Missouri Public Service Commission

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February 11, 2002

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-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; and

Case No. EC-2002-265-Staff of the Missouri Public Service Commission v. UtiliCorp United Inc. d/b/a Missouri Public Service.

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **STAFF'S RESPONSE TO THE COMMISSION'S ORDER SUSPENDING PROCEDURAL SCHEDULE AND DIRECTING FILING, AND SUGGESTIONS IN SUPPORT OF UNANIMIOUS STIPULATION AND AGREEMENT**.

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,

Nathan Williams

Nathan Williams
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Enclosure
cc: Counsel of record

BEFORE THE PUBLIC SERVICE COMMISSION
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 of the Missouri Public Service Commission, Petitioner, v. Missouri Public Service, a Division of UtiliCorp United, Inc., Respondent.	)	Case No. EC-2002-265

STAFF'S RESPONSE TO THE COMMISSION'S ORDER SUSPENDING PROCEDURAL SCHEDULE AND DIRECTING FILING, AND SUGGESTIONS IN SUPPORT OF UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission and for its response to the Commission's January 31, 2002 Order Suspending Procedural Schedule and Directing Filing, and for its suggestions in support of the Unanimous Stipulation and Agreement, submits this document and requests that the Commission schedule an on the record presentation/hearing should the Commission have questions or believe this pleading to not completely respond to its Order Suspending Procedural Schedule and Directing Filing. In reply to the Commission's Order Suspending Procedural Schedule and Directing Filing, and for its suggestions in support of the Unanimous Stipulation and Agreement, the Staff states as follows:

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1. On January 31, 2002, the Commission issued its Order Suspending Procedural Schedule and Directing Filing. In that order the Commission directed:

> That any Stipulation and Agreement or Settlement Agreement filed in this matter shall be accompanied with proposed findings of fact and conclusions of law containing citations to the record adequate to permit the Commission to make such findings of fact and conclusions of law as are required by law in the premises.

2. The parties negotiated and reached a unanimous agreement in principal on the major issues on January 25, 2002. Subsequently, the parties have reduced that agreement to writing in the form of the Unanimous Stipulation and Agreement that was filed on February 5, 2002 in advance of this pleading.

3. At the time the negotiations began, the Staff and the other parties had pre-filed testimony with the Commission that they now have pre-marked as exhibits for hearing. Also pre-marked as an exhibit is the Staff's reconciliation which shows that, at the time the evidentiary hearing was to commence on January 25, 2002, UtiliCorp United, Inc.'s rate increase case for its Missouri Public Service division reflected a revenue deficiency of about $31 million per year and the Staff's excess earnings/revenues case reflected a revenue excess of about $22 million per year.[1]

4. In the Stipulation and Agreement the parties have agreed that, if the Commission approves the Unanimous Stipulation and Agreement, the pre-filed testimony may be admitted as evidence, without need of the witnesses appearing.

5. Because most of the issues in the January 18, 2002 list of issues and the January 23, 2002 statements of position were settled as a group of issues in the aggregate, the Staff cannot, issue-by-

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1 Staff's Reconciliation, Ex. 201.

issue, cite to specific dollar values for each issue that settled. Overall the settlement results in a revenue decrease of $4.25 million. Each of the parties made its own determination of why a $4.25 million revenue decrease would result in just and reasonable rates and permit UtiliCorp's Missouri Public Service division to provide safe and adequate service. The Staff is aware of its rationale for compromise in these proceedings, but not those of the other parties. The Staff can cite to testimony that supports each of the issues it raised. But no testimony has been filed that literally addresses the $4.25 million revenue decrease settlement amount.

6. In the findings of fact that the Staff suggests below, for many issues, the Staff merely sets out the Staff's filed position and UtiliCorp's filed position. By doing so the Staff is indicating the relative revenue requirement impact of the respective parties' positions, but the Staff is not suggesting that the Commission adopt the Staff's filed position for the Commission's finding of fact on that issue, except where the parties explicitly settled to the Staff's filed position. Similarly, by setting out the filed positions of UtiliCorp or other parties, the Staff is not suggesting that the Commission adopt any such party's filed position as the Commission's finding of fact on that issue, unless the parties explicitly settled to that party's filed position.

The parties, in most instances, did not settle to any party's filed position. Treatment of the Aries Purchase Power Contract (Issue 3) is an example of an issue where the parties did not settle to any party's filed position. Similarly, capital structure/return on equity (Issue 6) is another example of an issue where the parties did not settle to any party's filed position. In certain instances the parties did settle to the Staff's filed position.

The Unanimous Stipulation and Agreement provides, at paragraph 16, that the agreement will be "null and void" if "the Commission modifies or conditions" the agreement. Because certain provisions of the Unanimous Stipulation and Agreement are based on the Staff's filed position, to approve the Unanimous Stipulation and Agreement, the Commission should adopt the Staff's filed positions on these issues. These issues include: (1) Staff's rate design for the revenue decrease; (2) reliability and call center reports to be made by UtiliCorp to the Staff; (3) booking current net salvage costs as an expense and not against accrued depreciation reserve for the electrical operations of UtiliCorp's Missouri Public Service and St. Joseph Light & Power divisions; (4) the preparation and filing of revised tariff sheets that contain a description of the service territory of UtiliCorp's Missouri Public Service in congressional township format; and (5) the maintenance and availability to the Staff and the Office of the Public Counsel by UtiliCorp of certain accounting, financial and operational records of the Missouri Public Service division that will permit independent auditing.

Thus, the Staff suggests the following findings of fact:

Staff's Suggested Findings of Fact

The Staff filed in Case Nos. ER-2001-672 and EC-2002-265 the prepared direct testimony of twenty-two Staff expert witnesses with degrees in accounting, engineering, business administration and/or economics on all of the issues in these cases. Two of these witnesses filed supplemental direct testimony; twelve of these witnesses filed rebuttal testimony; and thirteen of these witnesses filed surrebuttal testimony. These Staff witnesses conducted an audit of the books, records and activities of UtiliCorp United, Inc., its Missouri Public Service division, and its St. Joseph Light &

Power division, as appropriate, at UtiliCorp's offices in Kansas City and Raytown, Missouri and at the Commission's offices in Kansas City and Jefferson City, Missouri.

