

Exhibit No. _____
Issue: Accounting/Cost of Capital
Witness: Larry J. Stoll
Sponsoring Party: St. Joseph Light & Power Co.
Case No. EO-2000-845
Date Prepared: October 17, 2000

MISSOURI PUBLIC SERVICE COMMISSION
Case No. EO-2000-845

FILED

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Missouri Public
Service Commission

Surrebuttal Testimony

of

Larry J. Stoll

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LARRY J. STOLL

ST. JOSEPH LIGHT & POWER COMPANY

CASE NO. EO-2000-845

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1 ST. JOSEPH LIGHT & POWER COMPANY

2 CASE NO.: EO-2000-845

3 SURREBUTTAL TESTIMONY OF LARRY J. STOLL

4 ISSUES: ACCOUNTING/COST OF CAPITAL

5 Q. Please state your name and business address.

6 A. Larry J. Stoll, 520 Francis Street, St. Joseph, Missouri.

7 Q. By whom are you employed and in what capacity?

8 A. I am employed by St. Joseph Light & Power Company ("SJLP"
9 or "the Company") as Vice President-Finance, Treasurer and
10 Assistant Secretary.

11 Q. Are you the same Larry J. Stoll who has filed direct
12 testimony in Case No. EO-2000-845?

13 A. Yes, I am.

14 PURPOSE OF TESTIMONY

15 Q. What is the purpose of your surrebuttal testimony?

16 A. The purpose of my surrebuttal testimony is to respond to
17 certain matters addressed in the prepared rebuttal testimony of V.
18 William Harris and David P. Broadwater of the Missouri Commission
19 Staff ("Staff") and Russell W. Trippensee of the Office of the
20 Public Counsel ("OPC"). My surrebuttal testimony will focus on the
21 accounting and ratemaking aspects of their testimony, as well as
22 the Staff recommendation regarding new criteria for the approval of
23 an Accounting Authority Order ("AAO").

1 SURREBUTTAL OF V. WILLIAM HARRIS

2 Q. Mr. Harris stated on page 3 of his testimony that a
3 utility benefits from an AAO by having an opportunity to earn a
4 higher rate of return. Is this a true result of an AAO?

5 A. No. The Company's rate of return is not impacted by the
6 granting of an AAO. The deferred expenses are amortized to expense
7 at the same rate as revenue is provided in rates; thus, the net
8 income effect is \$-0-.

9 Q. Mr. Harris also stated on page 3 that the Company's cash
10 flow is enhanced if it is allowed to recover the deferred costs in
11 the next rate case. How do you respond?

12 A. Mr. Harris' statement accurately reflects future cash
13 flow, however, he fails to acknowledge that the Company's cash flow
14 was negatively impacted when the dollars were expended. Mr. Harris
15 also fails to acknowledge the concept of time value of money,
16 whereby \$4 million returned over five years is worth less than \$4
17 million expended today.

18 Q. Mr. Harris indicated on pages 3 and 4 that the Commission,
19 through the granting of an AAO, is not trying to insulate
20 shareholders from any risks. Have the Company's shareholders been
21 exposed to any risks or adversely affected by this incident?

22 A. Yes. They have incurred the financing cost of the
23 extraordinary expenditures.

1 Q. Mr. Harris noted on page 4 of his rebuttal testimony that
2 the Commission has approved deferred cost recognition of
3 extraordinary events if such costs are not included in the normal
4 cost of service assumptions. Were the costs of the turbine 4
5 incident included in prior rate proceedings?

6 A. No, they were not, and Mr. Harris appears to agree since
7 he stated on page 6 that the Staff agrees that the costs SJLP is
8 seeking to defer are extraordinary.

9 Q. Mr. Stoll, do you agree with Staff's recommendation to
10 establish "new" conditions for the Commission to consider when
11 granting an AAO?

12 A. No. The introduction of a new set of criteria for
13 determining approval of an AAO is not appropriate at this time. It
14 goes far beyond the criteria used by the Commission in the past
15 which follows the Uniform System of Accounts ("USOA") definition of
16 extraordinary. The USOA defines extraordinary items as ". . .they
17 will be events and transactions of significant effect which are
18 abnormal and significantly different from the ordinary and typical
19 activities of the company, and which would not reasonably be
20 expected to recur in the foreseeable future."

21 Q. Do you have other concerns about the Staff's proposed
22 "new" criteria?

23 A. Yes. The Staff's recommendation for new criteria would
24 result in decisions being made from a subjective viewpoint.

