

FILED³

OCT 25 2000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

STATEMENT OF POSITION
BY
AG PROCESSING INC.

COMES NOW Ag Processing Inc a Cooperative (AGP) and for
its statement of position states the following:

1. There has been something of a disruption of the
original procedural schedule in this matter as a result of the
tragic events of last week. That tragic disruption has, no
doubt, interfered with distribution of drafts of the various
proposed statements of position. AGP has received Public
Counsel's statement and that of St. Joseph Light & Power. SJLP's
statement appears to refer to Staff's position statement which
AGP has not, to date, received.

2. We are uncertain which of the issues listed by
Public Counsel and SJLP is the final listing, and are also
uncertain whether final agreement on a set of issues has even
been reached. Accordingly, AGP submits this statement based on
Public Counsel's statement of issues which, we are given to
understand, represents the joint work of Staff and Public Coun-
sel.

1. **Should the Commission grant to SJLP an Accounting Authority Order to defer recognition of the costs it incurred as the result of the incident at Unit 4/6 at SJLP's Lake Road Power Plant on June 7, 2000?**

We do not believe that SJLP should receive extraordinary accounting treatment for costs that were incurred as a result of the incident. Such authority has characteristically been granted only for ice or windstorms or other events that are beyond the control and fault of the utility.

2. **Was the cause of the costs SJLP seeks to defer in this case due to SJLP operator error?**

The evidence would appear to support such a conclusion. It clearly was not the result of some extraordinary circumstance that was beyond the control of the utility.

3. **If the answer to (2) is yes, was the SJLP operator error that caused the costs SJLP seeks to defer in this case the result of circumstances created by SJLP?**

The evidence appears to support such a conclusion.

4. **Should the Commission grant an Accounting Authority Order to defer costs incurred as the result of operator error?**

For the reasons stated above, no.

5. **Was the cause of the incident at Unit 4/6 at the Lake Road Power Plant on June 7, 2000, the result of SJLP's acts and/or omissions?**

The evidence supports that conclusion.

6. **Was the event involving Unit 4/6 at the Lake Road Power Plant on June 7, 2000, an "extraordinary event" as that term has been used by the Commission in the approval of past Accounting Authority Orders?**

No. Our understanding of prior Commission decision on the type of AAO sought here is that "extraordinary" has been equated with "unpredictable" or "in the exercise of prudent management, unpreventable." It has been used to allow recovery of an appropriate period of costs associated with ice storms, tornado damage, or the like that are essentially events that are well beyond the control of the utility.

7. Was the event involving Unit 4/6 at the Lake Road Power Plant on June 7, 2000, a "nonrecurring event" as that term has been used by the Commission in the approval of past Accounting Authority Orders?

The basic cost sought to be recovered are for purchased power which are clearly not "nonrecurring" costs. Additionally, scheduled and unscheduled outages are entirely events that normally occur and are within the scope of reliability council reserve factors.

8. Do the cost identified by SJLP resulting from the June 7, 2000 event qualify as "material" under the Uniform System of Accounts; definition of "material."

AGP does not believe that this should be an issue in this matter. The size of the cost does not determine the reason a cost was incurred.

9. Should the Commission adopt the new criteria for the issuance of an AAO advocated by Staff in the prepared rebuttal testimony of Mr. Harris?

No. There is a saying in the law that "hard cases make bad law." It would be both unnecessary and inappropriate to develop a new standard in this case. These rules have been long established and are well known. Periodic utility efforts to "stretch" or otherwise erode standards ultimately disserve the interests of the Commission, ratepayers and the utilities themselves and should be rebuffed. Maintenance of long-established rules and standards protect both the utility and its ratepayers. "Good fences make good neighbors."^{1/}

10. Should the Commission authorize the deferral of \$3,332,931 as requested by SJLP, or some other amount?

No, for the reasons stated.

11. Should the Commission address the issue of prudence in this case?

AGP does not see that prudence is the issue that should be determined in this case, but rather whether a utility should be permitted extraordinary accounting treatment so as to defer costs resulting from its own errors and omissions, as the evidence here seems to demonstrate. The utility is free to initiate a rate

^{1/}From "Mending Wall" by Robert Frost.

case or interim rate proceeding where all relevant factors may be considered.

12. If the Commission allows SJLP to defer costs pursuant to an AAO, when should the Commission require the amortization to begin?

Inasmuch as AGP does not believe that deferral should be allowed, we do not believe this issue needs to be addressed by the Commission.

13. If the Commission allows SJLP to defer costs pursuant to an AAO, when should SJLP be required to file a rate case to recover the deferred costs?

Inasmuch as AGP does not believe that deferral should be allowed, we do not believe this issue needs to be addressed by the Commission. If SJLP believes that its financial health is imperiled by this cost, it has the ability to file a rate case and seek interim relief.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

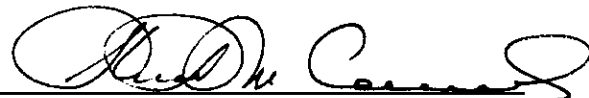


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ATTORNEYS FOR AG PROCESSING INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Application for Leave to Intervene by facsimile and U.S. mail, postage prepaid addressed to all parties by their attorneys of record as provided by the Secretary of the Commission. and shown on the sheet following.



Stuart W. Conrad

EO-2000-845

Dated: October 25, 2000