

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

CASE NO. ER-80-53

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing rates for electric service provided to customers in the Missouri service area of the company.

CASE NO. OR-80-54

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing rates for transit service provided to customers in the Missouri service area of the company.

CASE NO. HR-80-55

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing the Transit Subsidy Surcharge for steam service.

When the matters of agreement by the parties appear to be reasonable and proper they should be accepted in an effort to minimize further expense to all parties in the form of elimination of further efforts and resources in litigation.

APPEARANCES: Gary L. Myers, Attorney at Law, 1526 Francis Street, St. Joseph, Missouri 64502, Joseph K. Houts, Attorney at Law, 804 Corby Building, St. Joseph, Missouri 64501, Charles S. Wilcox, Attorney at Law, 804 Corby Building, St. Joseph, Missouri 64501, James C. Swearingen, Attorney at Law, and W. R. England, III, Attorney at Law, P. O. Box 456, Jefferson City, Missouri 65102, for the Applicant, St. Joseph Light & Power Company.

Edward Murphy, Attorney at Law, and Richard Yocum, Acting City Attorney, 11th and Frederick, City Hall, St. Joseph, Missouri 64501, for the City of St. Joseph, Missouri.

Stephen P. Callahan, Assistant Public Counsel, P. O. Box 1216, Jefferson City, Missouri 65102, for the Office of the Public Counsel.

William C. Harrelson, Assistant General Counsel and Treva J. Hearne, Assistant General Counsel, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

REPORT AND ORDER

These cases are before the Commission as the result of the filing, on August 8, 1979, of revised tariffs by St. Joseph Light & Power Company (SJLP)

proposing increases in rates for electric and transit service and an increase in the transit subsidy applied to both electric and steam service. The revised tariffs were suspended by the Commission and a schedule of proceedings was initiated culminating in a prehearing conference, to be followed by hearing, in the Commission's offices in Jefferson City, Missouri, at 10:00 a.m., on April 17, 1980.

An application to intervene was filed on April 14, 1980, on behalf of the City of Maryville, but there was no appearance on behalf of the City in any of the proceedings in this matter.

#### Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

As a result of the prehearing conference, the parties arrived at a proposed Stipulation and Agreement which was presented to the Commission for the purposes of disposing of all issues in this matter. That proposed Stipulation and Agreement is hereinafter set forth in its entirety:

#### STIPULATION AND AGREEMENT

On August 8, 1979, St. Joseph Light & Power Company (hereinafter "Company" or "SJLP") filed with the Missouri Public Service Commission (hereinafter "Commission") revised tariffs designed to increase Company's rates for both electric and transit services and to increase the transit subsidy derived from both electric and steam services. The revised electric tariffs were designed to increase Company's Missouri retail electric revenues by approximately \$14,735,261 annually, exclusive of gross receipts or franchise taxes and exclusive of transit subsidies. These revised electric tariffs were requested to become effective on September 7, 1979, and were assigned Case No. ER-80-53.

The revised transit service tariffs were designed to increase transit service revenues by approximately \$68,262 annually. These revised transit service tariffs had a requested effective date of September 7, 1979, and were assigned Case No. OR-80-54.

According to the Company's filing, after the increase in the rates for transit service as proposed, there would still exist a transit deficiency. The Company, by its filings, proposes to recover

this additional transit deficiency from both electric and steam services within the City of St. Joseph, Missouri. The electric Transit Subsidy Surcharge is intended to produce an increase of \$67,577. The steam Transit Subsidy Surcharge is intended to produce \$9,115. The steam Transit Subsidy Surcharge tariffs had a requested effective date of September 7, 1979, and were assigned Case No. ST-40155.

On August 15, 1979, the Commission suspended the revised tariffs for 120 days beyond September 7, 1979, to January 5, 1980. On October 9, 1979, the Commission consolidated the three cases and further suspended all the revised tariffs for six months beyond January 5, 1980, to July 5, 1980.