UtiliCorp, since its acquisition of St. Joseph Light & Power Company, provides electric service to customers in a large area in the western part of the state of Missouri.[2] It provides this electric service through two operating divisions: Missouri Public Service and St. Joseph Light & Power.[3] Each of these divisions presently has both a different service area and a different rate structure.[4] Whiteman Air Force Base and portions of the City of Kansas City, Missouri, and portions of the County of Jackson, Missouri are served by UtiliCorp's Missouri Public Service division.[5]

On June 8, 2001 UtiliCorp United, Inc. submitted to the Commission tariff sheets with revised electric rate schedules that it stated were designed to increase by about $49 million, exclusive of applicable franchise and occupational taxes, the gross revenues it receives from customers served by its Missouri Public Service operating division.[6] Its direct testimony filed with those tariff sheets is based on the twelve-month period ended June 30, 2000, with adjustments for certain items through September 30, 2001.[7] In that same direct testimony it proposed that the Commission shift the period it used by six months and order a test year ended December 31, 2000, updated through September 30, 2001, with true-up for certain items as of February 1, 2002.[8] In particular UtiliCorp

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2 UtiliCorp witness Siemek Rebuttal, Ex. 31, Sch. VJS-2.

3 Staff witness Featherstone Direct, Ex. 209, p. 3; Staff witness Featherstone Rebuttal, Ex. 210, pp. 22-24; UtiliCorp witness Siemek rebuttal, Ex. 31, Sch. VJS-2.

4 UtiliCorp witness Siemek rebuttal, Ex. 31, Sch. VJS-2.

5 UtiliCorp witness Siemek rebuttal, Ex. 31, Sch. VJS-2.

6 UtiliCorp witness Clemens Direct, Ex. 7, Sch. GLC-1.

7 UtiliCorp witness Clemens Direct, Ex. 7, p. 5.

8 UtiliCorp witness Clemens Direct, Ex. 7, p. 6.

stated that it selected February 1, 2002 as the true-up date it proposed to insure that the Aries power plant is operating and providing capacity to UtiliCorp before the end of the true-up period.[9] Subsequently, the Staff and UtiliCorp supported, and the Commission ordered, a test year of the twelve months ended December 31, 2000 updated through June 30, 2001, with a true-up period through January 31, 2002.[10]

As of January 25, 2002, with the change in test year, the use of actual natural gas costs and other factors, if UtiliCorp prevailed on every contested issue the supported increase in revenues requested by UtiliCorp would be, at most, about $31 million rather than the $49 million UtiliCorp designed its submitted rates to recover.[11] As the filing of its complaint indicates, the Staff's evidence supports a decrease in revenues. If the Staff prevailed on every issue, the reduction in revenues would be about $22 million after true-up.[12] The parties' filed positions on revenue requirement in these proceedings are similar to those they took in the last cases where the Commission reviewed rates for UtiliCorp's Missouri Public Service division, Case Nos. ER-97-394, ET-98-103 and EC-98-126. There, UtiliCorp filed tariffs for its Missouri Public Service division seeking to increase its revenues by about $25 million. After an audit, the Staff filed a complaint alleging that the revenues should be decreased by about $28.5 million. The Commission ordered UtiliCorp to file tariffs for its Missouri Public Service division that would decrease revenues by about $17 million.[13]

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9 UtiliCorp witness Clemens Direct, Ex. 7, p. 9.

10 *Order Concerning Test Year and True-up, Resetting Evidentiary Hearing and True-up Hearings, Adopting Procedural Schedule, and Concerning Local Public Hearings*, Aug. 14, 2001, Case No. ER-2001-672.

11 Staff's Reconciliation, Ex. 201.

12 Staff's Reconciliation, Ex. 201.

13 *Report and Order*, March 6, 1998, *In the Matter of Missouri Public Service, a Division of UtiliCorp United, Inc.*, Case Nos. ER-97-394, ET-98-103 and EC-98-126.

In the Unanimous Stipulation and Agreement filed February 5, 2002, the parties propose that rates should be based on a reduction in the annual revenues of UtiliCorp's Missouri Public Service division of $4.25 million, exclusive of gross receipts and occupational taxes, from present annual rate revenues of $296,891,406, a decrease of approximately 1.43%.

In the Unanimous Stipulation and Agreement, the parties have agreed to the Staff's filed rate design for a revenue decrease. That rate design is that, with the exception of "frozen rates," all non-residential classes receive an equal percentage decrease and that the residential class receive fifty percent of the percentage decrease going to the non-residential classes; and, within each class, an equal percentage decrease be applied to all rate components for each rate schedule or tariff.[14] In the Stipulation and Agreement, the parties also agreed to the Commission creating a new case to fully examine class cost of service and rate design. (Issue 21).

In the Stipulation and Agreement, the parties have agreed to how UtiliCorp is to keep certain books and records for its Missouri Public Service and St. Joseph Light & Power divisions, and when those books and records are to be made available to the Staff and the Office of the Public Counsel. (Issue 18).

The issue in this case with the largest impact on rates is the treatment of the Aries Purchase Power Contract. (Issue 3.) The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $17.4 million, before true-up.[15] The Missouri Public Service division's contract to purchase power from Merchant Energy Partners—

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14 Staff witness Proctor direct (EC-2002-265); Ex. 239, p. 2; Staff witness Pyatte surrebuttal, Ex. 244, pp. 5-6.

15 Staff's Reconciliation, Ex. 201.

Pleasant Hill is an agreement between affiliated companies.[16] The Staff's filed position is that, rather than using the price for power under that contract, the Commission should instead include in Missouri Public Service division's revenue requirement, the lower of the cost of the power or its market value, and that the unregulated Merchant Energy Partners—Pleasant Hill's cost of obtaining the power from the Aries combined cycle unit should be used as the cost of the power.[17] UtiliCorp's filed position is that the price for power under the Missouri Public Service division's contract with Merchant Energy Partners—Pleasant Hill is the appropriate measure of the cost. In terms of revenue requirement, the difference between the Staff's and UtiliCorp's filed positions is about $17.4 million before the true-up. After the ordered true-up, the Staff anticipates this difference would be reduced to about $10.7 million due to the impact of a firm gas contract that Staff would take into account during the true-up.[18]

The issue in this case with the second largest impact on rates is capital structure/return on equity. (Issue 6.) The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $9.5 million.[19] The Staff's evidence supports a return on equity in the range of 9.43 to 10.43 percent; a capital structure of 44.97 percent long-term debt; 6.52 percent preferred stock and 48.51 percent common equity; and a return on original rate base in the range of 8.49 to 8.98 percent.[20] UtiliCorp's evidence supports a return on

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16 Staff witness Oligschlaeger Supplemental Direct, Ex. 234, p. 1

17 Staff witness Oligschlaeger Supplemental Direct, Ex. 234, pp. 11-15.

18 Staff witness Oligschlaeger Supplemental Direct, Ex. 234, pp. 9 and 16 ($27.66 million minus $16.975 million equals $10.7 million).