1 Q. Please explain.

2 A. As an example, Item (2) set forth on page 7 of Mr. Harris'
3 testimony states:

4 The utility's current rates must be inadequate to cover
5 the event. If it can be determined by examining
6 surveillance reports and other information provided by the
7 utility that existing rates appear to be sufficient to
8 cover the extraordinary cost and still provide the utility
9 with a reasonable expectation of earning its authorized
10 rate of return, then the AAO should be rejected.

11 If the criteria that exists for Item (1) is fulfilled, that being
12 the deferral is at least 5% of net income, then there should be
13 little reason to set another hurdle to overcome. The fact that
14 historical earnings may have provided some cushion doesn't mean
15 that current or future earnings would be at the same level. I
16 would consider any attempt to take a current charge back against
17 historical earnings as retroactive ratemaking.

18 Another example is Item (3) (b) of Staff's recommendation
19 which states:

20 an extraordinary event that is beyond the control of the
21 utility's management. Examples include a major flood or
22 ice storm.

23 This item begs for a subjective answer. Who is to say
24 that the costs related to a major flood or ice storm were not in

1 the control of management? Management could have ordered a berm be
2 built around a power plant or that all power lines be put
3 underground. With those decisions come added costs which would
4 have been passed through to customers in the Company's cost of
5 service: a "pay me now or pay me later" scenario. Most accidents
6 could be avoided if you are willing to spend enough time and money.
7 Accidents occur every day, some are more costly than others. Small
8 ones are included in our cost of service, but large ones are not.

9 Q. Are there other reasons why the Staff's proposed "new"
10 criteria is not appropriate?

11 A. Yes. If the commission believes that new criteria for the
12 approval of an AAO is appropriate, then the Commission should
13 establish new policy through the rule making process. In that
14 manner, all utilities in the state have an opportunity to comment
15 on any "new" criteria before being impacted by it.

16 Q. Is Staff's recommendation in this case consistent with the
17 "new" criteria they are recommending?

18 A. No. Item (2) talks about the Company's ability to cover
19 the extraordinary cost and still earn its authorized rate of
20 return. Staff's position in this case attempts to set a new rate
21 of return rather than utilizing the current authorized return
22 level.

23 Q. Why is this not appropriate?

1 A. It would be "single issue" ratemaking which the staff on
2 numerous occasions has argued against. If a new rate of return is
3 to be established, then the cost of service and rate base must be
4 brought up to the current timeframe and annualized in order to have
5 a complete and accurate picture.

6 Q. Should the company be required to immediately begin to
7 amortize an expense deferred pursuant to an AAO?

8 A. No, because the amount deferred is extraordinary and not
9 included in the cost of service to establish current rates charged
10 to customers. The USOA instructions state:

11 "The amounts recorded in this account are generally to be
12 charged, concurrently with the recovery of the amounts in
13 rates. . ."

14 Thus, to be consistent with the USOA, the amortization should begin
15 when these costs are included in rates and the amortization amount
16 should equal the amount included in rates.

17 Q. On page 9 of his rebuttal testimony, Mr. Harris showed the
18 total costs subject to deferral as \$3,893,586. Is this amount
19 correct?

20 A. No. The amount shown by Mr. Harris fails to deduct the
21 amount of business interruption insurance proceeds received by the
22 Company, which the Company believes should be credited against the
23 total costs. The actual costs, net of insurance, recorded on the
24 Company's books as of 9/30/00 were \$3,332,931.

1 Q. On pages 17 and 18, Mr. Harris indicates that \$800,000 of
2 the proposed deferral should be eliminated based on Staff's
3 Criteria (2). Is Mr. Harris' calculation of excess revenue shown
4 on his Schedule VWH-6 correct?

5 A. No. Mr. Harris made a number of errors in his calculation.
6 I have attached Schedule LJS-1 which is my attempt to correct his
7 Schedule VWH-6.

8 Q. What errors did Mr. Harris make?

9 A. Mr. Harris failed to transcribe two very important numbers
10 from Staff witness Broadwater's testimony. The cost of long-term
11 debt, as shown on Mr. Broadwater's Schedule 12-1 was 8.44%, not the
12 8.14% shown by Mr. Harris. In addition, Mr. Broadwater's Schedule
13 21 shows a midpoint Return on Equity (ROE) of 9.89%, not the 9.09%
14 used by Mr. Harris. Mr. Harris' calculation updated Mr.
15 Broadwater's capital structure to July 31, 2000 in order to pick up
16 a greater amount of lower cost short-term debt, but he failed to
17 update the corresponding cost of the short-term debt. As shown on
18 Schedule LJS-2, the average cost of short-term debt at July 31,
19 2000 was 7.30%.

