

701

Exhibit No.:

Issue:

Tariff Issues and Yard
Line Replacement
Program

Witness:

Daniel I. Beck

Sponsoring Party:

MO PSC Staff

Type of Exhibit:

Rebuttal Testimony

Case No.:

EM-2000-292

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

DANIEL I. BECK

**UTILICORP UNITED INC. AND
ST. JOSEPH LIGHT & POWER COMPANY**

CASE NO. EM-2000-292

Jefferson City, Missouri
May 2000

Exhibit No. 701

Date 7-14-00 Case No. EM-2000-292

Reporter DURBIN

1 **REBUTTAL TESTIMONY**
2 **OF**
3 **DANIEL I. BECK**
4 **UTILICORP UNITED INC. AND**
5 **ST. JOSEPH LIGHT & POWER COMPANY**
6 **CASE NO. EM-2000-292**

7 Q. Please state your name and business address.

8 A. Daniel I. Beck, P.O. Box 360, Jefferson City, Missouri 65102.

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

10 A. I am employed by the Missouri Public Service Commission (Commission)
11 as a Utility Regulatory Engineer in the Utility Operations Division.

12 Q. Would you please review your educational background and work
13 experience?

14 A. I graduated with a Bachelor of Science degree in Industrial Engineering
15 from the University of Missouri at Columbia. Upon graduation, I was employed by the
16 Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I
17 began my employment at the Commission in November 1987 in the Research and
18 Planning Department of the Utility Division (later renamed the Economic Analysis
19 Department of the Policy and Planning Division) where my duties consisted of weather
20 normalization, load forecasting, integrated resource planning, cost-of-service and rate
21 design. In December 1997, I was transferred to the Tariffs/Rate Design Section of the
22 Commission's Gas Department where my duties include weather normalization,

Rebuttal Testimony of
Daniel I. Beck

1 annualization, tariff review, cost-of-service and rate design. I am a Registered
2 Professional Engineer in the state of Missouri. My registration number is E-26953.

3 Q. Have you previously testified before this Commission?

4 A. Yes, I have. I have attached to this testimony as Schedule 1 a list of cases
5 in which I have prepared and submitted testimony.

6 Q. With reference to Case No. EM-2000-292, have you made an examination
7 and study of the material filed by UtiliCorp United Inc. (UtiliCorp) and St. Joseph Light
8 & Power Company (SJLP) relating to the proposed transfer of certain assets and
9 Certificates of Public Convenience and Necessity of SJLP's Missouri territories to
10 UtiliCorp?

11 A. Yes, I have.

12 Q. What is the purpose of your rebuttal testimony?

13 A. The purpose of my rebuttal testimony is to present the Commission Staff's
14 (Staff) position relating to UtiliCorp's proposed handling of SJLP's current tariff after the
15 sale. In addition, my rebuttal testimony will address SJLP's current yard line
16 replacement program.

17 Q. How did UtiliCorp propose to adopt and operate the existing approved
18 rates, rules and regulations of SJLP?

19 A. UtiliCorp proposed to "utilize the rates, rules, regulations and other tariff
20 provisions of SJLP currently on file with and approved by the Commission" (Joint
21 Application, pages 5-6).

22 Q. Has UtiliCorp proposed any specific tariff language to implement the
23 adoption of SJLP's Tariff?

Rebuttal Testimony of
Daniel I. Beck

1 A. No. Since UtiliCorp proposed to utilize the rates, rules, regulations and
2 other tariff provisions of SJLP currently on file with and approved by the Commission,
3 the tariff does not require substantial changes.

4 Q. Do you expect any changes to be made to the tariff as a result of this
5 merger?

6 A. Yes. A tariff change is necessary to reflect a change in ownership as a
7 result of the merger of SJLP and UtiliCorp.

