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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of April, 1997.

In the Matter of Union Electric Company's Tariff)
Designed to Increase Rates for Gas Service in the) Case No. GR-97-393
Company's Missouri Service Area.)

SUSPENSION ORDER AND NOTICE

Union Electric Company (UE or the company) submitted in Case No. GR-97-393 proposed tariff sheets to the Missouri Public Service Commission (Commission) on March 21, 1997. The proposed tariffs are designed to implement a general rate increase for gas service provided to customers in the company's Missouri service area. These proposed tariff sheets would increase the company's gross annual revenues by approximately \$14.3 million, or 19.5 percent, and bear an effective date of April 20, 1997. In addition, the proposed tariff sheets would implement several rate design modifications, as well as changes to UE's Purchased Gas Adjustment clause to include an experimental incentive ratemaking plan.

To allow sufficient time to study the effect of the proposed tariffs and to determine if they are just, reasonable and in the public interest, the proposed tariffs should be suspended for 120 days plus an additional six months beyond the requested effective date to February 18, 1998, and a hearing scheduled.

The Commission will schedule the hearing dates for this case in this order and require Commission Staff to file a proposed procedural schedule for the dates for prefiled testimony, the prehearing conference, the hearing memorandum

and the reconciliation. Staff should coordinate the proposed schedule with the company and the Office of the Public Counsel, where possible. The company shall give notice to its customers as directed in the ordered paragraphs, and shall file its direct testimony on or before May 12, 1997.

The Commission is required by law to give rate increase cases preference over all other questions pending before it and the company bears the burden of proving that the proposed rates are just and reasonable. **See** Section 393.150.2, RSMo 1994.

The company's prefiled direct testimony should be based upon a 12-month period using a specific test year ending date. Other test year proposals should include a specific 12-month period as a test year and should include any additional period for which that party has updated significant items from the test year. The test year with the additional period will be called a test year as updated, or updated test year. A party may also request isolated changes, such as those imposed by governmental bodies, as part of its case. The Commission will consider whether those isolated changes are known and measurable, and whether they should be included in the company's revenue requirement. An issue to be considered in this determination is whether the proposed adjustment affects the matching of rate base, expenses and revenues.

A resolution of the test-year issue must be made early in the proceeding so that parties' testimony can be reconciled to the same period. The test year is the 12-month period which is used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to be used in calculating a revenue requirement for a company. The test year involves an audit of all books and records of a company so that a total revenue requirement can be calculated. The company shall make its recommendation concerning the proper test year to be

used in a separate pleading to be filed on the same date as its direct testimony. Staff, the Office of the Public Counsel and all intervenors shall each state their position regarding the company's test year proposal in a separate pleading which shall be filed on the same date as their direct testimony.

The company should submit any request for a true-up in a separate motion filed on the same date as its direct testimony. This request should include a proposed date to which the company's financial data is to be brought forward as well as a proposed time for a true-up hearing. The company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any improper mismatch in those areas. The Commission will not consider a true-up of isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue-expense-rate base match at a proper point in time. *In re Kansas City Power & Light Co.*, 26 Mo. P.S.C. (N.S.) 104, 110 (1983). Staff, the Office of the Public Counsel and all intervenors shall each state their position regarding the company's true-up proposal in a separate pleading filed on the same date as their direct testimony.

The Commission will require the prefiling of testimony as defined in 4 CSR 240-2.130. All parties shall comply with this rule, including the requirement that testimony be filed on line-numbered pages. The practice of prefiling testimony gives parties notice at the earliest reasonable opportunity of the claims, contentions and evidence in issue and avoids unnecessary objections and delays caused by allegations of unfair surprise at the hearing. All prefiled testimony shall be filed by 3:00 p.m. on the date it is scheduled to be filed.

Testimony and schedules shall not be filed under seal and treated as proprietary or highly confidential unless a protective order has first been issued by the Commission. The party which considers information to be proprietary or highly confidential should request a protective order to ensure the information is treated as designated. Any testimony or schedule filed without a protective order first being issued shall be considered public information.

The parties shall file a reconciliation setting out the total amounts or values of each party's case, as well as the individual contested amounts or values associated with each party's recommendation for expenses, revenue and rate base in conformance with the issues in the hearing memorandum. If necessary, the reconciliation may be amended or replaced to reflect changes in the issues or amounts in controversy. Staff will be responsible for preparing and filing the reconciliation.

The parties shall file a hearing memorandum setting out the issues to be heard and the witnesses to appear on each day of the hearing, definitions of essential terms, each party's position on the disputed issues, and the order of cross-examination. The hearing memorandum will set forth the issues that are to be heard and decided by the Commission. Any issue not contained in the hearing memorandum will be viewed as uncontested and not requiring resolution by the Commission. Staff will be responsible for preparing and filing the hearing memorandum. The Commission wishes to emphasize the importance of filing the hearing memorandum and the case reconciliation on the dates set by the Commission. Each party is expected to provide Staff with its position on each unresolved issue no later than two working days before the hearing memorandum or reconciliation is due to be filed. Staff is not responsible for including in the

memorandum or reconciliation the positions of parties that are not submitted when due.

The Commission's general policy provides for the filing of the transcript within two weeks after the conclusion of the hearing. Any party seeking to expedite the filing of the transcript shall tender a written request to the administrative law judge at least five days before the hearing.

Initial briefs shall be limited to 50 pages and reply briefs to 25 pages, unless otherwise ordered by the Commission or the administrative law judge. Initial briefs must set forth and cite the proper portions of the record concerning the remaining unresolved issues that are to be decided by the Commission.

