

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 a revised rate tariff increasing rates for steam service provided to customers in the Missouri service area of the Company.)
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) Case No. HR-81-258
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In the matter of Union Electric Company of St. Louis, Missouri for authority to file an interim tariff increasing rates for steam service provided to customers in the Missouri service area of the Company.)
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APPEARANCES: Paul A. Agathen, Attorney at Law, and Charles A. Bremer, Attorney at Law, P.O. Box 149, St. Louis, Missouri 63166, for: Union Electric Company.

Robert C. McNicholas, Associate City Counselor, 314 City Hall, St. Louis, Missouri 63103, for: The City of St. Louis; Joseph R. Niemann, City Counselor.

Leland B. Curtis, Attorney at Law, 230 S. Bemiston, Suite 410, Clayton, Missouri 63105, for: Pontiac Realty Company; Love Management Company, Inc.; The Mansion House Center Properties, Gerald A. Rimmel, Receiver; H-S Missouri Associates.

Eric Kendall Banks, Assistant General Counsel, P.O. Box 360, Jefferson City, Missouri 65102, for: Staff of the Missouri Public Service Commission.

REPORT AND ORDER

On March 3, 1981, Union Electric Company (Company or UE) of St. Louis, Missouri filed revised steam heating rates designed to increase the Company's annual revenues by approximately \$5,680,900, excluding gross receipts taxes. This represented an increase of approximately 55.3%. On that same date the Company also filed for an interim increase (in Case No. HR-81-259), in the amount of \$2,864,500, excluding gross receipts taxes. According to the Company, the proposed interim increase was designed solely to recover the increase in the price of fuel oil since the Company's last steam case.

On March 12, 1981, the Commission issued its Suspension Order in each of these cases, thereby suspending the effective date of the proposed interim and permanent tariffs to July 31, 1981. By Supplemental Order of March 25, 1981 in the permanent case, Case No. HR-81-258, Company was ordered to file its prepared direct testimony and exhibits in the permanent case within sixty (60) days of the date of that Supplemental Order.

On April 20, 1981, the Commission issued its Second Suspension Order and Notice of Proceedings in the permanent case (HR-81-258). By that Order, the effective date of the proposed permanent tariffs were further suspended to January 31, 1982, unless otherwise ordered by the Commission; a schedule for the prefiling of testimony and exhibits in the permanent case was established; and a hearing on the permanent tariffs was set to begin on November 2, 1981 in the Commission's hearing room in Jefferson City, Missouri.

Also on April 20, 1981, the Company filed its "Motion for Expedited Relief," and an accompanying affidavit, requesting immediate interim relief or an early hearing on its interim request. On July 2, 1981, the Commission issued its Second Suspension Order and Notice of Proceedings in the interim case (HR-81-259) suspending the effective date of the proposed interim tariffs until January 31, 1982, and setting a hearing on the interim request beginning on August 10, 1981 in the Commission's hearing room in Jefferson City, Missouri.

The Commission granted leave to intervene in both Case No. HR-81-258 and Case No. HR-81-259 to: the City of St. Louis, Missouri; Pontiac Realty Company; Love Management Company, Inc.; The Mansion House Center Properties, Gerald A. Rimmel, Receiver; and H-S Missouri Associates.

As ordered by the Second Suspension Order of July 2, 1981 in Case No. HR-81-259, a prehearing conference was commenced at 9:00 a.m. on Monday, August 10, 1981 in the interim case in the Commission's hearing room in Jefferson City, Missouri. During the course of the prehearing conference, all parties to the case entered into a Stipulation and Agreement in settlement of all issues in both the interim and permanent cases. Hearing of the cases was called to order before the Commission during the afternoon of August 10, 1981, and the Stipulation and Agreement was presented to the Commission as Joint Exhibit No. 1.

