

Exhibit No.:  
Issue: Customer Service  
Witness: Stephen L. Pella  
Sponsoring Party: UtiliCorp United Inc.  
Case No.: EM-2000-369  
Date Prepared: August 23, 2000

MISSOURI PUBLIC SERVICE COMMISSION  
Case No. EM-2000-369

Surrebuttal Testimony

of

Stephen L. Pella

Jefferson City, Missouri

Exhibit No. 17  
Date 9-13-00 Case No. EM-2000-369  
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**SURREBUTTAL TESTIMONY  
STEPHEN L. PELLA**

**UTILICORP UNITED INC.  
CASE NO. EM-2000-369**

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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
SURREBUTTAL TESTIMONY OF STEPHEN L. PELLA  
ON BEHALF OF UTILICORP UNITED INC.**

**CASE NO. EM-2000-369**

1 Q. Please state your name and business address.

2 A. My name is Stephen L. Pella and my business address is 20 W. 9<sup>th</sup> St., Kansas City, MO  
3 64105.

4 Q. Are you the same Stephen L. Pella that previously filed Direct Testimony in this case?

5 A. Yes.

6 Q. What is the purpose of your surrebuttal testimony?

7 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of  
8 witnesses for the Missouri Public Service Commission ("Commission") Staff ("Staff")  
9 and the Missouri Department of Natural Resources ("MDNR") concerning recommended  
10 conditions to the proposed merger between UtiliCorp United, Inc. ("UtiliCorp") and The  
11 Empire District Electric Company ("Empire") related to service standards, load research  
12 and energy programs.

13 Q. How does your testimony filed in this case compare to the testimony you filed  
14 concerning the same issues in the UtiliCorp and St. Joseph Light & Power ("SJLP")  
15 merger case, Case No. EM-2000-292?

16 A. My testimony is very similar and in some cases identical on each of the main issues.  
17 However, there are differences in the two transactions as well as additional and different  
18 witnesses involved in the two cases. Specifically, the following areas in my testimony  
19 are new or different when compared to the SJLP case:

- 1 • **Customer Service** - New testimony addressing Empire's registered customer  
2 program, flexible due date for "average pay" customers and Empire's credit card  
3 payment option.
- 4 • **Electric Network Reliability** - New testimony explaining the differences between  
5 definitions of a reportable outage between Empire and UtiliCorp and Empire's outage  
6 data and reporting methods.
- 7 • **Load Research** - New testimony demonstrating our commitment to work with Staff  
8 member Ms. Mantle and others to clarifying UtiliCorp's position on the balance  
9 needed between cost effectiveness and accuracy.
- 10 • **Energy Efficiency and Assistance** - New testimony addressing MDNR issues  
11 regarding renewable and alternative energy resources and development of a portfolio  
12 of additional energy efficiency programs.

13 Q. How is your surrebuttal testimony organized?

14 A. My surrebuttal testimony is organized into the following sections:

- 15 • **Customer Service** - In this section I will respond to the rebuttal testimony of Staff  
16 witnesses Lisa A. Kremer and John M. Kiebel II by describing and discussing the  
17 benefits of the UtiliCorp's Customer Care Program, describing measures and  
18 benchmarks used to manage the performance of UtiliCorp's Customer Service  
19 Centers (call centers), addressing Staff's suggestion that UtiliCorp be required to  
20 report on its management of call centers (including performance measures),  
21 organizational charts and staffing levels, responding to suggestions by Staff that  
22 UtiliCorp be monetarily penalized for not meeting Staff's recommended benchmarks,

1 addressing Empire's support program for its elderly and/or handicapped customers,  
2 flexible payment due date for its "average pay" program, and credit card payment  
3 option program.

- 4 • **Electric Network Reliability** – In this section, I will respond to the rebuttal  
5 testimony of Staff witnesses James L. Ketter and John M. Kiebel II by discussing the  
6 measures UtiliCorp uses for monitoring network reliability, explaining the  
7 inconsistencies among utilities in data definition and reporting, describing UtiliCorp's  
8 process for collecting, analyzing and acting on reliability information, addressing  
9 Staff's suggestion that UtiliCorp be required to submit reports concerning reliability,  
10 responding to suggestions by Staff that UtiliCorp be monetarily penalized for not  
11 meeting Staff's recommended benchmarks.

- 12 • **Load Research** – In this section, I will respond to the rebuttal testimony of Staff  
13 witness Lena M. Mantle and explain why the Commission should either accept or  
14 reject recommendations made by Ms. Mantle with respect to load research.

- 15 • **Energy Efficiency and Assistance** – In this section, I will address issues raised by  
16 MDNR witnesses Anita C. Randolph, Robert T. Jackson, Roger D. Colton, Ronald L.  
17 Lehr, and Martin G. Kushler with respect to low income assistance and energy  
18 efficiency programs and environmental programs, as well as, respond to  
19 recommendations made regarding new programs as a condition to the merger being  
20 approved.

Customer Service

1

2 Q. How does your testimony in this section compare to the testimony you filed concerning  
3 Customer Service issues in the UtiliCorp/SJLP case, Case No. EM-2000-292?

4 A. My testimony is consistent on many issues. However, there are some differences in the  
5 customer service practices between SJLP and Empire. These differences lie in some of  
6 Empire's customer service programs that were not issues in the SJLP case. These  
7 programs include Empire's registered customer program, Empire's Action to Support the  
8 Elderly ("EASE"), flexible due date for their "average pay" customers and its credit card  
9 payment option.

10 Q. Do you agree with Mr. Kiebel's overview that suggests merging UtiliCorp and Empire  
11 could lead to deteriorating customer service?

12 A. No. Each merger should be judged on its own merits. UtiliCorp's operations in Missouri  
13 offer localized, easy access services similar to Empire, with 12 local customer offices,  
14 community participation and strong customer values, and at the same time, also offer  
15 capabilities that a larger organization can provide. These capabilities include  
16 computerized service order scheduling on a 7 day by 24 hour basis and a more robust  
17 Customer Information System ("CIS"). Both companies pride themselves on delivering  
18 quality customer service. I believe we can continue providing proper service to our  
19 customers by joining together and implementing UtiliCorp's Customer Care Program,  
20 which focuses on the "Customer Values" of Access -- Image -- Performance -- Results.