Also, on October 9, 1979, additional procedural dates were established in this matter and were ordered as follows: Interventions were due on or before November 9, 1979; Company was to file its prepared testimony and exhibits on or before November 30, 1979; the Commission staff was to file its prepared testimony and exhibits on or before March 14, 1980; Intervenors and Public Counsel were to file their prepared testimony and exhibits on or before March 11, 1980; a prehearing conference was set for April 14, 1980; and a hearing for the presentation of testimony, exhibits and witnesses for examination and cross-examination concerning the revised tariffs was to begin at the conclusion of the prehearing conference and continue from day to day through April 18, 1980.

Additionally, discovery was to be served on the appropriate parties on or before February 22, 1980; objections to requests for discovery were to be made on or before March 7, 1980; and all requests for discovery not objected to were to be answered on or before March 21, 1980, and in any event were to be answered twenty days after same were served.

On or about November 26, 1979, Company requested additional time to file its prepared testimony and exhibits, said request granted by Commission order dated December 4, 1979, and Company was directed to file its prepared testimony and exhibits on or before December 16,

1979. Accordingly, Company filed its prepared testimony and exhibits on December 14, 1979. On or about March 10, 1980, the staff of the Commission requested an extension of time within which to file its prepared testimony and exhibits. The Commission, by order dated March 14, 1980, granted the staff's motion for extension of time and ordered that prepared testimony and exhibits be filed on or before March 28, 1980. Accordingly, staff filed its prepared testimony and exhibits on March 28, 1980. In addition, the Commission ordered a public hearing in this matter to convene in the City Council Chambers of the St. Joseph City Hall, at 2:00 p.m. and 7:00 p.m., on the 3rd day of April, 1980, for the purposes of receiving testimony from the customers of Company concerning the proposed increase in rates.

On or about March 19, 1980, the Office of Public Counsel requested an extension of time in which to file testimony, and the Commission, by order dated March 21, 1980, permitted the Public Counsel to file its prepared testimony and exhibits on or before April 4, 1980.

By Commission order dated March 25, 1980, the Commission approved the form of notice to be sent by Company to its customers informing them of the hearings to be held in this matter at St. Joseph on April 3, 1980.

On March 31, 1980, the Commission issued its order and notice of continuance changing the date of prehearing conference to April 17, 1980, and evidentiary hearings to commence immediately thereafter from day to day until April 23, 1980, if necessary.

An application to intervene in the above-referenced matter was filed by the City of St. Joseph on or about September 21, 1979. Prepared testimony and exhibits of the Mayor of the City of St. Joseph was filed with the Commission.

An application to intervene in the above-referenced matter was filed by the City of Maryville, Missouri, on or about April 1, 1980.

At the request of the staff, an informal prehearing conference was held in the Commission's offices on April 2 and 3, 1980, at which

time representatives of the Company, the Office of Public Counsel and staff were in attendance. On April 14, 1980, representatives of the Company, staff and Office of Public Counsel held a prehearing conference in connection with the Company's interim Case No. ER-80-171, at which time it was agreed that Cases No. ER-80-53, OR-80-54, ER-80-55 and ER-80-171 could be disposed of in the context of this Stipulation and Agreement. As a result, the undersigned parties stipulate and agree as follows:

1. That Company be authorized to file tariffs designed to increase gross annual electric revenues by \$9,000,000, exclusive of gross receipts and franchise taxes and exclusive of transit subsidies. That these tariffs shall become effective for service rendered on and after May 7, 1980.

2. That the increase in gross annual revenues of \$9,000,000 shall be distributed to and within the various rate schedules in accordance with the rate design methodology filed by the Company on August 8, 1979. That there exists in the Company's transit operations a transit deficit. This deficit is presently being recovered by a percentage adjustment to both electric and steam rates within the City of St. Joseph, Missouri, including an adjustment to street lighting service furnished to the City of St. Joseph. The street lighting adjustment, referred to in Schedule 471, which produces approximately \$109,000 annually, will be eliminated, and the amount derived therefrom will be added to the total transit deficit. The transit subsidy percentage rate adjustment shall be set at a level to recover from all electric kwh sales and steam sales in the City of St. Joseph, Missouri, the transit deficit incurred. This percentage rate adjustment shall be in the same proportion as previously authorized by this Commission, provided, however, that the street lighting adjustment presently collected from the City of St. Joseph will be eliminated.