8 Q. Do you propose that every tariff sheet be changed to reflect the change in
9 ownership?

10 A. No. If the merger is approved, UtiliCorp could file a new set of tariff
11 sheets. However, I would propose that an adoption notice be used because it would
12 require that only one tariff sheet be filed. I recommend that language similar to the
13 language below be used:

14 ADOPTION NOTICE
15

16 Effective [month day], 2000, St. Joseph Light & Power Company (SJLP), a Missouri
17 corporation, has merged with and into UtiliCorp United Inc. (UtiliCorp), a Delaware
18 corporation, as authorized by the Missouri Public Service Commission in its Case No. EM-
19 2000-292. UtiliCorp is the surviving entity.

20
21 Pursuant to the Commission's Report and Order Issued [month day], 2000, in said case,
22 UtiliCorp hereby adopts, ratifies and makes its own in every respect, as if the same had been
23 originally filed by it, all tariffs schedules, and rules and regulations of SJLP filed with and
24 approved by the Commission before [month day], 2000. UtiliCorp will operate in the area
25 formerly served by SJLP using the name "[insert name here]."
26

27 The above language is based on the adoption notice from the most recent natural
28 gas merger case, Case No. GM-97-70, in which United Cities Gas Company was merged
29 with and into Atmos Energy Corporation. The adoption notice that was the result of Case
30 No. GM-97-70 is shown in Schedule 2.

1 Q. In the above language, why is the name under which UtiliCorp will
2 operate in the SJLP service area not included?

3 A. Although UtiliCorp's direct testimony generally described how operations
4 of the merged entity would be carried out, there was no specific proposal for the name
5 that will be used in the SJLP service area. Specifically, UtiliCorp stated that the "SJLP
6 properties will be operated as a part of UtiliCorp's Missouri operations, but as a distinct
7 retail energy distribution unit." (Direct Testimony of Robert K. Green, pages 7-8)
8 However, I did not find any testimony that gave the specific name that will be used in the
9 SJLP service area.

10 Q. Since Schedule 2 shows that "United Cities Gas Company, a division of
11 Atmos Energy Corporation" was used in Case No. GM-97-70, can one assume that
12 UtiliCorp will adopt a similar name?

13 A. No. UtiliCorp's current Missouri retail service area is served by Missouri
14 Public Service (MPS) and it is currently operated in a similar fashion as is proposed for
15 SJLP. As can be seen Schedule 3-1, MPS's current tariff makes no reference to
16 UtiliCorp. However, it should be noted that previous tariffs referred to "UtiliCorp United
17 Inc. d/b/a Missouri Public Service" (See Schedule 3-2). Based on the current MPS tariff,
18 I would expect that St. Joseph Light and Power Company will be referred to as "St.
19 Joseph Light and Power" with no reference to UtiliCorp and with no reference to
20 "Company".

21 Q. Do you recommend that an adoption notice be added to each of SJLP's
22 tariffs?

Rebuttal Testimony of
Daniel I. Beck

1 A. Yes. I recommend that an adoption notice be included in SJLP's electric,
2 gas and steam tariffs. I expect that this issue can be resolved in prehearing discussions.

3 Q. Are there other tariff changes that would be required as a result of this
4 merger?

5 A. Yes. UtiliCorp has proposed a regulatory plan that would include a five
6 year rate moratorium for retail electric, gas and steam operations and a sharing of merger
7 benefits in Years 6 through 10 of the merger. This regulatory plan is discussed in the
8 Direct Testimony of UtiliCorp witness John W. McKinney. This plan could require tariff
9 changes as a result of the proposed rate case in year 5. However, UtiliCorp has not
10 proposed any tariff changes regarding the regulatory plan at this time.

11 Q. Are you in agreement with UtiliCorp's regulatory plan as proposed?

12 A. No. Other Staff witnesses are filing rebuttal testimony concurrent with
13 this testimony that oppose to UtiliCorp's regulatory plan. I am simply pointing out that
14 UtiliCorp's regulatory plan would require future tariff changes.

