

Exhibit No.:

*Issues: Revenue Requirement;
Audit of St. Joseph Light & Power
Division; Discovery; and
Income Taxes*

Witness: Steve M. Traxler

Sponsoring Party: MoPSC Staff

Type of Exhibit: Direct Testimony

Case No.: ER-2001-672

Date Testimony Prepared: December 6, 2001

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

STEVE M. TRAXLER

FILED³
DEC 6 2001

Missouri Public
Service Commission

**UTILICORP UNITED INC.
d/b/a MISSOURI PUBLIC SERVICE**

CASE NO. ER-2001-672

*Jefferson City, Missouri
December 2001*

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STEVE M. TRAXLER

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D/B/A MISSOURI PUBLIC SERVICE

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DIRECT TESTIMONY

OF

STEVE M. TRAXLER

UTILICORP UNITED INC.

D/B/A MISSOURI PUBLIC SERVICE

CASE NO. ER-2001-672

Q. Please state your name and business address.

A. Steve M. Traxler, Noland Plaza Office Building, 3675 Noland Road, Independence, Missouri 64055.

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

A. I am a Regulatory Auditor for the Missouri Public Service Commission (Commission).

Q. Please describe your educational background.

A. I graduated from Missouri Valley College at Marshall, Missouri, in 1974 with a Bachelor of Science degree in Business Administration with a major in Accounting.

Q. Please describe your employment history.

A. I was employed as an accountant with Rival Manufacturing Company in Kansas City from June 1974 to May 1977. I was employed as a Regulatory Auditor with the Missouri Public Service Commission from June 1977 to January 1983. I was employed by United Telephone Company as a Regulatory Accountant from February 1983 to May 1986. In June 1986, I began my employment with Dittmer, Brosch & Associates (DBA) in Lee's Summit, Missouri as a Regulatory Consultant. I left DBA in

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1 April 1988. I was self-employed from May 1988 to December 1989. I came back to the
2 Commission in December 1989. My current position is a Regulatory Auditor V with the
3 Commission's Accounting Department.

4 Q. What is the nature of your current duties at the Commission?

5 A. I am responsible for assisting in the audits and examinations of the books
6 and records of utility companies operating within the state of Missouri.

7 Q. Have you previously testified before this Commission?

8 A. Yes, I have. A list of cases in which I have filed testimony is shown on
9 Schedule SMT-1 of this testimony.

10 Q. Have you filed testimony in rate proceedings involving a regulated utility
11 company in any jurisdictions besides Missouri?

12 A. Yes, I have also filed testimony in Kansas, Minnesota, Arizona, Indiana,
13 Iowa and Mississippi.

14 Q. What are your principle areas of responsibility in this case, Case No.
15 ER-2001-672?

16 A. As one of the Regulatory Auditor V's assigned to this case, I have
17 oversight responsibility regarding areas assigned to other auditors on this case, an
18 Application to increase rates filed by Missouri Public Service (MPS), a division of
19 UtiliCorp United Inc. (UCU or UtiliCorp). In addition, my direct testimony will address
20 the specific areas listed below:

- 21 (1) Revenue Requirement Recommendation;
- 22 (2) Staff's audit of UCU's St. Joseph Light & Power (SJLP) Division;
- 23 (3) Summary of Discovery Problems; and

(4) Income Tax and Straight Line Tax Depreciation.

REVENUE REQUIREMENT

Q. What is the Staff's recommended change in annual revenue for UtiliCorp United Inc.'s (UCU) Missouri Public Service Division (MPS) in this Case No. ER-2001-672?

A. The Staff's recommended change in MPS's annual revenue requirement is reflected on Accounting Schedule 1-1 included in the Staff's Exhibit Manipulation System (EMS) run. Line 16, Column (C) reflects Staff's recommended excess revenue requirement of (\$14,832,456) based upon the Staff's recommended midpoint rate of return of 8.74%.

Q. Please explain line number 15 on Accounting Schedule 1-1.

A. Line number 15 on Accounting Schedule 1-1 represents the Staff's estimated impact of known and measurable changes resulting from the true-up audit for this case. The true-up audit, ordered by the Commission for this case, is intended to capture the impact of known and measurable changes in major cost of service components which have occurred between June 30, 2001 and January 31, 2002.

The primary cost of service change included in this estimate is the annual cost to be included in cost of service for the purchase power capacity contract between MPS and a UCU subsidiary, Merchant Energy Partners-Pleasant Hill (MEPPH).

The Aries Plant, which is to provide power under this purchase power contract, is projected to start operating in combined-cycle mode no later than January 31, 2002.

1 Q. On June 8, 2001, MPS filed a rate increase request of approximately \$49.3
2 million. Please explain how the Staff can be recommending a (\$14.8) million rate
3 reduction at this time.

4 A. The Staff has not had sufficient time, at this date, to reconcile the value of
5 all the issues that explain a \$64.1 million difference between the MPS and Staff filings.
6 However, in the Staff's view, a significant portion of MPS's request is overstated due to
7 the decrease in the price for natural gas.

8 MPS's direct filing is based upon an estimated cost for natural gas of
9 approximately \$7/mcf. The Staff's fuel and purchase power cost annualization for this
10 case, based upon a historical analysis, assumes an average cost of natural gas of
11 approximately \$3/mcf. The \$4/mcf difference in the cost used for the price of natural gas
12 accounts for an approximate revenue requirement difference of \$30 million.

13 Other significant differences between the MPS and Staff filings, which
14 have not yet been valued individually at this date, include the following areas:

15 Return on Equity;

16 Revenue Annualization;

17 Fuel and Purchase Power Costs;

18 Greenwood Unit Lease Costs;

19 Incentive Compensation;

20 Proposed Depreciation Rates;

21 Allocation of UCU's Corporate Overhead Costs;

22 Inclusion of Interchange Sales in Cost of Service;

23 Income Tax – Straight Line Tax Depreciation; and

Anticipated Difference in Treatment for the Aries Plant.

Q. Given the Staff's recommended rate reduction of (\$14.8) million, as reflected on Accounting Schedule 1-1, why has the Staff not filed a complaint against MPS in conjunction with the Staff's direct filing in Case No. ER-2001-672?

A. The prehearing conference for this case is scheduled to begin next week on December 12, 2001. If the Staff's recommendation, at the end of the prehearing conference is still a significant rate reduction for UCU's MPS Division, the Staff will file a complaint against MPS at that time.

