

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 18th  
day of March, 1994.

In the matter of the application of )  
St. Joseph Light & Power Company for )  
a variance from provisions of ) Case No. EO-94-254  
4 CSR 240-14 with regard to North )  
Andrew R-VI School. )

ORDER APPROVING VARIANCE AND TARIFF

On February 22, 1994, St. Joseph Light and Power Company (SJLPC or Company) filed an Application for variance from Code of State Regulations (CSR) Section 240-14 governing promotional practices. This Application was filed pursuant to 4 CSR 240-2.060 and 4 CSR 240-14.010(2). Company is proposing to offer inducements to a new school facility, the North Andrew R-VI School (School) which is being built as a result of the consolidation of two (2) school districts. The requested variance would allow the applicant to: 1) provide payment of \$250 per ton for the installation of a ground source heat pump (estimated 180 tons: totaling \$45,000; 2) purchase and install a satellite dish antenna for the use of the School at an estimated cost of \$2,000; 3) provide free installation of poles and lights at the athletic field and sell those poles and light fixtures at Company's cost; 4) provide and install, at no cost, the poles for the softball field and sell the fixtures at Company's cost; and 5) provide facilities for temporary service for construction power at no charge (estimate \$500). The Company's Application requested expedited treatment.

On March 3, 1994, Company filed its proposed tariff (File No. 9400528) designed to comply with the requirements of Chapter 14 and designed to implement the variance to be approved in this order. Company has requested that the tariff

sheets be approved to be effective for service on and after the effective date of the Order Approving Variance.

On March 8, 1994, the Staff of the Missouri Public Service Commission (Staff) filed its Memorandum in which it recommended that the Commission grant Company this variance and the Staff further recommended that the Commission approve the tariffs proposed to implement the proposed variances. The Staff recommendation states that a review of the Application indicates that the proposed practice is just and reasonable as a business practice, economically feasible and compensatory and reasonably calculated to benefit both the utility and its customers. These are the standards which are reviewed for approval of promotional practices which are not prohibited. Staff further states that the amount of the inducements is below the tariffed two (2) year revenue test used to determine the level of customer required contributions for line extensions. This means that if a longer line extension requirement had been necessary to serve this customer the cost to be borne by the Company would have exceeded the level of the inducements proposed to be offered.

On March 7, 1994, Missouri Gas Energy (MGE) filed its response to the Application. MGE has stated in its response that it sells and transports natural gas in portions of the area served with electricity by SJLPC and thus MGE competes with SJLPC for certain utility practices. MGE has noted in its response that it does not have natural gas distribution facilities in the vicinity of the proposed location of the North Andrew R-VI School which is the subject of SJLPC's Application. For this reason MGE does not believe it would be affected by the granting of said Application and accordingly MGE takes no specific position with respect to said Application. MGE's Application proceeds to urge the Commission to thoroughly assess the need for relief requested in SJLPC's Application and MGE has stated its belief that incentives and rebates should not exert unnecessary influence on the choice of energy supplies or suppliers. Lastly, MGE requested

that the Commission indicate in its order that the granting of the request is limited to the specific fact situation presented and will not be considered as a precedent in any future variance from the promotional practices, rules that may be sought by SJLPC.

Company would generally be prohibited from offering non-tariff consideration to its electric customers for the purpose of inducing any person to select and use the utility service or to use additional service of the Company. However, 4 CSR 240-14.010(2) provides that a utility may seek a variance from the Commission's Rules for good cause shown.

The Commission has reviewed the Application of SJLPC and the recommendation as filed by Staff. The Commission finds that the variance requested by SJLPC would allow the Company to offer inducements to the new facility. The Commission further finds that the inducements to be offered fall within the guidelines as established by the Code of State Regulations and the practice of the Commission. Lastly, the Commission finds that the request for variance of the Regulations is in the public interest and for good cause the Commission will approve the request and the tariff for the implementation of the inducements for service on and after March 28, 1994.

The Application did not set out with specificity which section(s) would be waived by the variance. However, the Application impliedly sought a variance from the provisions found at 4 CSR 240-14.020(1)(B), (D), (E) and (F). The Commission finds that where an Applicant requests that rules or regulations of the Commission be waived it is in the public interest that the rule to be waived be stated, both in the Application and in the final order, with specificity.

**IT IS THEREFORE ORDERED:**

1. That St. Joseph Light and Power Company be hereby authorized a variance from 4 CSR 240-14.020(1)(B), (D), (E) and (F) for service on and after March 28, 1994 at the specific location as described in this Application.

2. That nothing in this order shall be considered as a finding of the Commission of the reasonableness of the value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said properties by St. Joseph Light and Power Company, and the Commission reserves the right to consider the ratemaking treatment to be afforded this financing transaction, and its resulting cost of capital, in any later proceeding.

3. That the tariff sheets, File No. 9400528, submitted by St. Joseph Light and Power Company shall be approved for service on and after March 28, 1994:

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P.S.C. MO No. 6

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2nd Revised Sheet No. 2.1, Cancelling 1st Revised Sheet No. 2.1  
1st Revised Sheet No. 67, Cancelling Original Sheet No. 67  
1st Revised Sheet No. 68, Cancelling Original Sheet No. 68  
Original Sheet No. 69

4. That this order shall become effective on and after March 28, 1994.

BY THE COMMISSION



David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe  
and Crumpton, CC., Concur.  
Perkins, C., Absent.