15 Q. What is the current natural gas yard line replacement program for SJLP
16 that you referred to earlier in your testimony?

17 A. As the result of a gas safety inspection last year, SJLP submitted to the
18 Staff a five year replacement program for 162 yard lines which is scheduled to be
19 completed by January 1, 2005.

20 Q. Was this yard line replacement program approved by the Commission in a
21 formal case?

Rebuttal Testimony of
Daniel I. Beck

1 A. No. Since it is only a yard line replacement program, Commission
2 approval is not required. However, both SJLP and the Commission Gas Safety Staff have
3 agreed to this program.

4 Q. Are you proposing to make the continuation of this program a condition of
5 the merger?

6 A. Yes. This agreement should be honored by UtiliCorp if the proposed
7 merger is completed. If this agreement is a condition of the merger, UtiliCorp will
8 clearly be aware of its responsibilities. In contrast, if this safety program is discontinued
9 because the merger, I maintain that such actions would be detrimental to the public
10 interest.

11 Q. Does this conclude your rebuttal testimony?

12 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Joint Application of)
UtiliCorp United Inc. and St. Joseph Light)
& Power Company for authority to merge)
St. Joseph Light & Power Company with)
And into UtiliCorp United Inc. and, in)
Connection therewith, certain other related)
transactions.)

Case No. EM-2000-292

AFFIDAVIT OF DANIEL I. BECK


STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Daniel I. Beck, is of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the foregoing Rebuttal 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.



DANIEL I. BECK

Subscribed and sworn to before me this 2nd day of May 2000.



Notary Public

My Commission Expires: _____

SHARON S WILES
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. AUG. 23, 2002

UTILICORP UNITED INC. AND ST. JOSEPH LIGHT & POWER COMPANY
Case No. EM-2000-292

List of Cases in which prepared testimony was presented by:
DANIEL I. BECK

<u>Company Name</u>	<u>Case No.</u>
Union Electric Company	EO-87-175
The Empire District Electric Company	EO-91-74
Missouri Public Service	ER-93-37
St. Joseph Power & Light Company	ER-93-41
The Empire District Electric Company	ER-94-174
Union Electric Company	EM-96-149
Laclede Gas Company	GR-96-193
Missouri Gas Energy	GR-96-285
Kansas City Power & Light Company	ET-97-113
Associated Natural Gas Company	GR-97-272
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Missouri Gas Energy	GT-98-237
Ozark Natural Gas Company, Inc.	GA-98-227
Laclede Gas Company	GR-98-374
St. Joseph Power & Light Company	GR-99-246
Laclede Gas Company	GR-99-315

FORM NO. 13 P.S.C. MO. NO. 3

{original}

Sheet No. A

{revised}

Canceling P.S.C. MO. No. _____

{original}

Sheet No. _____

{revised}

United Cities Gas Company,
(A division of Atmos Energy Corporation)
Name of Issuing Corporation

All Communities and Rural Areas
For: Formerly Served by United Cities Gas Company
Community, Town or City

Schedule of Rates, Rules & Regulations

Public Service Commission

ADOPTION NOTICE

Effective July 31, 1997, United Cities Gas Company (United Cities), an Illinois and Virginia corporation, has merged with and into Atmos Energy Corporation (Atmos), a Texas corporation, as authorized by the Missouri Public Service Commission in its Case No. GM-97-70. Atmos is the surviving entity.

Pursuant to the Commission's Report and Order issued on March 19, 1997, in said case, Atmos hereby adopts, ratifies and makes its own in every respect, as if the same had been originally filed by it, all tariffs, schedules, and rules and regulations of United Cities filed with and approved by the Commission before July 31, 1997. Atmos will operate in the area formerly served by United Cities using the name "United Cities Gas Company, a division of Atmos Energy Corporation."

FILED

JUL 31 1997
97-70

MO. PUBLIC SERVICE COM.

