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December 6, 1989

Right
Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Re: Missouri Public Service

Dear Mr. Hubbs:

On behalf of Missouri Public Service, I deliver herewith for filing an original and fourteen copies of an application for the issuance of an accounting order relating to its gas operations.

I would appreciate your bringing this application to the immediate attention of the appropriate Commission personnel as by this application, Missouri Public Service is requesting the issuance of an order to be effective prior to December 31, 1989.

Two copies of this application will be provided this date to the Office of Public Counsel.

Thank you very much for your assistance.

Very truly yours,

James C. Swearngen
James C. Swearngen

JCS:kh

Enc.

cc: Mr. William Shansey
Office of Public Counsel
Mr. Fred Little

FILED
DEC 6 1989
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application)
of Missouri Public Service, for the)
issuance of an accounting order)
relating to its gas operations)

Case No. G0-90-115

APPLICATION

Comes now Missouri Public Service ("MPS") and for its application to the Missouri Public Service Commission (the "Commission") pursuant to Sections 386.250 and 393.140 RSMo 1986, for the issuance of an accounting order relating to its gas operations states:

1. That MPS is a division of UtiliCorp United Inc. ("UtiliCorp"); that UtiliCorp is a Delaware corporation, duly authorized to conduct business in Missouri under the name Missouri Public Service and, as such, is engaged in generating, purchasing, transmitting, distributing and selling electric energy in portions of western and north-central Missouri, including a portion of metropolitan Kansas City, Missouri, as well as supplying natural gas in portions of the Missouri service areas in which it operates, subject to the jurisdiction of the Commission; that MPS's principal office and place of business is at 10700 East 350 Highway, Kansas City, Missouri, 64138.

2. That there is on file with the Commission, in Docket No. EM-87-26, a copy of UtiliCorp's Certificate of Incorporation and Amended Certificate of Authority of a Foreign Corporation, and said documents are incorporated herein by reference as Exhibit 1, and made a part hereof for all purposes.

FILED

DEC 6 1989

PUBLIC SERVICE COMMISSION

3. That all notices, orders or other communications respecting this application and proceeding should be addressed to:

Fred K. Little
President
Missouri Public Service
P.O. Box 11739
Kansas City, Missouri 64138

James C. Swearengen
Hawkins, Brydon, Swearengen
& England P.C.
P. O. Box 456
Jefferson City, Missouri 65102

4. That by this application, MPS seeks authority from the Commission to undertake certain accounting procedures in connection with its gas operations, all as more specifically described herein.

5. That MPS is currently involved with significant projects involving its natural gas distribution operations; that said projects have been undertaken as a part of a major gas safety program initiated by MPS; that said activities include gas leak surveys of service lines as well as a gas line replacement project; that said project will result in MPS providing the safest possible natural gas service, and thus is in the public interest; that as a result of the gas safety projects, MPS has incurred and will continue to incur a significantly higher level of operating and maintenance expense as well as a substantial increase in capital expenditures; that said expenditures are expected to exceed \$20 million over the next several years.

6. That MPS has completed the initial phase of its service line inspection and replacement project; that significant levels of expenses and capital expenditures have been incurred in 1989 and

will continue in 1990 and beyond as the project is accelerated and completed pursuant to Commission guidelines; that MPS does not consider the acceleration of this project pursuant to Commission guidelines to be an option, but rather a commitment to providing safe and reliable service to its customers.

7. That as the above described expenditures are extraordinary and material and have not previously been fully reflected in the gas rates of MPS, no additional revenue will result to MPS upon completion of the projects; that furthermore, it was not anticipated that at the time the projects were initiated that the same would be accelerated; that accordingly, MPS expects to initiate a general gas rate case in 1990 in part to recover this higher level of expenditures.

8. That by this application, MPS is seeking permission from the Commission to defer and record those expenditures and costs incurred in connection with its gas safety projects, from January 1, 1989, to the effective date of rates established in MPS's next general gas rate case, in Uniform System of Accounts Account Number 186 and considered for recovery and reflection in rates, subject to Commission approval, in the context of MPS's next general gas rate case; that specifically, MPS is requesting authority to defer and book to Account 186 the costs incurred to conduct accelerated leak surveys, the additional operation and maintenance costs which MPS has or will incur, and depreciation expenses, property taxes and carrying costs which would normally be expensed at the in-service date on amounts placed in service in connection with the

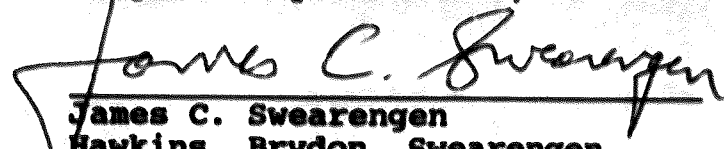
projects beginning January 1, 1989, and to the effective date of rates established in MPS's next general gas rate case.

9. That because the expenditures referred to in paragraph 8 are significant and material in term of MPS's overall gas operations, the requested accounting procedures are important to enable MPS to maintain its financial integrity so that UtiliCorp may maintain its financial ratings and ability to continue to raise capital at the lowest possible cost as the projects are completed; that absent such authority, MPS will be permanently deprived of an opportunity to recover these costs through its rates.

10. That MPS respectfully requests the Commission to issue its order authorizing the accounting procedures requested herein, said order to be effective prior to December 31, 1989, in order that the subject expenditures be appropriately reflected on MPS's books in 1989 and to the effective date of rates established as a result of the Commission's decision issued in the context of MPS's next general gas rate case.

WHEREFORE, MPS respectfully prays that the Commission issue its order authorizing MPS to account for the expenses associated with the described gas operations projects in Account 186 as more specifically described in paragraph 8 herein.

Respectfully submitted,

A handwritten signature in cursive script, reading "James C. Swearingen". The signature is written in dark ink and is positioned above a horizontal line.

James C. Swearingen
Hawkins, Brydon, Swearingen,
& England P.C.
P. O. Box 456
Jefferson City, Missouri 65102
(314) 635-7166

Attorneys for Missouri Public Service

AFFIDAVIT

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

I, Thomas W. Freeman, having been duly sworn, upon my oath, state that I am Vice President and Controller for Missouri Public Service, applicant herein, and as such, am duly authorized to make this affidavit on its behalf; that the matters and things stated in the foregoing Application are true and correct to the best of my knowledge, information and belief.

Thomas W. Freeman

Subscribed and sworn to before me this 5th day of December, 1989.

Catherine L. Thurman
Notary Public

My Commission Expires:

May 22, 1990