21 Q. Can you explain in more detail UtiliCorp's "Customer Care Program?"

22 A. Yes. We have learned that customers value four main competencies of companies when  
23 conducting business. Customers want easy *access* when doing business, meaning flexible

1 hours to meet all types of customer expectations. We offer 24-hour customer service  
2 through our toll-free centralized customer service center (call center) in Raytown,  
3 Missouri. Customers can start or stop service, schedule service orders, make payment  
4 arrangements, inquire about their account balance, obtain payment assistance agency  
5 information and deposit information and, of course, request emergency service - as well  
6 as, receive responses to many other information inquiries. The *image* on which Empire  
7 has built its reputation will continue through our commitment and capable personnel who  
8 offer pleasant and professional service. We intend to continue a customer office presence  
9 and staff with whom customers have been doing business for many years, as well as,  
10 other local customer service professionals. We have committed to remain involved in  
11 community activities, civic organizations and to be a solid corporate citizen. I believe  
12 that the *performance* of both companies has met the expectations of customers for many  
13 years. It is our intention to continue to maintain that level of service. Finally, we survey  
14 our customers each month based on the activity they experienced when conducting  
15 business with us to validate the *results* of our performance.

16 Q. What new enablers has UtiliCorp deployed to strengthen the performance of its customer  
17 service capabilities?

18 A. We have deployed several new enablers to help us meet customer service expectations for  
19 the years ahead. Our new CIS system is operating and prepared for the 21<sup>st</sup> century,  
20 offering more real-time information that is readily available at the fingertips of our  
21 Customer Service Associates to resolve customer inquiries during the initial contact.  
22 New Computer Aided Dispatch ("CAD") and scheduling systems allow us to schedule  
23 visits while on the phone with customers to meet their needs and monitor and manage

1 these visits throughout the day. Our customer service training curriculum focuses on all  
2 core values to enable our employees to deliver the quality service that our customers  
3 expect and deserve.

4 Q. Mr. Kiebel's testimony recommends UtiliCorp periodically provide performance  
5 indicators to the Staff. The proposed indicators are:

- 6 • Call Center Abandoned Call Rate ("ACR"), including call volumes
- 7 • Call Center Average Speed of Answer ("ASA")
- 8 • Call Center staffing levels of both centers (Empire's Joplin-based center and  
9 UtiliCorp's Raytown-based center) during transition to one center

10 Q. Do you agree with this recommendation?

11 A. No.

12 Q. Why?

13 A. It is UtiliCorp's obligation to deliver quality service to all customers and manage the  
14 business by utilizing all available data and monitoring tools, while taking into account  
15 customer feedback. The information we use to manage the level of customer service we  
16 provide is available for inspection at anytime upon request by the Commission. We have  
17 a solid track record of providing quality service in Missouri for more than 80 years.  
18 Customer surveys conducted by a 3<sup>rd</sup> party vendor for Missouri Public Service ("MPS")  
19 indicate a 93% customer satisfaction rating. Further evidence of quality service has been  
20 demonstrated over the last three years by a downward trend in the number of customer  
21 complaints received by the Commission, as indicated by Staff witness Kiebel, while the  
22 overall number of customers served has increased.

1 Q. Do you agree with Mr. Kiebel's recommendation requiring remedial procedures?

2 A. No. Over the years, UtiliCorp has demonstrated its ability to manage its customer service  
3 operation effectively and respond to customer's needs. We have invested significantly to  
4 improve our processes and ability to serve customers with multiple options through  
5 incorporating new technologies (CIS - CAS - CAD - ITRON), extending hours of  
6 service (24 X 7 Call Center), deploying additional pay stations and conducting monthly  
7 customer surveys to gain insight and knowledge about the service we provide. This  
8 enables us to react quickly to customer feedback. A Commission order requiring  
9 remedial procedures is not warranted or necessary because actions to improve  
10 performance are the foundation of our management philosophy and responsibility.

11 Q. Are there any other specific issues you will address in this section of your surrebuttal  
12 testimony?

13 A. Yes. I will respond to several of the points made by Staff witness John M. Kieble II  
14 concerning customer service satisfaction surveys and complaints/inquiries received by the  
15 Commission.

16 Q. Do you agree with the Staff's recommendation that Empire and MPS customers continue  
17 to be surveyed and tracked separately?

18 A. No. The transactional survey currently conducted on a monthly basis by Empire is very  
19 similar to the survey UtiliCorp utilizes. Continuing the Empire survey would be a  
20 duplicate effort. We can use one survey instrument to measure customer satisfaction for  
21 both customer groups using identical criteria. Results will be available for review upon  
22 request by the Commission. UtiliCorp would continue to use a third party contractor to  
23 conduct a monthly telephone survey based on transactional events with customers during

1 the previous month. Survey categories are: Connect Service, Payment Arrangements,  
2 Billing and Image. The survey, which covers four main areas, includes questions such as:  
3 "Did you have difficulty contacting us?" "Was the associate who took your request  
4 pleasant and professional?" "Did we schedule your appointment when you wanted?"  
5 "Did the associate clearly explain the various payment options?" "Did the technician  
6 arrive on time for your appointment?"

7 Q. What benchmark does UtiliCorp target in its operational goals concerning customer  
8 surveys?

9 A. UtiliCorp has set a benchmark of 90% satisfaction. Since MPS began surveying  
10 customers in late 1996 about the area of connect service, the company has maintained a  
11 97% satisfaction rating. In April 2000, MPS began surveying customers in the four areas  
12 listed above. April, May and June survey results averaged 93% overall satisfaction. Our  
13 customer service department is focused and prepared to incorporate the Empire customer  
14 base into the UtiliCorp customer family.

15 Q. Do you agree that the Commission should continue to track and monitor complaints  
16 received from both Empire and MPS customers?

17 A. Yes. I support the continuation of this initiative to track and monitor complaints for both  
18 the MPS and Empire service areas. UtiliCorp also tracks customer complaints and  
19 follows up on all inquires/complaints to resolve issues and improve processes in order to  
20 reduce the likelihood of the same issue arising again. This is an important component of  
21 quality customer service.

22 Q. What measures does UtiliCorp regularly track with respect to its call center performance?

23 A. UtiliCorp tracks the following performance measures:

1 ACR (Abandoned Call Rate) - Defines the percentage of telephone calls that are  
2 terminated after being placed in the network queue when contacting our call center.

3 ASA (Average Speed of Answer) - Defines the number of seconds a caller waits before a  
4 Customer Service Associate answers the call.

5 Q. What benchmarks does UtiliCorp use for Call Center measures of ACR and ASA?

6 A. UtiliCorp uses an ACR benchmark range of 5% - 10% and an ASA benchmark range of  
7 15 - 60 seconds. These ranges were determined by reviewing service levels within the  
8 industry. In determining the service levels, our objective was to establish high-quality  
9 customer service, while maintaining efficient and effective customer service center  
10 operations.

