

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
SUPPLEMENTAL DIRECT TESTIMONY OF  
JOHN W. MCKINNEY  
ON BEHALF OF UTILICORP UNITED INC.

CASE NO. EM-2000-292

1 Q. Please state your name.

2 A. My name is John W. McKinney.

3 Q. Are you the same John W. McKinney who previously caused to be prepared and filed in  
4 this case certain direct testimony?

5 A. Yes.

6 Q. What is the purpose of this supplemental direct testimony?

7 A. To revisit the effect of the merger on the operations of UtiliCorp United Inc.  
8 ("UtiliCorp") and the operations of St. Joseph Light & Power Company ("SJLP").

9 Q. By way of background, please describe the business and operations of UtiliCorp.

10 A. UtiliCorp is a Delaware corporation, with its principal office and place of business at 20  
11 W. Ninth Street, Kansas City, Missouri 64138. UtiliCorp is authorized to conduct  
12 business in Missouri through its Missouri Public Service ("MPS") operating division and,  
13 as such, is engaged in providing electrical and natural gas utility service in Missouri to  
14 customers in its service areas. UtiliCorp is an "electrical corporation", a "gas  
15 corporation" and a "public utility" as those terms are defined in Section 386.020, RSMo.  
16 Supp. 1997, and is subject to the jurisdiction and supervision of the Commission as

1 provided by law. UtiliCorp also has regulated energy operations in seven other states and  
2 in New Zealand, Australia and Canada.

3 Q. Please describe the business and operations of SJLP.

4 A. SJLP is a Missouri corporation with its principal office and place of business at 520  
5 Francis Street, St. Joseph, Missouri 64501. SJLP is engaged in the business of providing  
6 electrical, natural gas and industrial steam utility services in Missouri to customers in its  
7 service areas. SJLP is an "electrical corporation", "gas corporation", "heating company"  
8 and a "public utility" as those terms are defined in Section 386.020, RSMo. Supp. 1997,  
9 and is subject to the jurisdiction and supervision of the Commission as provided by law.

10 Q. In the direct testimony previously filed in this case, did UtiliCorp and SJLP witnesses  
11 discuss the operations, rates and service as it relates to MPS and SJLP properties?

12 A. Yes.

13 Q. Would you summarize these testimonies and describe how UtiliCorp will operate the  
14 SJLP properties after the merger is closed?

15 A. Following the closing of the merger, UtiliCorp will continue SJLP's electric, natural gas  
16 and industrial steam operations as part of UtiliCorp's Missouri operations, but as a  
17 separate and distinct retail energy distribution unit. In connection with these operations,  
18 except as otherwise authorized by the Commission, UtiliCorp will utilize the rates, rules,  
19 regulations and other tariff provisions of SJLP currently on file with and approved by the  
20 Commission and will continue to provide service to the SJLP customers under those

1 rates, rules, regulations and other tariff provisions until such time as they may be  
2 modified according to law.

3 Q. Please characterize the type of service that SJLP customers will receive.

4 A. Electric, natural gas and industrial steam customers of SJLP will continue to experience  
5 quality day-to-day utility service on a daily basis at reasonable rates from essentially the  
6 same personnel now serving them. The transaction will be entirely transparent to STLP's  
7 customers.

8 Q. How will UtiliCorp operate its existing Missouri properties?

9 A. UtiliCorp, through MPS, will continue to utilize the rates, rules, regulations and other  
10 tariff provisions currently on file with and approved by the Commission for its MPS  
11 electrical and gas operations and will continue to operate in its existing Missouri service  
12 territories under those rates, rules, regulations and other tariff provisions until such time  
13 as they may be modified according to law. Accordingly, UtiliCorp's Missouri electric  
14 and natural gas customers will also continue to experience quality day-to-day utility  
15 service at reasonable rates and the transaction will be entirely transparent to them as well.

16 Q. What will be the impact of the merger on the cost of operations?

17 A. UtiliCorp and SJLP expect that in Missouri the merger will result in significant synergies  
18 from generation, economies of scale, and efficiencies realized from the elimination of  
19 duplicate corporate and administrative services, all of which will ultimately result in a  
20 lower cost of operations for the combined entity. The merger is expected to produce

1 savings, which should translate into lower rates for utility service than would otherwise  
2 be the case. The merger will have no impact, however, on the tax revenues on the  
3 Missouri political subdivisions in which any of the structures, facilities or equipment of  
4 UtiliCorp or SJLP are located. The "Regulatory Plan" I discussed in my direct testimony,  
5 addresses the impact this transaction will have on cost allocations and describes how the  
6 change in allocations will result in no increase in costs for MPS's electric or gas  
7 customers.

8 Q. Please summarize the effect of the merger from an operational standpoint.

9 A. There will be no adverse impact to the present Missouri electric and natural gas  
10 operations of UtiliCorp or to SJLP's present electric, natural gas and industrial steam  
11 operations. UtiliCorp is fully qualified, in all respects, to own and operate the electric,  
12 natural gas and industrial steam systems currently owned and operated by SJLP and to  
13 otherwise provide sufficient and efficient, safe, reliable and affordable electric, natural  
14 gas and industrial steam service. Likewise, UtiliCorp will continue to be fully qualified to  
15 operate its existing Missouri properties. The merger should reduce the cost of all  
16 operations and otherwise be beneficial. For example, a very significant operational  
17 benefit will be in maintaining reliability during the time of any emergency. With the  
18 combination of the two companies, UtiliCorp will have a larger number of crews that  
19 could be dispatched to either area in time of emergency to restore service to the  
20 customers. This will aid in the ability to ensure that service is maintained at the highest

Supplemental Direct Testimony:  
John W. McKinney

1 level for all of the customers of the combined entity.

2 Q. Does this conclude your supplemental direct testimony?

3 A. Yes.