

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

CASE NO. ER-83-163

In the matter of Union Electric Company  
of St. Louis, Missouri, for authority to  
file tariffs increasing rates for electric  
service provided to customers in the  
Missouri service area of the Company.

APPEARANCES: Paul A. Agathen, Attorney, and James J. Cook, Attorney,  
Post Office Box 149, St. Louis, Missouri 63166, for Union  
Electric Company.

Robert M. Lee, Associate General Counsel, Laclede Gas  
Company, 720 Olive Street, St. Louis, Missouri 63101, for  
Laclede Gas Company.

Michael Madsen, Attorney at Law, 211 East Capitol, Post  
Office Box 235, Jefferson City, Missouri 65102,

and

Paul M. Murphy, Attorney at Law, Three First National  
Plaza, Chicago, Illinois 60602, for Dundee Cement Company.

Robert C. Johnson, Attorney at Law, 720 Olive Street,  
24th Floor, St. Louis, Missouri 63101, for ACF Industries,  
Inc.; Anheuser-Busch, Inc.; Ford Motor Company; General  
Motors Corporation; Mallinckrodt, Inc.; McDonnell Douglas  
Corporation; Monsanto Company; Nooter Corporation; Pea Ridge  
Iron Ore Company; PPG Industries, Inc.; and St. Joe Minerals  
Corporation.

Robert C. McNicholas, Associate City Counselor, 314 City  
Hall, St. Louis, Missouri 63103, for the City of St. Louis,  
Missouri, and James J. Wilson, City Counselor.

Richard W. French, Assistant Public Counsel, Office of the  
Public Counsel, 1014 Northeast Drive, Jefferson City,  
Missouri 65101, for the Office of the Public Counsel and the  
public.

William C. Harrelson, Deputy General Counsel,  
Martin C. Rothfelder and Edward J. Cadieux, Assistants  
General Counsel, Missouri Public Service Commission, Post  
Office Box 360, Jefferson City, Missouri 65102, for the Staff  
of the Missouri Public Service Commission.

*Kent ✓*  
*Bill ✓*  
*Steve*  
*Scott*  
*Marty*  
*Paul*  
*Doug*  
*Eli*  
*ED*  
*may*

## REPORT AND ORDER

On December 3, 1982, the Union Electric Company of St. Louis, Missouri, submitted to this Commission tariffs reflecting increased rates for electric service provided to customers in the Missouri service area of the Company. The proposed tariffs bore a requested effective date of January 2, 1983, and were designed to produce an increase of approximately 15 percent in charges for electric service. By order of the Commission the tariffs were suspended until November 2, 1983, and the case was set for hearing. Applications to intervene were filed by: Laclede Gas Company; Dundee Cement Company; ACF Industries, Inc., Anheuser-Busch, Inc., Ford Motor Company, General Motors Corporation, Mallinckrodt, Inc., McDonnell Douglas Corporation; Monsanto Company; Nooter Corporation; Pea Ridge Iron Ore Company, PPG Industries, Inc., and St. Joe Minerals Corporation (Industrial Intervenors); the City of St. Louis, Missouri; Missouri Public Interest Research Group; and Rockwood School District. All said applications to intervene were subsequently granted by order of the Commission.

Local hearings were held in St. Louis, Missouri, for the purpose of receiving testimony from the public.

The Commission convened the formal evidentiary hearing on July 5, 1983, at which time the Company, the Staff, the Office of the Public Counsel, the City of St. Louis, the Industrial Intervenors, Laclede Gas Company, Dundee Cement Company and Rockwood School District presented a stipulation and agreement to the Commission. Missouri Public Interest Research Group did not appear or participate in the prehearing conference or the hearing of this matter. However, counsel for the Staff stated that it had been advised by Missouri Public Interest Research Group that it had no objection to the approval of the stipulation and agreement.

### Findings of Fact

The Missouri Service Commission, having considered all the competent and substantial evidence upon the whole record, makes the following findings of fact.

The stipulation and agreement marked Joint Exhibit No. 1 was presented to the Commission on July 5, 1983, by the signatory parties. After presentation and discussion of the stipulation and agreement, the hearing was adjourned for consideration of the stipulation by the Commission.

The stipulation and agreement, which delineates the matters of agreement between the signatory parties with respect to the disposition of this matter, is attached hereto as Appendix I and is incorporated herein by reference.

