

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-3847

E-MAIL: DCOOPER@BRYDONLAW.COM

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

DEAN L. COOPER
MARK G. ANDERSON
TIMOTHY T. STEWART
GREGORY C. MITCHELL
BRIAN T. MCCARTNEY
DALE T. SMITH
BRIAN K. BOGARD

OF COUNSEL
RICHARD T. CIOTTONI

July 31, 2001

Mr. Dale Hardy Roberts
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³
JUL 31 2001
Missouri Public
Service Commission

RE: Missouri Public Service - Case No. ER-2001-672

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of the Response of UtiliCorp United Inc. d/b/a Missouri Public Service to Staff's True-Up Recommendation. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me.
Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

James Swearengen
James C. Swearengen *hrg*

JCS/rhg

Enclosures

cc: Office of the Public Counsel
Mr. Nathan Williams, General Counsel
Mr. Stuart Conrad
Mr. Jeremiah Finnegan
Mr. Mark Comley
Mr. Duncan Kinchloe

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

JUL 31 2001

Missouri Public
Service Commission

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

**RESPONSE OF UTILICORP UNITED INC. d/b/a MISSOURI PUBLIC SERVICE
TO STAFF'S TRUE-UP RECOMMENDATION**

COMES NOW UtiliCorp United Inc. ("UtiliCorp") d/b/a Missouri Public Service ("MPS"),
by counsel, and for its response to Staff's July 25, 2001, True-Up Recommendation in the referenced
case, states as follows to the Missouri Public Service Commission ("Commission"):

1. UtiliCorp objects to Staff's Recommendation with respect to Item No. (1) under "Rate
Base," where Staff has stated the following:

"Plant in service, including the MEP Pleasant Hill, L.L.C. power unit
(the Aries Combined Cycle unit) (a) if determined to be "fully
operational and used for service" (Section 393.135 RSMo 2000),
which is scheduled to be operational on January 1, 2002, and (b)
related items for which MPS has received an invoice, approved and
authorized payment, recorded payment in its accounts payable system
and are auditable at the time of the true-up audit."

UtiliCorp objects to this true-up proposal because Staff has apparently erroneously concluded that
the Aries Combined Cycle electric generating unit ("Aries Plant") is property of UtiliCorp and, thus,
is an item that should be included under the category "Rate Base." The Aries Plant is owned by
MEP Pleasant Hill, L.L.C. The Aries Plant is not property belonging to UtiliCorp and, therefore,
is not, and will not be, a rate base item. Rather, the power purchased from the output of the Aries
Plant is, and will be, an item of expense to UtiliCorp. Accordingly, § 393.135 RSMo. 2000, upon
which Staff relies, is not applicable.

2. UtiliCorp has entered into a Purchase Power Agreement ("PPA") pursuant to which
it buys power from MEP Pleasant Hill, L.L.C., which power is generated by the Aries Plant. The

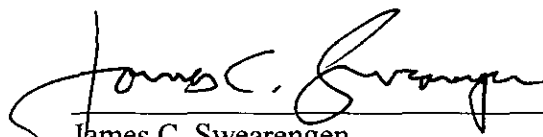
PPA with MEP Pleasant Hill, L.L.C. was reviewed by the Commission in its Case No. EM-99-369.

3. UtiliCorp is receiving power from the Aries Plant in accordance with the terms of the PPA and is incurring expenses associated with those power purchases, power that is being used to provide service to UtiliCorp's MPS customers. In this regard, the PPA by and between UtiliCorp and MEP Pleasant Hill, L.L.C. should be treated in the same manner as are UtiliCorp's expenses associated with any other purchase power agreement it has with any other third party. Therefore, it is entirely appropriate to include the expenses associated with these power purchases in rates without regard to the in-service criteria, which criteria can only be lawfully applied, if at all, to generating plants owned by the regulated utility.

4. In summary, because the Aries Plant is not owned by UtiliCorp, it is not a regulated generating plant which is or can be included in UtiliCorp's MPS rate base. Accordingly, Staff's True-Up Recommendation as it relates to rate base treatment of the Aries Plant and the related in-service criteria and application of § 393.135 RSMo. 2000 is a misapplication of the law and should be rejected by the Commission.

5. Having said this, UtiliCorp submits that a proper resolution of this matter can only come after all parties have had an opportunity to fully address the issue through the subsequent evidentiary proceedings which will be held in this case. Therefore, it would be appropriate for the Commission to reserve ruling on this matter until that time.

Respectfully submitted,



James C. Swearengen #21510
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

Telephone: (573) 635-7166
Facsimile: (573) 635-0427
E-Mail: ltrackers@brydonlaw.com

Attorneys for UtiliCorp United Inc. d/b/a Missouri
Public Service

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 31st day of July, 2001, to:

Nathan Williams
Missouri Public Service Commission
Governor Office Building
200 Madison Street, P.O. Box 360
Jefferson City, MO 65102

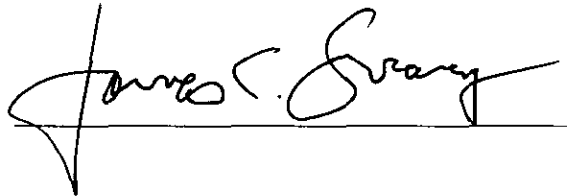
Office of the Public Counsel
Governor Office Building
200 Madison Street, P.O. Box 360
Jefferson City, MO 65102

Duncan E. Kincheloe
Attorney at Law
2407 West Ash Street
Columbia, MO 65203

Stuart W. Conrad
Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111

Mark W. Comley
Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
Jefferson City, MO 65102-0537

Jeremiah D. Finnegan
Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111

A handwritten signature in black ink, appearing to read "James C. Gray", is written over a horizontal line.