Exhibit No.:
Issues: Uncollectibles (Bad Debt) Expense; Revenues; FAS 87 Pension-Recognition of Prepaid Pension Asset; Transition and Transaction Costs
Witness: Janis E. Fischer
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case Nos.: ER-2001-672 and EC-2002-265
Date Testimony Prepared: January 22, 2002

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

JANIS E. FISCHER

UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE

CASE NOS. ER-2001-672 and EC-2002-265

Jefferson City, Missouri
January 2002

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d/b/a MISSOURI PUBLIC SERVICE

CASE NOS. ER-2001-672 and EC-2002-265

Q. Please state your name and business address.

A. Janis E. Fischer, 3675 Noland Road, Suite 110, Independence, Missouri 64055.

Q. Are you the same Janis E. Fischer who has previously filed direct and rebuttal testimony in this case?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. I will address certain aspects of the Missouri Public Service's (MPS's or Company's) rebuttal filing, including the areas of uncollectibles (bad debt) expense, revenues, and transition and transaction costs associated with the UtiliCorp United Inc. (UCU) merger with St. Joseph Light & Power Company (SJLP). I have also addressed the inclusion in the Staff's case of a rate base adjustment for the Statement of Financial Accounting Standards No. 87 (FAS 87) pension prepaid asset.

UNCOLLECTIBLES (BAD DEBT) EXPENSE

Q. Did UCU address the issue of bad debt expense in its rebuttal testimony?

A. Yes. UCU witness Angela D. Hattley, at page 2 of her rebuttal testimony, characterizes UCU's use of a three-year average to determine the adjustment for test year bad debt expense as more representative of a "normal" level of bad debts than the Staff's proposed use of a five-year average.

Q. How do you respond to Ms. Hattley?

A. The Staff has typically used a five-year average to smooth out fluctuations in the actual bad debt write-offs. The three-year average used by UCU does not account for the lower bad debt levels of 1996 and 1997:

Net Electric Write-Offs

Year	**Write-Off**	**Effective Rate**
12/31/93	$ 403,676	.165231%
12/31/94	560,095	.222940%
12/31/95	675,729	.257044%
12/31/96	810,390	.300398%
12/31/97	1,024,369	.365158%
12/31/98	1,305,775	.452312%
12/31/99	924,582	.323921%
12/31/00	2,096,721	.722472%
10/31/01	2,054,901	.798254%

[Source: Fischer Rebuttal Schedule JEF-1]

Q. Does the Staff typically incorporate the use of five-year averages to normalize test year expenses and revenues?

A. Yes. In many instances, the Staff uses a five-year average to reduce annual volatility that naturally occurs in revenues and expense items. My direct testimony in this case addressed one such situation regarding FAS 87 pension and Statement of Financial Accounting Standards No. 106 (FAS 106) postretirement benefits expense (OPEB) costs, where I calculated a rolling five-year average of unrecognized gains/losses for determining pension and OPEB expenses for the test year. This is just one example of using a five-year average to lessen the impact of annual volatility on a cost of service item.

While the bad debt circumstances in every case may differ, the Staff has consistently used a five-year analysis and a five-year average to determine its adjustment to bad debt expense for rate purposes for many years. In Case Nos. WR-92-207, and SR-92-208, Missouri Cities Water Company (MCWC), the Commission Report and Order, issued January 8, 1993, stated:

> MCWC experienced unusually high bad debt expense during the test year. In 1990, the year prior to the test year, the bad debt expense was $21,545; while in the test year the bad debt expense was $34,209. the Staff proposes an adjustment of $8,468 on this issue.
>
> The Staff has proposed a normalization technique to compensate for what it sees as an irregular pattern. The Staff analyzed MCWC's actual net write-offs of uncollectible accounts for the period of January 1988 through June 1992. The Staff then computed an average of the 54-month period and included an annual level of that average in its case as the appropriate level of bad debt expense.

Q. Are there instances where the Staff would propose something other than a five-year average to normalize bad debts upon completion of a five-year analysis of this item?

