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August 23, 2000

Missouri Public Service Commission
Attn: Secretary of the Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Mo. 65102-0360

FILED³

AUG 23 2000

Missouri Public
Service Commission

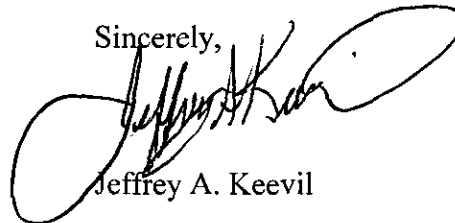
RE: Case No. EM-2000-369
UtiliCorp United Inc./The Empire District Electric Company

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case are an original and the appropriate number of copies of the STATEMENTS OF POSITIONS on behalf of Springfield, Missouri, City Utilities.

Copies of this filing have on this date been mailed or hand-delivered to counsel of record. Thank you for your attention to this matter.

Sincerely,



Jeffrey A. Keevil

JAK/er
Enclosures
cc: counsel of record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

AUG 23 2000

Missouri Public
Service Commission

In the Matter of the Joint Application of)
UtiliCorp United Inc. and The Empire)
District Electric Company for Authority to)
Merge The Empire District Electric)
Company with and into UtiliCorp United)
Inc., and, in Connection Therewith, Certain)
Other Related Transactions.)

Case No. EM-2000-369

**STATEMENTS OF POSITIONS OF THE CITY OF SPRINGFIELD,
MISSOURI, THROUGH THE BOARD OF PUBLIC UTILITIES**

COMES NOW the City of Springfield, Missouri, through the Board of Public Utilities ("City Utilities"), and pursuant to the Order Granting Motion to Extend Filing Dates issued herein on April 14, 2000, submits the following Statements of Positions. Based on prior orders of the Commission, it is City Utilities' understanding that these Statements of Positions are to be as concise as possible; therefore, full and complete reasons for the positions of City Utilities will not be provided herein, but City Utilities would refer the Commission to the testimony filed on its behalf in this case and its briefs to be filed at the conclusion of the hearing for a more thorough discussion of the reasons/evidence supporting its positions herein. Also, based on the statements of the regulatory law judge and counsel for Staff at the prehearing conference held herein on July 24, 2000, City Utilities has attempted to set forth under each "issue" addressed below a reference to the portions of the prefiled testimony of its witness which address such issue; however, as discussed at the prehearing conference, this is being done with

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the understanding that failure to identify a portion of testimony as addressing a certain issue will not preclude City Utilities from using such testimony in relation to such issue.

Furthermore, in the interest of brevity, City Utilities will only address herein those issues set forth in the List of Issues filed by Staff on July 31, 2000, under which City Utilities' witness is listed as having submitted testimony.¹ However, City Utilities reserves the right to participate in the cross-examination and briefing of other issues, particularly since surrebuttal testimony is due to be filed on the same date these Statements of Positions are due.

ISSUES

1. Does the proposed merger and related transactions and proposals satisfy the not detrimental to the public interest standard required for the approval of mergers by the Commission? No; the merger as proposed by the Joint Applicants is detrimental to the public interest (especially when viewed in conjunction with the related proposed merger of St. Joseph Light & Power Company into UtiliCorp United Inc.). Furthermore, the Joint Applicants have not fully evaluated the impacts of the post-merger flows on the electric grid which leaves the Commission without necessary information to evaluate the proposed merger. (Rebuttal Testimony of Whitfield A. Russell, all)

Market Power

(3) Will the merger allow the Companies to take valuable, limited transmission capacity necessary for other Missouri utilities to maintain deliveries under their purchased power contracts? Yes; rather than simply focusing on the relative size of

¹ In the List of Issues filed by Staff on July 31, 2000, City Utilities is denominated "SPF", for Springfield.

Applicants' systems, the Commission should determine whether the merger gives Applicants the opportunity, ability and incentives to utilize scarce transmission resources for their own use, leaving other utilities with no economic alternatives for delivery of needed power supplies, and impose a condition on its approval of the merger that Applicants upgrade the transmission infrastructure, at their expense, so as to preserve existing benefits. In this case, this consideration has been exacerbated by the lack of study devoted to the issue by the Applicants. (Rebuttal Testimony of Whitfield A. Russell, pp. 48-57)