11 Q. Why does UtiliCorp use ranges for these benchmarks rather than specific numbers?

12 A. We are implementing significant change management initiatives in our Raytown call  
13 center environment - including conversion to our new customer information system,  
14 handling additional customer growth through the call center, incorporating process  
15 standardization and incorporating the corresponding high volume of training activity.

16 Q. Will UtiliCorp continue to use ranges for these benchmarks?

17 A. Yes. However, our goal is to narrow the target range as the call center environment is  
18 further stabilized.

19 Q. How will UtiliCorp use the ACR and ASA measures if the merger with Empire is  
20 approved?

21 A. We will monitor service levels and projected call volumes daily/monthly to track  
22 performance. We will review processes for potential improvement, evaluate technology

1 opportunities, and adjust staffing to provide coverage for projected long-term increases in  
2 call volume.

3 Q. How can the Commission and Staff obtain ACR and ASA information from UtiliCorp if  
4 the merger is approved?

5 A. ACR and ASA data, as well as, access to call center support and operating personnel, is  
6 available by request at any time from UtiliCorp. Moreover, this data is available through  
7 any audit the Commission might conduct from time to time.

8 Q. Does UtiliCorp plan to report as has been suggested by the Staff?

9 A. No. Given the data is available through both requests and audits, an additional formal  
10 reporting requirement is not necessary.

11 Q. Are you familiar with Empire's EASE program?

12 A. Yes.

13 Q. If the merger is approved, do you plan to continue this program?

14 A. Possibly. UtiliCorp has a "registered customer" program that, along with our normal  
15 customer care practices, offers the same features as Empire's EASE program. However,  
16 further analysis will be made, should the merger be approved, to determine if UtiliCorp  
17 should continue this program.

18 Q. Are you familiar with Empire's flexible due date plan as part of their average pay plan?

19 A. Yes.

20 Q. If the merger is approved, would you continue this plan?

21 A. It is our intention to convert all Empire customer accounts to our CIS Plus system that  
22 does allow a customer's due date to be "flexed" within a certain time window.

23 Q. Are you familiar with Empire's credit card payment option?

1 A. Yes.

2 Q. If the merger is approved, would you continue this program?

3 A. Our CIS Plus system at this time will not support credit card payments. However, it is  
4 our plan to modify the system to offer the credit card payment option to our customers in  
5 the future.

6 **Electric Network Reliability**

7 Q. How does this section of your testimony compare to the testimony filed in the  
8 UtiliCorp/SJLP case, Case No. EM-2000-292, as to the Electric Network Reliability  
9 issue?

10 A. My testimony in this section is very similar to that filed in Case No. EM-2000-292 - and  
11 in some areas is identical. The major difference between the testimony in the two cases  
12 concerns the definition of a "reportable outage." MPS includes all permanent  
13 interruptions more than one minute in duration that require human intervention to restore  
14 service. SJLP includes all permanent and momentary interruptions. Empire generally  
15 includes all interruptions that involve six or more customers and that require human  
16 intervention to restore service.

17 Q. What measures does UtiliCorp regularly track with respect to the reliability of its electric  
18 distribution network?

19 A. UtiliCorp tracks the following primary reliability measures:

20 **SAIDI** (System Average Interruption Duration Index) - Defines the average interruption  
21 duration per customer served per year.

22 **SAIFI** (System Average Interruption Frequency Index) - Defines the average number of  
23 times a customer's service is interrupted during a year.

1 CAIDI (Customer Average Interruption Duration Index) - Defines the average  
2 interruption duration for those customers interrupted during a year.

3 Q. Will UtiliCorp maintain SAIFI, SAIDI, and CAIDI separately for EDE and MPS after the  
4 merger?

5 A. Yes.

6 Q. Are the definitions of these indices and what constitutes an interruption consistent  
7 throughout the industry?

8 A. The indices are defined by the Institute for Electrical and Electronics Engineers ("IEEE")  
9 and are primarily consistent throughout the industry. However, the definition of what  
10 constitutes an interruption for inclusion in these indices is not consistent.

11 Q. Please explain.

12 A. Some utilities choose to normalize or not include large outages due to extreme events  
13 beyond their control - such as tornadoes, ice storms and work stoppages. Some utilities  
14 report planned outages (outages caused by the need for the utility to remove a piece of  
15 equipment from service or perform maintenance safely) and others do not. In addition,  
16 some utilities use a minimum length of time, number of customers affected or the type of  
17 equipment affected to determine what constitutes a reportable outage. For instance, some  
18 utilities do not track an outage unless it lasts longer than a specific length of time - such  
19 as one minute, five minutes or ten minutes - or affects a specific number of customers.

20 Q. Do UtiliCorp and Empire have the same definition of the interruptions that are tracked  
21 and reported in the respective company's reliability measures?

22 A. No. UtiliCorp calculates reliability measures by including all permanent customer  
23 interruptions more than one minute in duration that require human intervention to restore

1 service. While Empire has no written policy detailing the service interruptions to be  
2 reported, the generally accepted practice is that all interruptions are to be reported that  
3 involve six or more customers and require manual intervention to restore service.

4 Q. What impact does the different reporting philosophy have on the measures themselves?

5 A. Empire's entirely-manual, paper-based system may not include all outages that would be  
6 reported using the UtiliCorp standard, which may lead to reliability indices that are  
7 inaccurate or understated as compared to MPS reliability statistics.

8 Q. Do you believe Empire operates a reliable system?

9 A. Yes. In a 1994 Customer Survey, 95% of Empire customers rated their power as reliable.  
10 In a 1997 survey, customers rated Empire Service Reliability and Dependability higher  
11 than Kansas or Missouri statewide averages. These customer survey results and a very  
12 limited number of Commission complaints regarding service interruptions demonstrate  
13 that Empire operates a reliable system.

14 Q. How will UtiliCorp ensure consistent outage reporting if the merger is approved?

15 A. Network reliability measures will be calculated and monitored using UtiliCorp's standard  
16 procedures, which include all permanent customer interruptions more than one minute in  
17 duration that require human intervention to restore service.

18 Q. How will UtiliCorp use the reliability indices if the merger is approved?

19 A. If the merger is approved, UtiliCorp will follow the same process that it currently uses for  
20 its Missouri, Kansas and Colorado electric operations. Local field managers review  
21 reliability reports keying on specific pieces of the network that are outside the benchmark  
22 of performance. These pieces of the network, typically circuits or smaller laterals, are  
23 then investigated in the field to determine the causes of poor reliability. Once the causes

1 are determined, appropriate steps, including required investment, are taken to move  
2 performance to the benchmark.