20 Q. What is the effect of correcting Mr. Harris' errors?

21 A. It shows that the Company actually had a shortfall or
22 revenue deficiency of approximately \$700,000 rather than the excess
23 of \$800,000 that Mr. Harris calculated.

1 Q. Are there any other important items which Mr. Harris'
2 schedule does not take into effect?

3 A. Yes. The net electric operating income shown on line 5
4 includes \$545,475 of revenue generated through the industrial steam
5 subsidy which should be excluded to reflect electric only operating
6 results. In addition, Mr. Harris' calculation fails to recognize
7 that the Company implemented a \$2.5 million annual rate reduction
8 on October 31, 1999; thus, a full year's impact of that reduction
9 is not reflected in the net operating income at July 31, 2000.

10 Q. Do you agree with Staff's proposed ROE?

11 A. No. As stated in Staff's criteria (2) on page 7 of Mr.
12 Harris' testimony, the basis of his calculation should have been
13 driven by the Company's authorized rate of return, not the new
14 return Staff is proposing for this case. The last authorized
15 return on equity was 11.67%.

16 Q. Is the Company in an excess earnings situation as
17 suggested by Mr. Harris on page 28 of his testimony?

18 A. No. His own schedule, when corrected for his errors and
19 even utilizing his bogus return on equity number, shows a revenue
20 deficiency. That deficiency would be significantly larger if the
21 impacts of the industrial steam subsidy, the October 31, 1999 rate
22 reduction and other appropriate annualizations and normalizations
23 were taken into account.

1 Q. On pages 7-9, Mr. Harris recommends that the Commission
2 establish a new criteria requiring a utility to file a rate case
3 within 90 days of the approval of an AAO. Is this "new" criteria
4 appropriate?

5 A. No. As previously noted, if the Commission believes that
6 new criteria are appropriate, it should formally propose the new
7 guidelines and allow all utilities in the State to comment on them
8 before establishing a new general policy. With all that is
9 required to file a rate case, 90 days may not be enough time to
10 prepare all of the annualization and nomalization calculations and
11 to prepare the corresponding testimony. Rate cases can be very
12 complex, and to rush the process would be inappropriate.

13 Q. Does the Company's pending merger case have any impact on
14 when the Company could file a rate case?

15 A. Yes. If the Commission orders a moratorium for a period
16 of years, the Company could not file a case to request recovery of
17 such costs and should not be ordered to begin amortization without
18 the opportunity to recover such costs in rates. To begin
19 amortization without revenue recovery would not be consistent with
20 the USOA matching guidelines.

21 Q. Do you agree with Mr. Harris' recommendation that the
22 Company should be required to file a rate case within 90 days of
23 the AAO approval?

1 A. No. Mr. Harris' one size fits all approach is not
2 appropriate. The Commission should examine the circumstances of
3 each case and decide what is appropriate given the facts of that
4 case. SJLP believes that the Commission should not order the
5 Company to file a rate case before the later of a moratorium
6 ordered in the merger case or 12 months following an order in this
7 case. In such a manner, the Company would have ample time to
8 properly prepare a case and the filing would not conflict with
9 another Commission order.

10 Q. Mr. Harris stated on pages 8-9, that "To leave an item,
11 normally charged to expense, in a deferral account on the balance
12 sheet for an extended period of time would represent a distortion
13 of both normal ratemaking and financial reporting principles and
14 practices". Is Mr. Harris correct in his statement?

15 A. No. There are numerous examples of regulatory assets and
16 liabilities which remain on the balance sheet for years into the
17 future and the financial community has recognized that the deferral
18 of costs for regulated entities is appropriate in order to match
19 revenue with expense. FAS 71, Accounting for the Effects of
20 Certain Types of Regulation, specifically provides for the
21 accounting and recognition of these costs. A good example of a
22 deferred cost recognition, which extends over numerous years, is
23 taxes. The Commission's flow through treatment of certain Schedule

1 Ms creates regulatory assets and liabilities, which may take years
2 to be recognized in rates.

3 Q. On pages 12-17; Mr. Harris discusses a dispute between
4 UtiliCorp and SJLP regarding the Turbine 4 incident. Does the
5 resolution of that dispute have any bearing on this case?

