

Regarding an Investigation into the Service)
and Billing Practices for Residential Customers) Case No. GW-2007-0099
of Electric, Gas, and Water Utilities.)

COMES NOW Union Electric Company d/b/a AmerenUE (AmerenUE or Company), and for its Reply to the *Staff Reply* of April 25, 2008, states as follows:

1. This case was originally opened in September of 2006 to investigate potential problems with the use of estimated bills by Missouri utilities. The Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (OPC) have both filed various reports on this issue. None of the reports have identified a problem with the use of estimated bills by AmerenUE.

2. *OPC's Second Response to the Staff Report* (OPC Response), filed on February 19, 2008, sets forth its interpretation of portions of the Commission rules governing estimation of bills and asked the Commission to issue an order finding that OPC's interpretations are consistent with the Commission's rules.

3. The *Staff Reply* of April 25th (Staff Reply) suggested generally that Staff agrees with OPC’s interpretations and asked the Commission to clarify whether it agrees with OPC and Staff’s interpretation of the phrase “date of discovery.” The Staff Reply did not specifically request Commission comment on the issue of when estimated bills could be issued by utilities or for what time period they could be issued.

II. Discussion of Regulatory Interpretation

4. The OPC sets forth three interpretations. First, they set forth their understanding of the phrase “date of discovery.” Second, OPC argues that a utility may only issue an estimated bill in three, limited scenarios. Third, OPC argues for a restriction on the time period for which an estimated bill may be issued.

5. AmerenUE has serious concerns with the last two interpretations proposed by OPC and believes they are contrary to long-standing practices at the Commission. It would be a complete reversal of practice to not allow a utility to estimate usage in order to correct a bill for a meter that is found to have been registering either fast or slow. In fact, AmerenUE has worked with Staff over the years to develop an estimation methodology so that, if a customer inquired, Staff could determine that the billing adjustment was done appropriately. To now dictate that estimation cannot be used to correct a bill when a meter error is discovered would be a dramatic shift in Commission policy.

A. Date of Discovery

6. AmerenUE believes that the phrase “date of discovery” means the date that the utility actually determines there is a problem with a meter, rather than the date that the problem actually begins. AmerenUE believes this is consistent with Staff and OPC’s interpretation of the phrase.

B. Conditions allowing estimated bills

7. The OPC Response states that bills must be computed on actual usage with three exceptions.¹ AmerenUE agrees that the OPC Response correctly recites the exceptions contained within 4 CSR 240-12.020(2). However, OPC is incorrect in arguing that this list is an exclusive list of circumstances that allow the use of an estimated bill. This section of the Commission rules deals with initial bills. The language of the regulation applies to “each billing statement,” which deals with the regular, monthly bill received by a customer. The regulation does not address a bill issued to correct an error.

8. In fact, the next section of Commission regulations contradicts OPC proposed interpretation. 4 CSR 240-13.025 directly addresses the issue of billing adjustments. The specific language of (1) states, “For all billing errors, the utility will determine from all related and available information the probable period during which this condition existed and make billing adjustments for the estimated period...” This describes the process used by the Company. Once a meter error is discovered, AmerenUE reviews the bills for prior periods to compare usage amounts with the goal of finding when the meter error began. The adjusted bill is then issued using this same “available information” from that date forward, subject to the regulation’s limitation on the number of months allowed to be adjusted. The Commission approved regulation, which does not prohibit estimation and in fact contains language which foresees the possibility of bill estimation, allows adjustment for up to 60 months for an overcharge and an adjustment for up to 12 months for an undercharge. If a meter is inaccurate, the only mechanism available to correct the bill is to use some type of estimation. OPC does

¹ The Staff Reply does not directly address this interpretation, either to agree or to disagree.

not present a reason sufficient to compel the Commission to reverse the long history of the use of estimated bills and, in fact, is an interpretation that would make it very difficult, if not impossible, for any utility to issue a corrected bill after a meter failure or error.