3. That this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of these cases, and none of the parties to this Stipulation and Agreement shall be prejudiced by or bound by the terms of this Stipulation and Agreement in any future proceeding or in this proceeding, in the event that the Commission does not approve this Stipulation and Agreement in its entirety.

4. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any rate-making principle or any method of cost of service determination, or cost allocation underlying any of the rates provided for in this Stipulation and Agreement. However, the parties state that, if this negotiated settlement had not been reached, the positions of the parties regarding the approximate electric revenue increase needed, excluding gross receipts and franchise taxes and transit subsidies would have been as follows:

Company - \$14,735,261

Staff - \$6,691,378 - \$7,049,692

Public Counsel -

City of St. Joseph -

City of Maryville -

5. That the prefiled testimony and exhibits sponsored by Company witnesses D. W. Runquist, T. F. Steinbecker, D. A. Burkhardt, L. J. Stoll, R. B. Mayer, E. O. Blakeley, P. S. Hurley and D. T. McPhee shall be received in evidence without the necessity of these witnesses taking the stand. That the prefiled testimony and exhibits sponsored by staff witnesses Kenneth J. Rademan, James L. Ketter, Steve M. Traxler, Michael L. Brosch, William Cochran, Steven W. Catron, Theodore J. Sommer, Edward A. Tooley, Cary G. Featherstone and Ronald L. Schackelford shall be received in evidence without the necessity of these witnesses taking the stand. That the prefiled testimony and exhibits of City of St. Joseph witness Gordon J. Wiser shall be received in evidence without the necessity of his taking the stand.

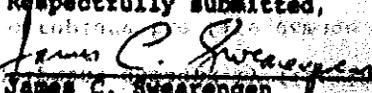
6. That the right to cross-examine the witnesses named in the foregoing paragraph with respect to their testimony and exhibits is waived.

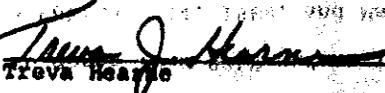
7. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs, pursuant to Section 536.010(1), their rights pertaining to the reading of the transcript by the Commission pursuant to Section 536.080(3), and their rights to judicial review pursuant to Section 386.510, RSMo 1978.

8. That in the event the Commission adopts the specific terms of this Stipulation and Agreement, and the tariffs agreed to herein become effective for service rendered on and after May 7, 1980, then Company will withdraw its interim tariffs which are the subject of Case No. ER-80-171.

9. That the agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt this Stipulation and Agreement in total, and in the event the tariffs agreed to herein do not become effective for service rendered on and after May 7, 1980, the parties agree that this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

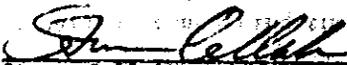
  
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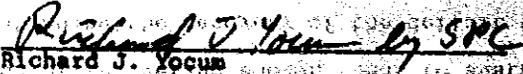
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The City of St. Joseph  
does not approve, nor  
does it oppose the rate  
increase.

The transit system in St. Joseph has, for several years, operated at a deficit. In the past, the Commission has authorized a surcharge or addition to the steam and electric rates as a means of recovering enough funds to sustain the transit operation. In addition to continuing the recovery of the deficit through utility rates, SJLP proposes, and the other parties have agreed to increase transit fares.

Twenty-eight representatives of the public testified at the hearing in St. Joseph. Although the testimony was varied, concerning the increase in bus rates and the continuance of the subsidy, it was expressed by the majority that the transit system is necessary and if required for its continued operation, an increase should be allowed. In the Commission's opinion the increase in bus fares and a continued subsidy of the transit system by the utility rates is, overall, in the best interests of the majority of the citizens in the City of St. Joseph.