19 Staff's Reconciliation, Ex. 201.

20 Staff witness Murray Direct, Ex. 230, p. 34.

equity in the range of 11.75 to 12.25 percent.[21] The Office of the Public Counsel's evidence supports a return on equity range of 10.00 to 10.25 percent; a capital structure of 47.02 percent common equity, 6.32 percent preferred stock, 43.59 percent long-term debt and 3.06 percent short-term debt; and an overall return of 8.71 to 8.82 percent.[22] UtiliCorp adopted the Staff's capital structure in its positions statement to Issue 6 as set out in its pleading titled "MPS's Statement of Position on List of Issues" that it filed January 23, 2002 in this case.

The issue in this case with the third largest impact on rates is whether cost of removal should be a current expense or included in depreciation rates. (Issue 4.) In its December 14, 1999, *Report and Order* in Case No. GR-99-315, the Commission, as proposed by the Staff, ordered Laclede Gas Company to book cost of removal as a current expense and not to include cost of removal in depreciation rates. More recently, in its September 20, 2001 *Report and Order* in Case No. ER-2001-299, the Commission adopted the Staff's position on the contested issue of how to treat net salvage (residual value less cost of removal) and ordered The Empire District Electric Company to book net salvage as a current expense and to not include net salvage in depreciation rates. As it did in the *Laclede* and *Empire* cases, the Staff is in these proceedings regarding UtiliCorp's Missouri Public Service division taking the position that cost of removal should be booked as a current expense and should not be included in depreciation rates. The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $7.1 million.[23]

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21 UtiliCorp witness Dunn Direct, Ex. 10, p. 1.

22 Public Counsel witness Burdette Rebuttal, Ex. 402, pp. 2 and 4.

23 Staff's Reconciliation, Ex. 201.

In the Unanimous Stipulation and Agreement, the parties have agreed to the depreciation rates that Staff filed in its direct case, and that cost of removal will be expensed and not included in depreciation rates. The agreed to depreciation rates are directly supported in the record by Schedule 3 attached to the pre-filed direct testimony of Staff witness Mathis.[24] The Staff's evidence supports a cost of removal of $892,289 total company and $876,629 after jurisdictional allocation to Missouri.[25] UtiliCorp's filed position is that the depreciation rates should remain the same as those set for its Missouri Public Service division by the Commission's *Order Setting Depreciation Rates* entered August 4, 1998 in Case Nos. ER-97-394, ET-98-103 and EC-98-126, and that those rates include cost of removal.[26]

The issues in this case with the fourth largest impact on rates are off-system sales and Jeffrey shares. (Issues 7 and 8). Staff's filed position is that the energy sales and purchases between the Missouri Public Service division and WestPlains Energy-Kansas should be treated as any other off-system sale and that there should be no sharing of off-system sales margins between shareholders and ratepayers.[27] UtiliCorp's filed positions are that energy sales and purchases between the Missouri Public Service division and WestPlains Energy-Kansas have no margins, and that shareholders and ratepayers should equally share off-system sale margins.[28]

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24 Staff witness Mathis Direct, Ex. 228, Sch. 3-1 and 3-2.

25 Staff Accounting Schedules, Ex. 202, Sch. 9-3; Staff witness Featherstone Direct, Ex. 209, pp. 5-6.

26 UtiliCorp witness McKinney Rebuttal, Ex. 25, p. 2; *MPS's Statement of Position on List of Issues* filed January 23, 2002 in Case Nos. ER-2001-672 and EC-2002-265, Issue no. 4.

27 Staff witness Featherstone Direct, Ex. 209, pp. 6-9; Staff witness Featherstone Rebuttal, Ex. 210, pp. 2-11; Staff witness Featherstone Surrebuttal, Ex. 211NP, pp. 2-15; Staff witness Traxler Surrebuttal, Ex. 248, pp. 33-37.

28 UtiliCorp witness Ferry Direct, Ex. 16NP, pp. 22-24; UtiliCorp witness Ferry Rebuttal, Ex. 17NP, pp. 10-17; UtiliCorp witness Ferry Surrebuttal, Ex. 18, pp. 2-7.

The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about \$6.9 million.[29] The same issue of sharing margins was before the Commission in Case Nos. ER-97-394, ET-98-103 and EC-98-126. There the Commission adopted the Staff's position and rejected the equal sharing of margins between ratepayers and shareholders that UtiliCorp advanced.[30]

The issue in this case with the fifth largest impact on rates is the depreciation level to be used to calculate current and deferred income tax expense. (Issue 5.) The Staff[31] and UtiliCorp[32] differ on the method to be used to determine the depreciation deduction that is used in calculating income tax expense. The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about \$4.3 million.[33]

The Staff took the filed position that certain results of the merger of UtiliCorp and St. Joseph Light & Power Company should be reflected in the revenue requirement determination. Thus, the Staff assumed joint dispatch of the generating resources of both UtiliCorp's Missouri Public Service division and UtiliCorp's St. Joseph Light & Power division in determining fuel expense for UtiliCorp's Missouri Public Service division.[34] Other than certain transition costs, the Staff excluded the UtiliCorp-St. Joseph Light & Power Company merger-related costs—merger

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29 Staff's Reconciliation, Ex. 201.

30 *Report and Order*, March 6, 1998, Case Nos. ER-97-394, ET-98-103 and EC-98-126.

31 Staff witness Traxler Direct, Ex. 245, pp. 28-30; Staff witness Traxler Rebuttal, Ex. 247, pp. 2-15; Staff witness Traxler Surrebuttal, Ex. 248, p. 2-33.

32 UtiliCorp witness Clemens, Ex. 7,p. 10-11; UtiliCorp witness McKinney Rebuttal, Ex. 25, pp. 25-33; UtiliCorp witness McKinney Surrebuttal, Ex. 26, pp. 1-13; UtiliCorp witness White Surrebuttal, Ex. 38.

