

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Early Prehearing Conference

February 4, 1999
Jefferson City, Missouri
Volume 1

In the Matter of St. Joseph Light &)
Power Company's Revised Industrial)
Steam Rate Schedules Designed to) Case No. HR-99-245
Increase Rates for Steam Service in)
the Company's Missouri Service)
Territory.)

In the Matter of Revised Natural)
Gas Rate Schedules Designed to)
Increase St. Joseph Light & Power) Case No. GR-99-246
Company's Annual Natural Gas)
Revenues by Approximately \$499,104)
Exclusive of Applicable Fees and)
Taxes.)

In the Matter of St. Joseph Light &)
Power Company's Revised Electric)
Rate Schedules Designed to Increase) Case No. ER-99-247
Rates for Electrical Service in the)
Company's Missouri Service)
Territory.)

BILL HOPKINS, Presiding,
SENIOR REGULATORY LAW JUDGE.
VICKY RUTH, Presiding,
REGULATORY LAW JUDGE.
MORRIS L. WOODRUFF, Presiding,
REGULATORY LAW JUDGE.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR
ASSOCIATED COURT REPORTERS, INC.

1 APPEARANCES:

2 JAMES C. SWEARENGEN, Attorney at Law
3 GARRY W. DUFFY, Attorney at Law
4 Brydon, Swearengen & England, P.C.
5 P.O. Box 456
6 312 East Capitol Avenue
7 Jefferson City, Missouri 65102-0456

8 FOR: St. Joseph Light & Power Company.

9 JEREMIAH FINNEGAN, Attorney at Law
10 Finnegan, Conrad & Peterson
11 3100 Broadway, Suite 1209
12 Kansas City, Missouri 64111

13 FOR: Ag Processing, Wire Rope, Friskies
14 Pet Care, et al.

15 DOUGLAS E. MICHEEL, Senior Public Counsel
16 P.O. Box 7800
17 Jefferson City, Missouri 65102-7800

18 FOR: Office of the Public Counsel
19 and the Public.

20 WILLIAM K. HAAS, Senior Counsel
21 P.O. Box 360
22 Jefferson City, Missouri 65102

23 FOR: Staff of the Missouri Public
24 Service Commission.

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

JUDGE HOPKINS: This is February the 4th, 1999. Present in the courtroom are Judge Hopkins, Judge Ruth and Judge Woodruff. We're here for prehearing on HR-99-245, which we'll refer to as the steam case, Bill Hopkins has that one; GR-99-246, which we'll refer to as the gas case, Vicky Ruth has that one; ER-99-247, the electric case, which Morris Woodruff has.

Again, off the record we had everyone identify themselves. We're going to go through that again on the record starting with the OPC here.

MR. MICHEEL: Douglas E. Micheel and John B. Coffman appearing on behalf of the Office of the Public Counsel and the Public, P.O. Box 7800, Jefferson City, Missouri 65102-7800.

MR. SWEARENGEN: James D. Swearengen and Gary W. Duffy, Brydon, Swearengen & England, 312 East Capitol Avenue, Jefferson City, Missouri, appearing on behalf of the St. Joseph Light & Power Company.

MR. HAAS: William K. Haas appears on behalf of the Staff of the Public Service Commission. My address is P.O. Box 360, Jefferson City, Missouri 65102.

MR. FINNEGAN: Appearing on behalf of Ag

1 Processing, Wire Rope and Friskies, Stuart W. Conrad
2 and Jeremiah Finnegan, Finnegan, Conrad & Peterson,
3 L.C., 3100 Broadway, Suite 1209, Kansas City, Missouri
4 64111.

5 JUDGE HOPKINS: Did I miss anybody? Seeing
6 no response, I'm assuming the answer to that question
7 is in the negative.

8 While some judges may have varied from the
9 purpose of a pretrial hearing in the past, the main
10 reason for these prehearing conferences is to
11 determine whether we have any actual issue in
12 controversy or whether the controversy can be resolved
13 or whether we're going to have to have a hearing.

