



Missouri Public Service Commission

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Chair  
HAROLD CRUMPTON  
CONNIE MURRAY  
ROBERT G. SCHEMENAUER  
M. DIANNE DRAINER  
Vice Chair

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://www.ecodev.state.mo.us/psc/>  
April 25, 2000

BRIAN D. KINKADE  
Executive Director  
GORDON L. PERSINGER  
Director, Research and Public Affairs  
WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. KOLILIS  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

FILED<sup>2</sup>

APR 25 2000

Missouri Public  
Service Commission

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

**RE: Case No. EM-96-149 – 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**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF REPORT RESPECTING FIRST SHARING PERIOD OF SECOND UNION ELECTRIC COMPANY EXPERIMENTAL ALTERNATIVE REGULATION PLAN.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Steven Dottheim  
Chief Deputy General Counsel  
(573) 751-7489  
(573) 751-9285 (Fax)

Enclosure  
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>2</sup>  
APR 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

**STAFF REPORT RESPECTING FIRST SHARING PERIOD OF SECOND UNION  
ELECTRIC COMPANY EXPERIMENTAL ALTERNATIVE REGULATION PLAN**

Comes now the Missouri Public Service Commission Staff (Staff) pursuant to Section 7.f.x of the July 12, 1996 Stipulation And Agreement in the instant case, which was approved by the Commission in a Report And Order that was issued on February 21, 1997, and states as follows:

1. Section 7.f.iv of the July 12, 1996 Stipulation And Agreement provides that within 90 days after the conclusion of a sharing period, a preliminary earnings report, along with a proposed sharing report will be submitted by Union Electric Company (UE), and a final earnings report and proposed sharing report will be filed within 105 days after the end of the sharing period. Section 7.f.x states that signatories to the July 12, 1996 Stipulation And Agreement will have 30 days after a final report is filed to provide notice that there may be areas of disagreement not previously brought to the attention of the Commission that need to be resolved.

2. On February 17, 2000, UE filed its final earnings report for the first sharing period of the second experimental alternative regulation plan (EARP), i.e., the period July 1, 1998 to June 30, 1999. On March 17, 2000, the Staff and the Office of the Public Counsel

(Public Counsel) filed with the Commission a Joint Motion For Extension Of Deadline To File Notice Of Areas Of Disagreement, requesting until April 11, 2000 to file said notice of areas of disagreement. The Commission issued an Order Granting Extension Of Time To File Notice, permitting the Staff and Public Counsel until April 11, 2000 to file their notices of areas of disagreement. On April 10, 2000, the Staff and Public Counsel filed a Staff And Public Counsel Second Joint Motion For Extension Of Deadline To File Notices Of Areas Of Disagreement. On April 21, 2000, the Commission issued its Order Granting Second Extension Of Time To File Notices Of Areas Of Disagreement, granting the signatory parties to the July 12, 1996 Stipulation And Agreement until April 25, 2000 to file notice of any areas of disagreement not previously brought to the attention of the Commission.

3. As of the date of the filing of this report, the Staff characterizes as areas of disagreement between the Staff and UE the following:

- Advertising
- Targeted Separation Plan
- Environmental Expenses
- Income Taxes
- Territorial Agreements
- Injuries and Damages Expenses
- Other Specific Expense Categories
  - Other Production Expenses
  - Materials and Supplies – Direct Purchase
  - Provision for Legal Expenses
  - Tree Trimming / R.O.W. Cleaning
  - Miscellaneous Expenses

The Staff is aware that Public Counsel also is filing this date its notice of areas of disagreement. The Staff has been working independent of Public Counsel. The Staff will examine the areas of disagreement brought forward by Public Counsel.

Based upon the Staff's review to date and the Commission's determinations respecting the third period sharing credits of the first EARP, the Staff believes that the areas of

disagreement that the Staff has identified fall within the parameters of Section 7.f of the July 12, 1996 Stipulation And Agreement in the instant case, and thus are proper items to be brought to the Commission for determination, if necessary.

4. The Staff and UE are still engaged in discussions and exchanges of information respecting these areas. The Staff believes that such discussions and exchanges should continue, but unless otherwise directed by the Commission, the Staff would propose to file on or before May 30, 2000 its prepared direct testimony and schedules regarding any areas for which resolution has not been reached with UE. The Staff proposes the filing date of May 30, 2000 for Staff direct testimony and schedules on the basis that the Staff believes that this timing will permit adequate time for the Staff and UE to conclude discussions and permit the filing of direct testimony and schedules given (1) the present state of discussions and exchange of information with UE and (2) the involvement and responsibilities of the relevant Staff in other matters pending before the Commission.

