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November 16, 2000

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FILED³

NOV 16 2000

Missouri Public
Service Commission

RE: Case No. EM-2000-369 – In the matter of the Joint Application of UtiliCorp United Inc. and The Empire District Electric Company for authority to merge The Empire District Electric Company with and into UtiliCorp United Inc. and, in connection therewith, certain other related transactions.

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **STAFF'S MOTION WITHDRAWING REQUEST FOR A HEARING OR OTHER PROCEEDINGS UNDER CERTAIN CIRCUMSTANCES.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489
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Enclosure

cc: Counsel of Record

Informed Consumers, Quality Utility Services, and a Dedicated Organization for Missourians in the 21st Century

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

FILED³

NOV 16 2000 *nh*

Missouri Public
Service Commission

In the matter of the Joint Application of)
UtiliCorp United Inc. and The Empire)
District Electric Company for authority to)
merge The Empire District Electric)
Company with and into UtiliCorp United)
Inc. and, in connection therewith, certain)
other related transactions.)

Case No. EM-2000-369

**STAFF MOTION WITHDRAWING REQUEST FOR A HEARING OR OTHER
PROCEEDINGS UNDER CERTAIN CIRCUMSTANCES**

Comes now the Staff of the Missouri Public Service Commission (Staff), and as it did at the prehearing conference that was scheduled for and occurred on November 14, 2000, requests leave to withdraw its Staff Request For A Hearing Or Other Proceedings Under Certain Circumstances. The Staff has had an opportunity to address the matters which it raised in its October 25, 2000 filing with the Commission and has determined that it need not seek anything further regarding these matters in this proceeding, particularly since the relative positions of the Staff and UtiliCorp United Inc. (UtiliCorp) and Empire District Electric Company (EDE) (referred to together herein as the Joint Applicants) have not changed as a result of these matters. The Staff offers the following in support and in explanation of the Staff's withdrawing of its request for a hearing or other proceedings under certain circumstances:

1. On October 18, 2000, a Stipulation And Agreement between the Joint Applicants and the Intervenor Empire District Electric Company Retired Employees (Retirees) was filed with the Commission.

2. In an October 25, 2000 filing requesting a hearing or other proceedings under certain circumstances, the Staff related that in addressing the matter of the

116

settlement between the Joint Applicants and the Retirees, the Staff had been advised by a UtiliCorp representative that an error had been discovered that caused the net savings from EDE retiree benefit reductions to be understated in the Joint Applicants' direct case. UtiliCorp informed the Staff that the decrease in EDE retiree benefit savings resulting from the Joint Applicants' settlement with the Retirees was offset by the correction for the error which understated the net savings from EDE retiree benefit reductions in Schedule RBB-7 of the direct testimony of Robert B. Browning. The Staff has verified the error identified by UtiliCorp, and has been advised by the Joint Applicants that no other material items have been discovered and no other material changes have occurred in the Joint Applicants' case.

To help explain what has occurred the Staff would briefly refer to Mr. Browning's direct testimony and schedules. At page 6, lines 10-12 of Mr. Browning's direct testimony, he states that "Schedule RBB-6 and RBB-7 summarize the cost impact and timing of the change of retiree medical benefits (FAS 106) assuming a complete integration of 'EDE' non-union and union employees[, i.e., all retirees] into UtiliCorp's existing benefit plan." There is no distinction intended to be made between non-union (non-bargaining) and union (bargaining) retirees. The fact that no distinction is intended between EDE non-union and union retirees is further shown at page 3, line 20 of Mr. Browning's direct testimony, where he states that "Schedule RBB-3 represents our communication to EDE retirees." Schedule RBB-3 states that retiree medical benefits will change based on an integration of EDE retirees into UtiliCorp's existing benefit plan. (Again, no distinction is intended to be made between non-union and union retirees.) Although Schedule RBB-6 reflects the cost savings of non-union retiree (non-bargaining)

medical benefits (FAS 106) changing based on a complete integration of EDE non-union employees into UtiliCorp's existing benefit plan, Schedule RBB-7 is in error because it does not reflect the cost savings of union (bargaining) retiree medical benefits (FAS 106) changing based on a complete integration of EDE union retirees into UtiliCorp's existing benefit plan.

3. As previously indicated, the Staff is not opposed to the Stipulation And Agreement between the Joint Applicants and the Retirees. Although certain numbers in these proceedings have changed as a result of the settlement involving the Retirees and the identification of the error in Schedule RBB-7, the relative positions of the parties have not changed. It is still the Staff's position that the proposed merger is not economic, i.e., merger costs exceed merger savings. Even after correcting for the error identified by UtiliCorp, which caused savings to be understated, and the additional savings are partially offset by the decrease in savings resulting from the Stipulation And Agreement between the Joint Applicants and the Retirees, the Staff's analysis still shows that merger costs exceed merger savings.

It is still the position of the Joint Applicants that the merger is economic, i.e., merger savings exceed merger costs. In the Joint Applicant's analysis merger savings exceed merger costs by even a larger amount after correcting for the error identified by UtiliCorp, even considering the decrease in savings resulting from the Stipulation And Agreement between the Joint Applicants and the Retirees.

4. It is not the Staff's intention to burden the record herein by requesting that numbers in the record and elsewhere be changed to reflect the settlement between the Joint Applicants and the Retirees and the error identified by UtiliCorp which understated

the net savings from EDE retiree benefit reductions, particularly when the relative positions of the Staff and the Joint Applicants have not changed, and the Joint Applicants have indicated to the Staff that they see no need to change any numbers.

Wherefore the Staff asks leave of the Commission to withdraw its request for a hearing or other proceedings under certain circumstances regarding the Stipulation And Agreement between UtiliCorp United Inc. and Empire District Electric Company and the Empire District Electric Company Retired Employees.

Respectfully submitted,

DANA K. JOYCE
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 16th day of November 2000.



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Case No. EM-2000-369
Revised: October 31, 2000 (lb)

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