Findings of Fact

The Public Service Commission of Missouri makes the following findings of fact, based upon the competent and substantial evidence upon the whole record:

Union Electric Company is a Missouri corporation with offices and principal place of business at 1901 Gratiot Street, P.O. Box 149, St. Louis, Missouri 63166. The principal business of Union Electric is the generation and supply of electric energy in Iowa, Missouri and Illinois. In addition, Union Electric provides natural gas service to approximately 17,300 customers in Alton, Illinois and vicinity, and provides steam heating service in downtown St. Louis to approximately 360 customers. This latter service is the subject of the instant cases. Union Electric Company is a regulated utility under

the jurisdiction of this Commission. Chapters 386 and 393, RSMo 1978.

The Stipulation and Agreement filed in this case as Joint Exhibit No. 1 is attached to this Report and Order as Appendix A and is hereby incorporated by reference into this Report and Order. It sets out the agreement of the parties as to the revenue requirement of the Company and all other matters of dispute among the parties.

Conclusions

The Public Service Commission of Missouri has arrived at the following conclusions:

Union Electric Company is a public utility subject to the jurisdiction of this Commission as provided in Chapters 386 and 393, RSMo 1978. The tariffs which are the subject matter of this proceeding were suspended pursuant to authority vested in this Commission in Section 393.150, RSMo 1978. The burden of proof to show that the proposed increased rates are just and reasonable shall be upon the Company.

The Commission, after notice and hearing, may order a change in any rate, charge or practice, and it may determine and prescribe the lawful rate, charge or practice thereafter to be observed. The Commission may consider all facts which in its judgment have any bearing upon the proper determination of the price to be charged with due regard, among other things, to a reasonable average return upon the value of the property actually used in public service, and to the necessity of making reservations out of income for surplus and contingencies. In so doing, the Commission shall consider the fair value of the property in its proper relationship to all other facts that have a material bearing on the establishment of fair and just rates.

For ratemaking purposes, the Commission may accept a stipulation of settlement on any contested matters submitted by the parties. The Commission is of the opinion that when the matters of agreement between the parties appear to be reasonable and proper, they should be accepted.

The Commission concludes that the terms and provisions of the Stipulation and Agreement reached in this case, and presented to the Commission as Joint Exhibit No. 1, are just and reasonable, and should be approved. Thus, pursuant to the terms of the Stipulation and Agreement, the interim case (HR-81-259) shall be dismissed, and the proposed permanent tariffs in HR-81-258 shall be disallowed and, in lieu thereof, the Company will be directed to submit for Commission approval tariffs designed to implement the Stipulation and Agreement herein.

It is, therefore,

ORDERED: 1. That Case No. HR-81-259 be, and is hereby, dismissed.

ORDERED: 2. That the revised tariffs filed on March 3, 1981 in Case No. HR-81-258, and thereafter suspended, be, and are hereby, disallowed, and the Company is authorized to file in lieu thereof, for approval of this Commission, revised tariffs designed to increase the Company's gross annual steam service revenues by \$3,000,000, exclusive of applicable gross receipts and franchise taxes.

ORDERED: 3. That the increase shall be applied by setting the customer charge at \$10 per month, with the balance of the increase applied by a uniform increment per one hundred pounds of steam.

ORDERED: 4. That Joint Exhibit No. 1 and Company Exhibit No. 1 be, are hereby, received in evidence in these cases.

ORDERED: 5. That the tariffs filed pursuant to the authority obtained herein shall be effective, upon approval by the Commission, for service rendered on and after the effective date of this Report and Order.

ORDERED: 6. That this Report and Order shall become effective on the 1st day of September, 1981.

BY THE COMMISSION

Harvey G. Hubbs
Harvey G. Hubbs
Secretary

(S E A L)

Fraas, Chmn., McCartney, Dority,
Bryant and Shapleigh, CC., Concur.

Dated in Jefferson City on the 18th
day of August, 1981.