The Commission will authorize Staff to file a complaint seeking a reduction in the company's revenues if its audit reflects that the company's earnings are excessive.

The Commission finds that interested parties should receive notice of this proceeding and have an opportunity to intervene. The Records Department of the Commission shall serve a copy of this order upon the mayor of each city and the county commission of each county in UE's service area. In addition, the Information Office shall send notice of this order to the publisher of each newspaper located in the counties in which the company provides service, as listed in the newspaper directory of the current *Official Manual of the State of Missouri*, and to the members of the General Assembly representing the Missouri area served by the company.

Any city, county or other proper entity desiring to intervene in this proceeding shall file its application to intervene on or before the date set forth in this order, in compliance with 4 CSR 240-2.075. Parties wishing to

intervene shall serve a copy of the application on the company's attorney, Ronald K. Evans, Associate General Counsel, Union Electric Company, P. O. Box 66149 (MC 1310), St. Louis, Missouri 63166.

IT IS THEREFORE ORDERED:

1. That the proposed tariff sheets submitted on March 21, 1997 by Union Electric Company for the purpose of increasing rates for gas service, modifying the company's rate design, and implementing a gas cost incentive plan, are hereby suspended for a period of 120 days plus six months from the effective date of April 20, 1997, until February 18, 1998.

2. That anyone wishing to intervene in this proceeding shall file an application to intervene with the Commission and serve a copy upon the company's attorney on or before May 12, 1997.

3. That the Commission will conduct an evidentiary hearing from 10:00 a.m., November 17, 1997, through November 21, 1997 in the Commission's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Anyone with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten days prior to the prehearing conference or hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

4. That Union Electric Company shall file its direct testimony on or before May 12, 1997.

5. That the Commission Staff shall file a proposed procedural schedule as described in this order no later than May 12, 1997.

6. That the company shall file a separate pleading setting out its recommendation concerning the proper test year on the same date that its direct testimony is filed.

7. That the Commission Staff, the Office of the Public Counsel and the intervenors shall either concur in the company's test-year recommendation or recommend alternatives in a separate pleading that shall be filed on the same date their direct testimony is filed.

8. That if the company requests a true-up audit and hearing, it shall file a pleading with its true-up request and the reasons for that request on the same date its direct testimony is filed.

9. That the Commission Staff, the Office of the Public Counsel and the intervenors shall file a pleading indicating either concurrence in the company's true-up recommendation or suggesting alternatives to the company's true-up recommendation in a separate pleading that shall be filed on the same date their direct testimony is filed.

10. That the Commission Staff shall file an original and 14 copies of its prepared direct testimony and schedules with the Executive Secretary of the Commission and serve five copies on the company and two copies on the Office of the Public Counsel and on each intervenor.

11. That the Office of the Public Counsel and each intervenor shall file an original and 14 copies of their prepared direct testimony and schedules with the Executive Secretary of the Commission and serve five copies on the company and two copies on each other party.

12. That all parties shall file rebuttal and surrebuttal testimony and schedules in the same quantities as required for direct testimony and schedules.

13. That testimony shall be marked and filed only as prescribed by 4 CSR 240-2.130(11).

14. That prefiled testimony shall be classified as proprietary or highly confidential only pursuant to a protective order approved by the Commission.

15. That all prefiled testimony shall be filed by 3:00 p.m. on the scheduled filing date. All other pleadings must be filed by 5:00 p.m. on the date due.

16. That the company shall notify each affected customer of the hearings scheduled in this case by either a notice on or accompanying a bill, or in a separate notice, at least ten days but not more than 45 days before the first day of the hearing, unless otherwise ordered by the Commission. The notice shall be in the following form:

NOTICE

Union Electric Company has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase the company's Missouri jurisdictional annual gross revenues for gas service by approximately 19.5 percent. For an average residential heating customer, the proposed increase would be approximately \$8.62 per month for a customer using 71 Ccf per month.

An evidentiary hearing has been set before the PSC at 10:00 a.m., November 17-21, 1997, in the PSC's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, telephone (573) 751-4857.

If any person has special needs as addressed by the Americans With Disabilities Act, please contact the Missouri Public Service Commission at least ten days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

17. That all counsel and parties to this proceeding shall review 4 CSR 240-4.020, comply with its terms, and communicate the meaning and importance of that rule to all personnel whom counsel believes or reasonably should believe ought to be made aware of that rule.

18. That all counsel shall immediately report to the Commission all possible violations of any Commission rule by any party, including the party they represent.

19. That the Records Department and Information Office of the Commission shall send a copy of this order and provide notice as described in this order.

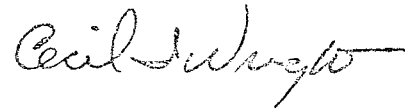
20. That the Hearing Memorandum shall set forth the issues that are to be heard and decided by the Commission. Any issue not contained in the Hearing Memorandum shall be viewed as uncontested and not requiring resolution by the Commission.

21. That initial briefs must set forth and cite the proper portions of the record concerning the remaining unresolved issues that are to be decided by the Commission. That initial briefs shall be no longer than 50 pages, and reply briefs shall be no longer than 25 pages.

22. That the Commission Staff is authorized to file a complaint seeking a reduction in the company's revenues if its audit reflects that the company's earnings are excessive.

23. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton, and
Drainer, CC., Concur.
McClure, C., Absent.

ALJ: Bensavage