A. Yes. If the Staff's analysis showed a trend upward or downward consistently over the five-year period, then the Staff would likely support the test year actual bad debt write-offs. There may be some circumstances in which the use of another averaging period may be appropriate, if the facts supported such use. However, as that is not the case for bad debts incurred by MPS in recent years, the Staff continues to believe the use of a five-year average is the most reasonable approach.

Q. Do Schedules ADH-1 and ADH-2 attached to UCU witness Hattley's rebuttal testimony accurately reflect the Staff's methodology for determining its uncollectible adjustment?

A. No. UCU witness Hattley's Schedules ADH-1 and ADH-2 assume that the Staff would propose a five-year average for bad debts for every year reflected in those schedules regardless of the circumstances. It is unknown what the Staff would have proposed for bad debt expense in years that MPS did not have a rate case filed. The Staff would have made a five-year analysis based upon information available during the test year audit. Based upon information provided in this case, if the years 1995 through 1998 had been test years for purposes of rate proceedings, the Staff might have proposed the test year rate of actual electric uncollectibles. For example, the Staff did in fact propose the actual test year uncollectible rate in MPS's last rate case, No. ER-97-394. I believe use of a five-year average became more appropriate beginning with the five-year analysis depicted in page two of my testimony, for the five-year period 1995-1999, because fluctuations in actual annual uncollectible rates began appearing in 1999.

Q. Does the Staff agree with UCU witness Hattley's statement on page 3 of her rebuttal testimony that an upward trend exists for bad debt write-offs at MPS?

A. No. The analysis of bad debt write-off data prior to 2001 shows that year 1999 write-offs totaled less than those of the year 1998. The year 2000 write-offs were more than twice those of 1999. The Staff would not characterize the bad debt write-off levels for the years 1998 through 2000 as establishing a trend of increasing bad debt expenses. The bad debt write-off levels appear to fluctuate significantly year-to-year.

Q. Do you believe MPS's current bad debt expense is representative of ongoing levels?

A. No. The Staff has not been provided any documentation to suggest that the bad debt write-off level of 2000 will continue. The year 2001 write-offs through

October, shown in Schedule ADH-1 attached to UCU witness Hattley's rebuttal testimony may or may not be representative of the year 2001 in total. The effect of higher than normal utility bills during the winter of 2000-2001 may increase bad debt write-offs in 2001. Lower than normal utility bills during the winter of 2001-2002 will likely have just the opposite impact on bad debts for the year 2002 by decreasing write-offs. Because of these considerations, the Staff continues to support the use of a five-year average in determining the bad debt expense adjustment.

Q. Will the Staff update its five-year average from 1996-2000 to include the years 1997-2001 at the time of the true-up audit?

A. Yes. The Staff will include the year 2001 and exclude the year 1996 in its calculation of the bad debt adjustment for the true-up.

REVENUES

Q. Did UCU address any revenue issues in its rebuttal testimony?

A. Yes. UCU witness Gary L. Clemens, beginning on page 4 of his rebuttal testimony, states:

> For rate class 711 only, Staff should weather normalize year 2001 then apply the customer annualization method. This will allow the proper use per customer to be used when the customer annualization is applied for the January 31, 2002 true-up.

Q. Has the Staff verified that this is UCU's position?

A. The Staff met with Mr. Clemens on January 10, 2002 to discuss the issue of customer counts for rate classes 710 and 711. It is the Staff's understanding from that meeting that UCU is not suggesting that weather normalization for 2001 be included in the true-up revenue annualization. UCU's response to Staff Data Request No. 587 also states that no additional weather normalization is required.

Q. What is the issue between the Staff and MPS in the revenues area?

A. The determination of appropriate customer counts for rate classes 710, small general service commercial customers, and 711, small general service commercial customers with demand meters, is the only remaining issue. MPS raised questions regarding the proper match between customer levels and usage per customer.