3 Q. What role does engineering play in reliability management?

4 A. Engineering Services evaluates trends in reliability data to identify major causes of  
5 outages (i.e. lightning, equipment failure, trees, etc.). Steps are then taken to make  
6 changes in construction and/or operating standards or equipment to improve long-term  
7 system performance.

8 Q. What other steps is UtiliCorp planning to implement to manage and improve reliability?

9 A. Engineering Services is presently evaluating a proposed new Engineering position titled  
10 System Performance/Reliability Engineer. The main focus of this position would be  
11 efficient deployment of resources to improve system reliability across all states where  
12 UtiliCorp owns and operates electric distribution facilities. UtiliCorp is also in the  
13 process of implementing a high volume call answering system that will be tied to our  
14 automated mapping and facilities management system ( "AM/FM " ). These systems will  
15 enable UtiliCorp to determine more quickly where outages have occurred, particularly  
16 during storm situations. Coupled with an interface to UtiliCorp's customer information  
17 system, a more accurate count of the number of customers impacted can be generated,  
18 thereby improving the accuracy of the indices themselves.

19 Q. How can the Commission and Staff obtain reliability information from UtiliCorp if the  
20 merger is approved?

21 A. Reliability data and indices, as well as access to technical and operating personnel, are  
22 available by request at anytime from UtiliCorp. Moreover, this data is available through  
23 any audit the Commission might conduct from time to time.

1 Q. Does UtiliCorp plan to submit this information on a regular basis and in a formal report  
2 as has been suggested by the Staff?

3 A. No. Given the data is available through both requests and audits, an additional formal  
4 reporting requirement is unnecessarily burdensome.

5 Q. Would UtiliCorp be willing to participate in a forum of electric utilities in an effort to  
6 develop a standard and consistent set of definitions and criteria for reportable outages and  
7 extreme events outside of the utility's control?

8 A. Yes.

9 Q. Does UtiliCorp agree with the Staff's recommendation to give credits to customers when  
10 indices are unfavorable compared to established performance indicators?

11 A. No. There are many factors that may impact reliability beyond the company's control.  
12 Moreover, UtiliCorp takes proactive steps to manage and improve reliability as described  
13 above. If penalties are to be applied, the Commission should establish consistent  
14 definitions and reporting procedures for all Missouri electric utilities rather than  
15 UtiliCorp only.

16 Load Research

17 Q. How does your testimony filed in this Merger Application compare to the testimony you  
18 filed concerning the Load Research issue in the UtiliCorp/SJLP case?

19 A. My testimony is similar to that filed in the SJLP case. For those issues where we are in  
20 agreement with Commission Staff concerning SJLP, we continue to be in agreement for  
21 Empire. However, there are three new sections:

- 1 • The first is on Page 17 of this testimony. In this section, we demonstrate our  
2 commitment to work with Ms. Mantle in that we have already begun to take steps to  
3 meet with Ms. Mantle.
- 4 • The second begins on Page 19. In this section, we clarify UtiliCorp's position  
5 regarding cost effectiveness tradeoffs for accuracy and precision of load research data  
6 for both Empire and SJLP.
- 7 • The last section is the final Q&A for Load Research. In her rebuttal testimony, Ms.  
8 Mantle questions UtiliCorp's proposed staffing level. We have addressed her concern  
9 on Page 20.

10 Q. In what areas do you agree with Staff witness Lena M. Mantle regarding load research at  
11 Empire and UtiliCorp?

12 A. First, Ms. Mantle praises Empire for its good load research program. UtiliCorp agrees  
13 that Empire has a good load research program. Second, Ms. Mantle recommends that the  
14 Empire territory be treated separately from the MPS service territory for load research  
15 purposes. UtiliCorp agrees that as long as MPS and Empire have separate rate structures,  
16 it would be best to treat the territories separately for load research purposes.

17 Third, Ms. Mantle recommends that the MPS load research program be in-sourced and  
18 that the contract with our current vendor be discontinued. It is our plan to bring the load  
19 research program in-house and discontinue the contract with our vendor once all the  
20 needed systems, such as data collection, are in good working order.

21 Q. Are there other areas in which you agree with Ms. Mantle?

1 A. There is one other area in which UtiliCorp agrees in principle with Ms. Mantle. That is  
2 the recommendation for quality control and checks and balances. UtiliCorp believes that  
3 Ms. Mantle's desired outcomes are good. However, we disagree that this docket is the  
4 appropriate place in which to determine the definition of quality and acceptable checks  
5 and balances necessary for a good load research program. Instead, UtiliCorp  
6 recommends the Commission allow its Staff to set up a work group representing all  
7 electric utilities that will be affected by these standards. This work group should be  
8 tasked with developing a variety of definitions, including standards for:

- 9 • timeliness,
- 10 • precision/accuracy,
- 11 • quality,
- 12 • checks and balances,
- 13 • sampling, and
- 14 • time duration for statistical validity.

15 Q. In the event the Commission does not approve development of this task force, is  
16 UtiliCorp willing to meet with Ms. Mantle to develop the definitions mentioned above?

17 A. Yes, UtiliCorp is willing to meet with Ms. Mantle as well as other interested parties.  
18 UtiliCorp has already set up a meeting with Ms. Mantle to begin discussions on this  
19 topic.

20 Q. In her testimony, Ms. Mantle mentions some dissatisfaction with the load research data  
21 she received from MPS. Can you comment on that?

1 A. Yes. Over the past three years, UtiliCorp has made significant changes in its load  
2 research program. These changes have strengthened the program and may allay Ms.  
3 Mantle's concern.

4 Q. What changes have been made to strengthen the load research program at UtiliCorp?

5 A. UtiliCorp has made a strong commitment to its load research program. UtiliCorp  
6 dedicated staff to manage its load research contract with its consultant, Quantum  
7 Consulting of Berkeley, California, and to be accountable for quality results. Their  
8 charge is also to assess the data collection needs of UtiliCorp and to develop and execute  
9 plans that meet industry standards of precision and accuracy. In Missouri, efforts have  
10 focused on cleaning up old studies and preparing for new ones. A new Missouri sample  
11 was drawn for residential and commercial customers. More than 500 new meters were  
12 purchased and the programming has been completed. Installation is expected to begin in  
13 conjunction with the installation of the new Itron hand-held meter reading system in late  
14 summer/early fall of 2000. The new meters have redundancy features that can be used to  
15 ensure the results are "reasonable." In addition to the above, UtiliCorp load research staff  
16 are managing the load research contract for quality results, including ensuring missing  
17 data is immediately identified and corrected using acceptable industry methodologies.  
18 And finally, UtiliCorp's proposal to bring MPS' load research in-house affirms this level  
19 of this commitment.

