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May 13, 1991

**VIA FEDERAL EXPRESS**

Mr. Brent Stewart  
Executive Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

RE: Union Electric Company's Rider P--PowerStat Program  
Rider; Docket No. ER-91-356

Dear Mr. Stewart:

I enclose an original and 14 copies of the Response of Union Electric Company to the Motion to Suspend Tariff of the Office of the Public Counsel.

Would you please acknowledge receipt of this filing by date-stamping the enclosed copy of this letter and returning it to the undersigned.

Yours very truly,

Joseph H. Raybuck  
Attorney

JHR/gmf  
Enclosures

cc: Robert Hack, Attorney for the Commission  
John B. Coffman, Assistant Public Counsel

FILED  
MAY 13 1991  
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In Re Union Electric Company's )  
PowerStat Pilot Program for ) Docket No. ER-91-356  
Jefferson City, Mo. )

RESPONSE OF UNION ELECTRIC COMPANY  
TO THE MOTION TO SUSPEND TARIFF OF THE OFFICE OF PUBLIC COUNSEL

Comes Now Union Electric Company (UE or Company),  
pursuant to 4 CSR 240-2.080(9), and responds as follows to some of  
the numbered paragraphs of the above referenced Motion of the  
Office of Public Counsel (Public Counsel):

1. With regard to the allegations in paragraph number 4,  
UE incorporates by reference its response to the identical  
allegations contained in paragraph number 3 of the Public Counsel's  
earlier Motion to Reject or Suspend the tariffs filed April 5.  
UE's response is attached hereto as Appendix A. (See pp 2-3)

2. With regard to the allegations in paragraph number 5,  
UE submits that such allegations are without merit as UE has  
language in the tariff providing that participation in this program  
shall be voluntary (Sheet No. 117.5, paragraph no. 3).

3. With regard to the allegations in paragraph number 6,  
UE submits that these are also without merit. Public Counsel is in  
effect prejudging this experimental program as not justifiable from  
an economic standpoint on the grounds that the costs of the  
PowerStat equipment are likely to exceed the benefits in the form  
of reduced uncollectibles. That has yet to be determined. The  
whole point of this effort is to determine whether the program is

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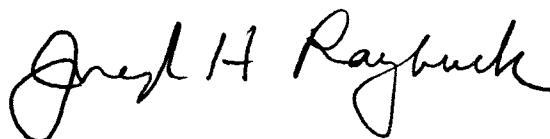
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PUBLIC SERVICE COMMISSION

cost beneficial to UE and to its ratepayers. UE should be given an opportunity to determine that based on all appropriate data.

WHEREFORE, Union Electric Company requests that the Commission deny the Motion of the Public Counsel and that it approve Union Electric's tariffs as previously requested.

Respectfully submitted,

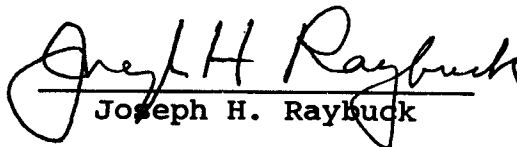


Joseph H. Raybuck  
Attorney for  
Union Electric Company  
P.O. Box 149  
St. Louis, MO 63166

(314) 554-2976

CERTIFICATE OF SERVICE

I, Joseph H. Raybuck, an attorney for Union Electric Company, do hereby certify that on May 13, 1991 a copy of the foregoing Response was sent by Fax and Federal Express mail to Mr. John B. Coffman, Assistant Public Counsel, and to Mr. Robert Hack, Attorney for the Commission.

  
Joseph H. Raybuck

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In Re: Union Electric Company's     )  
Rider P--PowerStat Program         )  
Rider                                     )         File No. 9100378

**RESPONSE OF UNION ELECTRIC COMPANY  
TO THE MOTION TO REJECT OR SUSPEND TARIFF  
OF THE OFFICE OF THE PUBLIC COUNSEL**

Comes Now Union Electric Company (UE or Company), pursuant to 4 CSR 240-2.080(9), and responds as follows to each numbered paragraph of the above referenced Motion of the Office of the Public Counsel (Public Counsel):

1. UE admits the allegations of paragraph no. 1 of the Motion except as to the contention that its proposed program is "unprecedented". Numerous other utilities across the United States are using the PowerStat equipment to provide their customers with the option of purchasing electricity in advance. See the attached Appendix A for the affidavit of Mr. Steven G. Menasco, Vice President, Business Development, CIC Systems Inc.

