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February 1, 1999

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FILED
FEB 1 1999
Missouri Public
Service Commission

RE: Case No. EM-96-149 – Union Electric Company

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF PROPOSAL RESPECTING PROCEDURAL SCHEDULE.**

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

Thank you for your attention to this matter.

Sincerely yours,

Steven Dottheim
Chief Deputy General Counsel
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SD/wf
Enclosure
cc: Counsel of Record

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
FEB 1 1999
Missouri Public
Service Commission

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.)

Case No. EM-96-149

STAFF PROPOSAL RESPECTING PROCEDURAL SCHEDULE

Comes now the Staff of the Missouri Public Service Commission (Staff) in response to the Missouri Public Service Commission's (Commission) January 8, 1999 Order Rescheduling Prehearing Conference and states that at the January 15, 1999 Prehearing Conference the parties agreed upon the specific dates for a procedural schedule to be proposed to the Commission, but the parties did not agree upon whether all parties should be permitted the opportunity to file direct, rebuttal and surrebuttal testimony and schedules. In support of a procedural schedule that permits the filing of direct, rebuttal and surrebuttal testimony and schedules by all parties, the Staff states as follows:

1. Those parties that appeared at the Prehearing Conference on January 15, 1999 agreed to the following procedural dates¹:

Direct Testimony & Schedules	February 23, 1999
Rebuttal Testimony & Schedules	April 6, 1999
Surrebuttal Testimony & Schedules	May 4, 1999
Prehearing Conference	May 5-6, 1999
Hearing Memorandum	May 28, 1999
Evidentiary Hearings ²	June 7-9, 1999

¹ Although the parties prefer a less protracted procedural schedule, other events on the Commission's calendar and the calendars of the various parties cause the parties to suggest the dates set out herein.

The parties did not agree whether only Union Electric Company (UE), d/b/a AmerenUE should be permitted to file direct and surrebuttal testimony and schedules and the Staff, the Office of the Public Counsel and other parties should be limited to filing only rebuttal and cross-surrebuttal testimony and schedules. The parties at the prehearing conference agreed to the above dates regardless of which parties are permitted by the Commission to file on which of the above dates.

2. The Staff has argued in its December 3, 1998 pleading that the monitoring performed by the Staff under the UE experimental alternative regulation plan is not by any measure the equivalent of a rate case audit. The Staff continues to assert this to be true. Nonetheless, the ratemaking determinations required to be made by the Commission at this stage are similar in nature to those required in a rate case. Also, the Staff would note that although there was, prior to the UE experimental alternative regulation plan, four years of an alternative regulation plan with Southwestern Bell Telephone Company, this is the first time that the determination of a year's sharing credits is going to hearing for Commission resolution, so there is no prior Commission practice to rely on.

The Staff contends that the Commission should be provided more, rather than less, information respecting what are, in some instances, highly complex issues, such as weather normalization. At the same time, the Staff does not believe that the Commission will be inundated with testimony and schedules if the Commission permits all parties to file direct,

(Continued from page 1)

² Respecting the availability of these dates for evidentiary hearings, the Staff would note that on October 7, 1998, Western Resources, Inc. (Western Resources), Kansas City Power & Light Company (KCPL), the Office of the Public Counsel and the Staff filed in Case No. EM-97-515 a Joint Motion To Approve Procedural Schedule in Western Resources, Inc. – KCPL merger case. In said pleading, several procedural schedules were suggested, one of which proposed May 31 – June 11, 1999 for evidentiary hearings concerning the merger filing. No procedural schedule has been set in Case No. EM-97-515, and the Staff in a subsequent pleading filed in Case No. EM-97-515 indicated that it would re-open the matter of scheduling in discussions with KCPL and Western Resources. The Staff further notes that the Commission has set for the period June 1-11, 1999 evidentiary hearings in Case No. TO-99-254 (In the matter of an investigation concerning the Primary Toll Carrier Plan and IntraLata Dialing Parity).

rebuttal and surrebuttal testimony and schedules. It is expected that only UE and the Staff, and possibly Public Counsel, will file testimony and schedules. Also, in many instances, the more complete the prefiled testimony is, the fewer the items that the parties believe it is necessary to address on cross-examination, thus shortening the time spent in the hearing room.