20 Q. Are there areas in which you disagree with Ms. Mantle's testimony?

21 A. Yes. First, Ms. Mantle recommends Empire's load research program not only be  
22 maintained at its current standard of timeliness and quality but be brought up to SJLP

1 standard of timeliness and quality. As stated before, UtiliCorp believes that this standard  
2 should be determined outside this docket.

3 Second, Ms. Mantle recommends that UtiliCorp be required to provide hourly class load  
4 data for both the Empire and MPS service territories and that load research data be  
5 available on an "on-going" basis. UtiliCorp intends to manage its load research program  
6 to ensure that quality load research data is available for appropriate business uses. This  
7 includes the development of load research data for rate case analysis. Any requirement to  
8 provide load research data on an on-going basis does not take into account the tradeoff  
9 between expense and accuracy and would be unnecessarily costly.

10 Q. How would you summarize your position on the integration of Empire's and UtiliCorp's  
11 Load Research programs?

12 A. UtiliCorp believes that greater ratepayer and shareholder value can be created by  
13 providing flexibility in the way its load research resources are managed. A five year rate  
14 moratorium, were it imposed, would reduce the need for data collection. Under this  
15 scenario an "on-going" data collection activity would produce little benefit to ratepayers  
16 or shareholders. Instead these resources could be deployed to update loss studies or class  
17 end-use studies.

18 UtiliCorp also believes that greater ratepayer and shareholder value may be created  
19 through a balance of cost effectiveness and accuracy. We have used the term "as  
20 needed" to reflect that balance. However, "as needed" means having data available when  
21 needed by UtiliCorp or Commission Staff. "As needed" load research still means having  
22 data that is statistically valid and meets industry standards for accuracy and quality. This  
23 may be data collected two years ago or it may be data collected last month. We want to

1 work with staff to define what that level of accuracy is and allow UtiliCorp to manage its  
2 collection activities to meet those standards. UtiliCorp is committed to collect the data  
3 that is needed for Commission and Company purposes.

4 However, this approach requires a level of commitment on the part of Staff as well.

5 UtiliCorp will need to plan properly for these studies. The Staff and UtiliCorp should  
6 work together to communicate their needs better and to coordinate these studies - rather  
7 than overbuild this data collection activity.

8 Q. Are there other areas over which Ms. Mantle has expressed concern that you would like  
9 to address?

10 A. Yes. Ms. Mantle expresses concern over the level of staffing proposed for UtiliCorp's  
11 Load Research program. Utilicorp's proposed staffing level is the foundation from which  
12 we intend to build our Load Research program. If it is determined in the future that  
13 business needs require additional personnel, that issue will be addressed at that time.

14 **Energy Efficiency and Assistance and Environmental Programs**

15 Q. How do you summarize the testimony of Roger D. Colton on behalf of the MDNR?

16 A. Mr. Colton's testimony identifies a new class of customer – low-income consumers. He  
17 argues that the typical low-income consumer has special needs that should qualify the  
18 “class” for a larger portion of the benefits of UtiliCorp's merger with Empire and that  
19 necessitate the establishment of new services.

20 Q. Does Mr. Colton identify specific characteristics that define the low-income consumer  
21 class?

22 A. Mr. Colton admits that characteristics vary among low-income consumers. He states that  
23 some low-income consumers have above-average consumption while most are below

1 average users. He agrees that many have credit problems while others do not. Mr.  
2 Colton suggests that low-income users may make greater use of the utility's customer  
3 service and billing services. However, his overarching criterion for inclusion in this class  
4 is the fairly broad definition of a customer whose household income is at some  
5 percentage of the Federal Poverty Level. Mr. Colton does not specifically state whether  
6 he has used 100%, 150%, 200% or some other percentage of the federal Poverty Level to  
7 qualify as a low-income utility consumer. However, he estimates that about 23% of  
8 UtiliCorp/Empire customers are low-income.

9 Q. Do you agree that a new low-income consumer class should be established for  
10 ratemaking purposes?

11 A. Not in the context of this proceeding. Mr. Colton readily admits that the typical low-  
12 income consumer places greater demands on the utility through more frequent payment  
13 troubles, more utility personnel contact requirements and more bill paying information.  
14 All of these services come at a cost to the utility. At the same time, Mr. Colton points out  
15 that low-income users typically consume less energy than the average residential  
16 customer. Thus, as a class, they would generate less revenue while requiring a higher  
17 cost level of service.

18 In the establishment of rates, standard rate design treatment matches revenue requirement  
19 determination with cost causation by class. Past cost of service studies performed by  
20 MPS have shown that there are rate subsidies from the commercial to the residential  
21 class. There has never been a separate cost of service study prepared to segregate low-  
22 income consumers from other residential customers. However, based on Mr. Colton's  
23 testimony, it is likely that had such residential class segregation taken place, other

1 residential customers would be found to be currently subsidizing low-income consumers  
2 as well. In other words, all other things being equal, a class cost of service study  
3 performed today segregating low-income consumers would result in a sizeable increase in  
4 low-income consumer rates. Mr. Colton desires to not only maintain the existing  
5 subsidies to low-income consumers from commercial customers and other residential  
6 customers, but also to extend that subsidy through his proposed allocation of benefits.

7 Q. Is subsidization between one customer and another appropriate?

8 A. As long as there are defined classes, there will be some form of subsidy. No two  
9 customers' usage patterns or service requirements are the same. In order to be  
10 manageable, however, separate prices cannot be set for every individual customer.

11 Therefore, from a cost of service standpoint, some customers will always subsidize  
12 others. Reduction of this potential for disparity is why classes of customers are defined  
13 based upon their specific characteristics and why cost of service studies are performed.

14 Within the context of rate setting, requiring one class to subsidize another is not  
15 necessarily right or wrong. It simply amounts to social policy that takes place outside the  
16 normal legislative process. Rates can be purposely designed with a built-in class subsidy.

17 This Commission may well intend to maintain the existing low-income subsidies, or as  
18 Mr. Colton suggests, increase them. Still, this is not the proper forum to make class  
19 subsidy adjustments. Any such action should be developed within the context of an  
20 overall rate review and full cost of service study.