Q. Why is determining the appropriate customer counts for rate classes 710 and 711 an issue?

A. Determining the appropriate customer counts for rate classes 710 and 711 is an issue because of rate switching. Rate switching between rate classes 710 and 711 is being caused by UCU's decision to add demand meters to all small general service commercial customers. When class 710 customers receive demand meters, they automatically switch service to class 711, the small general service commercial class with demand meters. Therefore, class 710 will eventually be eliminated. The switching from rate class 710, leading to its ultimate elimination, has a much greater impact on customer growth annualization than typical rate switching.

Q. Why has rate switching between rate classes 710 and 711 had such an impact on the revenue annualization adjustment?

A. The impact is substantial because the average kWh usage for rate class 710 customers is approximately one-fifth the average kWh usage of rate class 711 customers.

Q. Did UCU have additional information at the January 10 meeting to support further analysis of rate class 710 and 711 customer counts?

A. Mr. Clemens proposed that an analysis of customers that switched from rate class 710 to rate class 711 be completed based upon a report generated from UCU's billing department. Additional information included in the report may identify customers that have switched to rate class 711. In addition, prior to the meeting, the Staff issued Data Request No. 588 asking UCU to identify customers, by month, switching from rate class 710 to rate class 711 during the test year and 2001. The Staff is in the process of analyzing the response.

Q. What customer rate classes will be affected by using this report in the determination of the Staff's customer annualization adjustment after the true-up audit?

A. Both customer rate classes 710 and 711 will be affected. The customers identified as switching from rate class 710 to 711 will be added back into the customer counts for rate class 710 and deleted from rate class 711 at the end of the true-up period for customers identified and quantified for 2001 and January 2002. Therefore, the Staff anticipates that the revenue annualization for rate class 710 will increase and revenue annualization for rate class 711 will decrease from the customer revenue annualization presented in the Staff's direct filing. The effect of this adjustment to customer counts in rate classes 710 and 711 will be included in the Staff's revenue annualization for the true-up.

FAS 87 PENSION-RECOGNITION OF PREPAID ASSET

Q. Please explain the term "prepaid pension asset" as it applies to pension cost under FAS 87.

A. A prepaid pension asset is established on the balance sheet when the cash contributions to the pension fund exceed the pension cost recorded on the income statement under FAS 87. The prepaid pension asset is increased in subsequent years when the cash contributions to the fund exceed the FAS 87 expense on the income statement. The prepaid pension asset will be reduced in subsequent years when the pension cost under FAS 87 exceeds the cash contribution to the pension fund.

Q. Has the Staff made an additional adjustment in this case to support the inclusion of a prepaid pension asset in rate base for MPS's allocated portion of UCU's FAS 87 pension cost?

A. Yes. Although MPS did not include an amount in rate base for the prepaid pension asset in its initial case filing, the Staff believes it is appropriate to include the prepaid pension asset in the determination of the rate base component in this case.

Q. Why is the adjustment for the prepaid pension asset being included at this time?

A. Based on additional discussions with MPS and internally with Staff, the Staff believes that the fair and equitable treatment of the FAS 87 pension requires that the prepaid pension asset be recognized even though it was not included by MPS in its filing. It was an oversight on the part of the Staff not to include the prepaid pension asset in its direct filing.

Q. How will the value of the adjustment to the case for an allocation to MPS of a portion of UCU's FAS 87 prepaid pension asset be determined?

A. The amount to be included in rate base for MPS's allocated share of UCU's prepaid pension asset will be determined in the true-up audit. The amount for rate base inclusion will consider activity in the prepaid pension asset account since rates adopting FAS 87 became effective in MPS's last rate case, No. ER-97-394. The estimated balance at January 31, 2002 to be allocated to MPS is $6,744,670. The Staff's current Exhibit Manipulation System (EMS) run includes $4,489,670 as the balance at June 30, 2001.

TRANSITION AND TRANSACTION COSTS

Q. Please define "transaction costs."

A. Transaction costs are expenses that are incurred by combining companies prior to the close of the merger and that are necessary to consummate the merger. These include fees charged by the investment bankers related to the transaction; fees for outside consultants for legal, accounting and public relations services; and other merger-related costs directly associated with the acquisition. Since these costs are directly associated with the acquisition, they should be included with the acquisition premium.

