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**UNION
ELECTRIC**

VIA FEDERAL EXPRESS

 August 28, 1992

Brent Stewart
Executive Secretary
Missouri Public Service Commission
301 W. High Street
Jefferson City, MO 65101

Re: Electric Utility Resource Planning Rulemaking; MoPSC
Docket No. EX-92-299

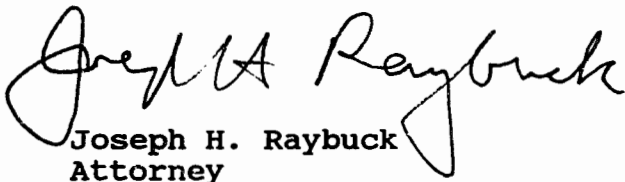
Dear Mr. Stewart:

I enclose an original and fourteen (14) copies of the Reply Comments of Union Electric Company in the above-rulemaking proceeding.

Would you please acknowledge receipt of this filing by stamping a copy of this letter and returning it to the undersigned. Thank you.

A copy of this filing is being sent to all parties on the attached service list via first-class mail.

Yours very truly,


Joseph H. Raybuck
Attorney

JHR/bb
Enclosures

cc: Attached Service List

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BEFORE THE PUBLIC SERVICE COMMISSION OF THE
STATE OF MISSOURI

Proceeding to Adopt Rules for
Electric Utility Resource Planning

4 CSR 240-22.010 et seq.

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Case No. EX-92-299

REPLY COMMENTS OF UNION ELECTRIC COMPANY

FILED

AUG 31 1992

PUBLIC SERVICE COMMISSION

August 28, 1992

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BEFORE THE PUBLIC SERVICE COMMISSION OF THE
STATE OF MISSOURI

Proceeding to Adopt Rules for)
Electric Utility Resource Planning)
4 CSR 240-22.010 et seq.)

Case No. EX-92-299

REPLY COMMENTS OF UNION ELECTRIC COMPANY

Comes Now Union Electric Company (UE or Company) and
replies as follows to the initial comments submitted by other
parties on the proposed rules for Electric Utility Resource
Planning.

I. THE COMMISSION SHOULD FORMALLY APPROVE A UTILITY'S RESOURCE
ACQUISITION STRATEGY, AND THUS SHOULD REJECT THE ARGUMENTS OF
STAFF AND THE MIEC TO THE CONTRARY. THE COMMISSION SHOULD
ALSO REJECT THE PUBLIC COUNSEL'S CONTENTION THAT STRATEGY
APPROVAL OUGHT NOT TO RESULT IN ANY FINDING OF PRUDENCE.

A. SUMMARY OF THE PARTIES' POSITIONS.

In our Initial Comments, UE contended that it is both
necessary and appropriate for the Commission to either formally
approve a utility's proposed resource acquisition strategy, approve
it with modifications, or disapprove it altogether. (See UE's
Initial Comments at pp. 6-20) The other electric utilities which
would be subject to these resource planning rules took the same
position. (See Initial Comments of Kansas City Power and Light Co.
[KCP&L] at pp. 3-7; Initial Comments of Missouri Public Service Co.

24.

[MPS] at pp. 3, 11; Initial Comments of Empire District Electric Co. [Empire] at p. 7; and Initial Comments of St. Joseph Light & Power Co. [SJLP] at pp. 8, 38-39)

The Office of the Public Counsel (Public Counsel) also argued for Commission approval of a utility's strategy. Public Counsel contended that Commission approval is necessary in order for utilities "to pursue the proper resource acquisition strategies". (Public Counsel's Initial Comments at p. 2) Moreover, Public Counsel expressed the concern that without Commission approval utilities would be forced to "pursue plans that entail the least regulatory risk, rather than plans that entail the least cost." (Id. at pp. 2-3)

Only the Staff and the MIEC argue against Commission approval of a utility's strategy. Neither has set forth any compelling reasons why the strategy approval concept should be rejected.

B. REPLY TO THE STAFF

Staff listed two reasons to explain why it is opposed to a substantive review of a utility's filing, and thus opposed to Commission approval of that filing. First, Staff has concerns about the logistics and the resources necessary for such a substantive review. (Staff's Initial Comments at p. 46) Second, Staff cites its different view as to "what should be the objective, goal, or end result of this entire process" for strategic resource planning. (Id.)

