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STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Prehearing Conference

November 14, 2000
Jefferson City, Missouri
Volume 8

In the Matter of the Joint Application)
of UtiliCorp United, Inc. and the)
Empire District Electric Company for)
Authority to Merge the Empire District) Case No.
Electric Company with and into) EM-2000-369
UtiliCorp United, Inc., and, in)
Connection Therewith, Certain other)
Related Transactions.)

MORRIS L. WOODRUFF, Presiding,
REGULATORY LAW JUDGE.

REPORTED BY:

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22 FOR: Empire District Electric Company
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FOR: City of Springfield, Missouri, through
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1 P R O C E E D I N G S

2 JUDGE WOODRUFF: We're on the record. And
3 this is the prehearing conference In the Matter of
4 the Joint Application of UtiliCorp United, Inc. and
5 The Empire District Electric Company for Authority
6 to merge The Empire District Electric Company with
7 and into UtiliCorp United, Inc., and, in Connection
8 Therewith, Certain Other Related Transactions.
9 This is Case No. EM-2000-369.

10 Let's start by doing entries of appearance
11 starting for UtiliCorp and Empire.

12 MR. COOPER: Your Honor, Dean L. Cooper,
13 from the law firm of Brydon, Swearngen and
14 England, P.C., P.O. Box 456, Jefferson City,
15 Missouri 65102, appearing on behalf of UtiliCorp
16 United, Inc., as well as The Empire District
17 Electric Company.

18 JUDGE WOODRUFF: Thank you.

19 And for Staff?

20 MR. DOTTHEIM: Steven Dottheim, Post
21 Office Box 360, Jefferson City, Missouri 65102,
22 appearing on behalf of the Staff of the Missouri
23 Public Service Commission.

24 JUDGE WOODRUFF: Okay. And for Public
25 Counsel?

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1 MR. COFFMAN: John B. Coffman on behalf of
2 the Office of the Public Counsel, P.O. Box 7800,
3 Jefferson City, Missouri 65102.

4 JUDGE WOODRUFF: IBEW?

5 MR. JOLLEY: For the Intervenor IBEW,
6 William A. Jolley with the firm of Jolley, Walsh,
7 Hurley and Raisher, 204 West Linwood Boulevard,
8 Kansas City, Missouri.

9 JUDGE WOODRUFF: City of Springfield?

10 MR. KEEVIL: Appearing on behalf of the
11 City of Springfield, Jeffrey A. Keevil of the law
12 firm of Stewart and Keevil, L.L.C. Address 1001
13 Cherry Street, Suite 302, Columbia, Missouri 65201.

14 JUDGE WOODRUFF: Looks like Natural
15 Resources are not here.

16 For Empire Retirement then?

17 MR. DEUTSCH: Jim Deutsch, from Blitz,
18 Bardgett and Deutsch, 308 East High Street, Suite
19 301, Jefferson City, Missouri 65101, appearing for
20 The Empire District Retirees.

21 JUDGE WOODRUFF: Thank you.

22 The reason we called this prehearing
23 conference for today was to discuss Staff request
24 for a hearing regarding the settlement, post
25 settlement on retirees issues.

1 And, Mr. Dottheim, I believe you had a
2 statement to make on that?

3 MR. DOTTHEIM: Yes. The Staff will submit
4 a brief pleading in writing before the week is out,
5 but the gist of that pleading is that the Staff
6 sees no need for a hearing or additional
7 proceedings regarding the settlement between
8 UtiliCorp Empire District Electric and The Empire
9 District Electric Retirees.

10 We've received a quantification of the
11 cost of the settlement, also the companies have
12 identified for the Staff an error which understated
13 savings, and the savings that have been quantified
14 has previously been understated, are greater than
15 the cost of the settlement to UtiliCorp and Empire
16 District Electric.

17 As a consequence, the relative positions
18 of the Staff and UtiliCorp and Empire from the
19 Staff's prospective have not changed, and that's my
20 understanding of how UtiliCorp and Empire District
21 Electric view the situation.

22 If I understand correctly, the companies
23 have also indicated to the Staff that they don't
24 see a need to update the record with any additional
25 numbers regarding the settlement with the retirees

1 and the understatement of savings that have been
2 identified. And as a consequence the Staff won't
3 propose burdening the record either on that basis.

4 JUDGE WOODRUFF: Mr. Dottheim, you
5 indicated you would be filing some sort of formal
6 pleading later this week, what will that be?

7 MR. DOTTHEIM: It will be -- I don't plan
8 on anything more than basically what I've just
9 said. Of course, it's being transcribed right now,
10 that statement, but I thought I would also put that
11 in writing and formally file that with the
12 Commission.

13 JUDGE WOODRUFF: I take it then this is a
14 withdrawal of the Staff's request for a hearing?

15 MR. DOTTHEIM: Yes. It is a withdrawal of
16 Staff's request for a hearing or any additional
17 proceedings relating to the settlement between
18 UtiliCorp Empire District Electric and the Empire
19 Retirees.

