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October 22, 2001

FILED[2]

OCT 2 2 2001

Missouri Public Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. ER-2001-672

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of the **STAFF RESPONSE TO PUBLIC COUNSEL'S REQUEST FOR CLARIFICATION.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489
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SD/lb
Enclosure
cc: Counsel of Record

FILED[2]

OCT 2 2 2001

Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the matter 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

STAFF RESPONSE TO PUBLIC COUNSEL'S REQUEST FOR CLARIFICATION

Comes now the Staff of the Missouri Public Service Commission (Staff) in response to the October 12, 2001 Request For Clarification of the Office of the Public Counsel. The Staff's response will be limited and not respond point-by-point to the effort by Public Counsel to restate the Commission's October 2, 2001 Order to read as Public Counsel desires it to read. In response the Staff states as follows:

1. The Staff does not believe that the Commission's October 2, 2001 Order directs that the revenue requirement determination to be made in this case is to be made on what Public Counsel characterizes as a "company-wide basis" such that the Commission could set rates for St. Joseph Light & Power (SJLP) in this proceeding, in addition to rates for Missouri Public Service (MPS). The Staff notes several sentences in the Commission's October 2, 2001 Order, at pages 15 and 13, respectively, which Public Counsel has chosen to ignore in its request for clarification:

> As UtiliCorp points out, Section 393.270.4 requires that the Commission consider all relevant factors, not all factors. UtiliCorp and the Staff have cited ample examples of cases in which the Commission has set rates on a basis that is less

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than the total Missouri jurisdictional operations of a company with respect to a given line of service. . . .

. . . .

. . . . The Staff, as well, has indicated that the present procedural schedule would not permit it to fully audit both UtiliCorp's MPS and SJLP electric service operations.

2. The Staff is not in a better position now than it was when it indicated to the Commission that the procedural schedule in this case would not permit it to fully audit both UtiliCorp's MPS and SJLP electric service operations, as Public Counsel would have the Commission order the Staff to do. In fact, in several days the Staff intends to file with the Commission a pleading which sets out for the Commission the difficulties that it has encountered in its endeavor to audit MPS and why, as a consequence, the present procedural schedule is problematic even for the completion of the Staff's audit of MPS.

3. Even if the Staff had been able to perform the audit that it had thought was possible when its audit of MPS started, the Staff would not recommend to the Commission that rates for St. Joseph Light & Power (SJLP) customers be set on the basis of the Staff's audit in this case. There are revenues, expenses and rate base that are unique to MPS and revenues, expenses and rate base that are unique to SJLP. In order for the Staff to perform an audit of MPS and determine MPS's revenue requirement, it is not necessary for the Staff to perform a full audit of SJLP and determine SJLP's revenue requirement. The Staff has sought to audit those items respecting SJLP that will allow the Staff to determine the MPS revenue requirement needed for the Commission to set just and reasonable rates for MPS' retail tariff customers. Under the audit that the Staff still hopes to complete in this case, the Staff would be in a position to address whether the present SJLP rates likely are either under or over recovering SJLP's costs, but the determination will not be detailed enough for the Staff to advise the Commission to set SJLP's

retail tariff rates on this analysis. In order to set retail tariff rates for SJLP, the Staff would conduct a different audit than that which it has conducted in order to set MPS' retail tariff rates.

4. Even if the Staff were to perform an audit of both MPS and SJLP detailed enough for the Staff to recommend the setting of rates for MPS and SJLP, the audit would not be of literally "all factors" that determine MPS and SJLP revenue requirements. The Commission does not have the resources that would permit an audit of literally "all factors" that determine the revenue requirements of the public utilities for which the Commission is charged with setting just and reasonable rates, given that the utilities themselves choose when they file for rate relief, and when they do, the Commission has a maximum of 11 months to complete the process, regardless of what other cases may be before the Commission for its action.

Public Counsel appears to be urging the Commission to open the Pandora's Box of equating "all relevant factors" with "all factors" as determined by the Public Counsel or some other party which may not be satisfied with the scope of the audit of the Staff. The Commission should not forget that the Public Counsel and many of the entities that intervene before the Commission have staffs/experts and the resources to retain experts. They are not devoid of the ability or the resources to provide testimony on specific matters that they may deem of particular significance. The Public Counsel and other parties would likely respond that their resources are limited, and imply that the resources of the Commission Staff are unlimited. The Staff is charged with responsibilities respecting all Commission matters and, as a consequence, its ability to look into items that are of particular interest to specific parties is not necessarily as great as the ability of those parties to do so themselves. The Staff simply does not have the resources which would permit it to perform "all factors" audits of all public utilities under the Commission's jurisdiction, even if those events were the only Commission proceedings in which the Staff participated.

Wherefore the Staff submits this Staff Response To Public Counsel's Request For Clarification.

Respectfully submitted,

DANA K. JOYCE
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 22nd day of October, 2001.

Service List for
Case No. ER-2001-672
Verified: October 22, 2001 (lb)

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