2. As to the allegations of paragraph no. 2, UE admits and regrets that it failed to serve Public Counsel with a copy of its tariff filing. UE states, however, that this was an oversight and was not intentional. UE further states that it did give Public Counsel informal advance notice of its filing. On or about April 1, 1991, Mr. Richard J. Kovach, Manager of Rate Engineering for UE, telephoned Dr. Philip Thompson, Chief Public Utility Economist at the Public Counsel's office, to discuss UE's proposal

and its intent to file the subject tariff on April 5. In any case, UE submits that Public Counsel has not suffered any substantial harm as a result of UE's omission because Public Counsel was still able to prepare a timely objection to UE's filing.

3. As to the allegations in paragraph no. 3, UE admits that the terms of its Rider P would constitute a departure from the parts of Chapter 13 of the Commission's rules ("Utility Billing Practices") prescribing the payment for electricity based on past usage. UE states, however, that there is good and sufficient reason to allow this experimental program to depart from such rules. In particular, it is appropriate to obtain research information on whether the advance purchase of electricity would be beneficial to customers and to the Company as well. The Commission should therefore allow UE's research effort to proceed notwithstanding the fact that it would represent an exception to some of the rules in Chapter 13.

UE believes that there should be no need to file a variance from the provisions of Chapter 13, as contended by Public Counsel in its paragraph no. 3C. The Rider P tariff filing serves essentially the same purpose as a request for a variance. It should therefore make such a request unnecessary. However, if the Commission concludes that a variance is necessary, then UE requests that one be given pursuant to 4 CSR 240-13.055(11). /

UE denies that its tariff would allow UE to "circumvent the protections of the Commission's "Cold Weather Rule", 4 CSR 240-13.055," as contended in paragraph no. 3B. The terms of Rider P

are less stringent than those set forth in the rules with respect to payment arrangements required to avoid disconnection for customers who have not paid a delinquent bill. The existing rule requires that from November 15 through March 31 a utility may not discontinue heat-related utility service to such a customer provided (among other items) that the customer makes an initial payment of the greater of twenty-five percent (25%) of the bill for service provided during the most recent billing period or seventy-five dollars (\$75). 4 CSR 240-13.055(2)&(8), emphasis added. UE's tariff would require participants in the pilot program to pay the lesser of \$75 or their usage from the most recent 30 day period during which a negative balance would accrue. See original sheet 120.2, paragraph no. 4. Thus, under the existing rule, a customer must pay a minimum of \$75 to avoid disconnection. Under UE's pilot program, a customer would pay a maximum of \$75. Further, with regard to deposits, UE's pilot program would not require customers to make any deposits at any time whereas the existing rule allows a utility to impose a deposit under certain circumstances. See 4 CSR 240-13.055(5). Consequently, UE's tariff would be less onerous to participants in the pilot program than the existing rule with regard to deposits and payment arrangements for customers who have not paid a delinquent bill. Additionally, see the affidavit of Mr. Menasco for the effect of using PowerStat equipment on customers during the Cold Weather Rule period.

4. With regard to the allegations in paragraph no. 4, UE denies that its tariff would violate Section 393.130 by

unreasonably discriminating against program participants in relation to other UE customers similarly situated. As set forth in the attached affidavit of Mr. Larry L. Rushing, Manager of UE's Capital District, participation in the pilot program would be purely voluntary. (See attached Appendix B) Mandatory participation would in fact be contrary to the purpose of testing whether the advance payment of electricity would be attractive to customers. Consequently, UE submits that voluntary participation will ensure that any customer will not be unreasonably discriminated against. Regarding the alleged loss of the time value of money, any such losses are likely to be more than offset by the avoidance of potential late payment charges and credit deposit requirements from such customers.

5. With regard to the allegations in paragraph no. 5, UE states that participation in the pilot program will be voluntary, as noted above.

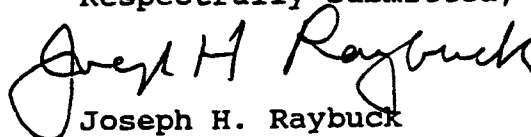
6. With regard to the allegations in paragraph no. 6, UE admits that it held two meetings with members of the Commission Staff prior to the filing of its tariff to inform them about UE's proposal. It is UE's understanding that the Commission Staff informed the Public Counsel's Office of the PowerStat proposal subsequent to these meetings. Further, as mentioned above, UE contacted a representative of the Public Counsel prior to the filing of this tariff.