STAFF AUDIT OF THE SJLP DIVISION

Q. Please explain the Staff's rationale for its decision to include the SJLP division in the scope of its audit for this case, No. ER-2001-672.

A. The rationale to include the SJLP division in the audit scope for this case is as follows:

1) UCU is currently jointly dispatching the generating units of the MPS and SJLP divisions. In order to calculate an appropriate cost for fuel and purchased power for either division, it is imperative that we assume in our production cost model that the generating units of both divisions are being jointly dispatched, consistent with UCU's actual practice.

Annualizing fuel and purchase power costs for either division requires that a revenue annualization be determined for both divisions at the same point in time. The weather normalized net system loads for both divisions are necessary as an input in the fuel model to provide fuel and purchased power costs under a joint dispatch assumption.

1 In summary, in order to get accurate fuel and purchased power
2 costs for either the MPS or SJLP divisions, the kilowatt-hour (kwh) sales
3 for both divisions must be adjusted for growth and weather at the same
4 point in time for the purpose of annualizing fuel and purchased power
5 costs under a joint dispatch assumption.

6 2) UCU's corporate allocations are affected whenever there are
7 acquisitions or disposition of property. When UCU acquires utility
8 property through an acquisition or when it sells utility property, the
9 amount of the corporate costs assigned to UtiliCorp's divisions and
10 subsidiaries changes because of the formulas used to assign or allocate
11 these costs. Since there have been allocation changes resulting of the
12 acquisition of SJLP and the selling of UtiliCorp's West Virginia division,
13 it is appropriate to include these transactions in the assignment of costs to
14 MPS in this case.

15 3) Based upon questions raised during the Commission's deliberation
16 on the Office of the Public Counsel's (OPC) motion for dismissal of this
17 case, the Staff has indicated that it will also review in some form the cost
18 of service for UCU's SJLP division in this case, No. ER-2001-672.

19 Q. How are costs assigned to the divisions affected by acquisitions of other
20 utility property?

21 A. When a new acquisition such as (SJLP) is added to the number of
22 subsidiaries and/or divisions which receive an allocation of UCU's corporate overhead

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1 costs, the allocation percentage of the existing members of the allocation pool of which
2 MPS is one, receive a lower allocated share of the total costs subject to allocation.

3 The Staff's case in Case No. ER-2001-672, will reflect allocation factors
4 for UCU's corporate overhead costs which reflect SJLP in the allocation pool. The result
5 will be that the Staff's case will reflect lower UCU corporate overhead costs in its case
6 than UCU's because UCU filed its case for the MPS division excluding SJLP from the
7 allocation pool as though the merger never took place.

8 Q. When did the Staff notify UCU regarding its intention to include the
9 impacts of the acquisition of SJLP on the MPS division which assumed the joint dispatch
10 of the MPS and SJLP generating units?

11 A. Staff witness Cary G. Featherstone and I notified UCU representative,
12 Mr. Gary Clemens during our first week of the on-site audit in August 2001. This was
13 also discussed with the Company prior to their direct filing date of June 8, 2001, and
14 other times after the Company's direct filing and prior to the beginning of the on-site
15 audit.

16 Q. Did the Staff inform Mr. Clemens regarding the Staff's intention to
17 perform a review of the total cost of service for the SJLP division?

18 A. Yes, we did.

19 Q. Did the Staff's audit plan for the SJLP division include the same scope as
20 its audit plan for the MPS division?

21 A. No. In order to avoid any possible negative impact on the Staff's audit of
22 the MPS division, the Staff has limited the scope of its audit of the SJLP division to the
23 major cost of service components.

1 As an example, a review of SJLP's test year expenditures for advertising,
2 and dues and donations, was not planned for the SJLP division.

3 Q. Has the Staff concluded its audit of the SJLP division at this time?

4 A. No. As a result of numerous problems in getting timely and accurate
5 responses to Staff data requests, the Staff filed on October 26, 2001, a Motion To Modify
6 Procedural Schedule, For A Commission Order Compelling Missouri Public Service, A
7 Division Of UtiliCorp United Inc. To Answer Data Requests Issued By The Staff, To
8 Shorten The Time To Respond To Data Requests, And For Expedited Treatment
9 (Motion To Modify Procedural Schedule).

10 The Commission granted the Staff's Motion in its Order dated
11 November 7, 2001. The Staff's request for an extension of its direct filing date to
12 December 6, 2001, was granted as part of the Commission's Order. The change in the
13 Staff's direct filing date to December 6, 2001, provided approximately three additional
14 weeks for the Staff to complete its direct filing in this case.

15 However, as a result of being significantly behind in completing numerous
16 areas of the audit scope for the MPS division, it was necessary to use the additional time
17 in completing the cost of service determination for the MPS division. Completion of the
18 audit of the MPS division has been given top priority given that rates established in this
19 proceeding will apply only to the MPS division.

20 The Staff has additional work to perform to complete its calculation of the
21 cost of service for the SJLP division. It is Staff's intent to continue to work on its audit
22 scope for the SJLP division subsequent to the direct filing in this case.

1 Q. Why is it appropriate to reflect the change in allocation factors, used to
2 allocate UCU's corporate overhead costs, resulting from the SJLP acquisition?

3 A. UCU's acquisition of the former St. Joseph Light & Power Company
4 became effective in December 2000. In all instances in which UCU makes a regulated or
5 non-regulated acquisition and/or sale of an existing property, the allocation factors used
6 in allocating UCU's corporate overhead costs are impacted. It is therefore appropriate to
7 use allocation factors which reflect the impact of the SJLP acquisition.

8 **DISCOVERY ISSUES WITH UTILICORP**

9 Q. What is the purpose of your testimony on this issue?

10 A. The Staff has encountered unprecedented discovery problems in this case.
11 As a result of these discovery problems, the Staff had no alternative but to file a Motion
12 To Modify Procedural Schedule on October 26, 2001.

13 This Motion was filed on October 26, 2001, and was supported by
14 Verified Statements filed by Staff members Jolie L. Mathis, Featherstone and myself.
15 These three Verified Statements included 54 pages of testimony and approximately
16 29 pages of exhibits related to the discovery issue.

17 The purpose of this direct testimony is not to duplicate all of the prior
18 testimony filed in the Verified Statements supporting the Staff's October 26 Motion
19 previously described.

