

DATA INFORMATION REQUEST

Utilicorp United/Empire District Elec

CASE NO. EM-00-002

Requested From: John McKinney

Date Requested: 08/15/00

Information Requested:

Attached is a 4 page spreadsheet used to calculate the approximate impact on MPS's cost of service resulting from MPS's allocated share of UCU's Re-engineering projects from 1995-1999. Please review the calculations based upon responses to Staff discovery and identify any significant disagreement with the source information and/or calculations.

Exhibit No. 720
Date 9-13-00 Case No. EM-2000-369
Reporter M

Requested By: Steve Traxler

Information Provided:

SEE ATTACHED

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. EM-00-002 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Utilicorp United/Empire District Elec office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to Utilicorp United/Empire District Elec and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: Dan Uleman

Date Response Received: _____

Prepared By: Bar Agent / Dan Uleman

Impact of UCU's Re-engineering Project costs on Allocated costs to MPS

UCU/Empire Merger Case EM 2000-369

		Allocated Corp. Costs to MPS 1995	Allocated Corp. Costs to MPS 1996	Allocated Corp. Costs to MPS 1997	Allocated Corp. Costs to MPS 1998	Allocated Corp. Costs to MPS 1999	
(1) Total UCU Costs - Allocated to MPS	(1)	10,314,982	26,835,779	41,256,824	44,905,241	46,474,529	
(2) Less: Re-engineering costs allocated to MPS	(2)	\$ (809,000)	\$ (2,224,000)	\$ (6,904,000)	\$ (8,295,000)	\$ (8,700,000)	← P2
(3)		\$ 9,505,982	\$ 24,611,779	\$ 34,352,824	\$ 36,610,241	\$ 37,774,529	
(4) Annual Percent Increase excluding Re-engineering Costs			158.9%	39.6%	6.6%	3.2%	
				1996 - 1999	4 Yr. Average	41.2%	
				1997 - 1999	3 Yr. Average	15.4%	
				1998 - 1999	2 yr. Average	4.9%	> P3

(1) - Response to DR 594, Case EM 2000-292

(2) - Response to DR 312, Case EM 2000-292 - (calculation attached)

Utilicorp / Empire Merger Case EM 2000-369

Impact of Re-engineering Project costs on MPS Income Statement

Return on Rate Base			1995	1996	1997	1998	1999
			000's	000's	000's	000's	000's
1	Rate Base - Capital costs	(1)	\$ 15,846	\$ 22,124	\$ 55,144	\$ 35,250	\$ 21,189
2	Allocation to MPS	(2)	23.4%	25.2%	27.3%	25.2%	23.4%
3	MPS - Plant in Service - by Year		\$ 3,708	\$ 5,575	\$ 15,054	\$ 8,883	\$ 4,958
4	MPS - Plant in Service - Accumulated		\$ 3,708	\$ 9,283	\$ 24,338	\$ 33,221	\$ 38,179
5	Reserve for Depreciation		\$ (412)	\$ (1,724)	\$ (6,474)	\$ (12,239)	\$ (18,575)
6	MPS - Rate Base Impact		\$ 3,296	\$ 7,559	\$ 17,863	\$ 20,982	\$ 19,604
7	Rate of Return - ER 97-394	(3)	12.06%	12.06%	12.06%	12.06%	12.06%
8	Carrying Cost - MPS		\$ 397	\$ 911	\$ 2,154	\$ 2,530	\$ 2,364
Income Statement Impact							
9	Project Costs - Expensed	(1)	\$ -	\$ 281	\$ 2,046	\$ 2,074	\$ 2,094
10	Capital Costs - Accumulated		\$ 3,708	\$ 9,283	\$ 24,338	\$ 33,221	\$ 38,179
11	Depreciation Expense (4)	11.11%	\$ 412	\$ 1,031	\$ 2,704	\$ 3,691	\$ 4,242
12	Total Expense Impact		\$ 412	\$ 1,312	\$ 4,750	\$ 5,765	\$ 6,336
13	Total Impact on MPS		\$ 809	\$ 2,224	\$ 6,904	\$ 8,295	\$ 8,700

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- (1) Data Request 312, Case EM 2000-292
- (2) Data Request 594, Case EM 2000-292
- (3) Commission Order, ER 97-394, Grossed up for Income Tax
- (4) Depreciation Rate for account 391, Case ER 97-394

Compound Average Increase in UCU Overhead costs allocated to MPS

Actual Costs Allocated to MPS

	45.69%	20.00%	6.20%
1995	\$ 10,314,982		
1996	\$ 15,027,897	\$ 26,835,779	
1997	\$ 21,894,144	\$ 32,202,935	\$ 41,256,824
1998	\$ 31,897,578	\$ 38,643,522	\$ 43,814,747
1999	\$ 46,471,581	\$ 46,372,226	\$ 46,531,261
	\$ 46,474,529	\$ 46,474,529	\$ 46,474,529

Total UCU Corporate Overhead Costs

	45.69%	23.30%	14.60%
1995	\$ 44,075,756		
1996	\$ 64,213,969	\$ 106,464,259	
1997	\$ 93,553,331	\$ 131,270,431	\$ 151,211,826
1998	\$ 136,297,848	\$ 161,856,442	\$ 173,288,753
1999	\$ 198,572,335	\$ 199,568,993	\$ 198,588,910
	\$ 198,724,758	\$ 198,724,758	\$ 198,724,758

Excluding Re-engineering Costs

	41.19%	15.35%	4.86%	
1995	\$ 9,505,982			
1996	\$ 13,421,496	\$ 24,611,779		
1997	\$ 18,949,810	\$ 28,389,687	\$ 34,352,824	
1998	\$ 26,755,237	\$ 32,747,504	\$ 36,022,371	
1999	\$ 37,775,719	\$ 37,774,246	\$ 37,773,058	
	\$ 37,774,529	\$ 37,774,529	\$ 37,774,529	→ No to 1999, page 1

Missouri Public Service - Case ER 97-394

Rate of Return - Commission Order

	Ratio	Cost	Weighted Cost	Tax Factor	Gross of Tax ROR
Long Term Debt	56.14%	7.85%	4.41%	1.0000	4.41%
Equity	43.86%	10.75%	4.71%	1.6231	7.65%
Total	<u>100.00%</u> =====		<u>9.12% (1)</u> =====		<u>12.06%</u> =====

(1) Commission order on page 8 references approximate 9.1 rate of return.

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UTILICORP UNITED
DOCKET NO. EM-2000-369
DATA REQUEST NO. EDE-228

DATE OF REQUEST: August 15, 2000
DATE RECEIVED: August 15, 2000
DATE DUE: September 4, 2000
REQUESTOR: Steve Traxler

QUESTION:

Attached is a 4 page spreadsheet used to calculate the approximate impact on MPS's cost of service resulting from MPS's allocated share of UCU's Re-engineering projects from 1995-1999. Please review the calculations based upon responses to Staff discovery and identify any significant disagreement with the source information and/or calculations.

RESPONSE:

See updated response to SJLP-312, Docket No. EM-2000-292.
Please note project in service dates.

Although we believe the calculations are substantially correct, it is obvious that due to the fact we were in the middle of re-engineering and centralization, the real impact to MPS customers is more representative of an average of the last two years.

ATTACHMENTS:

None

ANSWERED BY: Bev Agu/Gary Clemens