20 THE COURT: Very good.

21 Anyone else, any other party wish to
22 respond or make a statement with regard to that?

23 MR. COOPER: Your Honor, just real
24 briefly. What Mr. Dottheim has said is true for my
25 client's position. My only concern, I guess or

1 question for both Mr. Dottheim and yourself, would
2 be to clarify that Mr. Dottheim's statement on the
3 record today effectuates his withdrawal of a
4 hearing request.

5 If we're saying that that does not
6 actually happen until the filing of his pleading, I
7 guess I have some concern in that we still have a
8 desire and a need to reach some sort of conclusion
9 to this matter by the end of the year. The order
10 that set this prehearing conference, I believe,
11 called for a procedural schedule to be filed by
12 November 16, is my memory.

13 If what Mr. Dottheim today effectively
14 withdraws his request for a hearing, that's fine.
15 If it does not and we're waiting for the pleading,
16 I may be in a position where I file a proposed
17 procedural schedule on the 16th sort of as a fall
18 back so that if something should go awry, we are
19 moving towards a procedural schedule and the
20 retiree settlement issue procedural schedule that
21 would allow us to decide that issue as well before
22 the end of the year.

23 JUDGE WOODRUFF: I take it Mr. Dottheim's
24 statements today to be a withdrawal of Staff's
25 motion. I appreciate you filing the -- going ahead

1 and filing the pleading that you anticipated filing
2 just so it's clear on the record, so I don't have
3 to enter a separate order on it. I may anyway,
4 but --

5 MR. DOTTHEIM: And I could file that -- I
6 don't know if this addresses the Companies'
7 concerns, Mr. Cooper's concerns about the 16th, I
8 could file that by the end of the day of the 16th
9 withdrawing the Staff's request for a hearing or
10 any other proceedings.

11 JUDGE WOODRUFF: Okay. That would be
12 fine.

13 MR. KEEVIL: May I ask a question?

14 JUDGE WOODRUFF: Yes.

15 MR. KEEVIL: Just relative to what Mr.
16 Dottheim said, there was an error in the Companies'
17 calculation of the savings originally; is that what
18 I understood you to say?

19 MR. DOTTHEIM: That's correct.

20 MR. KEEVIL: And Staff is not necessarily
21 agreeing with the Companies' savings projections,
22 simply that if the Company calculates savings the
23 way the Company calculates savings, then savings
24 would have been larger than originally quantified?

25 MR. DOTTHEIM: Yes. It makes -- from the

1 Staff's perspective, it makes the merger less
2 uneconomic. The merger from the Staff's
3 prospective is still uneconomic; that is, the costs
4 are greater than the savings. The costs are not as
5 great compared to the savings. The difference is
6 less, but the costs still exceed the savings from
7 the Staff's perspective. The merger is still
8 uneconomic.

9 MR. KEEVIL: Okay.

10 JUDGE WOODRUFF: Mr. Dottheim, as I
11 understand what you're saying, just so I'm clear on
12 it, you're saying that there was an error in
13 UtiliCorp's calculation that would have previously
14 understated the savings and that's balanced out by
15 the increased cost of the settlement; is that
16 fair?

17 MR. DOTTHEIM: The increased -- they are
18 not the exact same. They are not of the same
19 relative magnitude. As the Staff has been able to
20 verify, there are approximately \$18 million in
21 additional savings and the cost of the settlement
22 with the retirees is approximately \$2 million. So
23 the net effect is that there are \$16 million in
24 additional savings.

25 JUDGE WOODRUFF: Okay. Anyone else want

1 to respond on this issue? I don't hear any other
2 responses.

3 One other thing I wanted to bring up while
4 I have you-all here, and that's the settled issues
5 that were -- there was no other testimony taken on
6 those. I think they were all settled between Staff
7 and UtiliCorp United and Empire. And at the
8 hearing it was discussed that a proposed
9 stipulation and agreement would be filed regarding
10 those issues, and I haven't seen anything yet.

11 Mr. Dottheim?

12 MR. DOTTHEIM: Yeah. We can address
13 that. And Staff apologizes to that not having been
14 filed, but we can address that.

15 JUDGE WOODRUFF: How quickly can that be
16 filed?

17 MR. DOTTHEIM: Next week if that's --

18 MR. COOPER: There is a document in
19 existence, your Honor.

20 MR. DOTTHEIM: Is that soon enough?

21 THE COURT: I just want to make sure
22 everyone has a chance to respond to it before
23 briefs are due. And if there are problems,
24 hopefully there isn't, but if there are, then, of
25 course, we might have to have a hearing on those

1 issues as well, so get it filed as soon as
2 possible.

3 MR. DOTTHEIM: Will do.

4 JUDGE WOODRUFF: Are there any other
5 matters that anyone wants to bring up at this
6 time? Okay.

7 With that then we'll go off the record.

8 WHEREUPON, the on-the-record portion of
9 the prehearing conference was concluded.)

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