Transmission Access and Reliability

(1) *Have the Companies conducted and provided adequate studies of the impact of the proposed merger upon transmission facilities within, and interconnecting with, the State of Missouri, and upon all providers of electric service in the State, to prove that the proposed merger is not detrimental to the public interest?* No; Applicants have not analyzed the impact of their combined uses of the region's transmission system upon transmissions customers such as, but not limited to, Springfield (with the resulting impact upon such transmission customers' retail customers). (Rebuttal Testimony of Whitfield A. Russell, pp. 23-44)

(2) *Will the proposed merger provide the Companies the ability to gain unduly preferential priority of access to limited transmission facilities and/or exercise their post-merger transmission access anti-competitively, to the detriment of other customers in the State and therefore to the detriment of the public?* Yes; the merger would allow the Applicants to expand their native load priorities to favor deliveries of their own purchases

and sales of generation and to obtain favored access through transmission bottlenecks; to soak up available transmission capacity (ATC) in the region due to internal dispatch of the merged company without warning; and to simply deny others access to the merged company's transmission and/or distribution facilities. (Rebuttal Testimony of Whitfield A. Russell, pp. 11-23, 46)

(3) *Could a post-merger UCU refunctionalize its transmission facilities in anti-competitive ways to the detriment of the public?* Yes; unwarranted shifts in costs may impose costs upon customers which are not appropriate and be used to shield a utility's customers from competition from alternative sources. (Rebuttal Testimony of Whitfield A. Russell, p. 47)

(4) *Do the companies being merged adhere to a single, consistent set of standards for designing and operating their transmission facilities and, if not, would not adhering to a single, consistent set of standards for designing and operating their transmission facilities be detrimental if the merger is approved?* The individual companies being merged do not adhere to a single, consistent set of standards for designing and operating their transmission facilities, and this would be detrimental if the merger is approved. (Rebuttal Testimony of Whitfield A. Russell, pp. 44-45)

II. If the adoption of conditions by the Commission cannot in the view of particular parties eliminate in total the situation that the proposed merger is detrimental to the public interest, but regardless of this view of particular parties, the Commission decides to approve the proposed merger, should the Commission adopt any or all of the following

conditions, as part of its approval of the Companies' merger? Yes. (Rebuttal Testimony of Whitfield A. Russell, all)

Market Power Conditions

(7) Respecting transmission capacity, should Springfield's proposed conditions regarding Transmission Access and Reliability (which are set forth in detail herein under the heading "Transmission Access and Reliability Conditions") be adopted? Yes; any benefits achievable through the merger should be achieved through synergies associated with the merger and not be the result of diverting benefits to Applicants at the expense of other energy providers and consumers in Missouri. (Rebuttal Testimony of Whitfield A. Russell, pp. 48-57)

Transmission Access and Reliability Conditions

(1)(a) Should the Commission order the Joint Applicants to conduct production cost, load flow and stability studies of the impact of the proposed merger upon transmission facilities within, and interconnecting with, the State of Missouri, and upon all providers of electric service in the State, prior to approval of the merger and if so, what should such studies contain? (b) Should the Joint Applicants be ordered to provide these studies in hard copy and electronic form to the other parties, and should the Commission keep this case open until such time as the studies have been completed and all parties have been allowed sufficient time to review/analyze and file comments in this case on such studies? (c) Should the Joint Applicants be required to construct and/or upgrade, at their expense, transmission facilities necessary to insure that their integrated operation will not adversely impact others? (d) If the answer to (c) is yes, what transmission facilities?

(a) Yes (see issue (1) under Transmission Access and Reliability). Such studies should include, but not necessarily be limited to, the following: (1) Production cost simulations that indicate the hourly amount of power flow that can be expected to occur between each of the separate pockets of load and generation in connection with the merged company's internal dispatch. This should include hourly determinations of net exports and imports for each of those pockets. The output of this analysis should also include hourly indications of (i) the amount of generating capacity probabilistically determined to be available from each generating resource owned and purchased by the merged company, (ii) the amount of that capacity dedicated to native load, (iii) the amount dedicated to firm off-system sales, and (iv) the amount available for additional off-system sales. (2) Load flow and stability analyses of necessary additions of equipment (and employment of must-run generation) to support transmission voltages within a +/- 5% range of nominal voltage under base case conditions, heavy transfer conditions and under all single contingency outage conditions. The starting conditions should reflect alterations of internal dispatch that Applicants expect to occur in the post-merger scenarios. (3) Analyses of transmission facility additions necessary to integrate operations of Applicants' control areas without impairing Springfield's ability to carry out a planned purchase of a firm unit entitlement from KCPL's Montrose unit. (Rebuttal Testimony of Whitfield A. Russell, pp. 28-30)

