

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. ER-81-154

In the matter of Missouri Public Service Company of Kansas City, Missouri, for authority to file interim electric tariffs increasing rates for electric service provided to customers in the Missouri service area of the Company.

APPEARANCES: James C. Swearengen, Attorney at Law, and W. R. England, III,
Attorney at Law, Hawkins, Brydon & Swearengen, P.C.,
P. O. Box 456, Jefferson City, Missouri 65102, for
Missouri Public Service Company.

William C. Harrelson, Assistant General Counsel, Missouri
Public Service Commission, P. O. Box 360, Jefferson City,
Missouri 65102, for the Staff of the Commission.

REPORT AND ORDER

On November 5, 1980, the Missouri Public Service Company of Kansas City, Missouri (Company) submitted to this Commission revised interim tariffs reflecting increased rates for electric service provided to customers in the Missouri service area of the Company. The proposed interim electric tariffs had a requested effective date of December 5, 1980, and were designed to increase annual electric revenues by approximately \$15 million (exclusive of franchise taxes).

By Order dated November 24, 1980, the Commission suspended the effective date of the proposed interim tariffs until April 4, 1981. By further Order dated December 4, 1980, other procedural dates were set including a hearing for purposes of presenting testimony, exhibits and witnesses for examination and cross-examination to commence on February 23, 1981.

Also pending before the Commission at this time is the Company's request for permanent rate relief, Case No. ER-81-85. There are no intervenors in this proceeding, or in the Company's permanent rate proceeding, Case No. ER-81-85, and the time for intervention in the permanent proceeding expired on November 13, 1980.

At the request of the Commission Staff and after due notice, a prehearing conference was scheduled and convened in the instant matter on the 26th day of January, 1981. As a result of the aforementioned prehearing conference, a Stipulation and Agreement was entered into between the participating parties in which one of several issues was finally resolved and presented to the Commission

at a hearing held on February 3, 1981 for its approval. (A copy of said Stipulation and Agreement is attached hereto and incorporated herein by reference as Appendix "A").

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

The Stipulation and Agreement partially resolves the accounting treatment, for ratemaking purposes, to be accorded Company's costs associated with the generator failure in August, 1980, of its Sibley Generating Station Unit No. 3. These costs shall be included in the Company's cost of service and recovered through the Company's electric rates over a reasonable period of time. The period of time over which these costs are to be recovered is to be determined by the Commission by Report and Order in Company's permanent rate proceeding, Case No. ER-81-85. Thus, the amortization of these costs and the associated increase in electric rates necessitated by the amortization will commence with the effective date of revised tariffs to be filed pursuant to the Commission's Report and Order issued in Case No. ER-81-85.

The Company has further agreed to reduce its request for an interim rate increase from \$15 million to \$6,087,600 (exclusive of franchise taxes).

On January 29, 1981, Company delivered to the Secretary of this Commission a letter requesting that a hearing be held on February 3, 1981, in order to submit the Stipulation and Agreement. Copies of that letter were delivered to all parties in this matter. The letter recited that an order was necessary from this Commission effective on or before February 13, 1981, in order to provide the Company and its independent auditors with a basis for accounting and ratemaking treatment of the costs associated with the Sibley generator failure for purposes of the Company's 1980 and future financial statements.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions:

That the public necessity required that a prompt hearing be held in this matter.

That it may accept a Stipulation in settlement of any or all contested matters.

That the instant Stipulation and Agreement is fair and reasonable in all respects, and supported by competent and substantial evidence upon the whole record and further that the Commission adopts the accounting treatment for recovery of the Sibley generator expense as set out in Paragraph One therein.

That it is important to finally and conclusively resolve this matter in a timely manner so that the Company and its independent auditors will be provided with a basis for the accounting and ratemaking treatment in the Company's financial statements of the costs associated with the Sibley generator failure.

Therefore, the Commission finds and concludes that this Report and Order should be final and binding on the Commission and the parties hereto with respect to the accounting and ratemaking treatment to be accorded these costs in this proceeding (Case No. ER-81-154), the Company's permanent rate case (Case No. ER-81-85), and all subsequent proceedings before any regulatory body or Court involving this Company.

It is, therefore,

ORDERED: 1. That the Company shall be allowed to recover in its rates for electric service all costs including purchased power costs associated with the generator failure in August, 1980, of its Sibley Generating Station, Unit No. 3, in the amount of \$6,824,801.

ORDERED: 2. That these costs are to be recovered through the Company's cost of service, for purposes of ratemaking, over a reasonable period of time, said reasonable period of time to be determined by the Commission's Report and Order to be issued in Company's permanent rate proceeding, Case No. ER-81-85.