During the hearing in St. Joseph, certain customers complained about power outages in the Ravenwood area. Evidence from SJLP and an investigation by the Commission Staff indicates that, on February 14, 1980, and March 4, 1980, outages occurred during severe ice and wind conditions resulting in a malfunction in the long transmission line to the area north of St. Joseph. A portion of the transmission system consisted of temporary facilities at the Maryville substation, which had been installed to replace equipment damaged by fire in June of 1978. A portion of the equipment necessary to replace the fire damage was not ordered promptly because of a lack of funds by SJLP. All of the equipment necessary to restore the substation has been ordered and work of replacement is in progress and it is expected that the restoration will be completed by August of 1980. It is expected that the restoration of the transmission line will greatly reduce the potential for outages such as those occurred during the use of the temporary replacement facilities.

The rate design proposed by the Stipulation has been developed through a series of meetings of technical staff of the parties in Case No. EO-77-56, the Company's rate design case established in 1976. The proposed changes reduce from 47 to 17, the number of rate schedules in the Company's tariff. The proposal also eliminates three of the kilowatt-hour rate blocks. In the Commission's opinion those changes are reasonable and proper. Not only will the smaller number of rate schedules and blocks be easier to understand and administer, but the reduced number will eliminate the payment of dissimilar rates for what appears to be

similar service. Objection to that occurrence was voiced by some of the witnesses appearing at the hearing in St. Joseph.

The allocation of the proposed increases recognizes changes in kilowatt-hour fuel cost separately from other revenue changes. The revenue increase from fuel costs will be incorporated on a kilowatt-hour basis while the remainder will be incorporated on a percentage basis. These adjustments will be to the rates made effective on August 1, 1977, in Case No. NR-77-107, the last permanent rate case of SJLP. The adjustment will be 18.61 percent plus 0.815 cents per kWh over the 1977 rates.

The transit subsidy in the amount of \$109,560 annually, paid by the City of St. Joseph on its street lighting, is proposed to be eliminated and that amount added to the transit subsidy to be derived from an increase on a uniform percentage basis from the electric service. This change in the proposed increase of \$67,877 in electric transit subsidy produce a surcharge of 1.874 percent on electric sales and 2.149 percent on steam sales. The change is at the request of the City of St. Joseph in exchange for the City's residential utility tax which will be terminated on April 30, 1980. The \$109,560 subsidy was applied to the City's street lighting in the last rate case to prevent the City from receiving a windfall in the form of increased utility taxes.

In the Commission's opinion the proposed Stipulation and Agreement represents a disposition of all the issues in this matter in a reasonable manner and should be accepted.

#### Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

The tariffs filed in these matters were suspended pursuant to the authority vested in this Commission pursuant to Section 393.150, RSMo 1978, and the burden of proof to show that the proposed increased rates are just and reasonable shall be upon the Company.

The Commission, after notice and hearing, may order a change in any rate, charge or rental, and it may determine and prescribe the lawful rate, charge or rental and the lawful regulation or practice affecting such rate, charge or rental thereafter to be observed.

The Commission may consider all facts, which in its judgment may have any bearing upon the proper determination of the rates to be charged with due regard, among other things, to a reasonable average return on capital actually expended and to the necessity of making reservations out of income for surplus and contingencies. In so doing, the Commission shall consider the fair value of the property and its proper relationship to all other facts that have a material bearing on the establishment of fair and just rates.

For rate-making purposes, the Commission may accept a stipulation of settlement on any contested matter submitted by the parties. The Commission is of the opinion that when the matters of agreement by the parties appear to be reasonable and proper they should be accepted in an effort to minimize further expense to all parties in the form of elimination of further efforts and resources in litigation.

When a party seeking to intervene, in an untimely manner, makes no appearance and does not take part in the proceedings in any manner, it is unnecessary to rule of their application to intervene.

For all of the foregoing reasons, the Commission concludes that the Stipulation and Agreement offered by the parties in this matter is a proposed settlement of all issues should be accepted.

It is, therefore,

ORDERED: 1. That the revised tariffs herein suspended in Case No. ER-80-53 be, and they are, hereby disallowed and that the St. Joseph Light & Power Company is authorized to file in lieu thereof, for approval of the Commission, revised tariffs designed to increase rates for electric service in the amount of \$9,000,000 on an annual basis, exclusive of gross receipts and franchise taxes, plus a transit subsidy surcharge of 1.874 percent on revenues from electric sales within the City of St. Joseph, Missouri.