6 A. No. The terms and the legal interpretation of the merger
7 agreement between UtiliCorp and SJLP have no bearing on this case.

8 Q. Is the materiality standard set by the Commission for an
9 extraordinary event to qualify for deferral treatment the same as
10 the standard contained in the merger agreement?

11 A. No. The Commission's materiality standard for AAO
12 consideration is based on the USOA definition of extraordinary,
13 which is expressed as more than approximately 5% of income. The
14 standard in the merger agreement is "there has not been any Company
15 Material Adverse Effect or any event or development (including in
16 connection with the Merger) that would, individually or in the
17 aggregate, reasonably be expected to have a Company Material
18 Adverse Effect." The merger agreement defines a "Company Material
19 Adverse Effect" as "a material adverse effect (i) on the business,
20 properties, assets, liabilities (contingent or otherwise),
21 financial condition, results of operations or prospects of the
22 Company and its Subsidiaries, taken as a whole, or (ii) on the
23 ability of the Company to perform its obligations under or to
24 consummate the transactions contemplated by this Agreement, other

1 than effects caused by changes resulting from conditions affecting
2 the electric utility or gas utility industries generally." This
3 standard may require a legal interpretation if the dispute is not
4 resolved.

5 SURREBUTTAL OF DAVID P. BROADWATER

6 Q. Have you read Mr. Broadwater's rebuttal testimony filed in
7 this case?

8 A. Yes, I have.

9 Q. Do you have any general comments?

10 A. Yes. Mr. Broadwater's testimony is not relevant to this
11 case. This is not a rate setting procedure whereby a new cost of
12 capital should be established. The Staff's own testimony supported
13 by Mr. Harris indicated in their criteria (2) that the authorized
14 return should be utilized, not someone's unproven opinion. Lastly,
15 I would have thought that if the Staff felt strongly about using
16 the current cost of capital, it would have done just that rather
17 than relying on some previously issued, outdated schedules that
18 contain information which is over a year old.

19 Q. Does Mr. Broadwater's testimony and related schedules
20 reflect the current economic conditions and cost of capital for
21 SJLP?

22 A. No. Mr. Broadwater merely copied his testimony filed
23 earlier this year in the Company's merger case. That testimony,
24 and consequently, this testimony, incorporated testimony and

1 calculations from the Company's last rate case; thus, they are
2 approximately two years old at this point and do not reflect
3 current conditions.

4 Q. Do you have any examples of changes which have occurred?

5 A. Yes. As previously noted, Schedule LJS-2 reflects the
6 cost of short-term debt at July 31, 2000. The 7.30% shown on that
7 schedule is significantly higher than the 6.32% Mr. Broadwater used
8 as of December 31, 1999.

9 Q. What caused the change in short-term interest rates?

10 A. A driver is the Federal Reserve Discount Rate, as noted by
11 Mr. Broadwater. That rate is now 6.00% versus the 5.00% which
12 existed at year-end.

13 Q. Do the interest rate changes affect other components of
14 Mr. Broadwater's testimony?

15 A. Yes. The dividend yield portion of his DCF calculation
16 would also be impacted causing the calculated ROE's to be
17 increased.

18 Q. Should Mr. Broadwater's calculations be accepted as the
19 cost of capital for SJLP at October 17, 2000?

20 A. No. As previously noted, his assumptions and calculations
21 are based on numbers up to two years old and are not reflective of
22 current economic conditions.

23 Q. Is a cost of capital calculation required for the
24 Commission to authorize an AAO in this case?

1 A. No. The Commission's own criteria dictates that it needs
2 only to determine that the event is extraordinary and the costs are
3 material.

4 SURREBUTTAL OF RUSSELL W. TRIPPENSEE

5 Q. Mr. Trippensee, on page 17 of his rebuttal testimony,
6 states that "matching" is best realized by the Company recording
7 the incident costs at the time of the incident. Do you agree?

8 A. No. Mr. Trippensee's theory appears to be that the
9 incremental costs should be matched with the sales, and revenue,
10 for that period. However, he ignores the fact that rates charged
11 retail customers during that timeframe were based on energy costs
12 much lower than those experienced as a result of this extraordinary
13 incident.

14 Q. What matching approach would be preferable to Mr.
15 Trippensee's recommendation?

16 A. The incremental costs of the incident should be matched
17 with incremental revenues. That is, the incremental incident costs
18 should be deferred and amortized to match incremental revenues as
19 authorized in a future rate proceeding.