ORDERED: 3. That a hearing be held in connection with the Company's request for interim rate relief in Case No. ER-81-154 as previously scheduled in the Commission's hearing room commencing at 9:00 a.m., on February 23, 1981.

ORDERED: 4. That this Report and Order shall become effective on the 13th day of February, 1981.

(S E A L)

Fraas, Chm., McCartney and
Dority, CC., Concur.
Slavin and Bryant, CC.,
Not Participating.

BY THE COMMISSION

D. Michael Hearst
D. Michael Hearst
Secretary

Dated at Jefferson City, Missouri,
this 3rd day of February, 1981.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri Public)	
Service Company of Kansas City,)	
Missouri, for authority to file)	Case No. ER-81-154
interim electric tariffs increasing)	
rates for electric service provided)	
to customers in the Missouri service)	
area of the Company.)	

STIPULATION AND AGREEMENT

Pursuant to an Order of the Missouri Public Service Commission (Commission) issued in the above-captioned matter, a prehearing conference was commenced January 26, 1981, in the Commission's offices in Jefferson City, Missouri.

Representatives of the Missouri Public Service Company (Company) and the Missouri Public Service Commission Staff (Staff) attended and participated in the prehearing conference. Although notified of the conference, no representative of the Office of Public Counsel appeared at or otherwise participated in the prehearing conference. There are no intervenors in this proceeding, or in the Company's permanent rate proceeding, Case No. ER-81-85, and the time for said intervention in the permanent proceeding has expired.

As a result of said prehearing conference, the undersigned stipulate and agree as follows:

1. That Company be allowed to recover in its rates for electric service all costs including purchased power costs associated with the generator failure in August, 1980, of its Sibley Generating Station, Unit No. 3. These costs are \$6,824,801. ¹ These costs are to be recovered through the Company's cost of service, for purposes of ratemaking, over a reasonable period of time, said reasonable period of time to be determined by the Commission's Report and Order to be issued in Company's permanent rate proceeding,

¹These costs are to be mutually agreed upon on or before February 3, 1981.

Case No. ER-81-85. Nothing contained herein shall prohibit the Company or the Staff from presenting additional evidence in said permanent rate proceeding (ER-81-85) respecting a reasonable period for recovery of the Sibley generator expense, including any related costs associated with any unamortized portion of said expense. The amortization of these costs and the associated increase in electric rates authorized by that amortization will commence on the effective date of tariffs filed pursuant to the Commission's Report and Order issued in said Case No. ER-81-85.

2. That a hearing be held in connection with the Company's request for interim rate relief in Case No. ER-81-154 as previously scheduled in the Commission's hearing room commencing at 9:00 a.m. on February 23, 1981.

3. That the Company will reduce its request for interim rate relief in this docket, exclusive of the amortization and recovery of the costs associated with the Sibley generator failure, from fifteen million dollars (\$15,000,000), exclusive of franchise taxes, to nine million, five hundred thousand dollars (\$9,500,000), exclusive of franchise taxes, less one-half of the amount of the Sibley generator expense to be amortized and recovered as reflected in Paragraph One above.

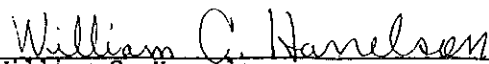
4. That the agreements contained herein be approved by the Commission by its Report and Order to be issued in this docket no later than February 3, 1981, and to be effective no later than February 13, 1981; said Report and Order to be a final Report and Order on the issue of the amount of Sibley generator expense to be recovered as reflected in Paragraph One herein. Said Report and Order shall be binding upon the parties and the Commission in this proceeding (Case No. ER-81-154), the Company's permanent rate case, (No. ER-81-85), and all subsequent proceedings before any regulatory body or court involving this Company. Timely approval of this

Stipulation is necessary to provide the Company and its independent auditors with a basis for accounting and ratemaking treatment in the Company's financial statements of the costs associated with the Sibley generator failure. Without timely approval by this Commission of this accounting and ratemaking treatment as set forth herein, the Company's ability to finance may be severely constrained.

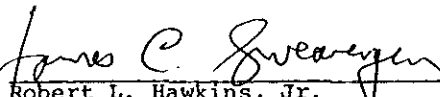
5. That this Stipulation and Agreement shall be presented to the Commission at a hearing in this docket on or before February 3, 1981.

6. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their right to present oral argument and written briefs pursuant to §536.010(1) and 4 CSR 240-2.140; their right pertaining to the reading of the transcript by the Commission pursuant to §536.080(3); and their right to judicial review pursuant to §386.510 RSMo 1978.

7. That the agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement in total this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.


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