Staff's first concern about logistics and resource limitations may be addressed very simply. If the Commission decides that a substantive review leading to Commission approval is a worthwhile goal--as the Commission should--then the necessary means should be acquired to serve this goal. For example, there is no reason at all why the proposed three year interval between the filing of the utility's first and subsequent strategies could not be extended to a four year interval to allow Staff more time for review. There should be nothing whatsoever magical about a three year interval between utility filings.

In any case, the argument that Staff's resources would be strained under a three year schedule should not be the deciding factor. All parties' resources may be strained by a three year schedule. This will certainly be true for the electric utilities when they comply with the proposed rules.

Staff's second reason is based on the following logic. Staff first contended that "A fundamental assumption of these proposed rules is that resource planning and investment decisions are, and should remain, the responsibility of utility managers rather than regulators." (Staff's Initial Comments at p. 15) UE agrees with this contention, although notes that the Commission must eventually review the reasonableness of such utility decisions in order to ensure that the utility's resulting rates are just and reasonable. Section 393.130 RSMo. 1986. Thus, Staff went on to acknowledge that "regulators do have a responsibility to define the objectives" of the resource planning process to protect the public

interest and to ensure that the decisions are based on a thorough analysis. (Staff's Initial Comments at p. 15) Once again, UE agrees with this statement.

However, Staff then concluded that "the focus of the proposed rules is on the objectives and the quality of the planning process itself rather than the particular plans or decisions that result from the process". (Staff's Initial Comments at p. 15) Staff's focus on process, but not the substance resulting from it, is short sighted and incomplete. For all of the reasons set forth in our Initial Comments, UE continues to assert that a review of process is not enough for a good set of resource planning rules. A Commission ruling on the resulting substance is also essential.

It might be enough to focus on process and to ignore its results if developing a resource acquisition strategy were merely a mechanical and purely mathematical process. But that is not the case. Instead, as discussed in our Initial Comments, developing a resource plan often involves choosing from competing objectives. (UE's Initial Comments at pp. 4-5) That would certainly be true for the proposed rules, for its "fundamental objective" is to provide "the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a manner that adequately serves the public interest". (4 CSR 240-22.010(2))

A prime example of why Staff's focus on process is not sufficient is that the utility will have to choose between competing objectives in order to satisfy the "fundamental objective" set forth in the proposed rules. In particular, the

utility must choose between such conflicting objectives as reliability versus efficiency, and between safety versus minimization of rates or of costs. Thus, the utility will be forced to exercise discretion in order to select what it believes to be the best way on balance to satisfy the fundamental objective.

As mentioned in UE's Initial Comments, the fact that the utility is forced to choose one alternative over another creates the potential for controversy. (UE's Initial Comments at p. 12) Witness, for example, the Public Counsel's contention that the proposed rules already provide the utility with too much discretion. (See, for example, Public Counsel's Initial Comments at p. 3) Although UE disagrees with this assertion, the point here is that the existence and use of some discretion is inevitable. Thus, the Commission ought to review it in the resource planning proceeding.

Consequently, the Staff presented no reason or logic why the Commission need not review the results of the utility's planning process. Such a review is in fact necessary in order to address and to resolve any controversies over the substance of the plan, and to ensure that it is in the public interest. If the Commission did not make such a substantive review, it would have no assurance that the utility's strategy was in fact in the public interest, even if the Staff concluded that the utility had followed the correct procedure for deriving that strategy.

On this point, UE agrees with Public Counsel that the Commission should be the final arbiter of what is or is not in the

public interest. (See Public Counsel's Initial Comments at pp. 2-3) The Commission should also be the final arbiter of whether a utility's proposed strategy strikes an appropriate balance of the relevant planning considerations. Further, as discussed in our Initial Comments, if the Commission failed to rule on the substance of the utility's filing, the Commission would expose the utility to relitigating the controversy a second time in a later rate proceeding. (See, for example, UE Initial Comments at pp. 8, 12-13)

Finally, Staff contended that "If substantive Commission and Staff approval of resource acquisition strategies is determined by the Commission to be the desired result", then the rules which are adopted "should be much more prescriptive" than the proposed rules that appeared in the July 1, 1992 Notice of Proposed Rulemaking. (Staff's Initial Comments at p. 4) This would be a mistake. There is no need for the resource planning rules to become more prescriptive with Commission approval. In fact, the rules could even become less prescriptive because any greater discretion given to utilities would still be subject to Commission review and modification if necessary.

