

Exhibit No.:

Issues: Bad Debt

Witness: Angela D. Hattley

Sponsoring Party: Missouri Public
Service

Case No.: ER-2001-672

Before the Public Service Commission
of the State of Missouri

FILED³
JAN 08 2002
Missouri Public
Service Commission

Rebuttal Testimony

of

Angela D. Hattley

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
REBUTTAL TESTIMONY OF ANGELA D. HATTLEY
ON BEHALF OF MISSOURI PUBLIC SERVICE,
A DIVISION OF UTILICORP UNITED INC.
CASE NO. ER- 2001-672**

1 Q. Please state your name and business address.

2 A. My name is Angela D. Hattley and my business address is 10700 East 350 Highway,
3 Kansas, City, Missouri.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by UtiliCorp United Inc. ("UtiliCorp") as a Senior Regulatory Analyst.

6 Q. Please describe your educational and employment history.

7 A. In 1996 I received a Bachelors of Science degree in Accounting, from Kansas State
8 University. I am currently working on a Masters of Business Administration from Baker
9 University, with an estimated completion date of June 2002. In 1994, I began working
10 for Missouri Public Service ("MPS"), a division of UtiliCorp, as an Accounting Intern.
11 In 1997, I joined UtiliCorp as a Payroll Accountant and transferred to my current position
12 in October 1999.

13 Q. Have you previously filed testimony before the Missouri Public Service Commission
14 ("Commission")?

15 A. Yes. I filed direct testimony before this Commission in Case No. ER-2001-672.

16 Q. What is the purpose of your testimony in this proceeding?

1 A. The purpose of my testimony is to provide rebuttal to the Commission Staff ("Staff")
2 witness, Janis E. Fischer, on Staff adjustment S-72.5, the normalization of Uncollectibles
3 (Bad Debt) Expense.

4 **Bad Debt Expense**

5 Q. What method did the Staff use to prepare its adjustment to Bad Debt expense?

6 A. The method used by the Staff was a five-year average.

7 Q. How does the method used by the Staff differ from the method proposed by MPS?

8 A. Both parties agree that the appropriate method, in order to "normalize" Bad Debt Expense
9 for the purpose of these proceedings, is to take an average of more than one year of actual
10 expenses. This method of "normalization" is used to smooth out fluctuations from year
11 to year, and is intended to demonstrate a reasonable level of expected on-going activity.

12 The difference in methods centers around the number of years used when performing
13 these computations. MPS selected a three-year average, while the Staff selected a five-
14 year average.

15 Q. How would you characterize the three-year average selected by MPS?

16 A. It is more representative of "normal" levels.

17 Q. Please explain.

18 A. The average actual write-offs for the period 1998 through 2000 are more current and
19 consequently, more indicative of MPS's on-going normalized levels. My schedule ADH-
20 1 sets out the actual uncollectible rate, along with the three-year average calculation
21 proposed by MPS and the five-year average calculation proposed by Staff. The average
22 uncollectible rate for the period 1996 through 1997 is considerably lower than the

1 average of 1998 through 2000. Therefore 1996 and 1997 should not be used in the
2 normalization calculation because these years are not indicative of expected on-going
3 levels.

4 Q. Does the uncollectible rate show a trend?

5 A. Yes. The trend of the Effective Uncollectible Rate is shown in my schedule ADH-2. The
6 three-year average calculated by MPS is more representative of the actual upward trend in
7 uncollectibles.

8 Q. In reference to Schedule ADH-1, why is 2001 data included?

9 A. Year 2001 data is included in Schedule ADH-1 because this is a cost of service item that
10 Staff witness Phillip K. Williams is recommending be included in the true-up, in his
11 direct testimony, page 7, line 21. The 2001 data that is available, includes January 1
12 through October 31.

13 Q. Is the Effective Uncollectible Rate, based on available 2001 data, consistent with the
14 three-year average calculated by MPS?

15 A. Yes. The uncollectible rate for the available 2001 ten-month period is .7982543%, which
16 illustrates the increasing uncollectible rate.