Q. Please define "transition costs."

A. "Transition costs" are costs, which the combining companies must incur in order to combine the systems and processes of the pre-merged companies. Generally, accounting systems will be combined; computers will be reprogrammed; procedures and practices will be consolidated; customer service centers will be integrated; human resources will redesign benefit packages for consistency; and these changes all have costs associated with their implementation.

Q. Did UCU address the issue of transition and transaction costs resulting from the UCU/SJLP merger in its rebuttal filing?

A. Yes. Beginning on page 19 of UCU witness Vern J. Siemek's rebuttal testimony, "costs to achieve" are discussed. UCU combines what the Staff defines as transaction costs along with transition costs to make up what it refers to as "costs to achieve". In the UCU/SJLP merger case, No. EM-2000-292, UCU presented an estimate of total "costs to achieve" related to the merger of $15,082,971. The Staff agrees with Mr. Siemek's statement that UCU's response to Staff Data Request No. 130 updates the estimate of these combined costs reflecting actual costs incurred through June 30, 2001to $15,781,296. This information was also presented as Schedule JEF-7 in my rebuttal testimony. The Staff also agrees that transition costs found to be prudent and appropriate should be amortized over ten years. There is a direct correlation between the transition costs, which facilitate the joining of the UCU and SJLP organizations and the merger savings that are estimated to arise following the completion of the integration process. At that point, the customers will hopefully share in any savings that are generated from the merger, and therefore, should also pay for prudent "costs to achieve" related to the merger. The Staff does not, however, agree with UCU upon what components of "costs to achieve" should be amortized.

A further explanation for why the Staff is proposing to allow recovery of a portion of the UCU/SJLP merger "costs to achieve" can be found in the surrebuttal testimony of Staff Accounting witness Mark L. Oligschlaeger.

Q. Please identify the "costs to achieve" that the Staff opposes including in MPS's cost of service.

A. As previously identified in my rebuttal testimony, along with all transaction costs, the Staff would propose to disallow several categories of transition costs as well:

- Paid Advisory Board
- Officers Severance/Retention
- Executive Supplemental Retirement Plan (SERP)

Q. Does the Staff have additional information to support this position than what was presented in your rebuttal testimony?

A. Yes. In response to Staff Data Request No. 331 (see attached Schedule JEF-1) UCU provided a copy of Merger Agreement Section 1.04 and 6.17 that describe the function of the Paid Advisory Board (PAB) and its charitable and economic development support. In addition, the agendas for three quarterly meetings were provided.

Q. What does this material show?

A. A major purpose of the PAB is to advise UCU on ways to provide community and economic development support through charitable contributions to the SJLP service area. The Staff's position to exclude the costs associated with the PAB is consistent with its position for disallowance of all charitable contributions and donations. Charitable contributions and donations are excluded because they are not necessary for the provision of safe and adequate service, and thus do not have any direct benefit to ratepayers. To allow the Company to recover PAB expenses through rates would cause the ratepayer to indirectly support the organizations that receive funding from the PAB.

Q. Has the Staff "accepted" severance costs as allowable transition costs?

A. The Staff does not agree with Mr. Siemek's statement on page 19, line 13, that costs associated with severance are generally accepted. The Staff does not support recovery of severance to officers and/or executives. However, the Staff agrees that costs associated with severance and retention of non-officers should be allowable transition costs.

Q. Please explain why the Staff believes that executive severance costs should not be recovered in rates.

A. Executive severance packages within an organization are compensation packages that guarantee payments to top executives and key employees on the occasion of a takeover, merger or some other related acquisition restructuring. These types of severance packages are commonly referred to as "golden parachutes." The Staff's position is that no recovery of these costs from ratepayers is warranted. These are costs that benefit only a very few employees, and are primarily created for their personal protection. They are more beneficial to the owners of the company than its customers and therefore, represent ownership costs which the shareholders should bear the responsibility of paying.