By way of example, the Illinois Least-Cost planning rules--which provide for plan approval--are much less detailed than those proposed in this docket. (See 83 Ill. Adm. Code 440) By establishing broad planning goals, rather than explicit procedures and prescribed models and methodologies, the Illinois Commission has assured the benefits of resource planning while minimizing the

impact on the resources of the utility, staff, and other parties. This experience would suggest that plan approval can be accomplished with less, rather than more, prescriptiveness.

C. REPLY TO THE MIEC

The MIEC contends that Commission approval of utility resource plans "would radically alter the standards and procedures for regulatory review of utility investment decisions, to the detriment of ratepayers, because it would shift to ratepayers risks associated with investment such as the implementation of demand side management (DSM) programs and the construction of new electric generating facilities." (MIEC's Initial Comments at pp. 5-6) The MIEC is mistaken because Commission approval would have no such effect. Commission approval would still allow all utility expenditures to be subject to prudence and used and usefulness reviews in later proceedings, consistent with the MIEC's desires. (See MIEC's Initial Comments at p. 6)

First of all, any Commission approval--or pre-approval as the MIEC terms it--would not serve to shift risks. Rather, it would serve to reduce them. See "Prudence Reviews: New Approaches are Needed", by William A. Badger, Public Utilities Fortnightly (July 15, 1992) at pp. 25-26; and "Prudence and Power Procurement: Will We Preclude Utility Ownership?", by William Steinmeier, The Electricity Journal (October 1991) at pp. 25-26. Reducing risk is clearly in the interests of all parties. This is especially true in today's changing environment. As the Staff noted, there has

been a "dramatic increase in the level of uncertainty" in the variables which affect the choice of a resource plan. (Staff's Initial Comments at p. 8)

Second, Commission approval would not provide any guarantees of recovering the costs of implementing the resources which were included in the utility's strategy, as the MIEC charges. UE has instead proposed that an approved resource acquisition strategy constitute only a rebuttable presumption of the reasonableness of the decisions to implement such resources. (UE's Initial Comments at pp. 9-10) UE acknowledged that the issue of "managerial prudence"--that is, how the utility implemented the resource--would still be reviewable at a later time. (Id.)

Third, Commission approval would not constitute any ruling as to the used and usefulness of any resources included in the utility's strategy, nor could it. How could there be a determination as to the used and usefulness of a resource which had not yet been implemented?

Consequently, the MIEC's concerns are without foundation. Commission approval of a resource acquisition strategy would not undermine in any way the prudence and used and usefulness standards previously followed by the Commission. On the contrary, Commission approval instead would complement those standards. It would do so by reducing today's increased risks faced by utilities through a rebuttable presumption of reasonableness as to the decision to go forward with implementing the resources contained in an approved strategy. That would not have any detrimental effect whatsoever on

ratepayers. Commission approval will be in the best interest of ratepayers because it will allow for reducing risk in a highly uncertain operating environment.

D. REPLY TO THE PUBLIC COUNSEL

As noted above, the Public Counsel argues in favor of strategy approval. However, it nevertheless contends that this should not result in a finding of the prudence of actions taken pursuant to the plan. (Public Counsel's Initial Comments at pp. 2-3) This contention should be rejected as counterproductive.

The Commission should render a finding of prudence as to the decisions to go forward with the supply-side and demand-side resources contained in an approved strategy. If Commission approval were to have no precedential effect whatsoever, as Public Counsel apparently desires, then it becomes a pointless exercise of Commission authority at great cost. Commission approval becomes mere form without any substance, counterproductive to the desires of all those who participate in the proceeding and who request the Commission to follow their views and preferences.

II. THE COMMISSION SHOULD SUPPORT THE USE OF NONTRADITIONAL ACCOUNTING PROCEDURES FOR THE RECOVERY OF COSTS FOR DEMAND-SIDE RESOURCES, AND SHOULD REJECT THE STAFF'S ARGUMENTS AGAINST THEIR USE.

