



Missouri Public Service Commission

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February 16, 2000

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FILED

FEB 17 2000

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. EM-96-149 - In the Matter of the Application of Union Electric Company
for an Order Authorizing: (1) Certain Merger Transactions Involving Union Electric
Company; (2) the Transfer of Assets, Real Estate, Leased Property, Easements and
Contractual Agreements to Central Illinois Public Service Company; and (3) In
Connection Therewith, Other Related Transactions.

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14)
conformed copies of a STAFF MOTION FOR COMMISSION ORDERS.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

RECEIVED
FEB 16 2000 4:50 P.M.

Records
Public Service Commission

Sincerely yours,

[Signature]

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489
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Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

FEB 17 2000

Missouri Public
Service Commission

Case No. EM-96-149

In the Matter of the Application of Union Electric
Company for an Order Authorizing: (1) Certain Merger)
Transactions Involving Union Electric Company; (2) the)
Transfer of Certain Assets, Real Estate, Leased Property,)
Easements and Contractual Agreements to Central Illinois)
Public Service Company; and (3) In Connection)
Therewith, Certain Other Related Transactions)
)

STAFF MOTION FOR COMMISSION ORDERS¹

Comes now the Staff of the Missouri Public Service Commission (Staff) and so that no party may be able to assert that the Commission's prior orders are unclear, the Staff requests that the Missouri Public Service Commission (Commission) order (1) UE to effectuate, in Case No. EO-96-14, the crediting of customers' bills starting April 1, 2000 for the third year sharing credit of the first experimental alternative regulation plan (EARP), which UE has quantified, and the Staff has verified, as \$28.375 million; (2) UE to effectuate, in Case No. EM-96-149 and Case No. EO-96-15, prior to April 1, 2000, the permanent rate reduction, which UE has quantified, and the Staff has verified, as \$16.321 million, by UE filing tariff sheets with the Commission, having an effective date prior to April 1, 2000, reflecting said permanent rate reduction; (3) UE to effectuate, in Case No. EM-96-149, starting April 1, 2000, the crediting of customers' bills for the excess revenues billed between September 1, 1998 and the effective date of the permanent rate reduction; and (4) UE to file, in Case No. EM-96-149, a final earnings

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¹ This same pleading is being filed concurrently in Case No. EO-96-14, Case No. EO-96-15 and Case No. EM-96-149, which are consolidated cases.
Public Service Commission

report for the first year of the second EARP.² In support of this Motion, the Staff states as follows:

1. The Commission issued its Report And Order in Case No. EO-96-14 on December 23, 1999 and directed in its "Ordered" paragraph 10 that UE file its Corrected Final Earnings Report and Third Year Credit Sharing Report on January 14, 2000 and inform the Commission of the next available date on which the sharing credits may be issued. On January 14, 2000, UE filed its response, wherein it quantified the sharing credit amount for the third sharing credit period, based on the Commission's decisions in its December 23, 1999 Report And Order, as totaling \$28.334 million. Consistent with the Stipulation And Agreement in Case No. ER-95-411, UE added to the \$28.334 million an additional \$.41 million comprising the difference between the 1997 sharing credit amount actually credited to UE's customers and the 1997 sharing credit amount that should have been credited to UE's customers. Thus, based on the Commission's decisions in its December 23, 1999 Report And Order and the provisions of the Stipulation And Agreement in Case No. ER-95-411, UE showed \$28.375 million as the total sharing credit amount for the third year of the first EARP.

UE stated that it "would, as a practical matter, be able to issue the customer credit no earlier than the billing cycle beginning April 1, 2000. UE further stated that "April 1, 2000 is the earliest possible date that a sharing credit could be issued, **assuming all legal issues surrounding these proceedings were resolved.**" (Emphasis added).