Q. Why does the Staff also propose to exclude recovery of SERP costs as transition costs of the UCU/SJLP merger?

A. The objectives of a SERP in the Staff's view are related to the protection of shareholders interests and, therefore, the costs of the SERP should be borne by the shareholders of UCU. SERPs are compensation packages that guarantee additional retirement payments to top executives and key employees above and beyond those provided to the majority of UCU employees. The Staff's position is that no recovery of these costs from ratepayers is warranted. These are costs that benefit only a very few employees. Of course, UCU has the right to compensate its executives however it sees fit, but the Staff's contention is that the shareholders should pay for these potentially excessive costs, not the ratepayers.

Q. Do the Staff and UCU treat transaction costs differently?

A. The Staff believes the transaction costs associated with the UCU/SJLP merger are part of the acquisition adjustment/premium for the reasons described in my rebuttal testimony. The treatment of transaction costs should be consistent with the treatment of the acquisition adjustment. This Commission has never allowed direct recovery of acquisition adjustments in rates and, therefore, should also not permit recovery of transaction costs. UCU treats transaction costs together with transition costs as components of "costs to achieve". UCU does not include transaction costs as a part of acquisition premium costs, but rather prefers to amortize transaction costs over the same period of time as transition costs.

Q. How would the Staff's exclusion of transaction costs and a portion of the transition costs affect UCU's cost to achieve calculation shown in Mr. Siemek's rebuttal testimony as Schedule VJS-6?

A. The effect of the disallowances are shown on Schedule JEF-2.

Q. Has the Staff reflected the expense associated with the amortization of transition costs in its MPS cost of service?

A. Yes. Please refer to the surrebuttal testimony of Staff witness Oligschlaeger for his discussion of the Staff's methodology for the allocation of transition costs between MPS and SJLP.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of the Tariff Filing of Missouri Public Service (MPS) A Division of UtiliCorp United Inc., to Implement a General Rate Increase for Retail Electric Service Provided to Customers in the Missouri Service Area of MPS	))))))	Case No. ER-2001-672

AFFIDAVIT OF JANIS E. FISCHER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Janis E. Fischer, being of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Janis E. Fischer

Janis E. Fischer

Subscribed and sworn to before me this 21 day of January 2002.

D Suzie Mankin

D SUZIE MANKIN
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. JUNE 21,2004

UTILICORP UNITED
CASE NO. ER-01-672
DATA REQUEST NO. MPSC-331

DATE OF REQUEST: September 24, 2001

DATE RECEIVED: September 25, 2001

DATE DUE: October 15, 2001

REQUESTOR: Janis Fischer

QUESTION:

In reference to Data Request 129:

1) Please provide copies of minutes to SJLP advisory board meetings for test year 2000 and January through June 2001.

2) How were the advisory members selected? What is their term on the board?

3) Please provide a copy of the advisory board charter.

4) How was the monthly fee, that is paid to each advisory board member arrived at?

5) Are the advisory board fees posted to JSD? If not, to which division of UCU are the fees posted?

RESPONSE:

1) The advisory board was established effective upon the closing of the merger of St. Joseph Light & Power Company ("SJLP") into UtiliCorp United, Inc. ("UtiliCorp") on December 31, 2000, and no advisory board meeting was held on that day. Accordingly, there are no advisory board meeting minutes for test year 2000. Advisory board meeting have been held in 2001, but no formal minutes have been prepared. A copy of the agendas are attached.

2) Section 1.04 of the Agreement and Plan of Merger between UtiliCorp and SJLP, dated March 4, 1999 (the "Merger Agreement"), provided that the advisory board would be comprised of up to nine persons designated by SJLP from among members of SJLP's board of directors. On December 26, 2000, SJLP's general counsel delivered a letter to UtiliCorp designating all nine members of SJLP's board of directors as advisory board members.

   Under the Merger Agreement, UtiliCorp must maintain the advisory board for a period of three years. Each advisory board member designated by SJLP will serve on the advisory board for the entire three-year period, unless (a) UtiliCorp earlier removes him or her for cause or (b) he or she earlier resigns or dies.

