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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 20th  
day of June, 1997.

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

**ORDER ESTABLISHING TEST YEAR**

On March 21, 1997, Union Electric Company (UE or the Company) submitted proposed tariff sheets to the Missouri Public Service Commission (Commission) designed to implement a general rate increase for gas service provided to customers in the Company's Missouri service area, to implement several rate design modifications, and to implement an experimental incentive ratemaking plan. On April 15 the Commission issued its Suspension Order and Notice.

Pursuant to ordered paragraph number 6 of the Suspension Order and Notice, UE filed its test year recommendation on May 12. UE recommends that the 12-month period ending June 30, 1996 be utilized as the test year in this proceeding. This test year recommendation was selected because at the time of UE's March 21 tariff filing, it represented the most current complete heating season for which accounting data and consistent and consecutive customer base, revenues, and billing units were available. UE states that it made adjustments to the June 30, 1996 test year period to reflect the impact of normalized weather and the annualization of other known and measurable changes in the Company's gas operating and maintenance expenses. UE also states that it does not recommend a true-up audit and hearing.

On June 6 Staff filed its test year recommendation. Staff concurs in the recommendation of UE for a test year ending June 30, 1996. However, Staff is proposing to update the test year information with known and measurable data through June 30, 1997. Staff is not recommending a true-up in this proceeding. Staff cautions, however, that its recommended update period is not intended to reflect, in advance of its audit, Staff's position about the propriety of proposing adjustments for changes occurring within the update period, or the manner in which any changes will be treated. In addition, Staff indicates that intervenor Midwest Gas Users Association (MGUA) has advised Staff counsel that it has no objection to Staff's recommendation. On June 6 the Office of the Public Counsel (Public Counsel) filed a letter supporting the test year recommendation filed by Staff.

The Commission has reviewed the various pleadings and finds that the parties are essentially in agreement on the proper test year to be used in this proceeding. The Commission determines that the proper test year to be utilized in this case is the 12-month period ending June 30, 1996, as updated through June 30, 1997.

**IT IS THEREFORE ORDERED:**

1. That the test year to be used in this case is the 12-month period ending June 30, 1996, as updated through June 30, 1997.

2. 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,  
Lumpe, Murray and Drainer,  
CC., Concur.

ALJ: Bensavage