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)
a revised rate tariff increasing rates for) Case No. HR-81-258
steam service provided to customers in the)
Missouri service area of the Company)

In the matter of Union Electric Company)
of St. Louis, Missouri, for authority to file)
an interim tariff increasing rates for steam) Case No. HR-81-259
service provided to customers in the)
Missouri service area of the Company)

STIPULATION AND AGREEMENT

On March 3, 1981, Union Electric Company ("UE") filed revised steam heating rates designed to increase the Company's annual revenues by approximately \$5,680,900, excluding gross receipts taxes, an increase of approximately 55.3 percent. On that same date the Company also filed for an interim increase (in Docket HR-81-259), in the amount of \$2,864,500, plus applicable gross receipts taxes. According to the Company, the proposed interim increase was designed solely to recover the increase in the price of fuel oil since the Company's last steam case.

Intervention was granted by the Commission in both dockets to the City of St. Louis and to a group of steam customers consisting of Pontiac Realty Company, Love Management Company, Inc., The Mansion House Center Properties, Gerald A. Rimmel, Receiver, and H-S Missouri Associates ("Pontiac Realty, et al."). No other parties have sought or been granted intervention in either docket.

By Order of July 2, 1981, the Commission scheduled the interim case, HR-81-259, for a prehearing conference and hearings beginning August 10, 1981. Prior to said date, UE, the Commission Staff, Pontiac Realty, et al, and the Office of Public Counsel, all discussed informally the possibility of settling both the permanent and interim cases at the prehearing on August 10, 1981.

Counsel for UE, the Staff, Pontiac Realty, et al., and the City of St. Louis were present and participated at the prehearing of August 10, 1981.

As a result of the prehearing conference on August 10, 1981, the Parties stipulate and agree as follows:

1. That the Company should be authorized to file revised tariffs in Docket No. HR-81-258 to increase gross annual steam revenues (exclusive of gross receipts taxes) by \$3,000,000.

2. That said increase will be based on sales of 10,538,510 100 lbs. of steam, which is the actual level of sales for the 12 months ending June, 1981, and the level of sales upon which the settlement negotiations were based.

3. That the Parties respectfully request the Commission to allow the stipulated increase to become effective for service rendered on and after September 1, 1981.

4. That in consideration of the foregoing, the proceedings in Docket No. HR-81-259 shall be dismissed.

5. That the increase shall be applied by setting the customer charge at \$10.00 per month, with the balance of the increase applied by a uniform increment per 100 lbs. of steam.

6. That this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of Dockets HR-81-258 and HR-81-259, and none of the Parties to this Stipulation and Agreement shall be prejudiced or bound by the terms thereof: (a) in any future proceeding; or (b) in these proceedings in the event that the Commission does not approve this Stipulation and Agreement in total.

7. That none of the Parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost of service determination, or cost allocation underlying any of the rates and tariffs provided for in this Stipulation and Agreement.

8. That the prefiled direct testimony and exhibits in Case No. HR-81-258 of R.J. Kovach, J.E. Birdsong, H.N. Westerfield, and W.L. Cooper shall be received into evidence without the necessity of said witnesses taking the witness stand.

9. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties hereto waive their rights to cross-examine witnesses with respect to prefiled testimony and exhibits in either docket.

10. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties hereto waive their respective rights to present oral argument or written briefs, pursuant to Section 536.080(1), RSMo 1978.

11. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties hereto waive their respective rights pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(2), RSMo 1978.

12. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties hereto waive their respective rights to judicial review, pursuant to Section 386.510, RSMo 1978.

13. That the agreements in 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 in either docket.

Respectfully submitted,

UNION ELECTRIC COMPANY

STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION

By Paul A. Agathen
Paul A. Agathen

By Eric Kendall Banks
Eric Kendall Banks

CITY OF ST. LOUIS

PONTIAC REALTY, et al

By Robert C. McNicholas
Robert C. McNicholas

By Leland B. Curtis
Leland B. Curtis