

February 24, 2000

VIA FEDERAL EXPRESS



Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED²
FEB 25 2000
Missouri Public
Service Commission

Re: MPSC Case No. EM-96-149

Dear Mr. Roberts:

Enclosed for filing on behalf of Union Electric Company, d/b/a AmerenUE, in the above matter, please find an original and fourteen (14) copies of both its **Request to File Response** and its **Response to Staff Motion for Commission Order**.

Kindly acknowledge receipt of this filing by stamping a copy of the enclosed letter and returning it to me in the enclosed self-addressed envelope.

Very truly yours,

A handwritten signature in cursive script that reads "James J. Cook".

James J. Cook
Managing Associate General Counsel

JJC/db
Enclosures

cc: Ms. Shelly Register
Parties on Attached Service List

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

FEB 25 2000

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

**UNION ELECTRIC COMPANY'S RESPONSE TO
STAFF MOTION FOR COMMISSION ORDER¹**

Comes now Union Electric Company ("Union Electric", "UE" or "the Company") in response to Staff Motion for Commission Order ("Staff's Motion").

The Staff's Motion asks that the Commission direct the Company to do four things:

1. effectuate the third year sharing credit, starting April 1, 2000;
2. effectuate the permanent rate reduction from Case Nos. EM-96-149 and EO-96-15, prior to April 1, 2000;
3. effectuate the credit for excess revenues billed after September 1, 1998 and before the effective date of the rate reduction, starting April 1, 2000; and
4. file a final earnings report for the first year of the second experimental alternative regulation plan (EARP).

As noted in Footnote 2 in Staff's Motion, the Company did file its "final" earnings report on February 17, 2000. Therefore, this Response will be limited to items 1 – 3 above.

1. As to Item 1, the Company has previously indicated, and continues to believe, that it can effectuate the third year sharing credit, starting April 1, 2000. As always, this could be

¹ An identical Pleading was filed in Case No. EO-96-14 on February 22, 2000.

adversely affected by unforeseen computer problems; however, absent that possibility, it appears that April 1 is a reasonable date for beginning that credit.

2. As to Item 2 and 3, however, the Company must bring additional information to the Commission's attention, which makes an April 1 date unlikely. The technical staffs of the Company and the Commission began working promptly after the Commission's Report and Order in Docket No. EO-96-14 on December 23, 1999, and have continued to work diligently to design the rates that resulted from that decision and the previous rate design stipulation. Significant progress has been made in designing those rates; however, the work is not completed. In addition, after the rates have all been determined and agreed to by the Company and the Staff, it has been anticipated that a technical meeting would be held with all parties. This meeting would present the rates to the parties' attorneys and consultants prior to being filed, so as to address and questions or concerns which might result in a dispute if not addressed prior to the filing.

3. In addition, once the final rates are determined, various billing system test runs must be conducted at UE, to assure that the system will calculate the new bills properly. This may take several days.

4. The Staff's request that the rates become effective prior to April 1, 2000, and the request that they be effective far enough prior to April 1, 2000 to allow for the associated credit to be effectuated starting April 1, is simply not possible. As a practical matter, the new rates need be in effect approximately one month prior to the commencement of the credit associated with that rate reduction. That means that they would need to be effective by March 1, 2000, and obviously filed prior to that date. The instant filing is being made on February 22, 2000. There is simply not enough time to do all that needs to be done to properly implement these changes.

5. The Company is surprised that the Staff would file a request that the rates reflecting the permanent reduction become effective prior to April 1, since the Staff is currently working closely with the Company developing those very rates. Surely the Staff knows that those rates are not yet ready to be filed.

6. In summary, the Company suggests the following: third year sharing credits can be implemented starting April 1; it is also anticipated that the permanent rate reduction can be filed a few days prior to April 1, to become effective on that date; and the associated credits ("rate reduction credits") can begin one month later, on May 1.

7. It is possible that the Staff is now calling for the earlier effective date of the rate reduction and the April 1 commencement of the rate reduction credits because of the wording of the Stipulation and Agreement in EM-96-149. On page 6 of that Stipulation (Section 6, second paragraph), the following sentences can be found: "An additional credit, equal to the excess revenues billed between September 1, 1998 and the effective date of the rate reduction, will be made. Said credit will be made at the same time and pursuant to the same procedures as the Sharing Credits in Case Nos. ER-95-411 and EO-96-14." (emphasis added) Accordingly, it appears that the Staff has assumed that if the sharing credits for EO-96-14 are to commence on April 1, 2000, the rate reduction credits must also commence on that date.

8. The Company suggests that it is clear that the goal of the parties who signed the Stipulation was that the credits be made together. The Company further suggests that the underlying goal was that the rate reduction credits be made expeditiously. It is clear that a strict reading of the Stipulation could result in one of two undesirable results: (1) the April 1 date for the commencement of the sharing credits will force a premature filing of new rates, or (2) the sharing credits will be delayed until the new rates are implemented and the total rate reduction credit is calculated. The Company suggests that neither result is necessary. A

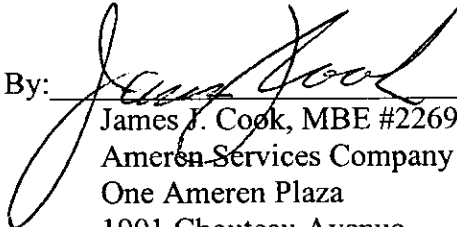
more logical decision would be to commence providing the sharing credit on April 1, file new rates during the latter part of March with an effective date of April 1, and begin implementing the rate reduction credit on May 1. Although this does not implement both credits at the same time, no one is harmed by this proposal.

9. The discussion set out above must be viewed in the proper context. It is imperative that the Commission and the other Parties to this matter recall that it is the Company's strongly held position, that "effectuation" of the third year sharing credit and commencement of the rate reduction, as requested by the Staff should not be ordered. As we have argued, such an order would be unlawful because the underlying decision of the Commission determining what the third year credit should be is unlawful, and the Company is entitled to a stay of these proceedings pending its appeal of that decision. By this response, we do not waive our rights to appeal that decision, to seek a stay of these proceedings, or to pursue any other relief we deem appropriate.

Dated: February 24, 2000

Respectfully submitted,

UNION ELECTRIC COMPANY

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