14 We did issue an Order, each of us in each of
15 these cases, on January 20th, 1999 which clearly
16 stated that, quote, an early prehearing conference
17 should be scheduled to afford the parties the
18 opportunity to discuss, define and possibly resolve
19 the issues presented in this case or at least to agree
20 on a procedural schedule.

21 Is there anybody here who is not prepared to
22 comply with these Orders? Seeing no response, I take
23 that the answer to that question is in the negative.

24 First of all, let me ask if there's any
25 comments or arguments on this Motion to Consolidate,

1 and if you want to start, sir, with the OPC?

2 MR. MICHEEL: The Office of the Public
3 Counsel, your Honor, filed their Motion to Consolidate
4 essentially for the prevention of duplicative work in
5 testimonies and things like that. The hearing date
6 has been scheduled for all three of these cases, I
7 believe, on the same time.

8 It didn't seem to be a reasonable use of our
9 resources to essentially file almost three duplicative
10 testimonies just segregating them out into the steam,
11 the gas and the electric area. And, therefore, we
12 feel that they should be consolidated as set forth in
13 the motion that Mr. Coffman filed.

14 JUDGE HOPKINS: Thank you. Mr. Swearengen,
15 any questions or comments on that motion?

16 MR. SWEARENGEN: No, your Honor, I don't
17 have anything to add. We filed Written Suggestions in
18 Opposition, and we continue to stand on those. Thank
19 you.

20 JUDGE HOPKINS: Staff?

21 MR. HAAS: The staff supports Public
22 Counsel's Motion to Consolidate these three cases.
23 For the reasons that Mr. Micheel has stated, these
24 cases should be consolidated.

25 In addition, the Commission is called upon

1 to issue three sets of Orders whenever they want to
2 take an action concerning this case, as I call it. If
3 you will review the testimony which has been filed by
4 St. Joseph Power & Light in this case, you will find
5 that it's quite similar and in some cases, for
6 instance in the rate of return testimony, it's the
7 same testimony. And I think there -- the issues can
8 be tried and decided once.

9 Thank you.

10 JUDGE HOPKINS: For the Intervenors?

11 MR. FINNEGAN: For the Intervenors, we would
12 support the Motion to Consolidate. We believe
13 that's -- especially since our major concern is in
14 rate design, and although we had concerns in revenue
15 requirements, that the best way to make sure that we
16 get the rate design properly allocated between the
17 three operations of this company is to have the cases
18 consolidated.

19 JUDGE HOPKINS: Does anyone else have any
20 questions or comments or arguments on the Motion to
21 Consolidate?

22 (No response.)

23 In all three cases we'll take that under
24 advisement.

25 There were three Intervenors in the electric

1 case, Wire Rope, AGP and Friskies. In the steam case
2 there are two Intervenors, AGP and Friskies. In the
3 gas case there are no Intervenors. All right. For
4 the Intervenors in both cases, sir, can you briefly
5 tell me why you intervened in the steam case and the
6 electric case?

7 MR. FINNEGAN: Well, in the steam case, our
8 clientele represents, I believe, one-third of the
9 steam customers. There are six steam customers. So
10 we are definitely interested in the whole outcome from
11 the revenue requirement through rate design and
12 allocation between the utilities.

13 In the electric case, we intervened because
14 we are major customers. We are concerned with the
15 rate design allocation. We're also concerned with
16 certain other issues involving revenue requirements
17 that may affect rate allocation, rate design
18 allocation.

19 We're not in the gas case because we don't
20 have any customers in the gas area.

21 JUDGE HOPKINS: Tell me for the record, what
22 is the definition of industrial steam and/or
23 industrial steam food grade?

24 MR. FINNEGAN: Industrial steam? Certain
25 industrial steam is used in the process of making

1 other products. Other than that, I'm filling in today
2 for Mr. Conrad. He would give you a discourse on
3 this.

4 JUDGE HOPKINS: All right. I was just
5 wondering. I saw that industrial steam food grade
6 and --

7 MR. FINNEGAN: Well, I think it's used in
8 the food grade, Friskies for example, making dog food.
9 The steam goes into the product, I believe are how
10 it's used. Somebody else can help me here.

11 JUDGE HOPKINS: Now, if we have this
12 hearing, when we have this hearing, whatever, Office
13 of the Public Counsel, do you have any witnesses you
14 expect to call, or do you know how many witnesses you
15 would expect?

