

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
April 1, 1941

CASE NO. ED-40-251

Michael F. Barnes, Union Electric Company, P.O. Box 149, St. Louis, MO 63106

Robert C. Jauben, Donald L. Godiner & Gerald T. McNeive, Jr. Laclede Gas Company
720 Olive St., St. Louis, Missouri 63101

Office of the Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

Brent Stewart

Brent Stewart
Executive Secretary

Uncertified copy:

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 9th
day of April, 1991.

Application of Union Electric Company for variance)
from promotional practices rule for good cause shown) CASE NO. 82-91-231
and for approval of promotional practices sheets.)

ORDER AND NOTICE OF HEARING

On January 14, 1991, Applicant Union Electric Company (UE or Company) filed an application seeking a temporary variance from the Commission's promotional practices rule 4 CSR 240-14 (the rule).

The application proposes a pilot program entitled "Satisfaction Guarantee" that would be offered to Missouri electric residential customers who: (1) own their own homes, (2) purchase new heat pump systems from Company-approved heating and cooling dealers, and (3) respond to the program directly through the Company. The purpose of the pilot program is to increase the number of heat pump sales by instilling confidence in customers that they will be satisfied with a heat pump system.

The program is designed to insure that a customer purchasing a heat pump system is satisfied with its performance during the first year of operation. Heat pump systems covered by the guarantee will be subject to random inspections by UE personnel. If a customer complaint is received, UE will work closely with the approved heating and cooling dealer who installed the heat pump system to try to resolve the customer's dissatisfaction. If the customer's dissatisfaction cannot be rectified, the guarantee will provide for the conversion of the heat pump system to a standard air conditioner or furnace.

A total of \$7,500 has been budgeted for this pilot program, to cover the costs of parts and labor to perform the conversions and the development of the guarantee form. The program will terminate after the expenditure of the budgeted \$7,500 or the expiration of twelve months from the date of Commission approval.

UE's application states that it believes sufficient good cause exists for the Commission to grant the variance since it is limited in scope, budget and duration. UE's application further states that if it decides to conduct another pilot program, or to implement a permanent Satisfaction Guarantee, it will seek prior Commission approval.

On January 28, 1991, Laclede Gas Company (Laclede) filed a rather voluminous pleading seeking intervention in this matter, a dismissal of the application, and an alternative request for hearing. Laclede's pleading raises numerous very technical factual issues and discusses at great length the relative merits of heat pumps and conventional heating and cooling systems.

On February 14, 1991, UE filed a response to the Laclede's pleading in which it contends that the case is not the proper place to debate the merits of heating or cooling systems. UE also reiterates the justification for the variance based on the limitation of the proposal in scope, duration, and cost. The remainder of UE's response is a very technical and lengthy discussion of the relative merits of heating and cooling systems.

On February 21, 1991, Laclede filed a reply to UE's response which continues the debate about the merits and efficiencies of heat pumps and other cooling systems.

The Commission Staff, on March 26, 1991, filed a Request For Hearing contending that UE's application is inadequate to be the basis of a determination of the effect of the program on regulated alternative fuel suppliers, their customers, and the public generally. On March 28, 1991, the Office of the Public Counsel (PC)

filed a response in support of the Staff's request in which it contends that a hearing is also necessary to address:

- A. The total cost of the program, including advertising;
- B. The effect of the program on nonparticipating customers; and
- C. The manner in which the success or failure of the program will be analyzed.

Upon consideration of the various pleadings filed herein, the Commission is of the opinion that the intervention of Laclede Gas Company should be granted and a procedural schedule should be set in this matter. The instant case raises several matters too technical and complex to be determined on the basis of pleadings alone.

IT IS THEREFORE ORDERED:

1. That the request of Laclede Gas Company seeking intervention in this matter filed on January 28, 1991, be granted and Laclede's request for a dismissal be denied.

2. The following procedural schedule be adopted for the disposition of all issues in this matter:

Filing of direct testimony by Union Electric Company	April 25, 1991
Filing of direct testimony by Public Counsel, Staff and Intervenor	May 10, 1991
Filing of rebuttal testimony by Union Electric Company	May 28, 1991
Prehearing conference to be immediately followed by hearing in the Commission's offices in Jefferson City, Missouri, 10 a.m.	June 10, 1991

2. That this order shall become effective on the date hereof.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
and McClure, CC., Concur.

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CASE NO. EO-91-251

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Chairman

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Commissioner

JR

Commissioner

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TO Agenda 4/5

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 5th day of April, 1991.

Brent Stewart
Brent Stewart
Executive Secretary