UE, KCPL, MPS, Empire, and SJLP either support the use of nontraditional accounting procedures for the recovery of prudently

incurred costs for demand-side resources, or contend that the proposed rules do not go far enough to eliminate disincentives which arise from such resources. (UE's Initial Comments at pp. 21-27; KCP&L's Initial Comments at p. 9; MPS's Initial Comments at pp. 8-10; Empire's Initial Comments at p. 6; SJLP's Initial Comments at pp. 6, 35-36)

MOPIRG states that utilities should be granted cost recovery but remains silent on the issue of non-traditional procedures. (MOPRIRG's Initial Comments at p. 3) Public Counsel and the MIEC do not offer any comments directly on the issue of whether it is appropriate to use nontraditional accounting procedures for recovery of the costs of demand-side resources.

Only Staff opposes the use of nontraditional accounting procedures--"barring truly extraordinary circumstances". (Staff's Initial Comments at pp. 39-43) Nor has Staff proposed any cost recovery mechanism other than traditional accounting and ratemaking treatment.

Staff attempts to show that there is no need for non-traditional accounting for the recovery of demand-side expenses. Staff's argument ignores the fact that the implementation of demand-side programs will result in financial disincentives to the utility if only traditional accounting procedures are used.

What Staff fails to realize is that implementation of demand-side resources with only traditional accounting and ratemaking treatment will not place demand-side and supply-side programs on a level playing field, as required by 4 CSR 240-

22.010(2). UE accepts this requirement to give "equivalent treatment" to both demand-side and supply-side resources. However, the Staff's opposition to the use of nontraditional accounting procedures for the recovery of such costs will make it difficult, to say the least, for utilities to satisfy this requirement.

By way of example, UE's current preferred plan as of 1992 shows that millions of dollars will be spent on demand-side resources between 1996 and 2000. Were only traditional accounting accepted, then UE would obviously not be allowed to capitalize and realize the same return had it invested the dollars in a supply-side resource. If the Commission expects utilities to consider and analyze demand-side measures on an equivalent basis to supply-side resources and, more importantly, to wholeheartedly and aggressively implement those measures, then the Commission must allow nontraditional accounting and indicate it intends to allow the utility to recover all prudently incurred costs.

The Commission should therefore reject the Staff's arguments against the use of nontraditional accounting procedures for such purposes.

III. THE COMMISSION SHOULD REJECT THE PROPOSAL BY THE GAS COMPANIES AND BY THE PUBLIC COUNSEL THAT ELECTRIC UTILITIES CONSIDER FUEL SUBSTITUTION AS A DEMAND-SIDE RESOURCE.

Laclede Gas Company (Laclede), Western Resources, Inc. (Western), and the Public Counsel argue that electric utilities should consider fuel substitution measures as a demand-side

resource. They lament the fact the Staff originally had a proposal to this effect, but then later withdrew it. (Laclede's Initial Comments at pp. 5-7; Western's Initial Comments at pp. 3-8; Public Counsel's Initial Comments at pp. 4,8) The Commission should reject these arguments as absurd and completely unfair.

The motivation of the two gas companies is obvious: they would clearly like to see electric utilities be forced to implement demand-side resources which substitute gas for electricity. This is a golden opportunity to enlist electric utilities in an effort to have customers use gas instead of electricity. However, in the workshops, and also apparently in their initial comments, the two gas companies were noticeably silent about their commitment to implement demand-side resources which substitute electricity for gas. Since there are no similar requirements for gas utilities, they are not likely to do this. Why would they want to investigate ways for their customers to use electricity instead of gas?

The Public Counsel agrees with this proposal of the gas companies as a matter of principle. Public Counsel views fuel substitution as a means of providing energy services to end users at the least cost. (Public Counsel's Initial Comments at p. 4) First of all, Public Counsel's assertion is not true in the provision of some current energy services, and future advances in applications of electrotechnologies will undoubtedly provide for additional exceptions. In any case, Public Counsel's objective is completely unfair and unworkable.

The Staff correctly withdrew this proposal during the workshop period. First of all, the Staff acknowledged that there would not be any similar requirements on gas utilities unless and until resource planning rules are adopted for them. Thus, the one-sidedness of the proposal was obvious.

