



# SHO-ME POWER CORPORATION

MARSHFIELD, MISSOURI 65706

(417) 468-2615

JOHN K. DAVIS General Manager

December 23, 1986

Mr. Daniel J. Redel  
Acting Secretary  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65101

RE: Case No. AO-87-48

Dear Mr. Redel:

Please forgive my tardy response, however until today I felt a response from Sho-Me Power Corporation would be unnecessary. Due to advice from PSC staff, I submit this response.

Sho-Me Power Corporation is a cooperative corporation. As such we have been granted a private letter ruling that allows Sho-Me to offset any taxable income from its wholesale operations with patronage capital allocations. This treatment allows only our retail and non-operating income to be taxed.

Because of the above tax treatment Sho-Me has never included in its operating expenses an allowance for income taxes as part of its request for a necessary revenue requirement. Federal income and state income taxes have never been included as part of our approved return on rate base, thereby any impact as a result of the recent tax law changes will affect our non-operating income or expenses that have not been requested to be included in revenue requirement calculations.

I sincerely hope this will serve as a satisfactory response to AO-87-48.

Sincerely,

SHO-ME POWER CORPORATION

John Richards  
Manager, Finance & Accounting

JR/rc

**FILED**

DEC 24 1986

PUBLIC SERVICE COMMISSION