16 MR. MICHEEL: I expect, your Honor, that we
17 will be calling witnesses. At this point, given the
18 early or embryonic nature of these cases, I certainly
19 can't tell you with specificity which witnesses we
20 will call.

21 I can tell you generally that we will
22 certainly present witnesses on the issue of rate
23 design and cost allocation, on the issues of cost of
24 capital and rate of return and on various sundry other
25 accounting issues that will be included in these cases

1 that are normal issues that we face in every rate case
2 that I've tried before this Commission.

3 JUDGE HOPKINS: Mr. Swearengen?

4 MR. SWEARENGEN: We've -- your Honor, we
5 have, in fact, filed testimony in all three cases.

6 JUDGE HOPKINS: You will expect to call all
7 those people you filed testimony on?

8 MR. SWEARENGEN: Well, I don't know. It
9 depends.

10 JUDGE HOPKINS: Nobody besides them?

11 MR. SWEARENGEN: Who knows?

12 JUDGE HOPKINS: And Staff, any witnesses?

13 MR. HAAS: Yes, your Honor. I would expect
14 that we would have probably the same number of
15 witnesses on the electric issues that we had in the
16 electric complaint case, which I believe was about a
17 dozen witnesses addressing cost of service and rate
18 design issues.

19 I also have some witnesses that will need to
20 address the tariff matters that were raised in the
21 Company's filing. We'll have witnesses looking at the
22 gas issues, which were not a part of our electric rate
23 complaint case.

24 JUDGE HOPKINS: All right. Thank you.
25 Intervenors?

1 MR. FINNEGAN: Your Honor, we are at this
2 point searching for an expert. We will probably only
3 have one witness to testify on rate design and cost
4 allocation basically, although there will be some
5 issues as to fuel cost and other factors along that
6 line in the cost of service that we'll have concern
7 with, too.

8 JUDGE HOPKINS: We currently have this set
9 in July of -- July 5th.

10 MR. MICHEEL: July 6th, I believe it is,
11 your Honor. The 5th is a State holiday.

12 JUDGE HOPKINS: 6th through the 9th. We may
13 possibly.

14 JUDGE RUTH: It's set for two weeks.

15 JUDGE HOPKINS: It's set for two weeks. The
16 6th, 7th, 8, 9, 12, 13, 14, 15, 16 of July. Anybody
17 think that it will take longer?

18 MR. DUFFY: It's impossible to predict at
19 this point.

20 JUDGE HOPKINS: That was from St. Joe?

21 MR. DUFFY: Mr. Duffy.

22 JUDGE WOODRUFF: As you're considering this
23 today, if it looks like it may go longer than that,
24 let us know as soon as possible so we can --

25 MR. DUFFY: It's not likely that anybody

1 will know until a Hearing Memorandum is prepared, how
2 many issues everybody wants to raise.

3 JUDGE WOODRUFF: I understand that,
4 Mr. Duffy. Of course, we're looking at trying to fit
5 schedules in as well.

6 JUDGE HOPKINS: Are there any other
7 comments, questions, whatever, from anyone?

8 MR. MICHEEL: Your Honor, I just wanted to
9 alert you, I also neglected to say that we'll probably
10 be raising certain tariff issues also. There are
11 certain incentive plans in these tariffs that they
12 filed and a fuel adjustment clause, or I forget what
13 acronym they're using, that I'm certain we'll be
14 filing testimony on.

15 So you wanted to know our issues, and I
16 neglected to inform you of that, and I just want the
17 record to be very clear.

18 JUDGE HOPKINS: There are no questions from
19 Judge Woodruff and there are no further questions from
20 me and no questions from Judge Ruth. We will go off
21 the record here in a moment and let you-all discuss
22 the possible settlement or if you can resolve anything
23 or clarify the issues or whatever. All three of us
24 will be around all day. If you need one or all three
25 or two of us, we'll be available for you.

1 If there's nothing further, I'm going to go
2 off the record. Thank you

3 WHEREUPON, the recorded portion of the early
4 prehearing conference was concluded.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25