3) No advisory board charter exists. The closest approximation for a charter is Section 1.04 of the Merger Agreement, which among other things specifies the advisory board's term and purpose. Accordingly, a copy of Section 1.04 of the Merger Agreement is attached. Section 1.04 references Section 6.17, so a copy of that section is attached as well.

4) It was one of numerous issues actively negotiated between UtiliCorp and SJLP in the process of finalizing the Merger Agreement.

5) They are posted to SJLP.

ATTACHMENTS:

1) Year 2001 advisory board meeting agendas.

2) Sections 1.04 and 6.17 of the Merger Agreement

ANSWERED BY:

Brogan Sullivan; Senior Corporate Counsel

Merger Agreement Sections 1.04 and 6.17

"**Section 1.04.** __**Advisory Board**__. The Surviving Corporation (and any successor or assign of the Surviving Corporation) shall maintain an advisory board (the "**Advisory Board**"), for a period of three years following the Closing Date. The Advisory Board shall be comprised of up to nine persons designated in writing by the Company and selected from among the present directors of the Company on or prior to the Closing Date ("**Company Designees**"). Company Designees shall not be subject to removal without cause by the Surviving Corporation absent their consent, and any vacancy on the Advisory Board which arises after the Effective Time which the Advisory Board chooses to fill shall be filled by a person selected by majority vote of the remaining Company Designees and approved by UCU, which approval shall not be unreasonably withheld (and such replacement person shall be deemed a "**Company Designee**" for all purposes hereunder). The Advisory Board shall meet no less frequently than quarterly, and shall review and consult with the Surviving Corporation with respect to the business operation of the Surviving Corporation in the Company's current service area (including reviewing and making recommendations consistent with Section 6.17 with respect to the civic, charitable and business and customer development activities of the Surviving Corporation in such area). Company Designees shall each receive an annual fee of $15,600 for serving on the Advisory Board, and shall be reimbursed for reasonable out-of-pocket expenses incurred in connection with their service on the Advisory Board. The Surviving Corporation shall provide to Company Designees indemnification rights to the same extent as provided to UCU's officers and directors under UCU's Certificate of Incorporation and Bylaws."

"**Section 6.17.** __**Charitable and Economic Development Support**__. The parties agree that provision of charitable contributions and community support in the service area of the Company serves a number of important goals. For a period of at least five years following the Effective Time, the Surviving Corporation shall provide charitable contribution and community support within the service area of the Company at levels substantially comparable to and no less than the levels of charitable contribution and community support provided by the Company and its Subsidiaries within the Company's service area within the two-year period immediately prior to the Effective Time."

Agenda
SJLP Advisory Board of Directors
Wednesday, March 14, 2001

1. Welcome	Judy Ness
2. Introductions	All
3. Discuss roles, responsibilities and expectations of Advisory Board	Judy Ness/All
4. Introduction to UCU	Judy Ness
5. SJLP Updates	
a. Regulatory Update	John McKinney
b. Transition Update	Vicki Heider
i. Personnel and organizational changes	
ii. Facilities	
c. Contributions 2000/2001	Judy Ness
6. Review Logistics	Judy Ness
a. Payment of expenses	
b. Meeting dates for rest of year	
i. Wednesday, June 13	
ii. Wednesday, September 12	
iii. Wednesday, December 12	
7. General Discussion	All
8. Suggestions for future topics	Judy Ness
a. Community Relations	
b. Economic Development	
c. Other	
9. Adjourn	

Lunch

Schedule JEF-1-4

Agenda
SJLP Advisory Board of Directors
Wednesday, June 13, 2001

1. Welcome	Judy Ness
2. Review SJLP Employee Status	Bob Koranda
3. Economic Development Programs	Jeff Jorgensen
4. Community Relations Issues	Judy Ness
a. Community Meetings Review	
b. Contributions Status	
i. Contributions made	
ii. Major requests	
c. Other	
5. General Discussion	All
6. Suggestions for future topics	Judy Ness
a. Generation plans	
b. Jim Miller, CEO-U.S. Utility, and 20 W. 9th Tour	
c. Other	
7. Adjourn	