33 Staff's Reconciliation, Ex. 201.

34 Staff witness Proctor Direct (ER-2001-672), Ex. 238, pp. 11-16.

premium/acquisition adjustment, transaction costs and transition costs. The Staff included in the revenue requirement determination, amortized over a ten-year period, the transition costs—except costs associated with executive severance/retention, the St. Joseph Light & Power division paid advisory board and the supplemental executive retirement plan.[35]

UtiliCorp took the filed position that fuel expense for UtiliCorp's Missouri Public Service division should not reflect joint dispatch of the generating resources of both its Missouri Public Service and St. Joseph Light & Power divisions,[36] and that if the Commission did reflect joint dispatch of the generating resources of both of these divisions in determining fuel expense for its Missouri Public Service division, then the Commission should also include in its recognition of costs, all of UtiliCorp's costs related to its acquisition of St. Joseph Light & Power Company—merger premium/acquisition adjustment, transaction costs and transition costs.[37] (Issue 14). Although listed as a separate issue in the list of issues and statements of positions filed by the parties, the revenue requirement impacts of these items are components of the differences between the Staff and UtiliCorp in the allocation of corporate overhead and fuel costs which are set out in the next two paragraphs.

The issue in this case with the sixth largest impact on rates is the appropriate allocation of overhead costs to the Missouri Public Service division. (Issue 10.) Staff took no position on the

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35 Staff witness Oligschlaeger Direct, Ex. 233, pp. 27-28; Staff witness Oligschlaeger Rebuttal, Ex. 235, pp. 2-3; Staff witness Fischer Rebuttal, Ex. 213HC, pp. 64-67; Staff witness Fischer Surrebuttal, Ex. 214, pp. 9-14.

36 UtiliCorp witness Clemens Direct, Ex. 7, pp. 3-4; UtiliCorp witness Siemek Rebuttal, Ex. 31, pp. 6-9; UtiliCorp witness Huslig Rebuttal, Ex. 22, pp. 2-4; UtiliCorp witness Empson Rebuttal, Ex. 13, pp. 6-16.

37 UtiliCorp witness Empson Rebuttal, Ex. 13, pp. 10; UtiliCorp witness Siemek Rebuttal, Ex. 31, pp. 9, 18-21; UtiliCorp witness Siemek Surrebuttal, Ex. 32, pp. 8-12.

element of legislative-related activities. The impact of UtiliCorp's filed position on this issue[38] relative to the Staff's filed position on each of the other elements of this issue—that allocation should be made to UtiliCorp's Aquila, Inc. subsidiary, the St. Joseph Light & Power division and UtiliCorp's international operations (including Trans UCU)[39]—in the aggregate, is to increase the revenue requirement by about $3.6 million.[40] The Office of the Public Counsel raised the element of legislative-related activities and proposed to eliminate about $194,000 in costs for these activities.[41]

Another significant issue in the case is fuel costs. (Issue 9). By January 25, 2002, the Staff had filed fuel costs, based on joint dispatch, for UtiliCorp's Missouri Public Service division[42] exceeding those costs that UtiliCorp supported.[43] The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to decrease the revenue requirement by about $3 million.[44]

The parties' positions on incentive compensation for employees also differed. (Issue 11). The Staff made adjustments to disallow incentive compensation that was based only on the goal of conferring benefits on shareholders.[45] UtiliCorp would include these costs.[46] The impact of

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38 UtiliCorp witness Agut Direct, Ex. 2; UtiliCorp witness Brook Rebuttal, Ex. 4; UtiliCorp witness Brook Surrebuttal, Ex. 6.

39 Staff witness Hyneman Direct, Ex. 219; Staff witness Hyneman Surrebuttal, pp. 1-32.

40 Staff's Reconciliation, Ex. 201.

41 Public Counsel witness Dittmer Rebuttal, Ex. 414, pp. 11-17.

42 Staff witness Harris Rebuttal, Ex. 216, pp. 2-4.

43 UtiliCorp witness McKinney Rebuttal, Ex. 25, pp. 22-25.

44 Staff's Reconciliation, Ex. 201.

45 Staff witness Vesely Direct, Ex. 249, pp. 5-10; Staff witness Vesely Surrebuttal, Ex. 250.

46 UtiliCorp witness McKinney Rebuttal, Ex. 25, pp. 16-22.

UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $2.9 million.[47]

The Staff raised the treatment of UtiliCorp's lease of Greenwood units one and two as an issue. (Issue 12). Because the lease is between affiliates, the Staff would have the Commission look to the acquisition price paid by UtiliCorp's affiliate for these units and use that amount in determining the revenue requirement.[48] Like the Aries unit issue, UtiliCorp would have the Commission accept the cost of the lease between UtiliCorp and its affiliate on its face.[49] The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $2.1 million.[50]

While the Staff and UtiliCorp were in agreement that annualization of revenues for customer growth should ultimately be based on actual customer counts,[51] UtiliCorp took the filed position that, due to switching of customers between two particular rate classes, rate classes 710 and 711, the Staff's counts were erroneous.[52] The Staff was reviewing additional information UtiliCorp provided regarding switching between these two classes at the time it filed surrebuttal testimony in this case.[53] At the time hearings began on January 25, 2002, the impact of UtiliCorp's filed position relative to

47 Staff Reconciliation, Ex. 201.

48 Staff witness Featherstone Direct, Ex. 209, pp. 9-24; Staff witness Featherstone Rebuttal, Ex. 210, pp. 11-13; Staff witness Featherstone Surrebuttal, Ex. 211, pp. 16-43.

49 UtiliCorp witness Ferry Direct, Ex. 16NP, 24-26; UtiliCorp witness Keefe Rebuttal, Ex. 23; UtiliCorp witness Keefe Surrebuttal, Ex. 24.

50 Staff's Reconciliation, Ex. 201.

51 Staff witness Fischer Direct, Ex. 212, pp. 16-20; Staff witness Fischer Rebuttal, Ex. 213NP, pp. 4-8, Staff witness Fischer Surrebuttal, Ex. 214, pp. 5-7; UtiliCorp witness Clemens Surrebuttal, Ex. 9, pp. 4-6.

52 UtiliCorp witness Clemens Surrebuttal, Ex. 9, pp. 4-6.

53 Fischer Surrebuttal, Ex. 213, pp. 7.,

the Staff's filed position on this issue is to increase the revenue requirement by about $2.0 million.[54] (Issue 15).

While the Staff and UtiliCorp agreed that bad debt expense should be based on an historical average, they differed on the sampling period. The Staff relied on a five-year average[55] and UtiliCorp relied on a three-year average.[56] At the time the hearings began on January 25, 2002, the Staff's filed position on this issue was below UtiliCorp's filed position by about $340,000 in expenses.[57] (Issue 13).