20 However, given the significant delay, additional time commitment
21 resulting from discovery problems in this case and the impact these discovery disputes
22 had on Staff's filing, it is the Staff's position that the Commission should give UtiliCorp

1 a strong message that the discovery problems encountered by the Staff in this case should
2 not reoccur in any future cases involving UtiliCorp.

3 Q. Please summarize the nature of the discovery problems encountered by the
4 Staff in this case, No. ER-2001-672.

5 A. The nature of discovery problems encountered in this case by the Staff can
6 be briefly summarized as follows:

- 7 1) Failure to provide a useable general ledger until October 23, 2001.
- 8 2) Failure to provide complete and accurate answers to Staff data
9 requests.
- 10 3) Failure to provide timely responses to Staff data requests.

11 Q. Please summarize UCU's failure to provide a useable general ledger
12 required for the Staff's audit in this case.

13 A. The inability of the Staff to obtain usable plant and income statement
14 general ledgers on a timely basis is a discovery problem that is unprecedented in prior
15 cases involving UCU or any other major utility company in Missouri that Staff is
16 aware of.

17 The Staff requested plant and income statement general ledgers in Data
18 Request Nos. 70 and 80 on June 15, 2001. The initial response to Data Request No. 70,
19 received on July 3, 2001, provided trial balance amounts by account. A trial balance
20 summary by account does not provide any of the journal entry references necessary to
21 identify significant activity which has occurred during the year being audited.

22 In a meeting held with UCU representatives on August 27, 2001, the Staff
23 was informed that a detailed general ledger would "fill up a room." Because such a

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1 document was considered by the Staff to be too voluminous to be of any use, the Staff
2 attempted to get fundamental data, normally available in a general ledger, through the
3 issuance of additional data requests. UCU's failure to provide fundamental general
4 ledger information on a timely basis resulted in a follow-up meeting on October 16, 2001,
5 to discuss the negative impact on the Staff's audit resulting from UCU's failure to
6 provide the Staff with a useable detailed general ledger.

7 During this meeting, the Staff became aware, for the first time, that a
8 general ledger could be provided in a more condensed version which still provided a
9 significant level of detail regarding the nature of the costs included in the balance sheet
10 and income statement accounts.

11 As of a result of this follow-up meeting on October 16, 2001, the Staff was
12 finally provided with a useable detailed general ledger on October 23, 2001, 130 days
13 after the Staff initially requested this information on June 15, 2001.

14 Q. Please summarize the negative impact on the Staff's audit as a result of
15 not obtaining a detailed general ledger prior to October 23, 2001.

16 A. The detailed general ledger for the test year ending December 31, 2000,
17 and for the test year update period ending June 30, 2001 should have been immediately
18 available at the beginning of the Staff's on-site field audit in August 2001. Having the
19 "books and records" for the June 30, 2001 ending period immediately available was one
20 of the major reasons Staff decided to recommend a known and measurable period
21 through June 2001. A monthly detailed general ledger allows the Staff's auditors to
22 identify journal entries in specific accounts representing material activity in the accounts
23 for the years being audited.

1 Initial data requests can be issued early in the Staff's audit regarding
2 specific journal entries and amounts in the general ledger. After receiving responses to
3 the first round of data requests, a second round of data requests is usually required to get
4 additional data and/or explanation regarding the nature of the costs involved. However,
5 since the Staff was not provided a detailed general ledger until October 23, 2001, there
6 were only three weeks available to use it in the audit prior to the original November 15
7 filing date for direct testimony.

8 UCU's failure to provide a detailed general ledger at the beginning of the
9 Staff's audit resulted in an unprecedented delay in the Staff's completion of the necessary
10 audit scope for this case. Even with the three-week extension granted by the
11 Commission, the Staff is still attempting to finalize adjustments necessary to reflect
12 MPS's cost of service for purposes of setting rates in this case. The delay in the
13 provision of this basic financial information resulted in considerable wasted audit time
14 and resources. This further caused Staff to expend significant resources on obtaining
15 accurate data, taking away audit time to pursue other audit scopes.

16 Q. Provide a brief summary of the discovery problems resulting from UCU's
17 failure to provide complete responses to the Staff's data requests.

18 A. The discovery problems in this area were discussed at length on pages 16
19 through 24 of my Verified Statement filed on October 26, 2001. Two of the primary
20 examples of UCU's failure to provide complete responses to Staff data requests occurred
21 in the areas of incentive compensation and advertising expense.

22 Q. Please provide a brief explanation for the Staff's audit responsibility
23 involving incentive compensation.

1 A. Incentive compensation is additional compensation, above base wages
2 and/or salary, which is paid to employees on the condition that specified goals are met.
3 The Staff auditor's responsibility in this area is to determine whether or not meeting the
4 goals under the incentive compensation plans result in benefits to the general body of
5 ratepayers. The Staff has consistently recommended cost of service recovery for
6 incentive compensation tied to goals related to improving safety and/or controlling costs.
7 However, incentive compensation tied to goals related to improving the utilities' return
8 on equity or other shareholder related goals should be assigned to the beneficiaries of the
9 improved rate of return, namely, the shareholders.

10 Q. What information involving incentive compensation is routinely asked of
11 every major utility in the state of Missouri during a rate case conducted by the Staff?

12 A. Incentive compensation plans are written documents which are provided
13 to employers at the beginning of the plan year so that employees know what the goals are
14 and the level of additional compensation they can earn if the goals are met. The Staff's
15 audit of any incentive compensation plan starts with a review of the same written
16 information that the Company provided to its employees, thus it is information that is
17 already in existence and could be immediately available for review.

18 Q. Is UCU, in Case No. ER-2001-672, requesting cost of service recovery for
19 a significant amount of incentive compensation paid to its employees in 2001 relating to
20 goals for calendar year 2000?

21 A. Yes. UCU's updated payroll annualization includes approximately
22 \$2 million in incentive compensation payments.

1 Q. When did the Staff request a copy of UCU's incentive compensation
2 plans?

3 A. The Staff issued Data Request No. 88 on June 15, 2001. Data Request
4 No. 88 requested a copy of all plans and criteria for wages paid above base wages/salary.

5 Q. Did UCU's initial response to Data Request No. 88 provide a copy of the
6 incentive compensation plans supporting UCU's \$2 million cost of service recovery for
7 incentive compensation?