21 Q. What justification does Mr. Colton raise to support his suggestion of increased low-  
22 income subsidies?

1 A. Mr. Colton suggests that the proposed merger could harm some Empire low-income  
2 consumers. He supports this contention by suggesting that increased size and  
3 standardization will lead to less local focus, lower flexibility, less personal contact and  
4 higher utility charges.

5 Q. Do you agree with this assessment?

6 A. No. While we do intend to introduce standard billing and payment processes, these  
7 processes provides for significant flexibility. Moreover, field offices in Empire's  
8 territory will be equipped with adequate staffing levels to continue to provide local focus  
9 and personal contact. Finally, the existing Empire rate tariffs and rules and regulations  
10 will continue in force following the merger.

11 Q. Mr. Colton says that he has reviewed customer newsletters from other UtiliCorp states  
12 and that no local information was provided about how to contact local agencies or service  
13 providers. Is that correct?

14 A. Our newsletters always contain a UtiliCorp contact number from which customers can  
15 obtain information about local agencies and services that are available.

16 Q. Mr. Colton suggests that he contacted UtiliCorp through more than one phone call and  
17 did not receive information about local private energy assistance funds. How do you  
18 respond?

19 A. I do not know the specific questions that Mr. Colton asked our employees. However,  
20 each customer service associate has a listing of assistance agencies by state available to  
21 them via our computer system ATLAS. This information is updated annually. It  
22 identifies the agency name by city and county along with the address and phone number.  
23 Our associates are trained in the use of this information and should be able to identify the

1 social agencies available for our customers. Moreover, our call center associates can put  
2 customers in Empire's service territory in contact with local customer service  
3 representatives.

4 Q. Mr. Colton indicates that UtiliCorp standardized payment plans will preclude the ability  
5 to respond to unique situations. Do you agree with that statement?

6 A. No. If the merger is approved, UtiliCorp's standardized process to initiate collection  
7 activity is less strict than Empire's.

8 Q. What criteria does EDE have in place for residential disconnections?

9 A. EDE initiates disconnection activity using the following criteria:

- 10 • On service for one year or more, 30 day arrears of \$75 or more, with the most recent  
11 two months' Account Credit marked "Not paid on Time".
- 12 • On service less than one year, 30 day arrears of \$25 or more, with most recent two  
13 months' Account Credit marked "Not paid on Time".
- 14 • On any amount due and owing on accounts with 60 or more days in arrears.

15 Q. What criteria does UCU have in place for residential disconnections?

16 A. UtiliCorp's disconnection activity begins when a customer has arrears of \$100 or greater  
17 in 61 or more days or any arrears of \$50 or greater in 91 or more days.

18 Q. Mr. Colton says that incomes are lower in the Empire's service territory than in  
19 UtiliCorp's Missouri territory and he points out that UtiliCorp's existing rates are higher  
20 than those of Empire. He concludes that the combination of low-incomes and high rates  
21 will create a higher incidence of payment troubles. Do you agree?

1 A. No. Since Empire tariffs will stay in effect after the merger and a separate rate territory  
2 will be maintained in the future, UtiliCorp's Missouri rates have no bearing on current  
3 Empire customers. Since MPS rates will not impact Empire customers, they cannot  
4 create a higher incidence of payment troubles.

5 Q. Besides increasing the allocation of merger benefits to the low-income consumer class,  
6 has Mr. Colton made any other recommendations?

7 A. Yes. Mr. Colton has suggested instituting a number of programs and/or expenditures that  
8 he believes will benefit low-income consumers. These include a solar energy program,  
9 an outreach program, a base load and space heating electric energy efficiency program, a  
10 periodic survey, and a new performance reporting system.

11 Q. What is UtiliCorp's position regarding these recommendations?

12 A. UtiliCorp is willing to discuss each of these programs with the Staff, the MDNR, the  
13 Public Counsel and other interested parties. Some of these programs may be found to be  
14 duplicative of existing programs, to establish new energy development priorities or to  
15 establish new social programs that may or may not be in alignment with the view of this  
16 Commission. It is clear that each of the programs will bear a cost, some of which would  
17 be substantial. A clear determination of cost recovery and cost assignment should be  
18 made. Because of these uncertainties, we do not believe that these recommendations  
19 should be a condition of merger, but should await a dedicated review by this  
20 Commission.

21 Q. Is UtiliCorp committed to providing low cost or no cost weatherization assistance to low  
22 income residential customers, supporting cost effective energy efficiency programs, and

1 developing alternative and renewable energy resources in the event the proposed merger  
2 is approved?

3 A. UtiliCorp currently provides low cost or no cost weatherization assistance to low income  
4 residential customers and supports several programs that promote energy efficiency in  
5 Missouri. UtiliCorp plans to continue support of those programs in the future. UtiliCorp  
6 recently introduced renewable wind energy to Missouri customers and will continually  
7 look for opportunities to introduce renewable energy in the future.

8 Q. What specific types of programs related to energy efficiency does UtiliCorp currently  
9 support?

10 A. UtiliCorp is part of the DOE's Motor Challenge program promoting high efficiency  
11 motors and motor systems to our commercial and industrial customers. We also provide  
12 residential finance programs to finance condensing units and heat pumps - the majority of  
13 which average 11 to 12 SEER efficiency well above the national average of 10 SEER.  
14 We have established a program called Technical Partners with companies that produce  
15 high efficiency end use equipment for commercial and industrial applications. Through  
16 this program, UtiliCorp brings together its customers with these partners. UtiliCorp also  
17 provides energy audits to residential, commercial and industrial customers, thereby aiding  
18 them in identifying ways to improve their energy efficiency.

19 Q. What types of low cost or no cost weatherization programs does UtiliCorp currently  
20 provide to low-income customers?

21 A. UtiliCorp provides funding to community action agencies in our service territory for  
22 specific energy efficient electric measures - such as compact fluorescent lights, home  
23 insulation, devices to reduce domestic hot water consumption, and other cost effective

1 end use equipment. Funds are provided when electric energy efficient measures have  
2 been installed.

3 Q. Is UtiliCorp interested in establishing a partnership with the Missouri Energy Center and  
4 others to market and leverage funds for the development of energy-efficiency programs,  
5 design and implementation of additional low income weatherization service assistance  
6 programs and renewable/alternative energy resources?

7 A. UtiliCorp would be willing outside of this merger proceeding to discuss with the MDNR  
8 Energy Center along with the Commission the concept of the proposed partnership and  
9 the possible methods for funding these programs.