3. The Commission's present rule on evidence, 4 CSR 240-2.130(7), contemplates that more than one party may file direct, rebuttal and surrebuttal testimony and schedules. At a time when there were constant rate cases, the Commission defined direct testimony and exhibits and rebuttal testimony and exhibits in the manner identified below, presumably to obtain the information it deemed necessary to make the required determinations, while at the same time attempting to prevent the parties from gaming the process:

...Each party's "direct" testimony and exhibits must include all testimony and exhibits asserting and explaining that party's proposed adjustments to the Company's book figures, as well as all testimony and exhibits asserting and supporting that party's proposed rate base, proposed rate of return, proposed rate design, and any other proposed changes in or additions to the Company's tariffs....

"Rebuttal" testimony and exhibits include testimony and exhibits which explain why a party rejects or disagrees with adjustments to book figures proposed by another party, and testimony and exhibits which explain why a party rejects or disagrees with the rate base, rate of return, rate design or any other changes in or additions to the Company's tariffs proposed by another party....

Re Kansas City Power & Light Co., Case No. ER-83-49, Suspension Order And Notice Of Proceedings, p.3 (September 20, 1982). All but one of the items, that are at issue between the Staff and UE are proposed adjustments by the Staff to UE's books; one item is a proposed adjustment by UE to its books. On the basis of the above definitions, the Staff would not be limited to filing only rebuttal and cross-surrebuttal testimony and schedules.

4. A further reason for the Commission to permit the Staff, Public Counsel and intervenors to file direct, rebuttal and surrebuttal testimony and schedules is the need for the Commission to determine an interim rate design to effectuate the rate reduction provided for in

the Stipulation And Agreement in Case No. EM-96-149, pending a Commission decision in Case No. EO-96-15 (In the Matter of the Investigation into the Class Cost of Service and Rate Design for Union Electric Company). As previously noted in recent Staff filings in this docket, the possibility of the need for an interim rate design to effectuate such a rate reduction is specified in Section "6. Rate Reduction" of the Stipulation And Agreement in Case No. EM-96-149, the UE-CIPSCO Inc. merger case:

. . . Any rate reduction shall be spread within and among revenue classes on the basis of the Commission decision in Case No. EO-96-15, which is the UE customer class cost of service and comprehensive rate design docket created as a result of Case No. ER-95-411. In the event that a Commission decision has not been reached in Case No. EO-96-15, the parties will jointly or severally propose to the Commission a basis or bases on which a rate reduction may be spread on an interim basis within and among the classes pending issuance of the Commission's decision in Case No. EO-96-15.

Direct testimony and schedules are to be filed in Case No. EO-96-15 on February 19, 1999 and the evidentiary hearings are scheduled for April 26-30, 1999. Even though evidentiary hearings in Case No. EO-96-15 are scheduled to occur several weeks in advance of the schedule that is being proposed herein for the evidentiary hearings in Case Nos. EO-96-14 and EM-96-149, it appears to the Staff that the complexity of the myriad of customer class cost of service/rate design issues that may be presented to the Commission for resolution in Case No. EO-96-15 may result in the Commission issuing a Report And Order in Case Nos. EO-96-14 and EM-96-149 before it issues a Report And Order in Case No. EO-96-15. As the Commission is well aware, there is no operation of law date in either case, but unlike the customer class cost of service/rate design case, Case Nos. EO-96-14 and EM-96-149 involve customer credits and a rate reduction.

A procedural schedule including testimony on an interim rate design must be provided for in Case Nos. EO-96-14 and EM-96-149, and it is the Staff's belief that the Commission would be best served by the parties if there is an opportunity for all parties to file direct, rebuttal


and surrebuttal testimony and schedules. Case No. EO-96-15 provides for the filing of direct, rebuttal and surrebuttal testimony and schedules by all parties in that proceeding.

5. Counsel for UE has advised the undersigned Staff counsel that UE's filing this date, February 1, 1999, will address various items, not limited to whether all parties should be permitted to file direct, rebuttal and surrebuttal testimony and schedules. Once the Staff has had an opportunity to review UE's filing, the Staff may determine that a response is necessary.

Wherefore the Staff requests that the Commission adopt the above procedural dates and authorize the Staff and other parties to file direct, rebuttal and surrebuttal testimony and schedules in these proceedings respecting the third year earnings credit of UE's first experimental alternative regulation plan and the rate reduction based on all three years of UE's first experimental alternative regulation plan.

Respectfully submitted,

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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 1st day of February, 1999.



**SERVICE LIST FOR
CASE NOS. EO-96-14 & EM-96-149
Revised: February 1, 1999**

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