(b) Yes; if, after the comments are filed, the Commission determines that additional hearings are warranted, hearings could be continued at that time similar to what was done in the Union Electric/CIPSCO merger case. (Rebuttal Testimony of Whitfield A. Russell, p. 28)

(c) Yes. (Rebuttal Testimony of Whitfield A. Russell, pp. 39-44)

(d) Applicants should be ordered to take immediate steps to permit and construct a 161 kV line between Nevada and Asbury and also any transmission lines identified as being necessary in the studies ordered pursuant to (a) above. (Rebuttal Testimony of Whitfield A. Russell, p. 44)

(2) *Should the Commission impose conditions on the merger such that:*

- *The Joint Applicants be required by the Commission to commit that with respect to any and all generating resources associated with any one of their existing four control areas (including purchased generating resources) serving load in any other control area of the merging companies, the merging companies should waive or not assert: (i) native load priority on scheduling and curtailing non-firm network transmission service; (ii) the native load preference arguably accorded to bundled retail loads over wholesale loads under the decision in Northern States Power Co. v. FERC, 176 F.3d 1090 (8th Cir. 1999); and (iii) use of any native load priority that will enable any one of the merging companies to import power through constrained interfaces so as to free up its local generating resources for off-system sales?*
- *The Joint Applicants not be allowed to combine any or all of their existing control areas without first submitting their plans for such combinations to peer group review and approval by the SPP ISO/RTO and the affected regional reliability councils?*
- *The merged companies be required to schedule all power flows and/or reserve transmission capacity on the relevant OASIS for purposes of carrying out any internal dispatch between what are now four geographically isolated pockets of load and generation in four separate control areas of the merging companies, to implement real-time monitoring of intra-company flows associated with internal dispatch, to report continuously the amount of such flows on its OASIS and to make all reasonable efforts to limit internal dispatch to levels at or below the transmission capacity reserved for purposes of carrying it out?*
- *If the burdens on Springfield attributable to internal dispatch of the Joint Applicants turn out to be substantial (i.e., a substantial increase in curtailments of Springfield's firm schedules from Montrose), the merged company be required to reimburse Springfield for the incremental costs to Springfield of re-dispatching Springfield's generating resources that are attributable to the post-merger integrated operations of the Joint Applicants' separate systems?*
- *The merged company be required to put all of its transmission facilities in Missouri and Kansas under the control of the SPP ISO/RTO in a single zone under the SPP transmission tariff and that the merged*

company join - and maintain membership in - the SPP ISO/RTO and be required to file an integrated open access transmission tariff ("OATT") and an integrated transmission rate for their four control areas in Missouri and Kansas?

- *UCU be required to (i) not set aside transmission capacity for Capacity Benefit Margins (CBM) and Transmission Reserve Margins (TRM) and (ii) to waive any future claims for CBM and TRM?*

Yes; all of the foregoing conditions should be placed on the merger to address issue (2)

under Transmission Access and Reliability set forth on pages 3-4 hereof. (Rebuttal

Testimony of Whitfield A. Russell, pp. 14, 18-19, 22-23, 46)

(3) Should UCU be required to not seek refunctionalization of any currently categorized transmission lines of the merging companies that operate at or above 69 kV?

Yes; this condition should be placed on the merger to address issue (3) under

Transmission Access and Reliability set forth on page 4 hereof. (Rebuttal Testimony of

Whitfield A. Russell, p. 47)

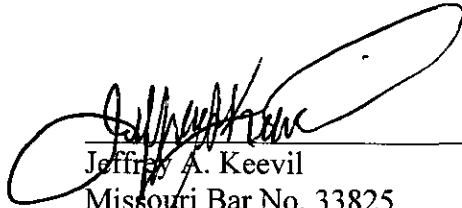
(4) Should the Joint Applicants be required (i) to establish and implement a single standard for transmission system design and operation for the entirety of the merged company and (ii) to comply with the Southwest Power Pool Criteria?

Yes; these conditions should be placed on the merger to address issue (4) under

Transmission Access and Reliability set forth on page 4 hereof. (Rebuttal Testimony of

Whitfield A. Russell, p. 45)

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was delivered by first-class mail, or hand-delivery, to counsel for parties of record; the Office of the Public Counsel; and the General Counsel's Office of the Missouri Public Service Commission on this 23rd day of August, 2000.