10 Q. Why are only low-income electric customers eligible under UtiliCorp's current Low  
11 Income Weatherization Program as indicated by MDNR witness Robert T. Jackson?

12 A. UtiliCorp's Low Income Program was developed and implemented as a result of a Joint  
13 Agreement in 1998 between UtiliCorp, Staff and Public Counsel as part of UtiliCorp's  
14 Electric Resource Plan. The requirements of this Joint Agreement addressed only electric  
15 customers of UtiliCorp in Missouri. UtiliCorp has complied with the stipulations as  
16 outlined in the Joint Agreement. Any change to that Joint Agreement should be done  
17 outside of this merger proceeding. UtiliCorp would be willing to discuss any possible  
18 changes, outside this merger proceeding, along with funding through rates and other  
19 issues such as rate recovery. UtiliCorp would be willing to discuss partnering with  
20 Missouri Gas Energy and any other gas utilities, in an effort to increase participation in  
21 the Low Income Program.

22 Q. Is UtiliCorp implementing all cost effective measures in its current Low Income  
23 Weatherization Program?

1 A. Yes.

2 Q. What other programs has UtiliCorp developed to demonstrate its concern for low income  
3 customers?

4 A. In the early 1980's, the MPS division of UtiliCorp created its Energy Aid program.  
5 Energy Aid is designed to provide a source of funds to help low income customers pay  
6 energy-related expenses. Through this program, the company gives its customers the  
7 opportunity to contribute to the Energy Aid fund. For several years, UtiliCorp's MPS  
8 customers have averaged contributions of about \$25,000 each year. MPS provides a  
9 financial match for the first \$25,000 of customer contributions each year.

10 MPS has arranged with the Mid-America Assistance Coalition ("MAAC"), based in  
11 Kansas City, to administer the program throughout the company's Missouri service area.  
12 Funds collected from customers and the company matching contribution are forwarded to  
13 MAAC. MAAC works with local community action and social service agencies to  
14 distribute funds to qualified customers in all the areas served by MPS. The customers  
15 may use the funds to pay natural gas or electric service bills or for emergency repair of  
16 heating equipment.

17 To be eligible for Energy Aid, the applicant's income must be below 150 percent of the  
18 poverty level and meet at least one of the following criteria:

- 19
- Be 60 years of age or older.

20

  - Be permanently or temporarily disabled to the extent that he/she is a qualified SSI  
21 recipient.

22

  - Be in a household with a child.

- 1 • Have no other obvious resource for assistance.
- 2 • Be a residential customer of MPS, have a delinquent residential energy bill and be
- 3 threatened with termination of that energy supply.
- 4 • Have eligibility determined and verified through MAAC.

5 MPS currently is in a transition phase due to the conversion to the new customer  
6 information system. However, MPS has made the commitment to provide \$25,000 in  
7 funding to the program this year regardless of the amount contributed by customers.  
8 MPS currently includes envelopes with its statements two times a year that customers can  
9 use to return contributions for energy assistance. The envelope mailing in February  
10 brought in \$1,095 to date in Missouri. MPS is exploring ways to increase the level of  
11 contributions from customers in the future.

12 Q. How much funding did MAAC distribute from MPS's Energy Aid program in 1999 and  
13 what types of customers received this aid?

14 A. During 1999, MAAC distributed \$46,834 from MPS's Energy Aid fund to low income  
15 customers. Of this amount, \$15,689 went to customers in the Kansas City metropolitan  
16 area and \$31,145 went to customers outside the metropolitan area. MAAC worked  
17 through the Community Service League, United Services of Clay County and Platte  
18 County, Green Hills Human Resources Center, Missouri Valley Human Resources, and  
19 West Central Missouri Development Corporation to distribute funds to qualified  
20 recipients. Energy Aid funds helped households containing 508 children, 386 adults and  
21 16 seniors -- a total of 920 persons -- remain in their homes with utility service during  
22 times of financial need.

1 Q. Are you familiar with the rebuttal testimony of Ronald L. Lehr on behalf of the MDNR  
2 Energy Center in this proceeding?

3 A. Yes. Mr. Lehr describes a number of different types of renewable resources, potential  
4 customer acceptance thereof as an energy source, makes suggestions for an alliance to  
5 investigate the feasibility of increasing power production from renewable resources, and  
6 proposes solutions to a number of retail choice policy issues. The principal point of his  
7 testimony appears to be the proposal that approval of our merger with Empire be  
8 conditioned upon UtiliCorp and this Commission investigating and implementing more  
9 renewable and alternative energy resources.

10 Q. Do you believe that without the adoption of this proposed condition that the merger  
11 would result in a detriment to the public interest?

12 A. No. As Mr. Lehr points out, there are certain production facilities, both at UtiliCorp and  
13 at Empire, that currently make use of renewable resources. After the merger, those  
14 facilities will continue to be operated as they are currently. Therefore, no detriment to the  
15 public interest would ensue.

16 Q. Does Mr. Lehr suggest that the proposed merger would result in a detriment to the public  
17 interest without his recommended condition?

18 A. No.

19 Q. Is UtiliCorp opposed to Mr. Lehr's proposal regarding the investigation of more  
20 renewable and alternative energy resources?

21 A. UtiliCorp does not agree that Mr. Lehr's recommendation should be a condition of  
22 approval for this merger. However, in as far as the proposal is limited to the investigation  
23 of alternatives, UtiliCorp supports that concept and would commit to entering into a

1 partnership with this Commission, the Office of the Public Counsel and the MDNR to  
2 investigate the potential for introduction of new production facilities using renewable  
3 resources as a fuel source. In fact, UtiliCorp is already engaged with the Division of  
4 Energy within the MDNR to discuss continued development of energy policy for the  
5 state. UtiliCorp is committed to being environmentally responsible. We were the first  
6 utility in the state to introduce a green power tariff.

7 Q. Is UtiliCorp in agreement with Mr. Lehr's proposal regarding the implementation of more  
8 renewable and alternative energy resources?

9 A. We agree that over time movement should be made toward implementation of more  
10 renewable resources as sources of energy. A commitment toward the level of  
11 implementation, however, must await legislation, clarification of issues and the results of  
12 the partnership investigation envisioned by Mr. Lehr.

13 Q. Why can UtiliCorp not take bolder action in the state at the current time?

14 A. Recently proposed Federal restructuring legislation suggested that 7.5% of energy  
15 sources be comprised of renewable resources. That proposal has not passed, and,  
16 therefore it is unclear what mix of renewable resources will ultimately be mandated. An  
17 even more basic consideration is that neither the Federal government nor the state of  
18 Missouri has defined what constitutes a renewable resource. Until those decisions are  
19 made, UtiliCorp is reluctant to commit to broad implementation of solutions that might  
20 ultimately prove to be ill advised.