The Staff requests that the Commission issue an Order in Case No. EO-96-14 directing UE to effectuate crediting customers' bills starting April 1, 2000 for the third year

² As of today, February 16, 2000, UE has advised the undersigned Staff counsel that it is transmitting, by overnight courier service, a "final" earnings report for the first year of the second EARP. As a consequence, a Commission Order addressing this item may not be necessary.

sharing credit of the first EARP, which UE has quantified, and the Staff has verified, as \$28.375 million.

2. The Stipulation And Agreement in Case No. EM-96-149 provides that there will be a permanent reduction in rates charged and revenues collected after August 31, 1998 equal to the average annual total revenues credited to customers during the three years of the first EARP, adjusted to reflect normal weather. The rate reduction is to be spread within and among revenue classes on the basis of the Commission decisions in the UE customer class cost of service and comprehensive rate design docket, Case No. EO-96-15 (In the Matter of the Investigation into the Class Cost of Service and Rate Design for Union Electric Company). If a September 1, 1998 effective date was not met for the rate reduction, which obviously it was not, an additional credit, equal to the excess revenues billed between September 1, 1998 and the effective date of the rate reduction will be made. The Stipulation And Agreement provides that the excess revenue credit will be made at the same time and pursuant to the same procedures as the sharing credits in Case Nos. ER-95-411 and EO-96-14. UE is to file tariff sheets for Commission approval respecting the rate reduction. Both the May 3, 1999 Stipulation And Agreement in Case No. EO-96-15 and the Commission's November 18, 1999 Report And Order in Case No. EO-96-15 address the share of the revenue reduction of each covered customer class (i.e., Residential; Small General Service; Large General Service, including both Large General Service Rate and Small Primary Service Rate; and Large Primary Service). As a consequence, the instant pleading, in discussing the rate reduction provided for in Case No. EM-96-149, also must address Case No. EO-96-15.

3. On January 3, 2000, the Staff filed, in Case No. EO-96-14, a Staff Motion For Clarification And Initial Staff Response To Union Electric Company's Application For Rehearing Of Commission's Order Of December 23, 1999 And For A Stay, and requested

therein that the Commission direct UE to file by 3:00 p.m. January 14, 2000 its calculation of the rate reduction required by the Stipulation And Agreement in Case No. EM-96-149. On January 20, 2000, the Commission issued, in Case No. EO-96-149, an Order Directing Filing wherein the Commission, among other things, directed UE to file in Case No. EM-96-149 the calculation of the permanent rate reduction agreed to by the parties in the Stipulation And Agreement in Case No. EM-96-149. On January 24, 2000, UE filed, in Case No. EO-96-14 and Case No. EM-96-149, Union Electric Company's Response To The Commission Order Of January 20, 2000. In its filing, UE showed the amount of \$16.321 million as its calculation of the permanent rate reduction, based on the Commission's resolution of the outstanding issues for the third year of the first EARP, as set out in the Commission's December 23, 2000 Report And Order in Case No. EO-96-149.

The Staff requests that the Commission issue an Order in Case No. EM-96-149, and an Order in Case No. EO-96-15, directing UE to effectuate the \$16.321 million permanent rate reduction, provided for in the Case No. EM-96-149 Stipulation And Agreement, prior to April 1, 2000 by filing tariff sheets with the Commission having an effective date prior to April 1, 2000, reflecting said rate reduction based on the Commission's November 18, 1999 Report And Order approving the May 3, 1999 Stipulation And Agreement in Case No. EO-96-15. (The necessity for this timing of the filing of the tariff sheets and the effective date of the tariff sheets will be explained below.) In order that the parties to Case No. EO-96-15 may verify that the approved rate design is being properly effectuated, the Commission should direct, in said Order, that UE should serve a copy of the tariff sheets reflecting the \$16.321 million permanent rate reduction on all parties to Case No. EO-96-15.