ORDERED: 2. That the suspension of the tariffs in Case No. OR-80-54 be, and the same is, hereby vacated.

ORDERED: 3. That the revised tariffs herein suspended in Case No. ER-80-55 be, and they are, hereby disallowed and that St. Joseph Light & Power Company is authorized to file in lieu thereof, for approval of the Commission, revised tariffs designed to reflect a transit subsidy surcharge of 2.149 percent on revenues from steam sales within the City of St. Joseph, Missouri.

ORDERED: 4. That the tariffs to be filed herein shall embody the rate design proposed in the Stipulation and Agreement and herein found to be reasonable and proper.

ORDERED: 5. That the increased rates herein authorized may be charged for service rendered on and after the effective date of this Report and Order.

ORDERED: 6. That this Report and Order shall become effective on the 7th day of May, 1980.

BY THE COMMISSION

*D. Michael Hearst*

D. Michael Hearst  
Secretary

(S E A L)

McCartney, Fraas and  
Dority, CC., Concur.  
Slavin, Chm., Absent.  
Bryant, C., Dissent.

Dated at Jefferson City, Missouri,  
this 25th day of April, 1980.

STATE OF MISSOURI  
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,  
at Jefferson City, this 25th day of April 1980

D. Michael Hearst  
D. Michael Hearst  
Secretary

At a Session of the Public Service Commission held in Jefferson City on the day of May, 1980.

CASE NO. ER-80-53

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing rates for electric service provided to customers in the Missouri service area of the company.

CASE NO. OR-80-54

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing rates for transit service provided to customers in the Missouri service area of the company.

CASE NO. HR-80-55

In the matter of St. Joseph Light & Power Company of St. Joseph, Missouri, for authority to file tariffs increasing the Transit Subsidy Surcharge for steam service.

ORDER APPROVING RATE SHEETS

By its Order in this case on April 25, 1980, this Commission authorized St. Joseph Light & Power Company of St. Joseph, Missouri, to file electric tariffs designed to increase annual revenues by \$9,000,000 for electric service rendered on and after May 7, 1980, exclusive of gross receipts and franchise taxes, plus a transit subsidy surcharge of 1.874 percent on revenues from electric sales within the City of St. Joseph, Missouri.

This Commission also authorized St. Joseph Light & Power Company of St. Joseph, Missouri, to file steam tariffs designed to increase the Transit Subsidy Surcharge to 2.149 percent on revenues from steam sales within the City of St. Joseph, Missouri, for steam service rendered on and after May 7, 1980.

On April 28, 1980, St. Joseph Light & Power Company, of St. Joseph, Missouri, submitted new tariff sheets for Commission review and approval, to comply with the Commission's Order.

The Commission is of the opinion the proposed rates submitted by St. Joseph Light & Power Company of St. Joseph, Missouri, comply with its Order issued on April 25, 1980, and said tariff sheets should be allowed to become effective on May 7, 1980.

It is, therefore,

ORDERED: 1. That all electric tariff sheets submitted on April 28, 1980 by St. Joseph Light & Power Company of St. Joseph, Missouri, for the purpose of increasing rates for electric service provided to customers in its Missouri service area be, and they are hereby approved and made effective on May 7, 1980.

ORDERED: 2. That all steam tariff sheets submitted on April 28, 1980 by St. Joseph Light & Power Company of St. Joseph, Missouri, for the purpose of increasing the Transit Subsidy Surcharge for steam service provided to customers within the City of St. Joseph, Missouri, be, and they are, hereby approved and made effective on May 7, 1980.

ORDERED: 3. That this Order shall become effective on the date hereof and the Secretary of the Commission shall serve a certified copy of same upon each party of record and a copy on all other interested parties.

BY THE COMMISSION

*D. Michael Hearst*

D. Michael Hearst  
Secretary

( S E A L )

Slavin, Chm., McCartney, Fraas,  
Bryant, CC., Concur, Dority, C., Absent.