17 Q. Does this conclude your rebuttal testimony?

18 A. Yes.

COMPARISON OF ACTUAL UNCOLLECTIBLE RATE TO COMPANY AND STAFF PROPOSAL

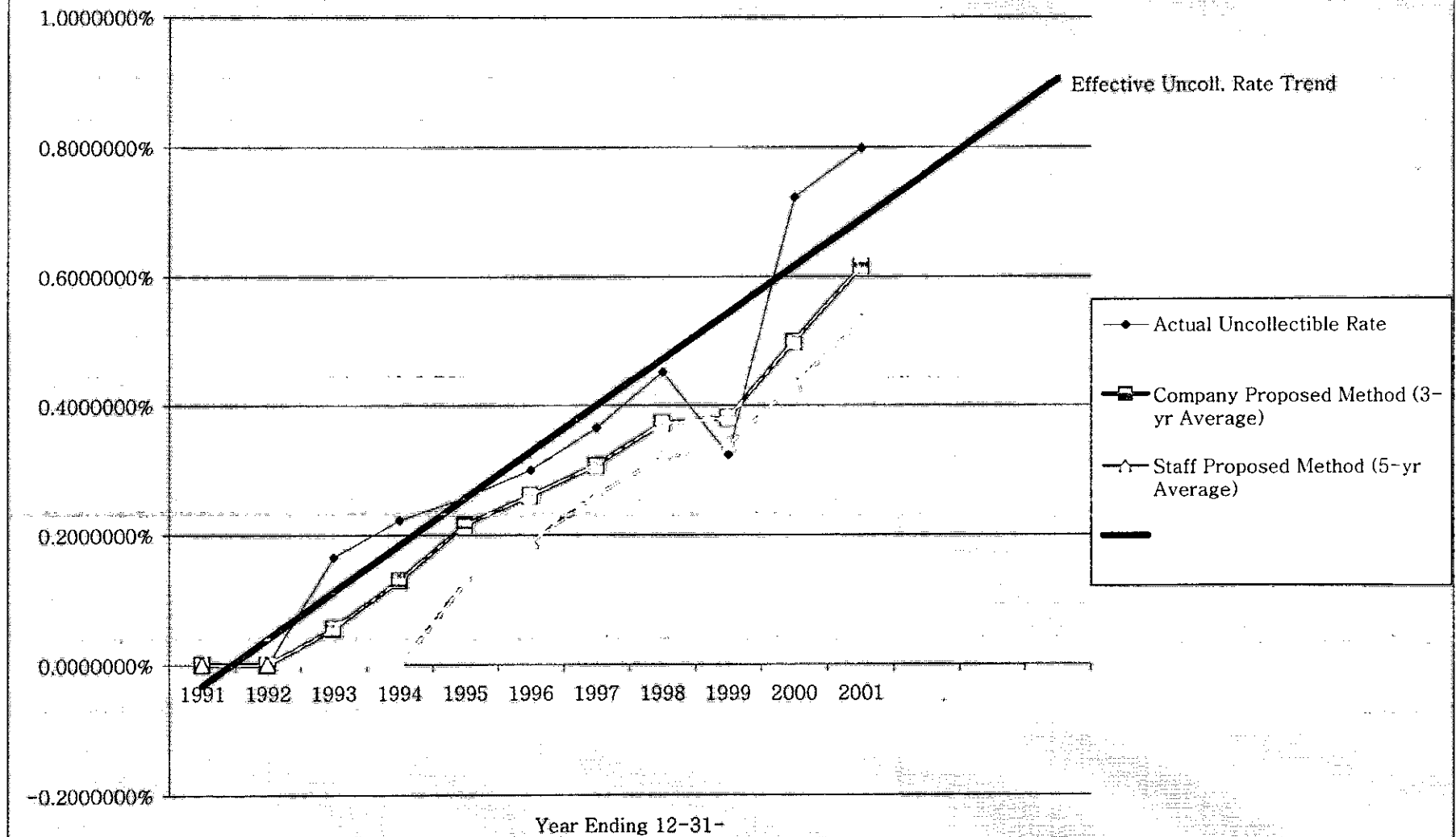
Twelve Month Ending	Actual Uncollectible Rate	Company Proposed Method (3-yr Average)	Staff Proposed Method (5- yr Average)
1991	0.0000000%	0.0000000%	0.0000000%
1992	0.0000000%	0.0000000%	0.0000000%
1993	0.1652314%	0.0550771%	0.0000000%
1994	0.2229402%	0.1293905%	0.0000000%
1995	0.2570437%	0.2150718%	0.1290431%
1996	0.3003978%	0.2601272%	0.1891226%
1997	0.3651580%	0.3075332%	0.2621542%
1998	0.4523116%	0.3726225%	0.3195703%
1999	0.3239209%	0.3804635%	0.3397664%
2000	0.7224716%	0.4995680%	0.4328520%
2001	0.7982543%	0.6148823%	0.5324233%

Calculation of Averages

1996-1997 Average	0.3327779%
1998-2000 Average	0.4995680%
% Change	33.3868714%

Note: The 2001 data is based on y-t-d 10-31-01. This is the most current data available.


Comparison of Staff and Company Proposed Rates to Actual Uncollectible Rate



In the matter of Missouri Public Service)
of Kansas City, Missouri, for authority)
to file tariffs increasing electric rates)
for service provided to customers in the)
Missouri Public Service area)

[illegible]

Angela D. Hattley, being first duly sworn, deposes and says that she is the witness who sponsors the accompanying testimony entitled "Rebuttal Testimony of Angela D. Hattley;" that said testimony was prepared by her and under her direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, she would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of her knowledge, information, and belief.


Angela D. Hattley

Subscribed and sworn to before me this 7th day of January, 2002.

Gerry S. Lutes
Notary Public

8-20-2004