In any case, UE submits that there is an independent and more fundamental reason for rejecting this proposal. Resource planning for electric utilities should be limited to resources which use electricity. Similarly, resource planning for gas utilities should be limited to resources which use gas. The rules for one kind of utility should not require it to take actions which will benefit its competitor. Simply stated, it is absurd and bad policy to require electric utilities to implement gas resources. This would be similar to the federal government requiring General Motors to subsidize a competitor like Ford. The proposed rules should therefore not skew the customer's decision toward gas and away from electricity. The proposed rules should instead allow the customer to decide freely without biasing the decision making process.

Consequently, the two gas companies should not benefit from their self-serving proposal on fuel substitution. The Commission should reject this proposal.

IV. THE COMMISSION SHOULD REJECT THE PUBLIC COUNSEL'S REQUEST FOR AN EXPANDED DEFINITION OF LOAD BUILDING. THE COMMISSION SHOULD ALSO REJECT LACLEDE'S REQUEST THAT ELECTRIC UTILITIES CONSIDER THE EFFECT OF LOAD BUILDING PROGRAMS ON COMPETING SUPPLIERS.

Public Counsel desires to restore "two important types of load building activities" in the definition of load building in 4 CSR 240-22.020(29). (Public Counsel's Initial Comments at p. 5) "These are efforts by utilities to expand their service territories or to attract new customers." (Id.)

The Staff correctly eliminated these two activities from the definition. Regarding "any efforts by utilities to expand their service territories", there is already a mechanism in place which addresses how electric utilities may expand their service territories. That is the utility's line extension tariff. This tariff includes a cost benefit analysis for determining the impacts of new customers on the system. It therefore makes unnecessary any consideration from a resource planning perspective of the system impacts of territory expansion through new customers.

Regarding "efforts to attract new customers", it would be very burdensome for the utility to analyze economic development activities as Public Counsel requests, and it would be of little value to do so. Any estimated load impacts of potential customers on the utility's system due to economic development efforts cannot be quantified in a cost effective manner. This is because economic development initiatives are informational in nature: for example,

ads taken out in trade magazines. It would be speculative to forecast how many customers would respond and what types of load impacts they would have. Because of these difficulties, this exercise would be of little use in the integrated resource planning process.

The Commission should therefore reject the Public Counsel's proposal on such an unnecessary and burdensome expansion of the definition of load building.

Laclede argues that electric utilities should assess the impact of load building programs on competing suppliers. (Laclede's Initial Comments at pp. 1-5) This proposal is advanced in the name of the "public interest". The Commission should also reject this self-serving proposal as unnecessary and burdensome.

It would be burdensome to the electric utility to perform such an analysis for each of its load building programs. In order to assess impact on the competing supplier, the electric utility would either have to guess about that impact, or obtain meaningful data from the competitor. What rational competitor is going to voluntarily turn over meaningful data about the expected financial impact on it from the electric utility's load building program? To do so might require the competitor to reveal its own load building programs. In any case, since that data would be very sensitive in nature, the competitor is clearly not going to hand it over to the electric utility. Therefore, the electric utility will only have information available to it which is relatively worthless. It would be pointless to force the electric utility to analyze this.

The proposed rules provide for a more reasonable solution. It allows for the competing supplier to intervene in the utility's resource acquisition proceeding and protect its interests. (See 4 CSR 240-22.080(6)) It would therefore have an opportunity to demonstrate to the Commission that a certain load building program had a negative impact on the competing supplier. Laclede's proposal would require the electric utility to do the competitor's work for it. The Commission should not give Laclede a free ride. Let the competitor intervene instead and do this work itself.

V. MISCELLANEOUS REPLY COMMENTS

A. POLICY OBJECTIVES--4 CSR 240-22.010

1. MIEC's Minimization of Rates Proposal

The MIEC contends that the proposed rule should be revised so that the goal of "mitigation of rate increases" is equal in importance to "minimization of long-run utility costs" in the selection of the utility's preferred resource plan. (MIEC's Initial Comments at p. 10)

In general, UE agrees with this contention. As noted in our Initial Comments, no single criterion--such as minimization of costs--should be given priority over any another criterion--such as minimizing rates--because this would conflict with the very

balanced description of the "fundamental objective" of the resource planning process. (UE's Initial Comments at pp. 27-31)

Therefore, UE supports the contention that equal treatment should be given to all of the criteria relevant to the selection of the utility's preferred plan, such as: to the minimization of rates, to the minimization of costs, to the minimization of negative impacts on the environment, and to the maximization of a flexible, adaptable, and reliable strategy.