Wherefore for the reasons stated herein, the Staff files the instant notice of areas of disagreement not previously brought to the attention of the Commission pursuant to the terms of the July 12, 1996 Stipulation And Agreement, approved by the Commission on February 21, 1997, respecting the first sharing period of the second experimental alternative regulation plan, and advises that unless resolution is reached with Union Electric Company on these items, or the Commission otherwise directs, the Staff will file prepared direct testimony and schedules on or before May 30, 2000 and at that time request that the Commission adopt a procedural schedule.

Respectfully submitted,

DANA K. JOYCE  
General Counsel



Steven Dottheim (Mo. Bar No. 29149)  
Chief Deputy General Counsel

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
Telephone: (573) 751-7489  
Facsimile: (573) 751-9285  
sdotthei@mail.state.mo.us

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing document has been faxed, mailed, or hand-delivered to the following counsel for the parties of record on this 25th day of April 2000.

James J. Cook  
Ameren Services Corporation  
1901 Chouteau Avenue  
P. O. Box 66149  
St. Louis, MO 63166-6149

Charles Brent Stewart  
Stewart & Keevil  
1001 E. Cherry Street  
Suite 302  
Columbia MO 65201

James C. Swearngen, P.C.  
Brydon, Swearngen & England  
P. O. Box 456  
Jefferson City, MO 65102-0456

Michael C. Pendergast  
Laclede Gas Company  
720 Olive Street, Room 1530  
St. Louis, MO 63101

Robert C. Johnson  
720 Olive Street, 24th Floor  
St. Louis, MO 63101

Robin E. Fulton  
135 East Main Street  
Fredericktown, MO 63645

Diana M. Vuylsteke  
Bryan Cave, LLP  
One Metropolitan Square, Suite 3600  
211 North Broadway  
St. Louis, MO 63102-2750

Richard S. Brownlee  
Hendren & Andrae  
235 E. High Street  
P. O. Box 1069  
Jefferson City, MO 65102-1069

Paul S. DeFord  
Lathrop & Gage, L.C.  
2345 Grand Avenue, Suite 2800  
Kansas City, MO 64108

Ronald Molteni  
Assistant Attorney General  
Office of the Attorney General  
P.O. Box 899  
Jefferson city, MO 65102

Sam Overfelt  
Attorney at Law  
618 East Capitol Avenue, Box 1336  
Jefferson City, MO 63102

Marilyn S. Teitelbaum  
Schuchat, Cook & Werner  
1221 Locust St., 2<sup>nd</sup> Floor  
St. Louis, MO 63103-2364

James M. Fischer  
Fischer & Dority, P.C.  
101 W. McCarty, Suite 215  
Jefferson City, MO 65101

Gary W. Duffy  
Brydon, Swearingen & England. P.C.  
P. O. Box 456  
Jefferson City, MO 65102-0456

  
\_\_\_\_\_

Service List for  
Case No. EM-96-149  
April 25, 2000

Office of the Public Counsel  
PO Box 7800  
Jefferson City, MO 65102

James C. Swearengen/Paul Boudreau  
Brydon, Swearengen & England  
PO Box 456, 312 East Capitol Ave.  
Jefferson City, MO 65102-0456

Michael C. Pendergast/Thomas M. Byrne  
Laclede Gas Company  
720 Olive St., Rm. 1520  
St. Louis, MO 63101

James J. Cook  
Ameren Service Corp.  
1901 Chouteau Ave., PO Box 66149  
St. Louis, MO 63166-6149

Richard French  
Stewart & Keevil  
1001 E. Cherry St., Ste. 302  
Columbia, MO 65201

Robert C. Johnson  
720 Olive St., 27<sup>th</sup> Floor  
St. Louis, MO 63101

Robin E. Fulton  
135 East Main St.  
Fredericktown, MO 63645

Sam Overfelt  
Attorney At Law  
618 East Capitol Ave., Box 1336  
Jefferson City, MO 63102

Maurice Arnall  
UtiliCorp Regulatory Services  
29 West 9<sup>th</sup>  
Kansas City, MO 64105

Diana M. Vuylsteke, Esq.  
Bryan Cave, LLP  
One Metropolitan Square, Ste. 3600  
211 North Broadway  
St. Louis, MO 63102-2750

Richard S. Brownlee  
Hendren & Andrae  
235 E. High St., PO Box 1069  
Jefferson City, MO 65102-1069

Stephen Rackers  
MO Public Service Commission  
815 Charter Commons Dr., Ste. 100B  
Chesterfield, MO 63017-0608

Maurice Brubaker  
Brubaker & Associates, Inc.  
1215 Fern Ridge Parkway, Ste. 208  
PO Box 412000  
St. Louis, MO 63141-2000