

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the investigation)
of the revenue effects upon) Case No. AO-87-48
Missouri utilities of the Tax)
Reform Act of 1986.)

In the matter of the investigation)
by the Office of the Public Counsel) Case No. EO-88-36
of UtiliCorp United Inc., d/b/a)
Missouri Public Service.)

STIPULATION AND AGREEMENT

In December of 1986 and March of 1987, UtiliCorp United Inc., d/b/a Missouri Public Service ("the Company") caused to be filed with the Missouri Public Service Commission ("the Commission") in Case No. AO-87-48, certain information regarding the impact on the Company of the Tax Reform Act of 1986 ("the TRA"). Thereafter, representatives of the Company engaged in certain discussions with representatives of the Staff of the Missouri Public Service Commission ("the Staff") and representatives of the Office of Public Counsel ("the Public Counsel") concerning the impact of the TRA on the Company's overall revenue requirement. Also, in May, June, July and August of 1987, the Public Counsel conducted a review and investigation of the Company's books and records. As a result of the foregoing, the parties stipulate and agree as follows:

1. That the Company be authorized to file revised tariffs designed to decrease its Missouri jurisdictional gross annual electric revenues by \$5,400,000, exclusive of franchise, gross receipts, sales or other taxes.

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2. That the revenue decrease referred to in paragraph 1, supra, shall be a uniform percentage decrease among service classes based on recorded book revenue for the year ended December 31, 1986, as normalized for electric rate reductions and refunds implemented in 1986, and shall be distributed among said classes based on said recorded book revenue as specified in the document marked Appendix 1, attached hereto and made a part hereof for all purposes; that the tariffs designed to accomplish said revenue decrease are marked Appendix 2, attached hereto and made a part hereof for all purposes.

3. That within four (4) days following the Commission's approval of this Stipulation and Agreement, the Company will cause to be filed with the Commission the tariffs attached hereto as Appendix 2, said tariffs to bear an effective date of September 15, 1987.

4. That commencing on September 15, 1987, and for a period of six (6) months thereafter, until March 15, 1988, the Public Counsel will not cause to be filed with the Commission a complaint, petition, application or other pleading, document or request, written or oral, alleging that the Company's earnings are excessive and/or requesting that the Company reduce the aggregate level of its Missouri jurisdictional gross annual electric revenues, or the effect of which is to cause the issuance by the Commission of a notice of complaint or show cause order involving a proposed reduction of the Company's rates or revenues, or which may result in a determination that the

Company's earnings are excessive or that its rates are not just and reasonable;

5. That the Public Counsel acknowledges that the Company has cooperated fully, in all respects, in connection with the review and investigation conducted by the Public Counsel referred to above; that further, the Public Counsel agrees to terminate said review and investigation immediately upon execution of this Stipulation and Agreement, subject to reinstatement, upon reasonable prior written notice, if the Commission fails to approve said Stipulation and Agreement;

6. That the Company and Staff hereby ratify and confirm the terms of the Stipulation and Agreement entered into between the Company and Staff in Case No. EO-87-9, which Stipulation and Agreement was accepted and adopted by the Commission through the Commission's Report and Order issued in said cause on September 12, 1986;

7. That this Stipulation and Agreement is a negotiated dollar settlement and is intended to and does include, reflect, and fully dispose of any decreases in the Company's gross annual revenue requirement for its Missouri jurisdictional electric operations which have resulted or may result from the provisions of the Federal Tax Reform Act of 1986 and interpretive rulings or regulations issued thereunder; that as a consequence, should the Commission approve this Stipulation and Agreement, the Company will not be required to further reduce its electric rates as a result of the effects or provisions of the Federal Tax Reform Act

of 1986 or interpretative rulings or regulations issued thereunder; that, furthermore, the Company shall not be subject to any present or future requirements of the Commission's Federal Tax Reform Act docket, entitled "In the matter of the investigation of the revenue effects upon Missouri utilities of the Tax Reform Act of 1986", Case No. AO-87-48, in connection with its electric operations;

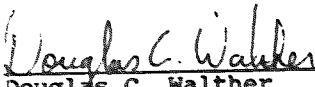
8. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in this and any other pending or future proceedings in this or any other forum; that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

9. That except as otherwise provided herein, the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced to any ratemaking principle, valuation method, cost of service method, or rate design proposal;

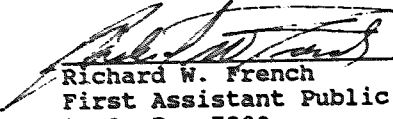
10. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo 1986, and their respective rights to judicial review as regarding the disposition of Case No. AO-87-48, as it pertains to the Company, and of Case No. EO-88-36 pursuant to Section 386.510, RSMo 1986.

11. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement and in the event the tariffs agreed to herein do not become effective in accordance with the provisions contained herein, 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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CERTIFICATE OF SERVICE

I hereby certify that
copies of the foregoing
have been mailed to the
delivered to all persons

records on the 3 day of

September 1977