UE admits that customers residing in public housing will be eligible to participate in this pilot program. However, UE

denies that it intends to "target low income customers" for its pilot project, or that such customers would in any case "be more likely than others to suffer economic hardship and inconvenience" from it. UE believes it likely that such customers will benefit from this program for the reasons set forth in Mr. Menasco's affidavit.

WHEREFORE, Union Electric Company requests that the Commission deny the Motion of the Office of the Public Counsel, and that it approve UE's tariff as filed as a reasonable and appropriate experimental program designed to test the effectiveness and attractiveness of paying in advance for electricity.

Respectfully submitted,



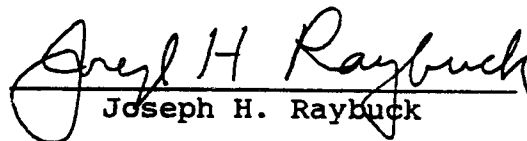
Joseph H. Raybuck  
Attorney for  
Union Electric Company  
P.O. Box 149, M.C. 1310  
St. Louis, MO 63166

(314) 554-2976



VERIFICATION

I, Joseph H. Raybuck, an attorney for Union Electric Company, hereby state on oath that the statements in the foregoing document are true and accurate to the best of my knowledge and belief.

  
Joseph H. Raybuck

Subscribed to and sworn to before me this 23<sup>RD</sup> day of April, 1991.

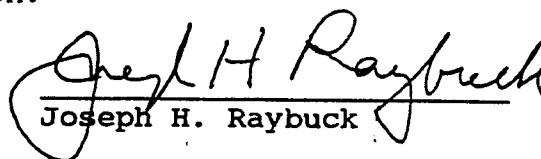
  
Notary Public

My Commission expires:

DEBORAH L. CLARK  
NOTARY PUBLIC - STATE OF MISSOURI  
ST. LOUIS COUNTY  
MY COMMISSION EXPIRES APR. 18, 1994

CERTIFICATE OF SERVICE

I, Joseph H. Raybuck, an attorney for Union Electric Company, do hereby certify that on April 23, 1991 a copy of the foregoing Response was sent by Federal Express mail to Mr. John B. Coffman, Assistant Public Counsel, and to Ms. Mary Ann Young, General Counsel for the Commission.

  
Joseph H. Raybuck

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In Re: Union Electric Company's                     )  
Rider P--PowerStat Program                     )       File No. 9100378  
Rider   )

**AFFIDAVIT OF STEVEN G. MENASCO**

I, Steven G. Menasco, Having been sworn, do hereby state on oath as follows in support of Union Electric Company's PowerStat Program Rider:

1. I am Vice President, Business Development, for CIC Systems, Inc., which is in the business of selling PowerStat equipment. My business address is 1830 Air Lane Drive, Suite 4, Nashville, Tennessee, 37210.

2. Union Electric Company has agreed to purchase PowerStat equipment from CIC Systems, Inc. for the purpose of conducting an experimental program for a portion of its territory.

3. I am submitting this affidavit to respond to the Motion of the Office of the Public Counsel opposing Union Electric's PowerStat Program Rider.

4. With regard to the allegation in paragraph number 1 of this motion that such a program would be "unprecedented", the PowerStat system has been in use in the United States since February 14, 1986. Over 40 utilities in 24 states have been involved with the system. PowerStat equipment has been supplied to utilities in the following states;

Michigan

Connecticut

Minnesota

Washington

Montana

Kansas

Colorado

Florida

Oregon

Utah

Wyoming	Tennessee
Maryland	New Mexico
Illinois	Arizona
Iowa	Oklahoma
Georgia	Idaho
Missouri	Louisiana
Alabama	Alaska

5. With regard to the allegations in paragraph 3A, the PowerStat project anticipates that the Commission's billing rules will be reviewed in light of advanced technology which may make the PowerStat system the preferred method of purchasing electricity by a large majority of utility customers. Every utility which has used PowerStat have reported to us that 85 to 95% of their customers using PowerStat prefer PowerStat over traditional billing. As this is a program offered by Union Electric to gauge the level of acceptance of PowerStat among its customers in the Jefferson City area, the Commission's rule regarding billing practices should be temporarily set aside.