8 A. No, it did not. UCU provided only a brief description that an incentive
9 plan existed but did not identify any of the goals under the plan or provide a copy of the
10 plan. Staff witness Graham A. Vesely is assigned to the payroll and benefits areas in this
11 case. After reviewing the response to Data Request No. 88, Mr. Vesely notified me
12 regarding UCU's failure to provide the requested information. I instructed Mr. Vesely to
13 issue a written memorandum to UCU's representative, Mr. Gary Clemens, notifying
14 UCU of its failure to provide the requested information and again requesting that UCU to
15 provide the information immediately.

16 Mr. Vesely's memorandum, dated September 7, 2001, is attached as
17 Schedule SMT-2 to this direct testimony.

18 Q. Did UCU later provide a supplemental response to Staff Data
19 Request No. 88?

20 A. Yes. UCU provided a supplemental response which contained a copy of
21 the UCU incentive plan on October 18, 2001, 125 days following the June 15, 2001, issue
22 date for Data Request No. 88.

1 Q. Did UCU explain why a copy of its incentive compensation plan was not
2 provided to the Staff sooner?

3 A. No. The Staff believes that a written copy of the incentive plan was
4 available when the Staff submitted Data Request No. 88 on June 15, 2001, and that
5 providing a copy of the plan required only having someone at UCU make a copy of the
6 plan document, provided previously to UCU's employees, and send it to the Staff.

7 Q. Provide a brief explanation of the Staff's audit responsibility related to
8 amounts spent on advertising.

9 A. The Commission has a long-standing policy on which advertising costs are
10 to be included in cost of service for rate recovery. The Commission generally has
11 supported the types of advertising that Staff has recommended for cost of service
12 recovery. Advertising costs related to safety and basic public information should be
13 recovered in rates. Advertising related to promoting electrical use over gas, for example
14 (promotional advertising), or intended to enhance UCU's corporate image (institutional
15 advertising), are not necessary for providing service and, therefore, should not be
16 included in cost of service for rate recovery.

17 The Staff's audit in this area requires a review of specific test year
18 advertisements in order to make a determination as to whether the advertisement is
19 related to public information and/or safety, or related to promoting UCU's corporate
20 name and/or the promotion of electric use by consumers.

21 Q. When did the Staff request copies of the advertisements related to the
22 advertising costs UCU requested to recover in rates in this case?

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1 A. Staff Data Request No. 81, issued on July 3, 2001, requested a copy of all
2 advertisements supporting advertising costs charged to MPS's electric ratepayers.

3 Q. Did UCU's response to Staff Data Request No. 81 provide a copy of the
4 advertising advertisements as requested?

5 A. No. The response to Data Request No. 81 provides only an amount by
6 vendor. No copies of the advertisements themselves were provided. The vendor name
7 and amount does not identify the message in the advertisement which must be reviewed
8 by the Staff in order to determine if it meets the Commission's criteria for cost of service
9 recovery.

10 Q. Did the Staff notify UCU regarding its failure to provide copies of the
11 individual advertisements requested in Staff Data Request No. 81?

12 A. Yes. Staff witness Dana Eaves issued a written memorandum on
13 September 20, 2001 informing Mr. Gary Clemens that UCU failed to provide the
14 advertisement copies in response to Staff Data Request No. 81. Mr. Eaves' memorandum
15 is attached as Schedule SMT-3 to this Verified Statement.

16 Q. Has UCU provided any supplemental response to Staff Data Request
17 No. 81 that provides the copies of the advertisements?

18 A. Yes. Copies of the advertisements, initially requested on July 3, 2001,
19 were finally provided on November 2, 2001, 122 days after the issue date for Staff Data
20 Request No. 81.

21 Q. How does a Company's failure to provide timely responses to data
22 requests affect the Staff's ability to complete its audit scope in a rate case?

1 A. The Commission's rules require a 20-day response time to Staff data
2 requests. The Staff recognizes that some data requests may take longer than 20 days to
3 respond to. However, when numerous data requests are outstanding for more than
4 20 days, the result is that the Staff's ability to conduct a thorough audit is negatively
5 impacted due to the inability to do follow-up discovery on a timely basis.

6 If a Company is permitted to avoid responding to Staff data requests on a
7 timely basis, the result is that the Staff cannot review all of the evidence necessary to
8 reach its conclusion on the Company's cost of service for ratemaking purposes. Thus, the
9 Commission will not have all the information that it should have before it during its
10 deliberations.

11 Additionally, if, as in this case, the Staff must devote time to filing a
12 Motion To Compel and supporting testimony, valuable audit time is lost – this valuable
13 time is taken away from other aspects of the case.

14 Q. With regard to this case, No. ER-2001-672, what is UCU's record with
15 regard to responding to Staff data requests in 20 days or less?

16 A. The Staff auditors issued 499 data requests as of November 7, 2001, the
17 date the Commission issued its Order in response to the Staff's October 26, 2001, Motion
18 addressing the discovery issues in this case.

19 UCU's average response time as of November 7, 2001, was 26.4 days.

20 Listed below is a summary of UCU's average response times for Staff data
21 requests which were significantly overdue.

Data Requests Significantly Overdue

	No. of Data Requests
Data Requests Outstanding 30 days or more	111
Data Requests Outstanding 40 days or more	67
Data Requests Outstanding 50 days or more	38

Q. Does UCU's average response time of 26.4 days provided in your previous answer, represent a good faith effort to meet the Commission's 20-day rule for responding to Staff data requests?

A. Certainly not. The magnitude of UCU's failure to provide timely responses to Staff's data requests is a problem that has not occurred in my career with regard to any other major utility company in Missouri.

UCU's failure to respond to 111 Staff data requests in less than 30 days was a significant contributing factor to the Staff's inability to meet the original Commission-ordered filing date for this case of November 15, 2001.

Q. Did UCU file a response to the Staff's Motion To Modify Procedural Schedule?

A. Yes. UCU's counsel filed a response to the Staff's Motion on November 1, 2001.

Q. Does the Staff agree with UCU's characterization of the discovery issue in this case as described in their November 1 response to the Staff's Motion?

A. No. UCU's November 1, 2001, Reply Motion is not an accurate characterization of the discovery issue in this case, No. ER-2001-672.

Q. On page 1 of UCU's response, the following statement appears:

However, because of MPS's effort to reach an accommodation and MPS's belief that it had an understanding with the Staff as to

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1 resolution, certain statements in the Staff's motion and
2 accompanying Verified Statements come as a complete surprise.