### Conclusions

The Missouri Public Service Commission has arrived at the following conclusions.

The Union Electric Company of St. Louis, Missouri, is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, R.S.Mo. 1978. The Company's revised tariffs, which are the subject matter of this proceeding, were suspended pursuant to the authority vested in this Commission by Section 393.150, R.S.Mo. 1978.

For ratemaking purposes, the Commission may accept a stipulated settlement on any contested matter submitted by the parties. The Commission determines that the matters of agreement between the parties in this matter are reasonable and proper and should be accepted.

It is, therefore,

ORDERED: 1. That the stipulation and agreement submitted by the parties in Case No. ER-83-163 as set forth herein is hereby accepted and adopted in disposition of all matters in this case, with the exception of the issues remaining, as set out in paragraphs 8, 9 and 11 of the stipulation and agreement.



ORDERED: 2. That for the purpose of implementing the stipulation and agreement entered into in this proceeding, the revised tariffs filed by the Union Electric Company of St. Louis, Missouri, on December 3, 1982, in Case No. ER-83-163 be, and the same are, hereby disapproved, and the Company is authorized to file in lieu thereof, for approval by this Commission, tariffs designed to comply with the stipulation and agreement as set forth herein.

ORDERED: 3. That the tariffs to be filed with the Commission for Commission approval pursuant to this Report and Order may be effective for service rendered on and after July 10, 1983.

ORDERED: 4. That Union Electric Company shall implement and book new depreciation rates as of August 1, 1983, as specified in paragraph 4 of the stipulation and agreement.

ORDERED: 5. That Union Electric Company shall cease to impose its late payment charge on any customer deposits as soon as possible, but in no event later than September 10, 1983.

ORDERED: 6. That Union Electric Company shall revise its booking of employee benefits to distribute them among its accounts consistent with its distribution of payroll during the same annual accounting period, upon the effective date of this Report and Order.

ORDERED: 7. That pursuant to paragraph 7 of the stipulation and agreement, Staff shall perform a true-up audit of the Company's projected fuel costs, which shall be presented to the Commission in a true-up hearing to be held April 23, 1984, at 10:00 AM in the Commission's hearing room in Jefferson City, Missouri.

ORDERED: 8. That the load management techniques standard as found in Section 111(d) of the Public Utility Regulatory Policies Act of 1978, P.L. 95-617, 16 U.S.C., Section 2601 et seq., be, and it is hereby, adopted and the Company shall perform a study regarding the implementation of the PURPA load management standard to be presented to the Commission.

**ORDERED:** 9. That the Company's conservation study ordered by the Commission in Case No. EO-80-57, presently scheduled for the Company's next general rate case, shall be combined with the load management study ordered herein. Said conservation/load management study may be filed in a separate docket, but in no event later than the filing of prepared testimony in the Company's next general rate case.

**ORDERED:** 10. That this Report and Order shall become effective on the 10th day of July, 1983.

BY THE COMMISSION

*Harvey G. Hubbs*  
Harvey G. Hubbs  
Secretary

(S E A L)

Shapleigh, Chm., Fraas, Dority  
and Musgrave, CC., Concur.

Dated at Jefferson City, Missouri,  
on this 6th day of July, 1983.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of Union Electric	)	
Company of St. Louis, Missouri	)	
for authority to file tariffs	)	
increasing rates for electric	)	Case No. ER-83-163
service provided to customers	)	
in the Missouri service area	)	
of the Company.	)	

STIPULATION AND AGREEMENT

Pursuant to an Order of the Commission dated May 25, 1983, a prehearing conference was conducted in the above-styled case at the Commission's hearing room in Jefferson City, Missouri, commencing June 13, 1983, and continuing through June 29, 1983. Representatives of the following participants were present: the Commission Staff ("Staff"); Union Electric Company ("Company"); Office of the Public Counsel ("Public Counsel"); Rockwood School District; Dundee Cement Company ("Dundee"); ACF Industries, Inc., Anheuser-Busch, Inc., Ford Motor Company, General Motors Corporation, Mallinckrodt, Inc., McDonnell Douglas Corporation, Monsanto Company, Nooter Corporation, Pea Ridge Iron Ore Company, PPG Industries, Inc., and St. Joe Minerals Corporation ("Industrials"); and Laclede Gas Company (Laclede). Only three of the above named parties actively participated in the revenue requirement aspect of the prehearing conference: the Company, Staff and Public Counsel. Laclede, Dundee and the Industrials actively participated only in the cost of service and rate design aspect of the prehearing conference.