Lunch

Agenda
SJLP Advisory Board of Directors
Wednesday, September 12, 2001

1. Welcome	Judy Ness
2. UtiliCorp Power Supply	Glen Keefe Steve Ferry
3. Montezuma Wind Farm Video	Judy Ness
4. Community Relations Issues	Judy Ness
a. Contribution Update	
i. Contributions made	
ii. Major requests	
b. Other	
5. General Discussion	All
6. Suggestions for future topics	Judy Ness
7. December 12, 2000 Meeting Jim Miller, CEO-U.S. Utility, and 20 W. 9th Tour	
8. Adjourn	

Lunch

Schedule JEF-1-6

Case No. ER-2001-672
Response to DR 130
Update of actual and expected UCU/SJLP merger costs from VJS-2.

Descripition	EM-01-292 Est. Costs	Total Actuals Thru 6/30/01	Expected to be Incurred	Expected Total Costs
Distribution Severance	$ 876,739	$ 464,777	$ 197,939	$ 662,717
Officers Severance/Retention	$ 3,232,913	$ 3,584,400		$ 3,584,400
Transmission Severance	$ 392,148	$ 84,095	$ 234,973	$ 319,068
Paid Advisory Board-Three Years	$ 432,000	$ 70,200	$ 351,000	$ 421,200
Fund Supplemental Exec Retirement	$ 1,620,000	$ 1,725,672		$ 1,725,672
Retention Payments for Non-Officers	$ 566,000	$ 565,266	$ 100,255	$ 665,521
Gen Admin Subgroups - Fin Acctg	$ 185,832	$ 252,925		$ 252,925
Human Resources-Severance	$ 204,000	$ 189,780		$ 189,780
Human Resources-Retention	$ 27,000	$ -		$ -
Information Technology-Severance	$ 476,104	$ 188,625	$ 68,950	$ 257,575
Regulatory/Legislative sever/relocation	$ 28,500	$ 65,620		$ 65,620
Corporate Communications	$ -	$ 131,338		$ 131,338
Relocations	$ -	$ -	$ 26,083	$ 26,083
Other	$ -	$ 30,000		$ 30,000
Generation Severances	$ 489,000	$ 239,426		$ 239,426
Pricing/Market Research Severances	$ 142,735	$ 71,500		$ 71,500
Payroll Taxes	$ -		$ 33,156	$ 33,156
FERC Market Power Update	$ -	$ 120,673		$ 120,673
SFAS 106 Curtailment Cost	$ -	$ 723,816	$ 723,816	$ 1,447,631
MAPP Exit Fee	$ -	$ -	$ 207,265	$ 207,265
Duplicate Call Center Costs	$ -	$ 81,571	$ 59,239	$ 140,810
		$ -		$ -
Total Transition Costs	$ 8,672,971	$ 8,589,684	$ 2,002,677	$ 10,592,360
IT Transition Cost	$ 1,835,000	$ 1,572,000	$ 300,000	$ 1,872,000
Bankers Fees	$ 2,575,000	$ 2,565,366		$ 2,565,366
Other Transaction Costs	$ 2,000,000	$ 3,054,246		$ 3,054,246
Total Transaction Costs	$ 4,575,000	$ 5,619,612	$ -	$ 5,619,612
Total Costs to Achieve Synergies	$ 15,082,971	$ 15,781,296	$ 2,302,677	$ 18,083,972

Siemek Rebuttal Testimony Schedule VJS-6, Line 5
Staff's Disallowance of Transition/Transaction Costs Incurred Thru 6/30/01

Officers Severance/Retention	$ 3,584,400
Paid Advisory Board-Three Years	$ 70,200
Fund Supplemental Exec Retirement	$ 1,725,672
Disallowed - Transition Costs	**$ 5,380,272**
Bankers Fees	$ 2,565,366
Other Transaction Costs	$ 3,054,246
Disallowed - Transaction Costs	**$ 5,619,612**
Allowable UCU/SJLP Merger - Costs to Achieve	$ 4,781,412
Annual Amortization (10 years)	**$478,141**