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September 4, 1992

GREGORY C. STOCKARD
RETIRED

Missouri Public Service Commission
c/o Mr. Brent Stewart
P. O. Box 360
Jefferson City, Missouri 65102

Re: Case Nos. ER-91-298, EO-92-60 and EO-92-229

Dear Mr. Stewart:

We are in receipt of the Commission's Order of September 1, 1992 in regard to the above-referenced PSC dockets.

For the reasons we have previously indicated, Sho-Me will not be able to voluntarily participate in any hearing before the Commission. It is not Sho-Me's intention to be unreasonable or obstinate, but merely to protect its rights in support of the legal position we have advanced. Therefore, Sho-Me's only official involvement in the process will be to appear specially, solely for the purpose of challenging jurisdiction.

Be that as it may, Sho-Me still wishes to cooperate as much as possible with the Commission and its Staff in resolving this matter. It remains Sho-Me's firm belief that ultimately Sho-Me will end up where it, in good faith, believes it now is and that the argument is merely one as to the path to be followed to reach that point.

Even under Sho-Me's view of the situation, we do believe that the Commission would have subpoena power over Sho-Me for the purposes of gathering information necessary for the Commission to carry out its duties under state law. Therefore, our office will accept service of any subpoenas and discovery requests that the Commission or Staff may have, directed to Sho-Me, relating to these matters. Sho-Me will make every effort to cooperate to produce such witnesses, testimony and information as the staff or the Commission believes would be helpful or appropriate in aiding the Commission in the resolution of Sho-Me's status. By labeling it as a form of response for requests for admissions, Sho-Me would

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even be willing to enter into a stipulation of facts with the Commission Staff so as to present as clear and complete a record as possible upon which the Commission can act.

I note at page 3 of the Commission's Order that the Commission feels that Sho-Me has failed to file a response as directed in the Commission's July 1, 1992 Order. I apologize for the misunderstanding in regard to that information. Our reading of the Order had led us to believe that a response from Sho-Me and the cities as to the status of their negotiations was being requested. We believed that the response being filed by the cities was sufficient to apprise the Commission of the status as of that point in time. Had we known that the Commission in fact expected a separate response from Sho-Me, we would have provided the information with our standard disclaimer that it was being voluntarily submitted as opposed being responsive to a Commission order validly issued with jurisdiction over Sho-Me.


Sho-Me did in fact, shortly after the response of the cities, furnish further information to the Staff in a conversation between the undersigned and Jeff Keevil.

It is Sho-Me's understanding at this point in time, that all of the cities that were customers of Sho-Me will in the near future reach satisfactory contractual relationships with Sho-Me and that all of the intervenors in Case No. EO-92-229 will drop their interventions and withdraw from that matter. All of the cities involved, including the cities of Cabool and Winona, which had indicated an intent to continue their intervenor status, have requested final, executable forms of contracts and amendments from Sho-Me that will permit those cities to drop their intervention before the Commission. These situations are not final and most are pending before appropriate city governing bodies such as city councils and utility governing boards.

In summary, Sho-Me believes that its relationship with all of its customers will be satisfactorily resolved and that all of the intervenors in action EO-92-229 will dismiss themselves from that docket. While Sho-Me believes it has acted legally and appropriately in making its conversion to Chapter 394 status, Sho-Me continues to desire to cooperate as fully as possible with the Public Service Commission and its Staff as much as it can without jeopardizing its asserted legal position. If there is anything that Sho-Me can do to assist the Commission or the Staff in its activities under the procedural schedule set out in the Commission's Order of September 1, 1992, please let us know and we will endeavor to comply with the request.

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Sincerely yours,



Patrick A. Baumhoer

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cc: Office of Public Counsel
Mr. Jeffrey Keevil
Mr. John Davis