DATE OF ISSUE July 11, 1997

DATE EFFECTIVE July 31, 1997

ISSUED BY Mark Thessin Vice President--Regulatory Affairs
Name of Officer Title

5300 Maryland Way
Brentwood, TN 37207
Address

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.

5

6th

(Original)

SHEET NO.

1

Cancelling P.S.C. MO. No.

5

5th

(Original)

SHEET NO.

1

(Revised)

MISSOURI PUBLIC SERVICE
KANSAS CITY, MO 64138

FOR: All Communities and Rural Areas Receiving Natural Gas Service

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JAN 8 1998

INDEX
GAS

MO. PUBLIC SERVICE COMM

Gas rate schedules are available to those communities and rural areas where indicated by rate schedule in this index subject to availability provisions of each individual schedule.

Rate schedules applicable in the Southern, Northern and Eastern Systems:

<u>Type of Service</u>	<u>Schedule</u>	<u>Sheet No.</u>
Description of Authorized Gas	---	1.1
Service Territory	---	2
General Natural Gas Service (Firm)	GNG	4
Large Volume Firm Sales Service	LVF	10
Large Volume Interruptible Sales Service	LVI	16
Large Volume Transportation Service	LVT	19
Flexible Rates for Transportation Customers	FRI	20
Special Transportation Contract Rates	---	21
Natural Gas Transportation Service	---	33
Purchased Gas Adjustment Clause	---	43
Adjustment Statement (Southern System)	---	44
Adjustment Statement (Northern System)	---	44.1
Adjustment Statement (Eastern System)	---	45
Tax and License Rider	---	46
Promotional Practices	---	51
Smithton/Otterville Surcharge	---	

Communities designated as Southern System are as follows:

Clinton	Marshall	Rural Territory
Deerfield	Nevada	Sedalia
Henrietta	Otterville	Smithton
Leeton	Platte City	Tracy
Lexington	Richmond	Weston

Communities designated as Northern System are as follows:

Brookfield	Glasgow	Rural Territory
Brunswick	Keytesville	Salisbury
Bucklin	Laclede	Trenton
Chillicothe	Marceline	Utica
Chula	Meadville	Wheeling

Communities designated as Eastern System are as follows:

Owensville	Rural Territory	Salem
Rolla		

FILED

FEB 9 1998

MO. PUBLIC SERVICE COMM

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

(Name of Issuing Corporation)

All Territory Served By Missouri
Public Service

For

(Community, Town, or City)

GAS INDEX

Gas rate schedules are available to those communities and rural areas where indicated by rate number in this index subject to availability provisions of each individual schedule.

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Southern System

Rate schedules applicable in the Southern System:

MISSOURI
Public Service Commission

Type of Service	Rate No.	Sheet No.
General Natural Gas Service (Firm)		
Residential	800	3
Commercial	800	3
Industrial	800	3
Interruptible Commercial and Industrial Natural Gas Service		
Commercial	813	6
Industrial	813	6
Purchased Gas Adjustment Clause		
All revenue classes-description	---	7-11.3
Current PGA charge	---	12
Tax and License Rider	---	14
Residential Conservation Service Rider	---	16-17
Natural Gas Transportation Service	---	18-33

Communities designated as Southern System are as follows:

Clinton	Lexington	Richmond
Deerfield	Marshall	Rural Territory
Henrietta	Nevada	Sedalia
Leeton	Platte City	Tracy
		Weston

CANCELLED

NOV 1 1988

BY 3rd R.S. #1Public Service Commission
MISSOURI

FILED

SEP 15 1988

88-194
Public Service CommissionDATE OF ISSUE August 18, 1988

(month day year)

DATE EFFECTIVE September 15, 1988

(month day year)

ISSUED BY Paul K. Palmer Manager of Rates, Rules & Regs. Kansas City, MO 64138

(name of officer)

(title)

(address)