Although Missouri Public Interest Research Group ("MoPIRG") has been granted intervention in these proceedings, no representative of MoPIRG appeared at the commencement of the prehearing conference nor did any representative of said party participate during any of the prehearing conference.

As a result of the prehearing conference, an agreement was reached among and between all parties who participated in said prehearing conference. The following stipulations are hereby submitted to the Commission for its consideration and approval:

1. That the Company be authorized to file revised tariffs designed to increase its Missouri jurisdictional gross annual electric revenues by \$30,500,000 exclusive of applicable local taxes including gross receipts and franchise taxes.
2. That the aforementioned tariffs shall become effective for service rendered on and after July 10, 1983.
3. That this Stipulation and Agreement is intentionally silent as to rate of return and the Company is to continue to accrue an allowance for funds used during construction at a rate reflecting the return on equity last authorized in its rate case, Case No. ER-82-52.

4. That new depreciation rates shall be implemented and booked by the Company as of August 1, 1983. The new rates shall be those displayed in Appendix A attached hereto.

5. That the Company shall cease to impose its late payment charge on any customer deposits as soon as possible, but in no event later than September 10, 1983.

6. That the Company shall revise its booking of employee benefits to distribute them among its accounts consistent with its distribution of payroll during the same annual accounting period upon the effective date of the Report and Order approving this Stipulation And Agreement, if approved.

7. That the recommended increase to Company's Missouri jurisdictional gross annual electric revenues includes the amount of \$16,632,000 representing an allowance for projected fuel costs beyond June 15, 1983, based on fuel prices estimated to be effective for January, 1984. The amount of this allowance in excess of the June 15, 1983 fuel costs is subject to a true-up and refund based on fuel prices effective for January 1984, known and measurable as of March 31, 1984, as evidenced by paid Company invoices plus, to the extent reasonable, Company's Permanent Notice of Changes (Form 1305). The June 15, 1983 fuel costs are based on the prices and mine mix shown on Appendix B attached hereto. The Company is not to collect any underrecovery should the allowance be deficient based upon the true-up.

8. That this Stipulation and Agreement does not resolve the issue of whether or not the Company should be ordered to retain an outside consulting firm for the purpose of conducting a comprehensive management audit of the Company's operations. The parties hereby reserve the right to have heard and argue the aforesaid issue, including the recovery of the cost thereof, during the hearings to be held on the cost of service and rate design portion of these proceedings or, in the alternative, should the cost of service and rate design issues be resolved by agreement of the parties in this proceeding, during the hearings to be held on the issue of the cost of cancelling the Callaway II Nuclear Unit.

9. That this Stipulation and Agreement does not resolve the issue of the cost of cancelling the Callaway II Nuclear Unit. The parties hereby reserve the right to have heard and argue the aforesaid issue in accordance with the Commission's ORDER AND NOTICE OF MODIFICATION OF SCHEDULE OF PROCEEDINGS issued on May 25, 1983.

10. That all parties to this proceeding are authorized to file testimony regarding the issue of the cost of cancelling the Callaway II Nuclear Unit on the same date scheduled for the Staff's filing, August 8, 1983, provided that such testimony is limited solely to the inter and intra class allocation of such costs.

11. That the parties stipulate and agree that the revenue increase agreed to in paragraph 1 shall be spread on an interim basis in the following manner:

The Small General Service rates shall remain unchanged. The rate values for each other rate classification shall be increased by 4.94%, except that the residential rate for winter usage above 1,000 kwh shall be set in the range of 3.05¢ - 3.10¢ per kwh with the other residential rate values adjusted in order to meet the class revenue requirement.

That the aforesaid agreement is for interim purposes only and shall be superseded and made void and of no effect upon the effective date of a Commission



Report and Order resolving the cost of service and rate design issues in these proceedings or approving an agreed to resolution of such issues among and between the parties. The parties hereby reserve the right to have heard and argue the issues of the cost of service and rate design to be established on a permanent basis and other tariff issues, with the exception of the demand ratchets as set out below. If there is no agreed to resolution of the cost of service and rate design issues to be established on a permanent basis and other tariff issues, the parties agree not to mention the above-referenced interim rates as a basis for any argument regarding class revenue assignments or rate design. The parties further agree that demand ratchet(s), other than tariff provisions now in existing rates, shall not be implemented in the permanent rates to be established in this case.