3 Prior to the filing of the Staff's Motion and Verified Statements on
4 October 26, 2001, did you, or any other Staff member, convey to a UCU representative a
5 belief that the Staff and the Company were in agreement with regard to how to resolve
6 outstanding discovery issues and the need for an extension of the Staff's November 15
7 filing date for direct testimony?

8 A. Certainly not. To the contrary, Mr. Featherstone and I notified UCU
9 representative Gary Clemens approximately one week prior to October 26, 2001 that
10 Staff was likely to file a Motion For Dismissal and, as an alternative, a Motion For
11 Extension And Motion To Compel. Staff had been in contact with UtiliCorp well in
12 advance of mid-October indicating the problems it was having with data request
13 responses and the lateness of these responses.

14 Q. Should any of the discovery issues addressed in the Staff's Verified
15 Statements filed on October 26, 2001, be a "complete surprise" to UCU?

16 A. No. In all instances where the Staff's auditors have taken issue with a data
17 request response received from UCU, the auditors provided a written memorandum to
18 Mr. Clemens of UCU describing why the Staff considered UCU's response to be
19 insufficient.

20 Attached as Schedules 2, 4, 7, 8 and 9 to my Verified Statement, filed on
21 October 26, 2001, are copies of written memoranda from five different Staff auditors
22 stating why the Staff regarded UCU's responses to specific Staff data requests to be
23 insufficient.

1 Additionally, on October 11, 2001, Staff counsel and Staff member Cary
2 Featherstone, contacted UCU's counsel to inform him that there were significant
3 discovery issues and that, as a result, Staff would be filing a request for an extension of
4 the Staff's direct filing date and filing a Motion To Compel.

5 Q. On the top of page 4 of UCU's Reply Motion, UCU asserts that in lieu of
6 providing to the Staff a copy of its general ledger, UCU offered to make a UCU
7 representative available to make queries of UCU's electronic records system for
8 information required by the Staff, and that UCU was not notified until October 12 that its
9 offer was unacceptable to the Staff. How do you respond?

10 A. I do not dispute the fact that because we were not provided with a usable
11 general ledger prior to October 23, 2001, we had no choice but to rely on UCU
12 representatives to "query" UCU's electronic accounting system for fundamental data
13 normally provided in a copy of the general ledger.

14 Instead of Staff being able to independently pull monthly balances for
15 plant in service, depreciation reserve, prepayments, materials and supplies, customer
16 deposits and accumulated deferred income taxes, by sub-account, from a general ledger,
17 we had no choice but to issue additional data requests which would require having a
18 UCU representative query the accounting system, print the information and provide a
19 copy in response to a Staff data request.

20 The inability of UCU to conduct such "system queries" and provide the
21 results to the Staff on a timely basis is discussed at some length in the Verified Statement
22 I filed on October 26, 2001. (See pages 9-12 of the Verified Statement of
23 Steve M. Traxler).

1 Had a usable copy of the general ledger been available by the first week of
2 August when the Staff began its on-site audit, the information discussed above would
3 have been available immediately at the start of Staff's audit. However, due to the Staff
4 having to rely on UCU to query its accounting system for this fundamental information,
5 Staff did not obtain this data until mid- to late-October 2001, a full two months after the
6 start of the Staff's on-site audit in August 2001.

7 The Staff takes strong exception to the implication in UCU's response that
8 having UCU personnel "query" the system to be an efficient substitute for providing a
9 general ledger at the start of the Staff's field audit work.

10 Q. Is it an acceptable audit technique to request the Company to "query" the
11 accounting system?

12 A. No. Staff must be in a position to independently verify and validate the
13 amounts of transactions that occur on the books and records of a given company. Staff
14 should not be expected to stand and peer over the shoulder of a Company representative
15 who is in control of the system, to "watch" a computer screen to obtain access to the
16 Company's books and records. Staff believes it should have access to either the hard-
17 copy version of the Company's records or, in the alternative, have access to "read only"
18 electronic files of the Company's accounting system.

19 Q. On page 4 of UCU's Reply Motion under the title "General Ledger" UCU
20 describes its general ledger for the 18 months to be over 250,000 pages and represent
21 50 boxes of paper. Is this statement consistent with representations that UCU made to the
22 Staff in August 2001 during its on-site audit of the MPS division of UCU?

1 A. Yes. These representations are why the Staff did not persist in an
2 earlier effort to obtain a copy of UCU's general ledger. A three-month on-site audit is
3 certainly not sufficient time to audit 250,000 pages of general ledger information. Prior
4 audits of MPS did not require auditing a 250,000 page general ledger.

5 Q. During the prehearing conference regarding the Staff's Motion To Modify
6 Procedural Schedule, Staff's counsel mentioned an issue regarding a \$20 million
7 difference between account balances in two separate general ledgers provided to the
8 Staff. Has this issue been resolved since the prehearing conference?

9 A. Yes. The general ledger provided in response to Staff Data Request
10 No. 70 provided balances on a year-to-date basis for the six-month period ending
11 June 30, 2001. The general ledger provided in response to Data Request No. 417
12 provided monthly balances for the same accounts. This explanation was provided in a
13 meeting the morning of November 6, 2001.

14 Q. On page 7 of its response, UCU asserts that it has answered all Staff data
15 requests in 18.76 days under UCU's assumed response times. Does the Staff agree with
16 the accuracy of this average response time to Staff's data requests to date?

17 A. No. I requested in Staff Data Request No. 494 a copy of UCU's
18 calculation of the purported 18.76 day average response time, but UCU filed an objection
19 to this data request and has not provided the calculation which supports their 18.76 day
20 average response time. However, my review of the Staff's record of UCU's average
21 response time to data requests, issued by the Staff's field auditors, reflects a significantly
22 different result. UCU's average response time based upon responses provided to the
23 Staff's field auditors was 26.4 days through November 7, 2001.

1 Q. Is it necessary to change the received date for a data request in which the
2 response provided fails to provide the information requested in the data request?

3 A. Yes. For example, the Staff requested copies of advertisements in Data
4 Request No. 81 on June 15, 2001. UCU responded on July 3, 2001.

