Davis

Amid rumors and speculation about the St. Joseph Light & Power and UtiliCorp United merger, Light & Power plans to issue a press release early this morning.

But company officials won't say what it entails, and won't comment on rumors that the merger may be dead. However, UtiliCorp spokesman Jerry Cosley denied the rumors.

It probably all started with a memo to Light & Power employees saying that the transition teams formed to handle the merger were suspending operations. Mr. Cosley said it was a natural pause for the seven transition teams looking at 30 subjects.

"It's very clear that the work is on schedule and continuing in the right direction," Mr. Cosley said.

Light & Power held its monthly board meeting at The Elms Hotel in Excelsior Springs, Mo., Wednesday.

Employees say they have no idea what's going to be announced today, but they hope whatever it is ends the speculation.

"Truthfully, I wish we would know one way or the other," said one employee who wouldn't give her name.

Another said, "I wish it was over."

Light & Power announced in March 1999 that it would merge with UtiliCorp. Since then, both companies have jumped through a series of state and federal regulatory boards. Among the toughest has been a weeklong hearing before the Missouri Public Service Commission, held in July in Jefferson City. The staff of the PSC filed testimony against the merger.

PSC spokesman Kevin Kelly said no decision has been issued in the case.

St. Joseph, Missouri — St. Joseph Light & Power Company (SJLP) (NYSE-SAJ) announced today that it has received a letter from UtiliCorp United Inc. (NYSE-UCU) advising SJLP that UtiliCorp has completed a preliminary investigation of the impact and projected costs of the previously reported fire that occurred at SJLP's Lake Road power plant on June 7, 2000, and that, in the opinion of UtiliCorp, such impact is material.

The letter indicates that, under its existing Merger Agreement with SJLP entered into on March 4, 1999, UtiliCorp may terminate the Merger Agreement if SJLP breaches its representation and warranty in

the Merger Agreement relating to the absence of a material adverse effect on SJLP since December 31, 1998, and fails to remedy any such breach within 45 business days after receiving notice in writing of the breach.

UtiliCorp's letter states that "[t]his letter does not represent the termination notice" contemplated by the Agreement, but constitutes a request for SJLP "to confirm whether it views the damage caused by the fire as material."

On September 15, 2000, UtiliCorp further advised SJLP orally that UtiliCorp was "suspending" ongoing merger transition team meetings pending resolution of certain issues between the two companies.

Following a meeting of its board of directors held on Wednesday, September 20, 2000, to review the UtiliCorp request, SJLP advised UtiliCorp that the impact and projected costs of the Lake Road plant fire are not "material" for purposes of the Merger Agreement, that SJLP remains in full compliance with the Merger Agreement and that SJLP sees no reason why the merger with UtiliCorp cannot be completed promptly following receipt of Missouri Public Service Commission approval.

SJLP further advised UtiliCorp that, while SJLP is willing to meet with UtiliCorp as soon as possible to clarify any confusion on the part of UtiliCorp regarding the fire, SJLP intends to pursue any and all appropriate remedies available to SJLP to ensure its shareowners the benefits of the merger.

"We were disappointed to receive the recent inquiry from UtiliCorp and disturbed by UtiliCorp's decision to suspend transition team meetings," commented Terry F. Steinbecker, president and chief executive officer of St. Joseph Light & Power Company.

"The fire was a one-time event and the unit was returned to service within weeks with no disruption of service to our customers. We have applied for regulatory approval to defer the costs and seek recovery over a five-year period in SJLP's next general rate case. We continue to believe the merger with UtiliCorp is beneficial to shareowners of both SJLP and UtiliCorp and we intend to take the action necessary to ensure that the merger is completed," he said.

* * * * *



St. Joseph
Light & Power
Company

For immediate release
September 21, 2000

News Release

Bill Washburn
(573) 526-0145
From Tim Rush

St. Joseph, Missouri – St. Joseph Light & Power Company (SJLP) (NYSE-SAJ) announced today that it has received a letter from UtiliCorp United Inc. (NYSE-UCU) advising SJLP that UtiliCorp has completed a preliminary investigation of the impact and projected costs of the previously reported fire that occurred at SJLP's Lake Road power plant on June 7, 2000, and that, in the opinion of UtiliCorp, such impact is material.

The letter indicates that, under its existing Merger Agreement with SJLP entered into on March 4, 1999, UtiliCorp may terminate the Merger Agreement if SJLP breaches its representation and warranty in the Merger Agreement relating to the absence of a material adverse effect on SJLP since December 31, 1998, and fails to remedy any such breach within 45 business days after receiving notice in writing of the breach.

UtiliCorp's letter states that "[t]his letter does not represent the termination notice" contemplated by the Agreement, but constitutes a request for SJLP "to confirm whether it views the damage caused by the fire as material."

(more)

520 Francis Street

P.O. Box 998

St. Joseph, MO

64502-0998

816-233-8888

FAX 816-387-6332

On September 15, 2000, UtiliCorp further advised SJLP orally that UtiliCorp was "suspending" ongoing merger transition team meetings pending resolution of certain issues between the two companies.

Following a meeting of its board of directors held on Wednesday, September 20, 2000, to review the UtiliCorp request, SJLP advised UtiliCorp that the impact and projected costs of the Lake Road plant fire are not "material" for purposes of the Merger Agreement, that SJLP remains in full compliance with the Merger Agreement and that SJLP sees no reason why the merger with UtiliCorp cannot be completed promptly following receipt of Missouri Public Service Commission approval.

SJLP further advised UtiliCorp that, while SJLP is willing to meet with UtiliCorp as soon as possible to clarify any confusion on the part of UtiliCorp regarding the fire, SJLP intends to pursue any and all appropriate remedies available to SJLP to ensure its shareowners the benefits of the merger.

"We were disappointed to receive the recent inquiry from UtiliCorp and disturbed by UtiliCorp's decision to suspend transition team meetings," commented Terry F. Steinbecker, president and chief executive officer of St. Joseph Light & Power Company.

"The fire was a one-time event and the unit was returned to service within weeks with no disruption of service to our customers. We have applied for regulatory approval to defer the costs and seek recovery over a five-year period in SJLP's next general rate case. We continue to believe the merger with UtiliCorp is beneficial to shareowners of both SJLP and UtiliCorp and we intend to take the action necessary to ensure that the merger is completed," he said.

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Contact: Jerry Musil, manager
Corporate Communications
816-387-6236 (office)
816-262-0374 (cellular)
jmusil@sjlp.com (email)

* * * * *

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements reflect the Company's expectations and are based on currently available information. Such statements include, but are limited to, information relating to the operations of the Company, the outcome of regulatory proceedings, and the status, timing and certainty of the proposed merger between the Company and UtiliCorp. When used in this press release, the words "anticipates," "believes," "expects," "intends" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Actual results, performance, achievements or other information may vary materially from those expressed in, or implied by, such forward-looking statements and are subject to numerous risks and uncertainties. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations and financial conditions of the Company. These statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ATTACHMENT 3

HAS BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY

ATTACHMENT 4

HAS BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY

Service List for
Case No. EO-2000-845
Revised: September 29, 2000 (SW)

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