6. With regard to the allegations in paragraph number 3B ("Cold Weather Rule"), the PowerStat is equipped with a feature called "extended service" which will allow a customer to continue to receive electric service after the purchased supply runs out. This feature will be offered to all PowerStat users and can be either time specific in 30 day increments or year round. Service may be extended from 500 watts through 15 1/2 kilowatts.

7. With regard to the allegations in paragraph number 4, all PowerStat Programs that I am aware of are voluntary. Further, the PowerStat system provides customers with benefits much greater than the time value of money. The system provides data never before available to the residential customer. At the push of a button,

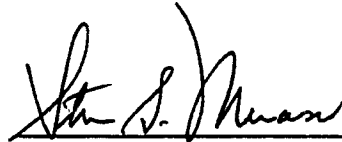
instantaneous, daily and monthly information, all in dollars and cents, is given so as to effectively provide a method for energy conservation if the customer chooses to use it.

8. With regard to the allegations in paragraph number 5, as noted above, the program is entirely voluntary. Further, any customer originally choosing a PowerStat may request removal at any time for any reason.

9. With regard to the allegations in paragraph number 6, customers who reside in "low income public housing" may have the most to gain from using the PowerStat. There are several reasons for this. First, the system eliminates deposits, late payment charges, collection fees and credit arrangements now levied against customers. This is a positive benefit to those customers whose credit histories are less than satisfactory. Second, the information provided to the customer by the PowerStat assists them in the reduction of electric use. This has been proven by a recent year long trial conducted by the Detroit Edison Company in concert with the Michigan Department of Social Services. This research effort showed a reduction in kilowatthour use of 17% among social service clients, all of whom are low income customers. Further, 85.5% stated they wanted to keep the PowerStat installed after the pilot study. Finally, there should not be any economic hardship to any of the customers in Union Electric's pilot program as they will be able to purchase electric service in any amount at any time, as opposed to having to pay in accordance with Union Electric's cycle billing, in which past due dates may not correspond to their pay days.

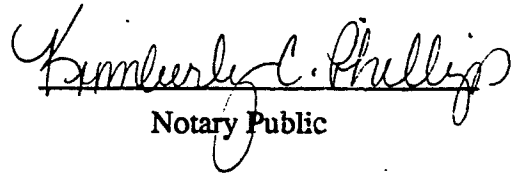
10. I am also submitting this affidavit to provide the Commission with additional information as follows about the PowerStat System. It is a pay-as-you-go system. The customer buys electric service and receives the amount purchased on a magnetic stripe card which is loaded into the indoor unit of the PowerStat. Union Electric is then obligated to deliver the amount of electric service purchased. The system enables the customer to purchase electric service like any other product or commodity. Customers have the benefit of easily understandable information regarding the use of electricity, such as; the amount remaining; use in cents per hour (enabling the customer to determine the cost to operate each and every appliance in the residence); the amount used yesterday (allowing the customer to maintain daily control of use); the amount used in the previous 30 day period (providing monthly feedback regarding use and

conservation); the amount of last purchase; and the amount in cents for each kilowatthour used through each block in the rate structure.



Steven G. Menasco  
Vice President  
Business Development  
CIC Systems, Inc.

Subscribed to sworn to before me this 22<sup>nd</sup> day of April, 1991.



Notary Public

My Commission Expires: 3/25/95

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In Re: Union Electric Company's )  
Rider P--PowerStat Program )  
Rider

File No. 9100378

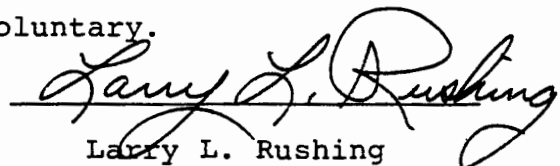
AFFIDAVIT OF LARRY L. RUSHING

I, Larry L. Rushing, having been sworn, do hereby  
state on oath as follows in support of Union Electric  
Company's PowerStat Program Rider:

1. I am the Manager for Union Electric's Capital  
District, which includes Jefferson City, Mo.

2. I am submitting this affidavit in support of  
the research program which Union Electric desires to implement  
for up to 100 residential customers within the city limits  
of Jefferson City to test the attractiveness and effectiveness  
of having customers pay in advance for electricity.

3. Union Electric intends that participation in  
this pilot program will be purely voluntary.

  
Larry L. Rushing

Subscribed to and sworn to before me this 22nd day  
of April 1991.



Notary Public

My commission expires:

12-20-94