

FILED³

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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

Missouri Public
Service Commission

Case No. ER-2007-0002

In the Matter of Union Electric Company d/b/a)
AmerenUE for Authority to File Tariffs Increasing)
Rates for Electric Service Provided to Customers)
In the Company's Missouri Service Area.)

BRIEF
OF THE MISSOURI ASSOCIATION FOR SOCIAL WELFARE

COMES NOW, Intervener Missouri Association for Social Welfare, by and through its attorneys Hendren Andrae LLC and submits this post-hearing brief in support of issues presented during the hearings on said case. In support thereof, Intervener, MASW states as follows:

MASW is a non profit organization whose mission is to advocate and educate to improve public policies and programs impacting the health and welfare of all people in Missouri. The cost of utilities affects the well being and level of subsistence of all Missouri's citizens but has the biggest and potentially most detrimental impact on low income families and households.

The average family in the United States spends 2.7 percent of its income for utilities, but the low income family spends 12.6 percent of its income on utilities. Thus, the lowest income families pay the greatest portion of their income in utilities. Although there are some programs in place to help low income customers, a residential rate increase will only increase the need for these programs.

MASW has proposed the creation of an essential service rate. (Direct Testimony of Robert Quinn, exhibit 800 and surrebuttal testimony, exhibit 801). The essential service rate would be a set lower rate per kilowatt hour charged to residential customers. The number of kilowatt hours within that essential service rate would be a number that allows for the basic, essential services used in a typical low income residence. All kilowatt hours used in that rate would be charged to the customer at that set lower rate and be immune from any rate increase that may ultimately be granted by the Commission in this case.

This essential service rate meets the public policy objective of providing the maximum relief and protection to those residential customers who can least afford the additional cost of utilities.

Although this rate would apply to all residential customers it still meets the basic public policy goal that essential service should cost less to the consumer than extravagant uses such as home entertainment electronics. While an upper income family gets to take advantage of the essential service rate for the initial kilowatt hours consumed, this upper income family has a larger home, more electronics and will consume significantly more kilowatts than the essential service thus paying more for the kilowatts that are consumed above the essential service cap.

This type of residential rate structure provides incentive to be energy efficient. Energy efficiency will benefit the lower income family because the less energy consumed the less they pay in utilities. And given the higher rate that a

residential customer will pay for the kilowatts over the essential kilowatts, the upper income consumer will have more incentive to employ energy efficient mechanisms.

The public policy behind essential service rate concept is similar to the policy and rationale for removing the state sales tax from grocery store food. (Quinn, Cross examination, p. 4094-4095 transcript of evidentiary hearing). Several years ago the state legislature removed the state sales tax from groceries. Although a sales tax exemption for groceries benefits everybody, its primary beneficiaries are low income families because a larger portion of their income goes to basic food necessities. Similarly, it is unjust policy to impose a higher kilowatt usage fee on initial units of consumption when those are the very units needed for basic essential services.

WHEREFORE, MASW requests the Commission require AmerenUE to implement an essential services rate.

Respectfully Submitted,

HENDREN ANDRAE, LLC

_____/s/_____
Gaylin Rich Carver (MBE #51131)
221 Bolivar Street
P.O. Box 1069
Jefferson City, MO 65102
(573) 636-8135
FAX (573) 636-5226

Gaylin@hendrenandrae.com

CERTIFICATE OF SERVICE

Pursuant to 4 CSR 240-2.080 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day caused a copy of the foregoing to be served on all persons on the official service list in Docket No. ER 2007-0002 by electronic means or by U.S. mail, postage prepaid.

Dated at Jefferson City, Missouri this 20th day of April, 2007.

/s/ _____
Gaylin Rich Carver