5 However, UCU's response to Staff Data Request No. 81 included only a
6 list of vendors and amounts paid to each vendor. No copies of the requested
7 advertisements were provided until November 2, 2001. In this example, UCU's initial
8 response date on July 3, 2001 must be ignored. Since the Staff was not provided with all
9 of the requested advertisement copies until November 2, the November 2 date should be
10 used in the calculation of UCU's average response time to Staff Data Request No. 81.

11 Q. On page 3 of its Reply Motion, UCU makes the following assertions
12 regarding Staff data request Nos. 119 through 206:

13 The next big set of Staff Data Requests, 119-206, were not
14 provided until the August 20-28 period, more than 60 days later.
15 MPS cannot be held responsible for this failure on part of the Staff.

16 Does the Staff dispute UCU's characterization of it not issuing data
17 request Nos. 119-206 to UCU until August 20-28, 2001, as a "failure on the part of the
18 Staff?"

19 A. Yes. Had UCU responded to these 88 data requests within the
20 20-day requirement, then the Staff would have had all responses no later than
21 September 17, 2001, which is 59 days prior to the ordered November 15, 2001, direct
22 filing date. Fifty-nine days would have been more than sufficient for the Staff to use the
23 data supplied in response to Staff data request Nos. 119-206 in preparing the Staff's
24 direct case. In fact, an August 28, 2001 issue date not only allows sufficient time to

1 receive a response to Staff data request Nos. 119-206, it also allows time for a second
2 round of data requests on the same issues, if necessary.

3 UCU's implication that the Staff has created its own problem by issuing
4 these data requests as "late" as August 28, 2001, is a complete mischaracterization of this
5 issue and ignores the reality of how audits are conducted when a utility files for a rate
6 increase.

7 Q. How long, on average, did it take UCU to respond to Staff data requests
8 Nos. 119-206?

9 A. The average response time to Staff's data request Nos. 119-206 was
10 28.8 days which significantly exceeds the expected 20-day response time. The delay in
11 getting timely responses to Staff data requests is unrelated to the issue date for the data
12 requests.

13 The Staff's inability to obtain necessary data to meet its November 15 filing date
14 is directly related to UCU's failure to provide responses to numerous data requests in the
15 expected 20-day time frame. The response times for 52 of the 88 Staff data requests
16 issued within numbers 119 through 206 exceeded 20 days.

17 Twenty-nine of these data requests, 33% of the total, had response times that
18 exceeded 30 days. UCU's characterization of Staff data request Nos. 119-206 as being
19 issued "late" and, therefore, a contributing factor to this discovery issue, is again a
20 complete mischaracterization of the issue.

21 Q. Please summarize your comments regarding UCU's November 1 Reply to
22 the Staff's Motion filed on October 26, 2001.

1 A. UCU's response to the Staff's October 26, 2001, Motion seeking to
2 change the procedural schedule and to compel data request responses attempts to assign
3 considerable responsibility to the Staff for the Staff not obtaining data from UCU on a
4 timely basis in this case, Case No. ER-2001-672. Many of the assertions made by UCU
5 in its response are inaccurate.

6 Q. Do you need to make a correction to statements included in your Verified
7 Statement filed on October 26, 2001?

8 A. Yes. On pages 26 and 27, I referenced UCU's failure to provide historical
9 gas prices in response to Staff Data Request No. 229. UCU representatives subsequently
10 pointed out that this data had been provided in response to Staff Data Request No. 176.

11 Q. Based upon your experience in leading rate case audits for major utility
12 companies in Missouri, what areas of the Staff's audit, in this case, were significantly
13 behind schedule as a result of the discovery problems addressed in this direct testimony?

14 A. The following areas of our audit scope were significantly behind schedule
15 as a result of not having access, until October 22, 2001, to a useable copy of MPS's
16 general ledger and due to UCU's failure to provide timely and accurate responses to Staff
17 data requests:

- 18 1. Plant in Service;
- 19 2. Depreciation Reserve;
- 20 3. Materials and Supplies;
- 21 4. Prepayments;
- 22 5. Cash Working Capital;
- 23 6. Revenue Annualization;
- 24 7. Incentive Compensation Review/Adjustment
- 25 8. Advertising Cost Review/Adjustment
- 26 9. Fuel and Purchase Power Annualization
- 27 10. Off-System Sales
- 28 11. New Aries Unit Review
- 29 12. Income Tax

- 1 13. UCU Corporate Overhead Allocations
- 2 14. Depreciation Rates
- 3 15. Review of MPS's Updated Revenue Requirement
- 4 Calculation

5 Q. Can the discovery issues in this case be fairly characterized as a
6 continuation of discovery problems in UCU's previous electric rate case, Case No.
7 ER-97-394?

8 A. Yes. I was the lead auditor in UCU's most recent rate case, Case No.
9 ER-97-394. During the course of the audit in that case and the Staff's concurrent
10 complaint case, No. EO-97-144, which immediately preceded UCU's filing in Case No.
11 ER-97-394, the Staff filed two (2) Motions To Compel. Additionally, Verified
12 Statements supporting those motions were filed by Staff Witnesses Cary G. Featherstone,
13 James R. Dittmer and myself.

14 Q. In its Report And Order in Case No. ER-97-394, did the Commission
15 reference the discovery issues voiced by the Staff and other parties?

16 A. Yes. UCU had requested an Incentive Regulation Plan in its filing in Case
17 No. ER-97-394. One of the objections to the plan expressed by the Staff and OPC was
18 the ongoing discovery problems encountered in that case.

19 In its rejection of UCU's proposed Incentive Regulation Plan on page 23
20 of its Report And Order, the Commission stated the following:

21 Second, the Commission notes the concerns of both the Staff and
22 OPC in regard to the long-term problems encountered in the
23 litigation in regard to discovery and cooperation between the
24 parties. The Commission will not assign fault in this matter but
25 states that a successful incentive regulation plan requires proper
26 and accurate accounting and other record keeping, and substantial
27 cooperation between the parties.

1 Q. Is Staff aware of discovery concerns expressed by a state regulatory
2 Commission in another jurisdiction in which UCU has regulated operations?

