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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 9th
day of October, 1997.

In the Matter of Missouri Public Service, a)
Division of UtiliCorp United Inc., Tariff Designed) Case No. ER-97-394
to Increase Rates for Electric Service to Customers)
in the Missouri Service Area of the Company.)
)

In the Matter of the Filing of Tariff Sheets by)
Missouri Public Service, a Division of UtiliCorp)
United Inc., Relating to Real-Time Pricing,) Case No. ET-98-103
Flexible Rates/Special Contracts, Line Extension)
Policy and Energy Audit Program.)
)

The Staff of the Missouri Public Service)
Commission,)
)

Complainant,)
)

v.)

) Case No. EC-98-126 ✓
)

UtiliCorp United Inc., d/b/a Missouri)
Public Service,)
)

Respondent.)
)

ORDER ESTABLISHING TEST YEAR AND DIRECTING TRUE-UP

On March 21, 1997, UtiliCorp United Inc. (UtiliCorp),
d/b/a Missouri Public Service, filed proposed tariffs designed to implement
a general rate increase for electric service provided to Missouri
customers. In addition, on August 19, 1997 UtiliCorp filed tariffs
relating to real-time pricing, flexible rates, special contracts, line
extension policies, and an energy audit program. Finally, on September 4,
1997, the Staff of the Commission (Staff) filed a complaint, alleging that

UtiliCorp's current rates are unjust and unreasonable. All three cases were consolidated by the Commission.

As a part of its general rate case filing, UtiliCorp requested the Commission establish a test year and recommended the Commission determine a date for a true-up. In response, the Staff filed both its test year and true-up recommendations on September 16, 1997.

UtiliCorp recommends the Commission establish a historic test year ending December 31, 1996, with adjustments to rate base, operating income, and the cost of capital to reflect changes through June 30, 1997. The Staff concurs in recommending a historic test year ending December 31, 1996, with adjustments for known and measurable changes through the June 30, 1997 date. No other party responded to the UtiliCorp and Staff recommendations.

In its testimony, UtiliCorp also recommends the Commission authorize a true-up to be set at the end of the month in which the evidentiary hearing is conducted, which, in this case, would establish the true-up date as December 31, 1997. The Staff concurs in this recommendation also.

The Commission finds the recommendation to establish a test year to be reasonable and will establish the historic test year for use in this case as the twelve months ending December 31, 1996, updated through June 30, 1997.

The Commission will decline to adopt the true-up proposal as it does not allow sufficient time in which to fully consider the numerous and complex issues which will likely be presented to the Commission for decision at the evidentiary hearing in this matter, to be held beginning December 8, 1997.

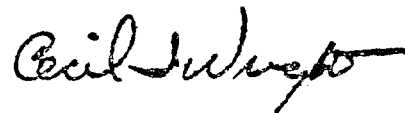
The Commission determines that a true-up shall be granted through September 30, 1997. The company may propose isolated known and measurable adjustments which take effect beyond the end of the true-up period. The relationship between revenue, expense, and rate base will be maintained as accurately as possible in calculating any isolated adjustments.

Contested true-up items which the parties wish the Commission to consider must be raised in testimony, noted in the hearing memorandum, and supported with evidence on the record prior to and at the evidentiary hearing of this matter. No subsequent true-up hearing will take place. The Commission advises the parties that once the evidentiary hearing of this matter is ended, the record will not be reopened for additional evidence or testimony.

IT IS THEREFORE ORDERED:

1. That the test year for use in this case is established as the twelve-month period ending December 31, 1996, as updated through June 30, 1997.
2. That the pending motion for establishment of a true-up period is granted to the extent that the true-up period will end September 30, 1997.
3. That this order shall become effective on October 9, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Lumpe, Ch., Crumpton, Drainer
and Murray, CC., concur.

Derque, Regulatory Law Judge