12. That absent any further settlement, and consistent with paragraphs 8 and 11 hereinabove, the issues denominated VI, VII, VIII and IX.C in the Hearing Memorandum filed in this proceeding remain to be heard and argued. The parties recommend that such issues be heard in the order and on the dates set forth in Appendix C attached hereto.

13. That the parties hereto recommend the adoption of the management standard and further recommend that a study regarding implementation of the load management standard, and the conservation study presently scheduled for the Company's next general rate case, be combined in a separate docket to be established by the Commission. This paragraph does not preclude the presentation of testimony and argument during the hearing of the cost of service and rate design issues with respect to specific proposals for interruptible rates contained in the prefiled or rebuttal testimony of any witness.

14. That this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of Case No. ER-83-163, with the exception of the issues remaining as set out in paragraphs 8, 9, and 11 hereinabove. The parties to this Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and (c) in this proceeding should the Commission decide not to approve this Stipulation and Agreement or in any way condition its approval of same.

15. That the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced in any ratemaking principle, value methodology, cost of service method, or rate design proposal underlying any of the rates and tariffs provided for in this Stipulation and Agreement. Any number used in this Stipulation and Agreement or in the rates and tariffs provided for by this Stipulation and Agreement, shall not prejudice or bind any party hereto, except to the extent necessary to give effect to the terms of this Stipulation and Agreement.

16. That the prefiled direct testimony and exhibits of the witnesses of the parties hereto are hereby submitted for the record and shall be received into evidence without the necessity of said witnesses taking the stand; provided, however, that to the extent the testimony and exhibits of the witnesses are relevant to the issues remaining to be heard as set out in paragraphs 8, 9 and 11 hereinabove such witnesses shall subsequently take the stand and be subject to cross-examination on their testimony and exhibits to the extent they are relevant to the issues remaining to be heard.

17. That the evidence referred to in Paragraph 16 hereinabove and any additional evidence adduced and submitted at the hearing held for submission of this Stipulation and Agreement to the Commission, the hearings on cost of service and rate design and the hearings on the cost of cancelling the Callaway II Nuclear Unit constitutes and comprises all the evidence submitted in this case.



18. That the Staff shall have the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Stipulation and Agreement and to provide to the Commission whatever further explanation the Commission requests and that such memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. It is understood by the parties hereto that any rationales advanced by the Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by such other parties.

19. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine witnesses with respect to the prefiled testimony and exhibits sponsored by the witnesses except as set out in paragraph 16 hereinabove.

20. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral argument or written briefs, pursuant to Section 536.080(1), RSMo 1978, except with regard to the issues remaining to be heard as set out in paragraphs 8, 9, and 11 hereinabove.

21. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(2), RSMo 1978, except with regard to the issues remaining to be heard as set out in paragraphs 8, 9 and 11 hereinabove.

22. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to judicial review, pursuant to Section 386.510, RSMo 1978, regarding the disposition of Case No. ER-83-163, except with regard to the issues remaining to be heard as set out in paragraphs 8, 9 and 11 hereinabove.

23. That the provisions of this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement in total, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof; except that the recommendation in paragraph 13 hereinabove is severable, and may be rejected by the Commission without affecting the other terms hereof.

Respectfully submitted,

UNION ELECTRIC COMPANY

MISSOURI PUBLIC SERVICE  
COMMISSION STAFF

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## MISSOURI PUBLIC INTEREST

By Thomas Ryan  
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St. Louis, Missouri 63108