B. SUPPLY-SIDE ANALYSIS--4 CSR 240-22.040

1. The Public Counsel's proposal regarding 4 CSR 240-22.040(2)(B).

Public Counsel contends that an electric utility should be required to quantify the probable environmental costs of each supply-side option by estimating the costs of complying with additional laws or regulations which "may be imposed" over the 20 year planning horizon. (Public Counsel's Initial Comments at p. 7) The section of the proposed rules in question would require the utility instead to estimate the costs of complying with additional laws of regulations "that are likely to be imposed". (4 CSR 240-22.040(2)(B))

The Public Counsel's contention should be rejected because it is not consistent with the definition of "probable" environmental cost. The relevant definition of probable is "likely to be or to become true or real". Webster's Ninth New Collegiate

Dictionary, at p. 937, emphasis added. Since the proposed rules refer to what is "likely to be imposed", they are consistent with the definition of probable.

What "may be" imposed is clearly broader than what "is likely to be" imposed. The Public Counsel's requested standard therefore should be rejected because it goes beyond the concept of "probable" costs.

C. DEMAND-SIDE ANALYSIS--4 CSR 240-22.050

1. The Public Counsel's proposals for new sections 4 CSR 240-22.050(6)(D) & (E)

Public Counsel contends that electric utilities must consider "Cream skimming, lost opportunities, and free riders" when designing demand-side programs. (Public Counsel's Initial Comments at pp. 9-10) Public Counsel believes that this is necessary "To ensure that programs are evaluated properly for cost effectively [sic] and that lost opportunities are minimized". (Id.) It incorporates this into a new section 4 CSR 240-22.050(6)(D).

Public Counsel's proposed new section is unnecessary. The proposed rules already would require that electric utilities evaluate demand-side programs both as to their "process" and to their "impact". 4 CSR 240-22.050(9)(A). The proposed rules also would require the utility to develop a marketing plan and delivery process for its programs. 4 CSR 240-22.050(6)(D). These very

broad requirements would cover items such as cream skimming, lost opportunities, free riders, and other aspects and impacts of the utility's demand-side programs. Therefore, Public Counsel's proposal is redundant.

Public Counsel also argues for another new section which would require electric utilities to consider "different actions "to achieve optimum market penetration for each cost effective demand-side program". (Public Counsel's Initial Comments at p. 10) Its proposed new section then lists the different actions which utilities must consider, such as customer incentives, installation of measures at various levels of costs, and hook-up fees.

UE submits that this proposal is also unnecessary. The same requirements are essentially embodied in 4 CSR 240-22.050(6) & (9). Further, it is unwise to prescribe such a list of required actions because they could very quickly become outdated. It should be sufficient to have the general requirements for analysis and evaluation of demand-side programs which are already in the proposed rules.

Finally, on the issue of hook-up fees, UE notes that they are of questionable validity at best because such fees discriminate against new customers. Also, it is doubtful whether the Commission has the authority to require utilities to impose such fees upon its customers. In Idaho State Homebuilders v. Washington Water Power, 107 Idaho 415, 690 P.2d 350, 356 (1984), the Idaho Supreme Court invalidated the Idaho Public Utility Commission's hook-up fee program on the ground that it unreasonably discriminated between

new and existing customers, since both groups contribute to the need for incremental generating capacity. More recently, the District of Columbia Public Service Commission also rejected a proposed variable hook-up charge for new commercial customers. Re Potomac Electric Power Co., Order No. 9714 of May 24, 1991, reported in Public Utilities Fortnightly, July 15, 1991, at p. 43. The proposed hook-up charge would have assessed a penalty or rebate to a developer or owner of a new commercial building based on the building's energy efficiency. The D.C. Commission concluded that this charge might discriminate against new customers, and it questioned its own authority to impose penalties for design and construction of commercial buildings.

Consequently, the Commission should reject the Public Counsel's proposals.

2. MOPIRG's Spending Proposal

MOPIRG proposes that the Commission require utilities to "provide" 4.5% of their gross revenues for demand-side measures. (MOPIRG's Initial Comments at p. 3) The Commission should reject this proposal as extremely unwise.