The Staff also requests that the Commission in its Order, in Case No. EM-96-149, directing UE to effectuate the \$16.321 million permanent rate reduction, direct UE to credit customers' bills for the excess revenues billed between September 1, 1998 and the effective date of the rate reduction at the same time that customers' bills are being credited for the third year sharing credit of the first EARP. In order for the excess revenue credit discussed above to be made at the same time as the third year sharing credit, the tariff sheets effectuating the rate reduction must become effective sufficiently in advance of April 1, 2000 to allow for (a) the subsequent calculation by UE of the excess revenues billed between September 1, 1998 and the effective date of the rate reduction, (b) UE's filing of this calculation, (c) review by the Staff and OPC and (d) approval by the Commission.

4. Under the terms of the Stipulation And Agreement in Case No. EM-96-149, which provided for the establishment of the second EARP, UE's final report concerning its proposed sharing credit amount for ratepayers for the period ended June 30, 1999 was due on approximately October 15, 1999. UE submitted on September 28, 1999 a "preliminary earnings report, along with a proposed sharing report" for the first period of the second EARP. The preliminary earnings and sharing report showed an estimated sharing credit amount of \$8.2 million for the EARP period July 1, 1998 through June 30, 1999, based upon "the Company's position on the contested issues [for the third period of the first EARP] and the Company's final position on the rate decrease as applied to the current sharing period's sales." (See UE's cover letter dated September 27, 1999). On November 1, 1999, subsequent to the time for filing the final earnings report and proposed sharing report for the first sharing credit period of the second EARP, UE filed a Notice Regarding "Final Earnings Report," wherein UE stated that:

. . . until a final order is issued in the pending case before the Commission, covering the Third Sharing Period in Case No EO-96-14, and **all matters**

associated therewith are finally resolved, the Company is unable to calculate the sharing credit for the first sharing period in Case No. EM-96-149, or the rate reduction called for in that case.

(Emphasis added). On January 25, 2000, the Commission issued its Order Denying Applications For Rehearing, Denying Motion For Stay And Granting Motion For Clarification, in which it denied the Application For Rehearing filed by UE on December 30, 1999 and the Motion For Stay filed by UE on December 30, 1999.


Although as of today, February 16, 2000, no final earnings and sharing report has been submitted by UE for the most recently ended sharing credit period, i.e., for the first sharing credit period of the second EARP, July 1, 1998 through June 30, 1999, UE has advised the undersigned Staff counsel that UE is transmitting, by overnight courier service, a "final" earnings report for the first year of the second EARP. As a consequence, a Commission Order addressing this item may not be necessary. The Staff will report to the Commission respecting this matter once it has had an opportunity to review UE's filing. A Commission Order in Case No. EM-96-149 directing UE to file a final earnings report for the first year of the second EARP may not be necessary.

Wherefore the Staff requests that the Commission order (1) UE to effectuate, in Case No. EM-96-14, the crediting of customers' bills starting April 1, 2000 for the third year sharing credit of the first EARP, which UE has quantified, and the Staff has verified, as \$28.375 million; (2) UE to effectuate, in Case No. EM-96-149 and Case No. EO-96-15, prior to April 1, 2000, the permanent rate reduction, which UE has quantified, and the Staff has verified, as \$16.321 million, by UE filing tariff sheets with the Commission, having an effective date prior to April 1, 2000, reflecting said permanent rate reduction; (3) UE to effectuate, in Case No. EM-96-149, starting April 1, 2000, the crediting of customers' bills for the excess revenues billed between

September 1, 1998 and the effective date of the rate reduction; and (4) UE to file, in Case No. EM-96-149, a final earnings report for the first year of the second EARP.³

Respectfully submitted,

DANA K. JOYCE
General Counsel



Steven Dottheim
Chief Deputy General Counsel
Missouri Bar No. 29149

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 16th day of February 2000.



³ As today, February 16, 2000, UE has advised the undersigned Staff counsel that it is transmitting, by overnight courier service, a "final" earnings report for the first year of the second EARP. As a consequence, a Commission Order addressing this item may not be necessary.

**SERVICE LIST FOR
CASE NOS. EM-96-149
Revised: February 16, 2000**

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