## Appendix A

ER 83 163

## STAFF PROPOSED DEPRECIATION RATES

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	STAFF PROPOSED RATES
311	STRUCTURES AND IMPROVEMENTS	.0289
312	BOILER PLANT EQUIPMENT	.0319
314	TURBOGENERATORS	.0280
315	ACCESSORY ELEC. EQUIPMENT	.0277
316	MISC. POWER PLANT EQUIPMENT	.0324
331	STRUCTURES AND IMPROVEMENTS	.0110
332	RESERVOIRS	.0119
3321	DAM ANCHORS	.0119
***		
333	TURBINES AND GENERATORS	.0104
334	ACCESSORY ELEC. EQUIPMENT	.0113
335	MISC. POWER PLANT EQUIPMENT	.0128
336	ROADS AND TRAILS	.0455
341	STRUCTURES AND IMPROVEMENTS	.0400
342	FUELHOLDERS, PRODUCERS, ACC.	.0400
344	GENERATORS	.0400
345	ACCESSORY ELEC. EQUIPMENT	.0400
346	MISC. POWER PLANT EQUIPMENT	.0400
352	STRUCTURES AND IMPROVEMENTS	.0133
353	STATION EQUIPMENT	.0200
354	TOWERS AND FIXTURES	.0186
355	POLES AND FIXTURES	.0279
356	OVERHEAD CONDUCTOR	.0145
357	UNDERGROUND CONDUIT	.0125
358	UNDERGROUND CONDUCTOR	.0229
359	ROADS AND TRAILS	.0200
361	STRUCTURES AND IMPROVEMENTS	.0148
362	STATION EQUIPMENT	.0239
364	POLES, TOWERS AND FIXTURES	.0668
365	OVERHEAD CONDUCTOR	.0319
366	UNDERGROUND CONDUIT	.0173
367	UNDERGROUND CONDUCTOR	.0173
***		
368	LINE TRANSFORMERS	.0208
3691	OVERHEAD SERVICES	.0825
3692	UNDERGROUND SERVICES	.0260
370	METERS	.0275
371	INSTALL. ON CUSTOMER PREMISES	.0220
373	ST. LIGHTING AND SIGNAL SYSTEMS	.0591
390	STRUCTURES AND IMPROVEMENTS	.0229
391	OFFICE FURNITURE AND EQUIP.	.0329
392	TRANSPORTATION EQUIPMENT	.0800
393	STORES EQUIPMENT	.0275
394	TOOLS, SHOP AND GARAGE EQUIP.	.0182
395	LABORATORY EQUIPMENT	.0188
396	POWER OPERATED EQUIPMENT	.0428
397	COMMUNICATIONS EQUIPMENT	.0350
398	MISC. EQUIPMENT	.0475

## Appendix B

Coal Costs in  
Base Case - 6/15/83

<u>Generating Plant</u>	<u>Mine</u>	<u>¢/MMBTU</u>
Labadie	Amax-Leahy	131.0
	Consol-BS#4	131.2
	Consol-BS#5	126.5
	Freeman-Orient #6	179.2
	Misc. L.S.-Western	196.4
	Inland Steel	149.7
Rush Island	Consol-BS#5	128.8
	Old Ben #21	188.1
	Kerr-McGee-Herrin	196.4
Sioux	Consol-BS#4	141.4
	ARCO-Black th.	186.6
Meramec	Old Ben #21	191.0
	Misc. Low Sul.	175.0



## Appendix C

Revised Schedule of Issues and Witnesses

<u>Issue</u>	<u>Hearing Memo Reference</u>	<u>Witnesses</u>	<u>Testimony</u>
<u>July 15</u>			
Other Tariff Issues	VII	Kovach	Direct p. 16-20 Rebuttal
		Ketter	Direct p. 2-6 Rebuttal
Mgt. Effic. Report	IX.C	Piening Bangert	Rebuttal Direct p. 1-5 Rebuttal
<u>July 18-19</u>			
Class Cost Assignments	IV.	Kovach	Direct p. 1-5 p. 20-39
		Proctor	Direct p. 1-28
		Sciortino	Direct p. 1-11
		Price	Direct p. 1-4
		Kol	Direct p. 1-12
		Pyatte	Direct p. 1-5
		Andersen	Direct p. 1-30
		Brubaker	Direct p. 1-29
		Thomas	Direct p. 1-26
<u>July 20</u>			
Rate Design	VII	Kovach	Direct p. 5-14 Rebuttal
		Warwick	Rebuttal
		Piening	Rebuttal
		Proctor	Direct p. 1-19 Rebuttal
		Ketter	Direct p. 7-12 Rebuttal
<u>July 21</u>			
Rate Design	VII	Andersen	Direct p. 30-33 Rebuttal
		Brubaker -	
		Ind.Int.	Direct
		Brubaker -	
		Dundee	Direct p. 1-9
		Ehinger	Direct p. 1-24
		Glaser	Direct p. 1-6
		Krebs	Direct p. 1-11

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July 22

Rate Design

VII

Strevell  
Bowyer

Direct p. 1-15  
Direct p. 1-19

Any cost of service or rate design witness may file rebuttal testimony.