20 Q. What period of time would be appropriate for such
21 matching?

22 A. The Company proposed a five-year amortization period in
23 its application for this Accounting Authority Order and continues
24 to believe this timeframe is appropriate and consistent with past

1 Commission orders. Again, though, the Commission is not required
2 to approve that particular period in this case. All that is being
3 sought in this case is permission to defer the amount until the
4 next general rate case, when the question of the rate impact will
5 be considered.

6 Q. Is the matching approach recommended by the Company
7 consistent with accounting theory and the USOA?

8 A. Yes. Mr. Trippensee on page 17 of his rebuttal testimony
9 quotes Welsh, Zlatkovich and White's Intermediate Accounting, which
10 I think is an excellent and well-respected source. The quote
11 utilized by Mr. Trippensee in regard to matching would be
12 appropriate in a non-regulated environment. However, what Mr.
13 Trippensee does not key in on is the phrase "the revenues to be
14 recognized should be determined according to the revenue
15 principle."

16 Q. What "revenue principle" guides utilities?

17 A. Utilities are guided by Statement of Financial Accounting
18 Standard (FAS) No. 71, "Accounting for the Effects of Certain Types
19 of Regulation."

20 Q. What does this pronouncement state in regard to revenue
21 recognition?

22 A. This statement's guiding principle is that expenses should
23 be matched with revenues as determined by the ratemaking process.
24 While perfect matching is never possible, due partly to the revenue

1 lag discussed by Mr. Trippensee, this should be the guiding
2 principle of utility expense and revenue recognition.

3 Q. Why wouldn't Mr. Trippensee's proposed matching method fall
4 within the FAS 71 requirements?

5 A. Immediate recognition of the extraordinary costs
6 associated with the incident would improperly match those costs
7 with revenue based on a cost of service that does not include the
8 costs of the extraordinary incident. It would create a distortion,
9 exactly the effect Mr. Trippensee states on page 20 of his rebuttal
10 testimony that he would like to avoid.

11 Q. Does the USOA speak to the matching principle?

12 A. Yes. The requirements of Account 182.3, Other Regulatory
13 Assets, and related general instruction 30 speak to the matching
14 principle.

15 Q. What do these instructions state?

16 A. These authoritative instructions require a utility to
17 charge the amounts concurrently with the recovery of the amounts in
18 rates in order to match the revenue and related expense.

19 Q. Does the Commission require a utility to follow the USOA?

20 A. Yes it does.

21 Q. Mr. Trippensee states on page 19 of his rebuttal testimony
22 that past Commission practice has been to disallow purchased power
23 costs in an AAO. Do you agree?

1 A. No. I believe Mr. Trippensee is incorrect. I know of no
2 case where the Commission said that purchased power costs would
3 never be appropriate for an AAO. The Company incurred extraordinary
4 purchased power costs in the 1993 flood, and the Commission
5 included those costs in the AAO ordered in Case No. EO-94-35.

6 Q. Mr. Trippensee, on page 17 of his rebuttal testimony,
7 states that an accounting authority order (AAO) allows a company to
8 "manage" its earnings." Do you agree?

9 A. No. The purpose of an AAO, and the deferral of
10 extraordinary costs, is to match these costs with the associated
11 revenue. In a utility financial reporting environment, this
12 provides better matching and higher quality earnings.

13 Q. Mr. Trippensee, on page 19 of his rebuttal testimony,
14 states that if the AAO application is approved then amortization
15 should begin in September 2000. Do you agree?

16 A. No. As stated in my direct testimony, page 12,
17 amortization should begin when the associated revenue stream
18 (revised rates) become effective, to provide proper matching. As
19 noted above, this matching approach is consistent with FAS 71 and
20 the USOA instructions for amounts deferred in Account 182.3.

21 Q. Mr. Trippensee, on page 32 of his rebuttal testimony,
22 states that the AAO application would require the Commission to
23 predetermine that ratepayers pay for the cost of the incident. Do
24 you agree?

1 A. No. As stated in the Company's application, testimony and
2 pleadings in this case, the Commission is not required and is not
3 being requested in conjunction with the AAO application to
4 determine how much or when ratepayers would have to pay for the
5 incremental costs of the incident. The AAO application merely
6 requests approval to defer the costs, with exact ratepayer effects
7 to be determined at a later point in a rate case. Mr. Trippensee
8 admits as much on page 34 of his rebuttal testimony when he states
9 that "An AAO and its resulting deferrals does not legally bind the
10 MPSC to include the resulting amortization expense in the cost of
11 service in a future rate case..."