The Staff relied on an historical average of non-labor maintenance expense[58] while UtiliCorp relied on the maintenance expense it incurred during the test year.[59] (Issue 16). At the time hearings began on January 25, 2002, the Staff's filed position on this issue was below UtiliCorp's filed position by about $560,000 in expenses, but the Staff had not finalized its expense amount.[60]

UtiliCorp, the Staff and other parties included the unamortized balances of existing accounting authority orders in the revenue requirement, upon which UtiliCorp would receive both a return of the deferred amounts and a return on those amounts.[61] The Office of the Public Counsel

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54 Staff's Reconciliation, Ex. 201.

55 Staff witness Fischer Direct, Ex. 212, pp. 24-25; Staff witness Fischer Rebuttal, Ex. 213NP, pp. 2-4; Staff witness Fischer Surrebuttal, Ex. 214, pp. 1-5.

56 UtiliCorp witness Moten Direct, Ex. 27, p. 21; UtiliCorp witness Hattley Rebuttal, Ex. 20, pp. 2-3; UtiliCorp witness Hattley Surrebuttal, Ex. 21, pp. 1-3.

57 UtiliCorp witness Hattley Surrebuttal, Ex. 21, Sch. ADH-1 ((340,383)).

58 Staff witness McMellen Direct, Ex. 223, pp. 5-6; Staff witness McMellen Surrebuttal, Ex. 225, pp. 1-4.

59 UtiliCorp witness Moten Rebuttal, Ex. 28, pp. 1-4.

60 Staff witness McMellen Surrebuttal, Ex. 225, pp. 3-4.

61 Staff witness Williams Direct, Ex. 251, p. 39; UtiliCorp witness Moten Direct, Ex. 27, pp. 6-7; UtiliCorp witness Moten Surrebuttal, Ex. 29, pp. 2-5.

objected to this treatment arguing that while UtiliCorp was entitled to return of the deferred amounts, it was not entitled to a return on those deferred amounts.[62] (Issue 17).

The Staff annualized economic development rider credits through the true-up period.[63] UtiliCorp used the credits given during the test year.[64] Economic development rider credits are discounts to customers provided as part of a package of state and local government development efforts designed to encourage industrial and commercial development in Missouri.[65] The impact of UtiliCorp's filed position relative to the Staff's filed position on this issue is to increase the revenue requirement by about $280,000.[66] (Issue 20).

In the Stipulation and Agreement the parties resolved several miscellaneous tariff matters. (Issue 19). UtiliCorp agreed to work toward filing revised electric tariff sheets containing a description of the Missouri service territory of the Missouri Public Service division in congressional township format. The Staff supported rates for reconnection; special appointment meter readings; temporary, self-contained meter sets used in residential construction; and per foot of excess line length, based on costs to UtiliCorp's Missouri Public Service division, but that it did not oppose limiting the increases in existing rates to avoid customer "rate shock."[67]

The Staff proposed rates of $30.00 for normal business hours reconnect; $57.00 for after hours reconnect; $22.00 for normal business hours meter read; $29.00 for after hours meter read; and

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62 Public Counsel witness Robertson Direct, Ex. 404, pp. 25-39; Public Counsel witness Robertson Rebuttal, Ex. 405;

63 Staff witness Pyatte Direct, Ex. 242, p. 6; Staff witness Pyatte Surrebuttal, Ex. 244, p. 2–4.

64 UtiliCorp witness Tracy Rebuttal, Ex. 36, pp. 4-5; UtiliCorp witness Tracy Surrebuttal, Ex. 37, pp. 1-4.

65 Staff witness Pyatte Direct, Ex. 242, p. 6.

66 UtliCorp witness Tracy Rebuttal, Ex. 36, p. 4.

67 Staff witness McDuffey Direct, Ex. 222, pp. 4-5.

no rate change for temporary, self-contained meter sets used in residential construction or for excess line length until cost-studies were conducted for the purpose of establishing cost-based rates.[68] The rates currently in effect are $10.00 for normal business hours reconnect; $25.00 for after hours reconnect; $5.00 for normal business hours meter read; and $10.00 for after hours meter read.[69] The Office of the Public Counsel proposed the following rates: $15.00 for normal business hours reconnect; $30.00 for after hours reconnect; $10.00 for normal business hours meter read; and $15.00 for after hours meter read.[70] The settled rates are $17.00 for normal business hours reconnect; $31.00 for after hours reconnect; $12.00 for normal business hours meter read; $16.00 for after hours meter read; minimum of $100.00 for temporary, self-contained meter sets used in residential construction; and $2.52 per foot for excess line length.

Although not part of the list of contested issues filed by the parties, as these issues were resolved in principal before the hearing, the parties also agreed to reliability and call center reporting by UtiliCorp. UtiliCorp agreed to the Staff's recommendation[71] that it maintain the Raytown Call Center indicators of Abandoned Call Rate and Average Speed of Answer on a monthly basis, and report these to the Staff on a quarterly basis for the calendar years 2002 and 2003. UtiliCorp agreed to the Staff's recommendation[72] that it maintain the SAIFI, SAIDI, and CAIDI for its Missouri Public Service and St Joseph Light & Power divisions on a monthly basis, and to report these indices

68 Staff witness McDuffey Direct, Ex. 222, pp. 2-6.

69 Public Counsel witness Hu Direct, Ex. 411, pp. 8-9.

70 Public Counsel witness Hu Direct, Ex. 411, p. 9.

71 Staff witness Bernsen Direct, Ex. 204, p. 7.

72 Staff witness Ketter Direct, Ex. 221, pp. 5-6.

to the Staff on a quarterly basis, for the calendar years 2002 and 2003. UtiliCorp agreed to the Staff's recommendation[73] to maintain MAIFI for its Missouri Public Service and St. Joseph Light & Power divisions, and to report these indices to the Staff on a quarterly basis, for the calendar years 2002 and 2003. As recommended[74] by the Staff, the parties agreed that after the reliability and call center reports have been submitted for the calendar years 2002 and 2003, any interested party may seek to have UtiliCorp continue or modify any of the reporting requirements.

