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October 31, 2000

FILED²
OCT 31 2000 *mw*
Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: UtiliCorp United Inc. d/b/a Missouri Public Service - Case No. GO-2000-249

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of UtiliCorp's Response to Staff's Motion to Open Case. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

Dean Cooper
Dean L. Cooper *by Rg*

DLC/rhg

Enclosures

cc: Office of the Public Counsel
Mr. Robert Franson, PSC

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of an Investigation into various)
issues related to UtiliCorp United Inc.'s)
Gas Supply Services Department.)

Case No. GO-2001-249

FILED²
OCT 31 2000
Missouri Public
Service Commission

**UTILICORP'S RESPONSE TO
STAFF'S MOTION TO OPEN CASE**

COMES NOW UtiliCorp United Inc. ("UtiliCorp" or "Company") d/b/a Missouri Public Service, and, in response to the Missouri Public Service Commission ("Commission") Staff's ("Staff") Motion to Open Case, states to the Commission as follows:

1. On October 16, 2000, the Staff filed its Motion to Open Case ("Motion"). This Motion incorporated by reference an anonymous letter received by the Commission that raised certain allegations concerning the operations of UtiliCorp's Gas Supply Services ("GSS") unit. Based upon these anonymous allegations, the Staff asked the Commission to "open a docket for the purposes of investigating the aforementioned matters."

2. UtiliCorp understands and appreciates the Staff's and the Commission's interest in the allegations raised in the anonymous letter. UtiliCorp, as well, wishes to review these matters to insure that actions are being taken by its GSS personnel that are consistent with UtiliCorp's duty to provide safe, reliable natural gas at just and reasonable prices. Accordingly, UtiliCorp does not oppose the opening of a case to facilitate the Staff's investigation of the specific allegations contained in this anonymous letter.

3. UtiliCorp has also begun its own review of the allegations. UtiliCorp's senior managers, along with its legal counsel, are currently conducting an internal review into the allegations and business practices set forth in the anonymous letter. Their initial reaction is that the letter mischaracterizes and overstates the business practices, policies and objectives of UtiliCorp and

its GSS unit. At no time is any UtiliCorp business unit encouraged to operate in a manner inconsistent with rules and regulations adopted by state or federal governing authorities. GSS is a business unit with business objectives to buy gas at the lowest reasonable cost and to provide safe and reliable gas for its regulated and non-regulated customers.

4. The anonymous letter alleged two business practices have taken place which the letter writer believes are improper: (1) use of Put transactions with suppliers; and, (2) manipulation of the credits or use of interstate natural gas transportation capacity released for use by others.

5. First, the letter does not accurately describe the purpose or use of the Put transactions in Missouri. The letter also confuses readers in that it implies that gas received from suppliers for Missouri ratepayers is intentionally used to subsidize lawful non-regulated activity conducted on behalf of non-regulated customers or UtiliCorp shareholders. This is not true. There was and is no intent of UtiliCorp for these transactions to have any impact on regulated gas customers in Missouri.

6. Second, capacity releases and credits to ratepayers is an issue reviewed thoroughly and annually in most of the states in which UtiliCorp conducts business. UtiliCorp understands its obligations to obtain the market value for released capacity, and has consistently provided market value for released credits. It does not engage in the activity alleged in the letter. In fact, the Commission and its Staff thoroughly reviewed the UtiliCorp capacity release practice in Cases No. GR-95-273 and GR-96-192. The Commission more recently approved a Stipulation and Agreement in Case No. GE-2000-639 whereby UtiliCorp has agreed to post (or offer) available capacity for bid on the interstate pipelines' electronic bulletin boards before releasing such capacity to a non-regulated affiliate.

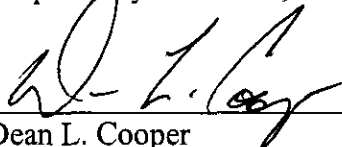
7. Lastly, UtiliCorp would like to confirm its commitment to working with the Staff to facilitate the Staff's investigation of the allegations contained in the anonymous letter. Additionally,

upon the completion of UtiliCorp's internal review, it will independently advise the Staff of any issues that might surface and will suggest any necessary corrections to ensure that customers have not been adversely impacted.

WHEREFORE, UtiliCorp requests a Commission order:

- a) granting the Staff's Motion to Open Case; and,
- b) granting such further relief as may be necessary which is consistent with the relief requested herein.

Respectfully submitted,



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ATTORNEYS FOR UTILICORP UNITED INC.
D/B/A MISSOURI PUBLIC SERVICE

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was either hand-delivered or mailed, U.S. Mail, postage prepaid, on the 31st day of October, 2000, to: Robert V. Franson, Public Service Commission, Governor Office Building, Jefferson City, Mo 65101; and, the Office of the Public Counsel, 6th Floor, Governor Office Building, Jefferson City, Mo 65101.