21 Even if those issues had been resolved, alternatives may exist to those endorsed by Mr.  
22 Lehr. Future power generation needs have to be analyzed. Customers' willingness to pay  
23 premium prices for "green power" needs to be assessed. And, since much of the cost of

1 Mr. Lehr's recommendations would ultimately be borne by our customers, a cost analysis  
2 would be necessary. These are the types of issues that UtiliCorp could address through a  
3 partnership with other parties as envisioned by Mr. Lehr.

4 Q. Why do future power production needs have to be analyzed?

5 A. To the extent that existing production and purchased power contracts are meeting energy  
6 demand, it seems irresponsible from both a cost and environmental standpoint to  
7 introduce excess generation capacity in the name of moving toward use of renewable  
8 resources. Early retirement of existing production facilities that have a comparatively  
9 low embedded cost, in order to introduce renewable energy sources, would not be  
10 economically sound. However, renewable resources should be considered in the context  
11 of evaluating new energy resources.

12 Q. Why is it important to consider customers' willingness to pay?

13 A. As Mr. Lehr suggests, renewable energy projects generally are more costly than  
14 conventional projects. There is obvious support from some customers willing to pay a  
15 premium for renewable resources. Experience has shown that when given a choice, there  
16 is widespread stated support for renewable resources; but, in no instance of which I am  
17 aware, has a majority of customers supported renewable projects through a willingness to  
18 pay premium prices. It is likely that acceptance of premium prices for renewable  
19 resources varies from region to region and locale to locale. Unless this Commission  
20 wishes to introduce a mandatory social program devoted to renewable resources and  
21 funded by all customers, the level of voluntary support for these programs must be  
22 evaluated.

1 Q. Do you agree that one way to assess the acceptability of renewable resource initiatives is  
2 through demonstration projects?

3 A. Yes. I would describe our participation in the wind generation project mentioned in Mr.  
4 Lehr's testimony as an example of a demonstration project. Over time, I believe that  
5 additional renewable resource projects will be considered. As I stated before, UtiliCorp  
6 is willing to work with other parties in assessing those opportunities.

7 Q. In discussing UtiliCorp's wind generation project, did Mr. Lehr criticize the approach of  
8 implementing a lottery to determine who could participate in the green power tariff?

9 A. Yes, however, I do not understand this criticism. As Mr. Lehr points out, this  
10 demonstration project was capable of serving a limited number of households. Mr. Lehr  
11 stated that renewable power projects "enjoy widespread public support" and that  
12 "customer demand for these products has consistently outpaced willingness of utilities to  
13 supply renewable" energy. He also stated that in some cases "significant numbers of  
14 customers have made a choice to purchase green power at a premium". Given the  
15 potential for more customers to sign up for power from this demonstration project than  
16 we had the capacity to serve, a lottery acted as the fairest approach available.

17 Q. Do you believe that customer willingness to pay should be assessed in a demonstration  
18 project?

19 A. Yes, I do.

20 Q. Would Mr. Lehr's recommendations be costly?

21 A. Certain aspects of his recommendations have fairly limited cost. Membership in UWIG,  
22 UPVG and AWEA, for example, would have a combined cost of about \$10,000. Still,  
23 since customers will ultimately bear this cost, the partnership would prudently want to

1 assess the value received versus other sources of research and information that are  
2 available from organizations, such as EPRI, to which we already belong. Other aspects  
3 of Mr. Lehr's recommendations would be more costly and should be evaluated more  
4 closely.

5 Q. Mr. Lehr concludes his testimony with a number of policy recommendations relating to  
6 utility restructuring and opening markets for retail choice. Do you have any comments  
7 regarding these recommendations?

8 A. UtiliCorp has long supported an open, competitive utility retail market. We believe  
9 competitive retail energy has positive benefits for the consumer and that Missouri should  
10 be moving on a more rapid pace in developing a competitive marketplace. Mr. Lehr has  
11 raised some issues that are valid for both legislative and regulatory consideration as the  
12 implementation of retail choice is addressed in this state. However, I also agree with Mr.  
13 Lehr's sentiment that the Commission will not accept or reject these policies in this  
14 merger proceeding. Retail choice issues should be considered in legislative and generic  
15 regulatory proceedings where all parties impacted will have an equal opportunity to be  
16 heard.

17 Q. How do you summarize the testimony of Martin Kushler on behalf of the MDNR?

18 A. Mr. Kushler is proposing that, as a condition of the merger, UtiliCorp enter into a  
19 collaborative process with the Commission, MDNR and other interested parties to select  
20 and develop a portfolio of energy efficiency programs. He makes the assumption that  
21 these programs will reduce market power and environmental impacts of the merger. He  
22 indicates that energy efficiency programs are required to ensure that there are at least  
23 some benefits resulting from the merger.

1 Q. What is UtiliCorp's position regarding these recommendations?

2 A. UtiliCorp is willing to discuss each of these programs with the Staff, the MDNR, the  
3 Public Counsel and other interested parties. Some of these programs may be found to be  
4 duplicative of existing programs, to establish new energy development priorities or to  
5 establish new social programs that may or may not be in alignment with the view of this  
6 Commission. It is clear that each of the programs will bear a cost, some of which would  
7 be substantial. A clear determination of cost recovery and cost assignment should be  
8 made. Because of these uncertainties, we do not believe that these recommendations  
9 should be a condition of merger, but should await a dedicated review by this  
10 Commission.

11 Q. Does this conclude your testimony?

12 A. Yes

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of )  
UtiliCorp United Inc. and The Empire )  
District Electric Company for Authority to )  
Merge The Empire District Electric ) Case No. EM-2000-369  
Company with and into UtiliCorp United )  
Inc., and, in Connection Therewith, Certain )  
Other Related Transactions. )

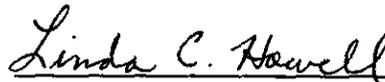
County of Jackson )  
State of Missouri )

**AFFIDAVIT OF STEPHEN L. PELLA**

Stephen L. Pella, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled surrebuttal testimony; that said testimony was prepared by him and or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Stephen L. Pella

Subscribed and sworn before me this 17 day of August, 2000.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

Linda C. Howell  
Notary Public-Notary Seal  
State of Missouri  
Jackson County  
My Commission Expires: May4, 2004