7. The conclusions of law that the Staff proposes follow:

Staff's Suggested Conclusions of Law

UtiliCorp is an investor-owned public utility engaged in the provision of electric service in the state of Missouri through its Missouri Public Service and St. Joseph Light & Power divisions and, therefore, is an "electrical corporation" and "public utility" as defined by statute[75] and is subject to the jurisdiction of the Missouri Public Service Commission.[76]

A Commission rate order must be based on competent and substantial evidence on the record.[77] The Legislature has authorized the Commission to accept a stipulation and agreement offered by the parties in resolution of issues raised in a case.[78]

The rates in the tariff sheets filed by UtiliCorp on June 8, 2001 (Tariff No. 20010113) are not

73 Staff witness Ketter Direct, Ex. 221, p. 5.

74 Staff witness Bernsen Direct, Ex. 204, p. 8.

75 §386.020(15) and (42) RSMo 2000.

76 Chapters 386 and 393 RSMo 2000.

77 Art. V, Sec. 18 Mo. Const.; § 536.140 RSMo 2000.

78 §536.060 RSMo 2000; *Order Approving Second Revised Stipulation and Agreement*, July 5, 2001, Case No. GR-2001-292.

supported by competent and substantial evidence on the record, and are rejected.

In establishing rates for an electrical corporation, the Commission is to consider all relevant factors.[79]

An electrical corporation is to provide safe and adequate service and the rates and charges of the electrical corporation are to be just and reasonable.[80] The Commission has reviewed the rates and charges proposed by the parties in their Unanimous Stipulation and Agreement filed in these proceedings in light of the evidence before the Commission. Disregarding the settlement, the Staff's position is that UtiliCorp's Missouri Public Service division would still be able provide safe and adequate service to its customers and have just and reasonable rates if its revenues were reduced by about \$22 million on an annual basis. Disregarding the settlement, UtiliCorp's position is that in order to charge just and reasonable rates it requires additional revenues of about \$31 million on an annual basis. Therefore, in light of the agreed to rate design (which, with only the exception of "frozen" rates, equally reduces all rates except those of residential customers, which receive only 50% of the reduction given to the other classes), the Commission concludes that the agreed-to rates that implement a reduction of \$4.25 million on an annual basis are just and reasonable, and permit the provision of safe and adequate service.

The Commission has authority to examine the books and records of the utilities that it regulates;[81] therefore, it is both lawful and appropriate for the Commission to order UtiliCorp to

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79 § 393.270.4 RSMo 2000; *State ex rel Missouri Water Company v. Public Service Commission*, 308 S.W.2d 704, 718-19 (Mo. 1957).

80 §§386.310.1, 393.140(5) and 393.130.1 RSMo 2000.

81 §§393.140(4), (8) and (9) and 386.450 RSMo 2000.

supply the reports for its Missouri Public Service and St. Joseph Light & Power divisions that UtiliCorp has agreed to provide to the Staff and the Office of the Public Counsel within 45-days of when it closes its books each month.

The Commission has jurisdiction to ensure that the electrical corporations it regulates are providing safe and adequate service;[82] therefore, the reliability and call center reports that UtiliCorp has agreed to provide to the Staff are both lawful and appropriate and, further, the filing of revised tariff sheets that contain a description of the service area of UtiliCorp's Missouri Public Service division in congressional township format, by simplifying description of the service area, will also promote the provision of safe and adequate service.

The Commission has the authority to fix the proper and adequate depreciation rates for classes of property.[83] The Commission has examined the depreciation rates proposed by the parties and concludes that they are both proper and adequate.

The Commission has the authority to establish cases to review rates.[84] Therefore, as requested by the parties, the Commission shall establish a case to examine customer class cost of service and rate design for the electric operations of both UtiliCorp's Missouri Public Service and St. Joseph Light & Power divisions.

The moratorium for seeking rate relief from this Commission that the parties have agreed to, while binding on the parties, is not binding on the Commission, is not binding on those who have not signed the Unanimous Stipulation and Agreement, is of relatively short duration ending January 1,

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82 §§ 386.310.1 and 393.130.1 RSMo 2000.

83 §393.240.2 RSMo 2000.

84 §393.140 RSMo 2000.

2003, and creates exceptions for extreme circumstances. In light of the disparate filed positions of the parties, the settlement, and the period covered by the moratorium, along with the attributes of the moratorium described, the Commission concludes that the moratorium is lawful, and just and reasonable.

8. The Staff proposes the following ordering paragraphs:

Staff's Suggested Ordering Paragraphs

A. That the Parties' Unanimous Stipulation and Agreement filed on February 5, 2002, a copy of which is attached hereto, is hereby incorporated in this order and is hereby approved and accepted in resolution of the issues presented in Case Nos. ER-2001-672 and EC-2002-265;

B. That the pre-filed testimony of the parties in this case is received into evidence;

C. That the revised electric tariff sheets filed with the Commission by UtiliCorp on June 8, 2001 (Tariff No. 200101173) are rejected;

D. That UtiliCorp shall file revised electric tariff sheets in conformance with the illustrative tariffs attached to the Parties' Unanimous Stipulation and Agreement as Exhibit A, which revised electric tariff sheets reflect a revenue decrease of $4,250,000 on an annual basis, exclusive of gross receipts and occupation taxes, from present annual rate revenues of $296,891,406. Said revised electric tariff sheets shall be effective for service rendered on February _, 2002, a date fifteen (15) working days after the effective date of this Report and Order;

E. That the above ordered decrease in revenue requirement will be applied as specified in this Report and Order and in the above referenced tariff sheets;

F. That UtiliCorp shall maintain the Raytown Call Center indicators of Abandoned Call Rate and Average Speed of Answer on a monthly basis, and report these to the Staff on a quarterly basis for the calendar years 2002 and 2003 in an electronic format within 45 days of the end of each quarter;

G. That UtiliCorp shall maintain the SAIFI, SAIDI, and CAIDI for its Missouri Public Service and St. Joseph Light & Power divisions on a monthly basis, and report these indices to the

Staff on a quarterly basis for the calendar years 2002 and 2003 in an electronic format within 45 days of the end of each quarter;

H. That UtiliCorp shall maintain MAIFI for its Missouri Public Service and St. Joseph Light & Power divisions, and report these indices to the Staff on a quarterly basis, for the calendar years 2002 and 2003 in an electronic format within 45 days of the end of each quarter;

I. That after the above reliability and call center reports have been submitted for the calendar years 2002 and 2003, as specified above, the Staff, UtiliCorp, Public Counsel or any other interested party may petition the Commission to continue or modify any of the reporting requirements;

J. That the depreciation rates contained in Exhibit B to the Stipulation and Agreement, which are based on the average service lives set forth therein, are adopted for UtiliCorp's Missouri Public Service division electric operations and UtiliCorp shall conform its depreciation accounts for its Missouri Public Service division electric operations to the rates adopted by this Report and Order; these depreciation rates shall be applied to the accounts of UtiliCorp's Missouri Public Service division electric operations as of the effective date of the tariffs approved herein and shall continue to be in effect until such time as the Commission prescribes new depreciation rates;