3 A. Yes. In its Report And Order in Docket No. 01-WPEE-473-RTS
4 involving UCU's Kansas division, West Plains Energy Kansas, the Kansas Corporation
5 Commission (KCC) referenced the need to address concerns raised by its Staff related to
6 UCU's accounting procedures, recordkeeping and information retrieval. The KCC's
7 stated concerns appear on page 49 of its Report And Order as follows:

8. **VI. Other Matters**

9 49. Staff has expressed substantial concerns about WestPlains'
10 inability to reconcile total sales with its billing system.
11 [McClanahan, Direct at 19-21]. Staff has also expressed concerns
12 about WestPlains' accounting procedures, recordkeeping and
13 information retrieval. The Commission shares these concerns and
14 notes that resolution of the issues in this rate filing become more
15 problematic without accurate verifiable information. The
16 Commission directs WestPlains to meet informally with the KCC
17 Utilities Division and its Director within the next 60 days and
18 discuss measures to improve the accounting procedures,
19 recordkeeping and information retrieval, and to report to the
20 Commission as to any agreed or recommendations for
21 improvements.

22 Q. Please summarize why the Staff has addressed, in this testimony, the
23 discovery problems encountered by the Staff in this Case No. ER-2001-672.

24 A. As stated previously, approximately 54 pages of testimony and 29 pages
25 of exhibits were previously filed in support of the Staff's October 26, 2001, Motion
26 addressing the discovery problems in this case.

27 By granting the Staff's Motion in its Order dated November 7, 2001, the
28 Commission avoided having its Staff file a revenue requirement calculation on
29 November 15, 2001, which would have been nothing more than an educated guess of
30 MPS's cost of service to be used in setting rates in this case. It would not have been

1 supported by complete audit findings of the Staff, and would have resulted in all
2 probability of the need for a "second" filing to clean-up substantial "holes" in the case
3 once information became available.

4 Addressing this discovery issue in this direct testimony is intended to
5 convey to the Commission the need to issue a strong statement in its Report and Order for
6 this case that relays a message to UCU's management that its failure to provide timely
7 responses to Staff data requests in this case is inappropriate behavior and is not expected
8 to recur in future cases. UCU should be told specifically that detailed general ledgers
9 will be made available to the Staff at the beginning of their on-site field audit in future
10 cases and that compliance with the Commission's 20-day rule for responding to Staff
11 data requests is expected in future cases.

12 **INCOME TAX EXPENSE AND STRAIGHT LINE TAX DEPRECIATION**

13 Q. Please describe the Staff's calculation of MPS's annual level of income
14 tax expense reflected in Staff adjustment S-97.

15 A. The Staff's annualized level of current income tax expense is based upon
16 the Staff's: (1) adjusted pretax operating income; (2) annualized level of interest expense;
17 and (3) annualized deduction for straight line tax depreciation.

18 Q. How was the interest deduction calculated?

19 A. The Staff's deduction for interest expense is calculated by multiplying the
20 Staff's recommended weighted cost of debt by the Staff's recommended rate base. This
21 method, called interest synchronization, has been used by the Staff and accepted by the
22 Commission in numerous prior cases involving other Missouri utility companies,
23 including MPS.

1 Q. Please explain the relationship between book depreciation and straight line
2 tax depreciation.

3 A. Annualized book depreciation is a result of multiplying the plant
4 investment at June 30, 2001, the Staff's update period, by the book depreciation rates
5 being recommended by Staff witness Jolie L. Mathis of the Engineering and Management
6 Services Department.

7 Straight line tax depreciation is a result of multiplying the tax basis of
8 plant investment by the same book depreciation rates. From a regulatory perspective, the
9 only difference between book depreciation included in cost of service and the tax
10 deduction for book depreciation (straight line tax depreciation) is the tax/book basis
11 difference which was flowed through in rates prior to the passage of the Tax Reform Act
12 of 1986. The ratio used in this case to calculate straight line tax depreciation, 96.865%,
13 represents that ratepayers have already received a tax deduction in prior years for 3.135%
14 of the book basis of depreciable plant.

15 Q. Please explain how ratepayers received the benefit of a tax deduction in
16 prior years equal to 3.135% of the book basis of depreciable plant at June 30, 2001.

17 A. Prior to the Tax Reform Act of 1986, property taxes, interest, pensions and
18 payroll taxes were capitalized as overheads for financial reporting (book) purposes, but
19 were deductible for tax purposes in the current year. The Staff used flow-through tax
20 accounting for these tax timing differences prior to the 1986 Tax Reform Act.
21 Flow-through accounting means that the tax deduction of these capitalized overhead
22 costs was reflected in the current year for both federal income tax and ratemaking
23 purposes. The Tax Reform Act of 1986 eliminated this tax timing difference by

1 capitalizing these overhead costs for both book and tax reporting. The tax/book ratio
2 used by the Staff to calculate straight line tax depreciation properly excludes the
3 annualized book depreciation related to the basis difference flowed through prior to 1986.

4 Q. Please explain the adjustment included in Staff adjustment S-98 to
5 amortize excess deferred tax expense.

6 A. The federal tax rate for corporations was reduced by the 1986 Tax Reform
7 Act. Deferred income taxes recognized prior to the effective date of this legislation were
8 deferred and collected in rates based upon a federal tax rate that is no longer valid as a
9 result of the reduction in the corporate tax rate.

10 The Staff's adjustment to deferred tax expense to reflect the amortization
11 of excess deferred income tax flows the excess taxes back to ratepayers over the life of
12 the assets which generated the deferred tax.

13 Q. Please explain the adjustment included in Staff adjustment S-99 to
14 amortize the investment tax credit reserve.

15 A. Prior to the 1986 Tax Reform Act, the investment tax credit was a
16 permanent tax deduction given to corporations making new investment in defined
17 property classifications. The Internal Revenue Service regulations allow regulatory
18 bodies to amortize this tax benefit in rates over the life of the assets generating the tax
19 benefit.

20 Q. Does this conclude your direct testimony?

21 A. Yes, it does.

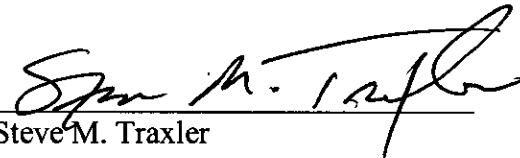
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF STEVE M. TRAXLER

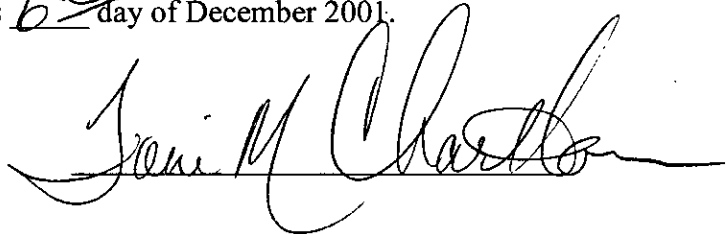
STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

Steve M. Traxler, being of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 30 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



Steve M. Traxler

Subscribed and sworn to before me this 6th day of December 2001.



TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004



Steve M. Traxler

SUMMARY OF RATE CASE INVOLVEMENT

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
1978	Case No. ER-78-29	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1979	Case No. ER-79-60	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1979		Elimination of Fuel Adjustment Clause Audits (all electric utilities)		
1980	Case No. ER-80-118	Missouri Public Service Company (electric)	Direct Rebuttal	Contested
1980	Case No. ER-80-53	St. Joseph Light & Power Company (electric)	Direct	Stipulated
1980	Case No. OR-80-54	St. Joseph Light & Power Company (transit)	Direct	Stipulated
1980	Case No. HR-80-55	St. Joseph & Power Company (industrial steam)	Direct	Stipulated
1980	Case No. TR-80-235	United Telephone Company of Missouri (telephone)	Direct Rebuttal	Contested
1981	Case No. TR-81-208	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal Surrebuttal	Contested
1981	Case No. TR-81-302	United Telephone Company of Missouri (telephone)	Direct Rebuttal	Stipulated
1982	Case No. ER-82-66	Kansas City Power & Light Company	Rebuttal	Contested
1982	Case No. TR-82-199	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal	Contested
1982	Case No. ER-82-39	Missouri Public Service	Direct Rebuttal Surrebuttal	Contested
1990	Case No. GR-90-50	Kansas Power & Light - Gas Service Division (natural gas)	Direct	Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
1990	Case No. ER-90-101	UtiliCorp United Inc., Missouri Public Service Division (electric)	Direct Surrebuttal	Contested
1991	Case No. EM-91-213	Kansas Power & Light - Gas Service Division (natural gas)	Rebuttal	Contested
1993	Case Nos. ER-93-37	UtiliCorp United Inc. Missouri Public Service Division (electric)	Direct Rebuttal Surrebuttal	Stipulated
1993	Case No. ER-93-41	St. Joseph Light & Power Co.	Direct Rebuttal	Contested
1993	Case Nos. TC-93-224 and TO-93-192	Southwestern Bell Telephone Company (telephone)	Direct Rebuttal Surrebuttal	Contested
1993	Case No. TR-93-181	United Telephone Company of Missouri	Direct Surrebuttal	Contested
1993	Case No. GM-94-40	Western Resources, Inc. and Southern Union Company	Rebuttal	Stipulated
1994	Case Nos. ER-94-163 and HR-94-177	St. Joseph Light & Power Co.	Direct	Stipulated
1995	Case No. GR-95-160	United Cities Gas Co.	Direct	Contested
1995	Case No. ER-95-279	Empire Electric Co.	Direct	Stipulated
1996	Case No. GR-96-193	Laclede Gas Co.	Direct	Stipulated
1996	Case No. WR-96-263	St. Louis County Water	Direct Surrebuttal	Contested
1996	Case No. GR-96-285	Missouri Gas Energy	Direct Surrebuttal	Contested
1997	Case No. ER-97-394	UtiliCorp United Inc. Missouri Public Service (electric)	Direct Rebuttal Surrebuttal	Contested
1998	Case No. GR-98-374	Laclede Gas Company	Direct	Settled
1999	Case No. ER-99-247 Case No. EC-98-573	St. Joseph Light & Power Co.	Direct Rebuttal Serrebuttal	Settled
2000	Case No. EM-2000-292	UtiliCorp United Inc. and St. Joseph Light & Power Merger	Rebuttal	Contested
2000	Case No. EM-2000-369	UtiliCorp United Inc. and Empire Electric Merger	Rebuttal	Contested

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	
2000	Case No. EM-2000-369	UtiliCorp United Inc. and Empire Electric District Co.	Rebuttal	Contested
2001	Case No. TT-2001-328	Oregon Mutual Telephone Co.	Direct	Settled

Date: September 7, 2001
From: Graham Vesely
To: Gary Clemens
Subject: Insufficient Response to Staff Data Request 88

This data request asked for all plans and criteria for any form of compensation above base wages/salary. For plans limited to specific employees, the request asked for identification by name, department, and position. The response to DR 88 provides only a brief description of the Annual Incentive Plans and the Long Term Incentive Plans. The response to this DR should have provided the following additional information:

- (1) A copy of all Incentive Plans included in MPS initial direct filing and those which will impact cost of service in it's updated filing. This information should identify the criteria / platforms required for each group of employees or specific employees if those employees have specific criteria which differs from the rest of defined group under the plan. For employee specific criteria we asked for names and position.
- (2) Dollar amounts accrued and or paid were requested by specific benefit plan. The response to DR 88 provides an amount for "Incentive Loading" as opposed to the costs for the Annual Incentive Plan and Long Term Plan, Union and Non-Union if the plans are different in structure and criteria.
- (3) No specific information was provided for Discretionary Awards. The data request asked for specific information for any compensation to a specific employee. This information should have been provided for the company's filed case and for it's updated case.
- (4) A brief mention was made of a Supplemental Executive Retirement Plan for employees making over \$ 170,000. Again the data request asked for all documentation supporting the plan which would include the plan description, employee participants and amount of additional retirement benefits under the plan. This information should have been provided in support of the MPS direct filing and the updated filing using the Dec 2000 test year through June 30 update period.
- (5) The CAP plan applies to specific employees. This information by employee should have been provided in response to DR 88.

The Staff will not issue additional Data Requests for information that should have been provided in response to an existing Data Request. Please provide the additional information immediately as it was due July 5.

Memo

To: Gary Clemens

From: Dana Eaves

CC: Carrie Featherstone

Date: ~~10/1/2001~~ *10/1/01*

Re: Incomplete DR# 81

The response from DR #81 is incomplete. Copies of advertisement were not included with response. Please provide copies of all advertisements as originally requested in DR#81.

Please provide data for June 2001 as requested in DR #81. Please explain the following Line

Description Abbreviations:

ABC IS 140 No Customer Type

ABC IS 960 No Customer Type

ACR

Time & Attend

FERC Derivation

SBC

Refund

Wire From IBM

Misc Deposits

Please provide a copy of invoices or vouchers for all Business Promotion items charged or allocated to Missouri electric ratepayers.