12 SUMMARY

13 Q. Please summarize the Company's responses addressed above.

14 A. The Company firmly believes that the costs related to the
15 Turbine 4 incident meet the Commission's current criteria for
16 deferral and should be granted an AAO. The Turbine 4 incident was
17 extraordinary and the costs were material. The incremental costs
18 of the incident were approximately 24% of 1999 earnings exclusive
19 of merger-related expenses. This greatly exceeds the 5% criteria
20 established by the USOA and followed by the Commission. The Staff
21 should not be permitted to establish "new" criteria in conjunction
22 with this case. If the Commission believes new criteria are
23 appropriate, it should formally propose the new guidelines and
24 allow all utilities in the State to comment on them before

1 establishing a new general policy. This proceeding is not a rate
2 case and the Commission should not be influenced by the statements
3 made by Staff and OPC to the contrary. Staff's backdoor approach
4 to modifying the Company's authorized return on equity should be
5 ignored, especially since it utilizes outdated data. Contrary to
6 statements made by OPC, the Company's request follows the matching
7 principles established by the USOA and by the FASB.

8 Q. Does this conclude your surrebuttal testimony?

9 A. Yes, it does at this time. -

10

St. Joseph Light & Power Company
AAO Deferral Case EO 2000-845

Return on Equity Analysis - Actual vs Recommended in Case EM 2000-292

Line No.		Capital Amount July 31, 2000	Capital Ratio	Embedded Cost	Weighted Cost
1	Common Equity	(2) 92,904,237	53.70%	(Actual) 9.37 9.71%	5.03 5.22%
2	Long Term Debt	(2) 68,100,000	39.36%	8.44 8.14%	(1) 3.32 3.20%
3	Short Term Debt	(2) 12,013,017	6.94%	7.30 6.32%	(3) (2) .51 0.44%
4	Total Debt & Equity	173,017,254 =====	100.00% =====		8.86% =====
5	Net Operating Income - Year Ending July 31, 2000				(2) \$12,921,648
6	Electric Rate Base - July 31, 2000				(2) \$145,858,175
7	Return on Rate Base - YTD July 31, 2000				8.86% =====
8	Actual ROE using Net Income for year ending July 31, 2000				9.37 9.71%
9	Recommended ROE - Midpoint - per Staff witness David Broadwater				(4) 9.89 9.09%
10	Deficiency of Excess of Actual ROE under over Midpoint Recommendation				9.02% (.52)
11	Capital Ratio - Equity				53.70%
12	Impact on Return on Rate Base				0.34% (.28)
13	Rate Base - July 31, 2000				\$145,858,175
14	Deficiency of Excess Net Operating Income before Income Tax				\$489,062 (408,403)
15	Tax Conversion Factor				1.6231
16	Deficiency of Excess Revenue Requirement				\$793,803 (662,879) =====

(1) Embedded cost for Long & Short Term Debt - Staff ROR - Testimony of Staff witness David Broadwater Sch. 12-1

(2) Source: SJLP Surveillance Report - July 31, 2000. Short Term Debt excludes CWIP.

(3) Actual cost of short term debt at July 31, 2000, Sch. LIS-2

(4) Testimony of Staff witness David Broadwater Sch. 21

Schedule VWH - 6

Schedule LIS-1

ST. JOSEPH LIGHT & POWER COMPANY

Case No EO-2000-845

Short-term Interest Costs at 7/31/00

<u>Instrument</u>	<u>Borrowing</u>	<u>Interest Rate</u>	<u>Annual Interest</u>
Note 1	\$ 5,000,000	7.4375%	\$ 371,875.00
Note 2	\$ 5,839,000	7.4375%	\$ 434,275.63
Note 3	\$ 5,000,000	7.0050%	\$ 350,250.00
Note 4	\$ 500,000	7.1800%	\$ 35,900.00
Note 5	\$ 750,000	7.2925%	\$ 54,693.75
Note 6	\$ 2,250,000	7.2700%	\$ 163,575.00
Note 7	\$ 1,500,000	7.3275%	\$ 109,912.50
	\$ 20,839,000		\$ 1,520,481.88

Average Interest Rate = $\$1,520,481.88 / \$20,839,000 =$ 7.30%

Schedule LJS-2

My Commission expires:
MARY ANN MCCARTHY, NOTARY PUBLIC
STATE OF MISSOURI, BUCHANAN COUNTY
MY COMMISSION EXPIRES NOV. 6, 2002