

January 5, 2000

VIA FEDERAL EXPRESS

FILED

JAN 6 2000

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Truman Building
301 W. High Street, 7-N
P.O. Box 360
Jefferson City, MO 65101



**Re: Missouri Public Service Commission
Case No. GR-99-315**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding are an original and fourteen (14) copies of Union Electric Company's Suggestions in Support of Laclede Gas Company's Application for Rehearing and Motion for Reconsideration. Also enclosed for filing is Union Electric Company's Motion to Enlarge Time in Which to Respond to Laclede's Application for Rehearing and Motion for Reconsideration.

Kindly acknowledge receipt of this filing by stamping as filed a copy of this letter and returning it to the undersigned in the enclosed envelope.

Sincerely,

A handwritten signature in cursive script, appearing to read "Susan B. Knowles".

Susan B. Knowles, Esq.

SBK/pag
cc: Service List

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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Missouri Public
Service Commission

In the Matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate) Case No. GR-99-315
Schedules)

**SUGGESTIONS IN SUPPORT OF LACLEDE GAS
COMPANY'S APPLICATION FOR REHEARING AND
MOTION FOR RECONSIDERATION**

Comes now Union Electric Company d/b/a AmerenUE, by and through its attorney, and seeks leave to file its Memorandum in Support of Laclede Gas Company's Application for Rehearing and Motion for Reconsideration. In support thereof, Union Electric Company states as follows:

1. On December 14, 1999, the Missouri Public Service Commission ("the Commission") issued its Report and Order (hereinafter "the Order") in the above styled matter in which it decided various contested issues that were litigated in that proceeding. In issuing its Order, the Commission adopted a depreciation mechanism for the treatment of net salvage values proposed by the Staff. This new mechanism represents a complete departure from the historical and universally accepted manner in which net salvage has been treated. Accordingly, on December 23, 1999, Laclede Gas Company ("Laclede") filed its Application for Rehearing and Motion for Reconsideration wherein it urges the Commission to reconsider its ruling.

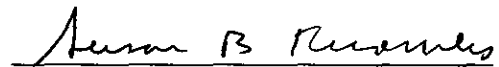
2. For all the reasons set forth in Laclede's Motion, Union Electric Company joins in Laclede's requests and urges the Commission to reconsider its Order as it pertains to the treatment of net salvage depreciation. As stated by Laclede, depreciation

rates, including net salvage components, are traditionally and historically designed to ensure that the costs associated with capital assets are equitably recovered over time from those customers who use them. The Staff's new methodology adopted by the Commission in this case uses "the actual amounts the Company is paying per year for the cost of removal to determine what these costs would be in the future" rather than an estimate as to the future cost of removal spread over the life of the asset. Such an approach is philosophically flawed. Utility assets have long lives. The traditional mechanism espoused by Laclede spreads these costs in a uniform and predictable manner. The Commission's methodology inequitably places the financial burden of depreciation on future customers and ratepayers who, in effect, subsidize the use and enjoyment of the asset by current customers and ratepayers.

3. While striving for a "just and reasonable remedy", the Commission's treatment of net salvage depreciation completely undermines intergenerational equity issues which are the hallmark of depreciation methodologies. Such a dramatic departure from traditional methodologies impacts the entire regulated community and its customers and warrants serious consideration before embarking on such a course. Accordingly, Union Electric Company respectfully requests that the Commission reconsider its ruling and/or grant rehearing of this issue.

WHEREFORE, for all the foregoing reasons and those set forth in Laclede Gas Company's Application for Rehearing and Motion for Reconsideration, Union Electric Company respectfully requests that the Commission grant rehearing or reconsider its Order as to the treatment of net salvage depreciation.

Respectfully submitted,



Susan B. Knowles, #39680
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