

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

JULY 12, 1996

CASE NO: EO-96-431

**Ronald K. Evans, Associate General Counsel, Union Electric Company, P.O. Box 149,
St. Louis, MO 63166**

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

Sincerely,

A handwritten signature in cursive script that reads "David L. Rauch".

**David L. Rauch
Executive Secretary**

Uncertified Copy:

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

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 12th
day of July, 1996.

In the Matter of the Application of Union Electric)
Company for a Variance From Provisions of Commission)
Rule 4 CSR 240-14 to Meet Unregulated Competition in) Case No. EO-96-431
a Subdivision in the City of Linn, Osage County,)
Missouri.)
)

ORDER GRANTING VARIANCE

On June 12, 1996, Union Electric Company (UE or Company) filed an application for a variance from the Commission's Utility Promotional Practices Rule (4 CSR 240-14.010, et seq.). UE is interested in providing electricity service to a residential subdivision located in the City of Linn, Osage County, Missouri. The development will consist of 13 single-family residences. The name of the subdivision is Cedar Park Place.

The developer desires that electricity be provided by the use of underground lines. According to UE, Three Rivers Electric Cooperative (Three Rivers) has offered to install underground electric facilities at no cost. Under UE's tariff, the developer is required to pay UE \$150 per lot (\$1,950 in total) for underground electric service.

UE states that it has performed a net present value analysis of the proposed waiver using its "EVALUATE" program and concludes that the proposed waiver is economically justified. UE states that provision of service to the subdivision will allow UE to more efficiently use the facilities it already has in place. In addition, UE states that there is good cause for granting the application because, to the extent that UE is unable to compete with

Three Rivers, Three Rivers will be unwilling to enter into a territorial agreement with UE.

UE filed a motion for expedited treatment. UE has indicated that its ability to obtain this waiver in an expeditious manner is important because it may lose the subdivision to Three Rivers if it cannot meet Three Rivers' offer soon. UE waives the requirement that the order approving the variance be issued at least ten days prior to the effective date.

On July 1, 1996, the Staff of the Missouri Public Service Commission (Staff) filed a memorandum to the official case file. Staff states that the total cost to provide service to the subdivision is \$21,648, on an after-tax basis. Annual after-tax revenues are expected to be \$11,410.

Staff recommends that the Commission approve UE's application for waiver. Staff further recommends that the ultimate disposition of the expenditures incurred pursuant to this waiver be addressed in UE's next rate case. Staff further recommends that the Commission order UE to file a revised Tariff Sheet No. 203 modifying the unregulated competition waiver to include Cedar Park Place.

The Commission has reviewed the application and the Staff's memorandum. The Commission is of the opinion that UE's request should be granted because UE has made at least a prima facie showing that the waiver of charges for providing underground service is economically justified and that without the waiver the developer will take service from Three Rivers. The Commission is of the opinion that UE is required to file this promotional practice under the terms of 4 CSR 240-14.040. Thus, the Commission will order UE to file a revised Tariff Sheet No. 203 modifying the unregulated competition waiver to include Cedar Park Place. UE shall file revised Tariff Sheet No. 203 no later than July 16, 1996, to become effective for service rendered on and after July 19, 1996.

UE did not identify which specific provisions of the Commission's rule need to be waived. It appears to the Commission that a waiver from 4 CSR 240-14.020(E) and (F) is necessary. Thus, the Commission will treat the application as a request for the waiver of 4 CSR 240-14.020(E) and (F). The Commission prefers that applicants identify with particularity the provision of the rule from which they request a waiver. Furthermore, 4 CSR 240-2.060(11)(F) provides that applications for variance shall state specifically from which statute, rule or tariff the variance is sought. However, given the timing concerns of UE, the Commission will not cause a delay at this juncture due to the absence of this information.

IT IS THEREFORE ORDERED:

1. That the application filed by Union Electric Company on June 12, 1996, for a variance from the provisions of 4 CSR 240-14.020(E) and (F) be, and is hereby, granted.

2. That the variance referenced in Ordered Paragraph 1 shall become effective simultaneously with the effective date of the revised Tariff Sheet No. 203 to be filed and approved pursuant to Ordered Paragraph 3.

3. That Union Electric Company shall file a revised Tariff Sheet No. 203 to include this variance under the Commission Utility Promotional Practices Rule (4 CSR 240-14.010 et seq.), which tariff sheet shall be filed no later than July 16, 1996, to be effective for service rendered on and after July 19, 1996.

4. That nothing in this order shall be considered as a finding of the Commission as to the reasonableness of the expenditures involved. The ultimate disposition of the expenditures incurred pursuant to this waiver shall be addressed in the Company's next rate case.

5. That this order shall become effective on the 19th day of July,

1996.

BY THE COMMISSION



**David L. Rauch
Executive Secretary**

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crompton and Drainer, CC., concur.

ALJ: Luckenbill

Luchenbill / Pope

CASE NO. EO-96-431

K.S. pp 2-3

 Chairman
KM

 Commissioner
CK

 Commissioner
SA

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al

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c. 7-10

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 12 day of JULY, 1996.

David L. Rauch

David L. Rauch
Executive Secretary