K. That UtiliCorp shall treat net salvage costs for the electric operations of its Missouri Public Service division, allocated to Missouri, as an expense for ratemaking purposes in matters before this Commission;

L. That UtiliCorp shall book for the electric operations of its Missouri Public Service division, now and in the future, current levels of net salvage costs as an expense, and not against accrued depreciation reserve; however, the Commission expressly recognizes that the parties may challenge this requirement in the next general rate or complaint case where the retail electric rates of UtiliCorp's Missouri Public Service division are in issue;

M. That, on or before August 1, 2002, UtiliCorp shall file with the Commission its next depreciation study for its Missouri Public Service division electric operations, provide to the Staff its workpapers for that study, and supply the underlying data for that study to the Staff in Gannett Fleming format;

N. That UtiliCorp shall, as soon as practicable to December 31, 2002, file with the Commission revised electric service tariff sheets that contain a description, in congressional township format, of the Missouri service territory served by UtiliCorp's Missouri Public Service division; and the Commission's Staff is directed to work with UtiliCorp in preparing this filing;

O. That UtiliCorp shall, commencing with the month of May 2002, make available to the Commission's Staff and the Office of the Public Counsel the following reports for its Missouri Public Service and St. Joseph Light & Power divisions, within forty-five (45) days after it closes its monthly books for each division:

1. Missouri Public Service and St. Joseph Light & Power division-specific ledgers on a Federal Energy Regulatory Commission ("FERC") account basis that include both direct and allocated costs by resource code;

2. Missouri Public Service and St. Joseph Light & Power division-specific ledgers on a FERC account basis that reflect only direct charges to the divisions by resource code;

3. Missouri Public Service and St. Joseph Light & Power division-specific ledgers on a FERC account basis that reflect only costs allocated to the divisions by resource code;

4. Plant and Depreciation Reserve ledgers for the Missouri Public Service and St. Joseph Light & Power divisions that show beginning month balances, additions, and retirements, and ending month balances;

5. UtiliCorp Enterprise Support Function ("ESF") and Intercompany Business Unit ("IBU") department costs allocated to the Missouri Public Service and St. Joseph Light & Power divisions on resource code basis; and

6. ESF and IBU department costs, by resource code, which are not subject to allocation to the Missouri Public Service and St. Joseph Light & Power divisions;

P. That Case No. EO-2002-___ is hereby established for the purpose of examining customer class cost of service and rate design for the electric operations of UtiliCorp's Missouri Public Service and St. Joseph Light & Power divisions; all parties to this case are hereby made parties to Case No. EO-2002-____; this case will utilize agreed-to load data and test year; an early pre-hearing is set for ______________, 2002 for the purpose of discussing a procedural schedule and related matters;

Q. That any objection not yet ruled on is overruled, any motion not yet ruled on is denied, and any exhibit not admitted is excluded; and

R. That this Report and Order shall become effective on February __, 2002.

9. Also, for the Commission's convenience, attached hereto are the exhibit lists the parties prepared and provided to the Staff, and a listing of Staff's witnesses with the principal issues for which each submitted testimony.

WHEREFORE, the Staff submits the foregoing in response to the Commission's January 31, 2002 Order Suspending Procedural Schedule and Directing Filing, and for its suggestions in support of the Unanimous Stipulation and Agreement.

Respectfully submitted,
DANA K. JOYCE
General Counsel

Nathan Williams

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Attorney for the Staff of the
Missouri Public Service Commission

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 11th day of February 2002.

Nathan Williams

EXHIBIT LIST

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

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.

EXHIBIT NO.	NP	P	HC	WITNESS/TYPE/ISSUE(S)	OBJ.	MARKED	RECD
201	✓			1/23/02 Reconciliation		1/25/02	
✓ 202	✓			Accounting Exhibits 12/6/01			
✓ 203	✓			Alan Bax Direct			
✓ 204	✓			Debbie Bernsen Direct			
✓ 205	✓			Kwang Choe Direct			
✓ 206	✓			Dana Eaves Direct			
✓ 207	✓			David Elliott Direct			
✓ 208	✓			David Elliott Rebuttal			
✓ 209	✓			Cary Featherstone Direct			
✓ 210	✓			" " Rebuttal			
✓ 211	✓		✓	" " Surrebuttal			
✓ 212	✓			Janis Fischer Direct			
✓ 213	✓		✓	" " Rebuttal			
✓ 214	✓			" " Surrebuttal			
✓ 215	✓			Bill Harris Direct			
✓ 216	✓			" " Rebuttal			
✓ 217	✓			" " Surrebuttal			
✓ 218	✓			Charles Hyneman Direct			
✓ 219	✓			" " Rebuttal			
✓ 220	✓		✓	" " Surrebuttal			
✓ 221	✓			James L. Ketter Direct			

EXHIBIT LIST

CASE NO. ER-2001-672

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.

EXHIBIT NO.	NP	P	HC	WITNESS/TYPE/ISSUE(S)	OBJ.	MARKED	RECD
222	✓			William L. McDuffey Direct			
223	✓			Amanda C. McMellen Direct			
224	✓			" " Rebuttal			
225	✓			" " Surrebuttal			
226	✓			Lena M. Mantle Direct			
227	✓			" " Rebuttal			
228	✓			Jolie L. Mathis Direct			
229	✓			" " Surrebuttal			
230	✓			David Murray Direct			
231	✓			" " Rebuttal			
232	✓			Surrebuttal			
233	✓		✓	Mark L. Oligschlaeger Direct			
234	✓		✓	" " ~~Rebuttal~~		Supplemental Direct	
235	✓			" " Rebuttal			
236	✓			" " Surrebuttal			
237	✓			Dennis Patterson Direct			
238	✓			Michael S. Proctor Direct		ER-2001-672	
239	✓			" " Direct		EC-2002-265	
240	✓			" " Rebuttal			
241	✓			" " Surrebuttal			
242	✓			Janice Pyatte Direct			

EXHIBIT LIST

CASE NO. ER-2001-672

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.

