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September 1, 1988

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-88-171 - In the matter of the application of UtiliCorp United Inc., d/b/a Missouri Public Service, for authority to implement revised depreciation rates for its gas and common properties.

Case No. GR-88-194 - In the matter of Missouri Public Service of Kansas City, Missouri, for authority to file tariffs increasing rates for gas service provided to customers in the Missouri service area of the Company.

Dear Mr. Hubbs:

Enclosed for filing in the above-captioned cases is an original and fourteen (14) copies of a Stipulation and Agreement. Copies of said Stipulation have been sent this date to all parties of record.

Thank you for your attention to this matter.

Sincerely,

Douglas C. Walther
Douglas C. Walther
Assistant General Counsel

DCW/mjs
Enclosures
cc: All Parties of Record

FILED
SEP 1 1988
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application)
of UtiliCorp United Inc., d/b/a)
Missouri Public Service, for) Case No. GR-88-171
authority to implement revised)
depreciation rates for its gas and)
common properties.)

In the matter of Missouri Public)
Service of Kansas City, Missouri)
for authority to file tariffs)
increasing rates for gas service) Case No. GR-88-194
provided to customers in the)
Missouri service area of the)
Company.)

STIPULATION AND AGREEMENT

On December 21, 1987, UtiliCorp United Inc., d/b/a Missouri Public Service, (hereinafter "the Company"), filed with the Missouri Public Service Commission (hereinafter "the Commission"), an application for authority to implement revised depreciation rates for its gas and common properties. Said application was docketed as Case No. GR-88-171. Thereafter, on January 15, 1988, the Company filed with the Commission revised tariffs designed to increase the Company's jurisdictional annual gas revenues by approximately \$6,104,000, exclusive of applicable license, occupation, franchise, gross receipts or other similar charges or taxes. The revised gas tariffs bore an effective date of February 16, 1988.

By its Suspension Order and Notice of Proceedings, issued in Case No. GR-88-194 on February 2, 1988, the Commission suspended the revised gas tariffs to December 15, 1988, established a schedule of proceedings, and permitted the intervention of

Pittsburg Corning Corporation. By subsequent Commission orders, intervention status in Case No. GR-88-194 was also granted to the Sedalia Industrial Gas Users Association, Midwest Gas Users Association, the City of Nevada, Missouri, the City of Richmond, Missouri and the City of Henrietta, Missouri.

On March 21, 1988, pursuant to the Commission's orders, the Company filed its minimum filing requirements, direct testimony and schedules in support of the proposed gas rate increase.

Thereafter, by order issued June 3, 1988, the Commission consolidated Case No. GR-88-171 and Case No. GR-88-194.

On July 29, 1988, the Staff of the Missouri Public Service Commission (the "Staff"), the Office of Public Counsel (the "Public Counsel") and intervenor Sedalia Industrial Gas Users Association each filed their direct testimony and schedules in the consolidated cases.

Pursuant to the Commission's order, a prehearing conference was commenced on August 8, 1988 at which time representatives of all the parties appeared and participated to the extent each desired. As a result of the prehearing conference, the undersigned parties stipulate and agree as follows:

1. That the Company be authorized to file revised gas tariffs designed to increase the Company's Missouri jurisdictional gross annual gas revenues by \$4,100,000, and designed to recover, in addition, those gas costs associated with the rebasing and updating of the Company's purchased gas adjustment (PGA) clause; that the increase in said annual gas revenues and recovery of said

gas costs through the rebased and updated PGA clause are to be exclusive of any applicable license, occupation, franchise, gross receipts or other similar charges or taxes; that said revised tariffs shall become effective for service rendered on and after September 15, 1988;

2. That marked Appendix A, attached hereto and made a part hereof for all purposes, are revised tariffs which are designed to and do, in fact, implement the agreed to revenue increase, and PGA rebasing and updating in accordance with an agreed to rate design;

3. That marked Appendix B, attached hereto and made a part hereof for all purposes are revised depreciation rate schedules for the Company's gas and common properties which shall become effective as of September 15, 1988.

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

5. That none of the signatories to this stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation or rate design proposal underlying or allegedly underlying this Stipulation and Agreement and the revised tariffs and the revised depreciation rates provided for herein, and no

ratemaking determination previously made by the Commission with regard to the Company is affected hereby.

6. That the prefiled testimony, schedules and minimum filing requirements sponsored by Company witnesses: J. E. Franklin, J. R. Summers, M. L. Arnall, G. L. Clemens, W. S. Keith, J. C. Dunn, K. G. Stamm, and A. C. Hagemann; Staff witnesses Samuel L. Kemp, Michael S. Proctor, Jeanne Lloyd, Craig A. Jones, Gary A. Kuensting, Carmen J. Morrissey, Sharon K. White, Larry G. Cox, Edward A. Tooley, Melvin T. Love, Keith A. Haskamp and Phillip K. Williams; Public Counsel witnesses Philip B. Thompson and Russell Trippensee; and Sedalia Industrial Gas Users Association witness Donald E. Johnstone, shall be received into evidence without the necessity of said witnesses taking the witness stand.

7. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights to cross examine the individuals named in the foregoing paragraph with respect to their prefiled testimonies and schedules; their respective rights to present oral argument and written briefs, pursuant to Section 536.080(1), RSMo 1986; their respective rights pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(2), RSMo 1986; and their respective rights to judicial review, pursuant to Section 386.510, RSMo 1986.

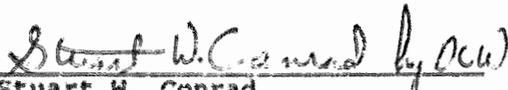
8. That this Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent; that in the event the Commission does not

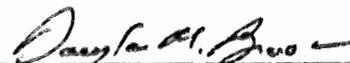
approve and adopt this Stipulation and Agreement in total, or in the event the revised tariffs and depreciation rates agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,


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