

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 27th day of December, 1989.

In the matter of the Missouri Public Service)
for authority to file tariffs increasing rates)
for electric service provided to customers in) CASE NO. ER-90-101
the Missouri service area of the company.)

In the matter of the application of Missouri)
Public Service for issuance of an accounting) CASE NO. EO-90-114
order relating to its electrical operations.)

In the matter of the application of UtiliCorp)
United Inc., d/b/a/ Missouri Public Service,)
for authority to implement revised depreciation) CASE NO. ER-88-167
rates for its electric properties.)

ORDER CONCERNING APPLICATION FOR APPROVAL OF
ACCOUNTING PROCEDURE AND CONSOLIDATING DOCKETS

On December 5, 1989, Missouri Public Service, a division of UtiliCorp United Inc. (MoPub), filed an application seeking permission from this Commission to defer and record in Account No. 186 of the Uniform System of Accounts expenditures and costs incurred in connection with life extension and coal conversion projects at its Sibley Generating Station. Specifically, MoPub is requesting authority to defer and book to Account No. 186 depreciation expenses, property taxes and carrying costs which normally would be expensed beginning at the in-service date on amounts placed in service in connection with these projects from January 1, 1989 through May 31, 1990.

On December 20, 1989, the Commission's Staff (Staff) filed a memorandum in this case recommending that the Commission authorize the accounting procedure MoPub proposes but consolidate consideration of the expenditures and costs involved into MoPub's pending general rate case so that all relevant factors concerning such recovery can be considered therein. In addition, Staff recommends that the Commission direct MoPub to prefile as part of its direct testimony in its rate case

the proper in-service criteria for the life extension and coal conversion projects, the proper accounting entries prior to and after the expenditures and costs in question are reflected in rates; the proper treatment of items such as AFUDC, depreciation, property taxes, test power, interchange, etc., related to these projects and what expenditures, costs and cost savings should be recognized as a result of the projects. Staff further recommends that the Commission direct MoPub to maintain detailed supporting work papers relating to the monthly accruals of each item booked to Account 186 and any capital costs booked to capital accounts including, but not limited to, a daily accounting of test power and interchange transactions associated with these projects.

On December 21, 1989, the Office of the Public Counsel (Public Counsel) filed a response to MoPub's application opposing the recording of these expenditures and costs in Account 186. Public Counsel argues that the Uniform System of Accounts provide that Account 186 be used for debits not elsewhere provided for, such as miscellaneous work in progress or unusual or extraordinary expenses not included in other accounts which are in the process of amortization as well as items the proper final disposition of which is uncertain. Public Counsel argues that the expenses in question are not extraordinary and, therefore, should not be included in Account 186.

MoPub states that the expenses in question are large and represent a significant amount in terms of its overall operations. The total cost of these projects is expected by MoPub to exceed \$100 million.

The Commission determines that, given the size of these expenses, MoPub's application should be approved. The Commission further determines that the Staff's recommendations are reasonable and should be adopted.

It is, therefore,

ORDERED: 1. That Missouri Public Service, a division of UtiliCorp United Inc., is authorized hereby to defer and record the depreciation expenses, property taxes and carrying costs associated with life extension and coal conversion projects

at its Sibley Generating Station during the 1989 calendar year and the present outage period in Account No. 186 of the Uniform System of Accounts.

ORDERED: 2. That Missouri Public Service, a division of UtiliCorp United Inc., is directed hereby to include in its direct testimony and schedules prefiled in Case No. ER-90-101 the items of information as recommended by the Commission's Staff and set forth in this order.

ORDERED: 3. That Missouri Public Service, a division of UtiliCorp United Inc., is directed hereby to maintain detailed supporting workpapers relating to the monthly accruals of each item booked to Account No. 186 and any capital costs booked to capital accounts in regard to the expenses in question herein including, but not limited to, a daily accounting of test power and interchange transactions associated with these projects.

ORDERED: 4. That nothing in this order shall be considered as a finding by the Commission of the in-service criteria regarding the expenditures herein involved, the reasonableness of the expenditures herein involved, or the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon such properties by the applicant. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these costs in any later proceeding.

ORDERED: 5. That Case No. EO-90-114 is consolidated hereby with Case Nos. ER-90-101 and ER-88-167. The Commission's Secretary is directed hereby to treat Case No. ER-90-101 as the main case for filing purposes.

ORDERED: 6. That this order shall become effective on January 9, 1990.

BY THE COMMISSION

Harvey G. Hubbs
HGC

Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller,
Fischer and Rauch, CC., Concur.