EXHIBIT NO.	NP	P	HC	WITNESS/TYPE/ISSUE(S)	OBJ.	MARKED	RECD
✓ 243	✓			Janice Pyatte Rebuttal			
✓ 244	✓			" " Surrebuttal			
✓ 245	✓			Steve M. Traxler Direct			
✓ 246	✓			" " ~~Rebuttal~~ Supplemental Direct			
✓ 247	✓			" " Rebuttal			
✓ 248	✓			" " Surrebuttal			
✓ 249	✓			Graham A. Vesely Direct			
✓ 250	✓			" " Surrebuttal			
✓ 251	✓			Phillip K. Williams Direct			
✓ 252	✓			" " Surrebuttal			

Case No. ER-2001-672

EXHIBIT LIST

Exhibit No.	Description	Offered	Admitted	Comments
1	Adkins DIR			
2	Agut DIR.			
3	Agut Reb.			
4	Brook Reb.			
5	Brook ~~Sur.~~ JSB-1			CORRECTED
6	Brook Sur.			
7	Clemens Dir			
8	Clemens Reb.			
9	Clemens Sur.			
10	Dunn Dir.			
11	Dunn Reb.			
12	Dunn Sur.			
13	Empson Reb.			
14	Empson Sur.			
15	Empson JRE-6			Corrected SuR
16NP	Ferry DIR NP			
16HC	Ferry Dir HC			
17NP	Ferry Reb NP			
17 HC	Ferry Reb HC			
18	Ferry Sur.			
19	Hattley Dir.			
20	Hattley Reb.			
21	Hattley Sur.			

Case No. ER-2001-672

EXHIBIT LIST

Exhibit No.	Description	Offered	Admitted	Comments
22	Huslig Reb.			
23	Keefe Reb.			
24	Keefe Sur.			
25	McKinney Reb.			
26	McKinney Sur.			
27	Moten Dir.			
28	Moten Reb.			
29	Moten Sur.			
30	Siemek Dir.			
31	Siemek Reb.			
32	Siemek Sur.			
33	Starkebaum Dir.			
34	Tokic Dir.			
35	Tracy Dir.			
36	Tracy Reb.			
37	Tracy Sur.			
38	White Sur.			
39	Ferry Sup. Reb.			
40	McKinney Sup. Reb.			

Eviden[illegible]ry Hearing Starting J[illegible]. 25, 2002

EXHIBIT LIST

Company Utilicorp

Case No. ER-01-672 EC-02-265

Public Counsel Exhibits

No.	Title of Exhibit	Offered	Objections	Admitted
401	Burdette Direct			
402	Burdette Rebuttal			
403	Burdette Surrebuttal			
404	Robertson Direct			
405	Robertson Rebuttal			
406	Robertson Surrebuttal			
407	Kind Surrebuttal NP			
407-HC	Kind Surrebuttal HC			
408	Busch Direct			
409	Busch Rebuttal			
410	Busch Surrebuttal NP			
410-HP	Busch Surrebuttal HP.			
411	Hu Direct			
412	Hu Rebuttal			
413	Hu Surrebuttal			
414	Dittmer Rebuttal			
415	Dittmer Surrebuttal			
416	Trippensee Direct			
417	Trippensee Surrebuttal			

501 } Brubaker Direct
501 HC }
502 Brubaker Rebuttal
503 " Surrebuttal

The areas covered by the Staff and addressed in testimony and schedules in Case Nos. ER-2001-672 and EC-2002-265, are as follows:

<u>Rate of Return and Capital Structure</u>
David Murray

<u>Class Cost of Service & Rate Design</u>
Michael S. Proctor

<u>Treatment of Purchased Power</u>
Mark L. Oligschlaeger
Aries Combined Cycle Unit

Michael S. Proctor
Aries Combined Cycle Unit

Cary G. Featherstone
Greenwood Energy Center
Aries Combined Cycle Unit

<u>Rate Base</u>
Phillip K. Williams
Cash Working Capital
Plant In Service
Depreciation Reserve
Accounting Authority Order

Dana E. Eaves
Customer Deposits
Customer Advances
Materials & Supplies
Prepayments

Graham A. Vesely
Fuel Inventories

Revenues

Lena M. Mantle
- Normal Weather
- Weather Normalized Sales

Dennis Patterson
- Weather

Janis E. Fischer
- Customer Growth
- Franchise Taxes
- Unbilled Revenues
- Large Customer Annualization
- Other Adjustments

Janice Pyatte
- Weather Normalized Revenues

Cary G. Featherstone
- Off-System (Interchange) Sales

Expenses

Fuel

David W. Elliott
- Production Cost Modeling
- Purchased Power

Lena M. Mantle
- Net System Input
- Weather-normalized Hourly net system loads

Michael S. Proctor
- Joint Dispatch Agreement

Alan J. Bax
- System Losses

V. Williams Harris
- Fuel Expense Adjustment

Fuel Prices

Kwang Choe

Natural Gas Futures as Price Predictor

Payroll and Employee Benefits

Graham A. Vesely

Payroll and Benefits other than Pensions

Payroll Taxes

Janis E. Fischer

OPEBs and Pensions

Bad Debt

Janis E. Fischer

Uncollectibles

Corporate Costs

Charles R. Hyneman

Corporate expenses

Plant in service

Depreciation reserve

Deferred income taxes

Miscellaneous

Amanda C. McMellen

Property Taxes

Property Insurance

Maintenance Expense

Injuries and Damages

Lobbying

Outside Services

Dana E. Eaves

Dues and Donations

Advertising

Rate Case Expense

PSC Assessment

Customer Deposit Interest

Customer Service Quality

Deborah A. Bernsen

Customer Service—Call Center Reporting

James L. Ketter

Customer Service—Reliability Reporting

General

Lena M. Mantle

Load Research Resources

William L. McDuffey

Miscellaneous Tariff Issues

Merger Savings/Acquisition Adjustment

Mark L. Oligschlaeger
Michael S. Proctor
Cary G. Featherstone
Steve M. Traxler
Janis E. Fischer
Charles R. Hyneman

Historical Rate Increases / Decreases

Phillip K. Williams

Depreciation

Jolie Mathis

Depreciation Rates
Elimination of Net Salvage
Theoretical Reserve

Cary G. Featherstone

Adjustment for Cost of Removal / Net Salvage

Income Taxes

Steve M. Traxler

Current Income Taxes
Deferred Income Taxes

Allocations

Alan J. Bax

Jurisdictional Allocations

Assignment of Distribution Plant

Phillip K. Williams

Jurisdictional Allocations

Corrections

Steve M. Traxler

Corrections (Supplemental Direct)

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Case No. ER-2001-672 and EC-2002-265
Verified: January 25, 2002, (ccl)

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