A spending requirement such as that proposed by MOPIRG is in direct conflict with the rule-specified objective of minimizing the present worth of expected utility costs. UE's previous experience with spending requirements through its Iowa energy efficiency plan suggests that, under such provisions, some parties become more concerned about spending the dollars than assuring that

the dollars spent are cost-effective. See, for example, Re Union Electric Co., 132 PUR4th 549 (Iowa U.Bd. 4/10/92).

3. MOPIRG's Advisory Group Proposal

MOPIRG also proposes that an advisory group be formed to share information, monitor implementation, and suggest policy changes to the Commission. Further, the Commission could also request funds from utilities to "help defray the participation expenses of not-for-profit, non-governmental public interest groups." (MOPIRG's Initial Comments at p. 3) While this is an interesting method of fund raising for non-governmental public interest groups, UE believes it would be much less costly to address such issues informally and on an ongoing basis, as discussed below.

D. FILING REQUIREMENTS AND PROCEDURE--4 CSR 240-22.080

1. Sworn Statement

Public Counsel proposes that the utility filing contain a sworn statement that the resource acquisition strategy has been officially approved by the utility and that the methods and procedures used to develop the strategy comply with the rules. (Public Counsel's Initial Comments at pp. 14-15) The Commission should reject such a statement as unnecessary and possibly prejudicial to the utility.

A sworn statement which goes to the ultimate issue of whether the utility's filing complies with the proposed rules would add little to the utility's filing. Clearly, the utility must attempt to comply with the proposed rules. But this is no reason to require the utility to swear that it has done so. The proof should be in the utility's filing, not some sworn statement for others to attack as self serving.

In addition, the sworn statement might be used against the utility if the utility agreed to modify its filing. Thus, it might impede modifications made for purposes of compromise. For example, where a utility might otherwise be flexible and willing to make modifications, the existence of a sworn statement could place that utility on the defensive and make it less willing to compromise. The utility's willingness to modify its filing in response to a demand from one of the parties might be regarded as an indication that the sworn statement was improperly made.

2. Executive Summary

Public Counsel also proposed that a separately bound executive summary be developed for each filing. While UE does not object to the development of an executive summary, utilities should be given the option of including such a summary as a first section of other documents (for example, UE's Energy Resource Plan), thereby avoiding confusion and the expense of additional reproduction and binding.

**3. Scheduling Preview Sessions Prior to the Utility's
Filing its Resource Strategy**

Public Counsel further proposed that utilities be required to schedule sessions where interested parties may preview resource acquisition strategies before they are formally filed with the Commission. (Public Counsel's Initial Comments at p. 15) While UE would always welcome input from Public Counsel, Staff, and other interested parties, UE prefers that such input be on an informal and ongoing basis rather than through required meetings.

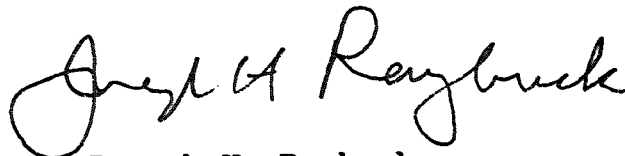
Based on UE's experience with least-cost plan filings in Illinois and energy efficiency plan filings in Iowa, the formal preview sessions would impose great hardship, as utilities will in all likelihood be focused on making filing deadlines. Moreover, in coming years the cycle of plan submission and approval will most likely place similar hardships on Public Counsel, Staff, and other parties in trying to complete the review process on one utility while attending the preview sessions of the next.

Therefore, the Commission should reject this proposal as unwise and burdensome.

VI. CONCLUSION

UE requests that the Commission consider these Reply Comments and adopt rules for electric utility resource planning consistent with these comments.

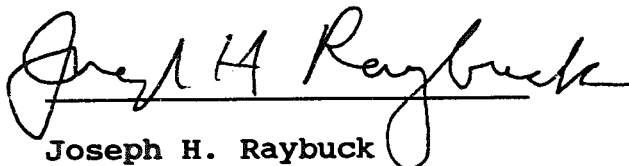
Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Joseph H. Raybuck, hereby certify that I mailed a copy of the Reply Comments of Union Electric Company to all parties on the attached service list on August 28, 1992.



Joseph H. Raybuck