9. Finally, AmerenUE would note that estimation for a failed meter is allowed in the specific language of AmerenUE's Commission approved tariffs for its natural gas operations. The tariff reads, "In instances associated with a non-registering meter, the Company shall estimate the customer's monthly gas usage in accordance with the provisions of paragraphs (a)-(c) of this Section C, as applicable, for purposes of rebilling the customer." P.S.C. Mo. No. 2 Original Sheet No. 57.1.

10. While AmerenUE agrees with the concept that estimated bills should be used sparingly, it also believes that OPC's interpretation is overly narrow to the point of being unworkable and should not be endorsed by the Commission.

C. Period of time for which estimated bills may be issued

11. The final area of concern with the OPC Response is their statement that no estimated billing may occur after the date of discovery of a meter failure or error. In reality, this interpretation is simply wrong. The regulation cited, 4 CSR 240-13.025(A) limits overcharge adjustments to 60 months and (B) limits undercharge adjustments to 12 months. This regulation, however, only establishes how far back in time the utility may go in seeking to issue an adjusted bill. The regulation contains no restriction on the use of an estimated bill for usage after the faulty meter is discovered. This is not to say that the utility does not have an obligation to fix or replace the meter in a timely manner or that the utility has to the right to continually issue adjustments to a customer's bill.

However, the OPC Response contains an interpretation that penalizes a utility even when it is acting in good faith to replace or repair a faulty meter. For example, AmerenUE may discover that a meter has stopped functioning completely. However, it cannot repair or replace a meter the instant that it makes that discovery. OPC's interpretation would mean that AmerenUE cannot bill for any service taken after the defective meter is discovered and before a new meter is placed into service. This is a process which requires at least some time. AmerenUE will need to put in a service order, schedule the replacement and send service personnel out to replace the meter. In other words, if there is a need for any period of time to correct the problem, that period would be lost for bill adjustment purposes. AmerenUE believes any interpretation adopted by the Commission should be flexible enough to allow the utility a reasonable amount of time to undertake the necessary corrective action. This timeframe may vary, depending on the circumstances. However, the very strict interpretation proposed by the OPC Response should not be adopted by the Commission.

12. This interpretation also does not make sense in those circumstances where a meter is found to be running fast. In this situation, the interpretation favored by OPC runs counter to a customer's interests. If a utility tests a meter and finds that it is over-registering (running fast), the utility would be prohibited from adjusting the bill for any usage that occurred after that discovery, regardless of whether it took the utility an hour or a week to replace the meter. This result is counter intuitive to how AmerenUE believes this situation should properly be resolved and, the Company presumes, counter to what OPC would think is fair treatment for the AmerenUE customer.

III. There is No Need for a Commission Order Adopting these Interpretations

13. Finally, AmerenUE fails to see a need for the Commission to adopt the suggested interpretations of OPC. There is no evidence that the failed meter illustration cited within the OPC Response is representative of Missouri utility practices or that different utilities are interpreting them in a different manner. In fact, the previous Staff reports illustrate that the illustration set forth by OPC is not a typical occurrence. The Commission already has processes in place to handle these events when they do occur. The Commission's Staff frequently handle customer inquiries and complaints about estimated bills and many times are able to reach a resolution of the issues between the utility and its customer. If not, then it is proper for the issue to go before the Commission. AmerenUE submits the regulations speak for themselves and that the Commission can handle the aforementioned situation through its normal procedures without adopting the rigid and unreasonable interpretations set forth in the OPC Response.

WHEREFORE, for the reasons stated above, AmerenUE asks that the Commission not adopt the interpretations of Commission regulations as set forth in *OPC's Second Response to the Staff Report*.

Respectfully submitted,

UNION ELECTRIC COMPANY,
d/b/a AmerenUE

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Answer was served on the following parties via electronic mail (e-mail) or via regular mail on this 5th day of May, 2008.

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