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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 30th
day of May, 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 GRANTING INTERVENTION, ESTABLISHING PROCEDURAL
SCHEDULE, AND MODIFYING SUSPENSION ORDER AND NOTICE

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. The order directed that applications to intervene be filed by May 12, directed the Staff of the Commission (Staff) to file a proposed procedural schedule by May 12, and directed the Company to send notice to its affected customers at least 10 days but not more than 45 days before the first day of hearing.

On May 9, Midwest Gas Users Association¹ (MGUA) timely filed an Application for Intervention. MGUA is an unincorporated non-profit association representing business concerns and corporations which are substantial users of natural gas at their plants situated in Missouri and elsewhere. MGUA notes that in addition to the rate increase, UE's filing also proposes changes in other terms and conditions of service which may

¹For purposes of this case, the Midwest Gas Users Association consists of: Maytag Corporation, Fasco Industries Inc., TEVA Pharmaceuticals USA, Modine Manufacturing Company, and Chesebrough-Ponds USA.

have an impact upon the ability of MGUA's members to economically transport their natural gas supplies through UE's facilities. Because UE transports gas for consumption to MGUA's members under separate rate schedules, and because of the size of its individual members, MGUA has a direct interest in this proceeding which cannot be adequately represented by any other party. In addition, MGUA points out that it has been granted intervention by the Commission in other proceedings involving natural gas companies in the State of Missouri.

The Commission has reviewed MGUA's application and finds that it is in substantial compliance with Commission rules regarding intervention, and that the applicant has an interest in this matter which is different from that of the general public. The Commission concludes that the request for intervention should be granted.

On May 7 Staff filed its Motion to Establish Procedural Schedule. Staff first suggests that the Suspension Order and Notice be modified to require Staff, the Office of the Public Counsel (OPC), and intervenors to file their test year recommendations by May 30 rather than the date their direct testimony is filed, as required by the Suspension Order and Notice. Staff states that UE and OPC have agreed to the modification.

The Commission has considered Staff's motion, and finds that Staff, OPC and MGUA should be required to file their test year recommendation at a point in time earlier than the date their direct testimony is due. As stated in the Suspension Order and Notice, 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. Since an audit of the Company's books will be performed prior to the filing of direct testimony by Staff, OPC and MGUA, it is important that a decision

be made regarding the appropriate test year early in the proceeding, so that the audit can conform to the required test year. Thus, the Commission will require Staff, OPC and Intervenors to file their proposed test year recommendation no later than June 6, 1997.

Staff also proposes the following procedural schedule, in which the Company and OPC also concur: Direct testimony on revenue requirement by Staff, OPC and Intervenors by September 4, 1997; direct testimony on rate design by Staff, OPC and Intervenors by September 11, 1997; prehearing conference September 29-October 3, 1997; hearing memorandum and reconciliation by October 10, 1997; rebuttal testimony of all parties by October 30, 1997; surrebuttal testimony of all parties by November 12, 1997; and hearing, November 17-21, 1997.

The Commission finds that it cannot adopt the procedural schedule suggested by Staff. According to Staff's schedule, the hearing memorandum and reconciliation would be due prior to the filing of rebuttal testimony. The Commission finds that the hearing memorandum and reconciliation should be filed after all prefiled testimony has been filed to ensure that these documents are as accurate and up-to-date as possible. The hearing memorandum and reconciliation are prepared for the benefit of the Commission, to enable the Commission to digest and organize the many complex issues presented to it for decision and to prepare itself for the cross-examination of the witnesses at the hearing. The parties are free to prepare an earlier version of the hearing memorandum and reconciliation for their own use, if they so choose, so long as the final version of the hearing memorandum and reconciliation is filed as directed by the Commission. The Commission reiterates that the hearing memorandum shall set forth the issues that are to be heard and decided by the Commission, and any issue not contained in the hearing memorandum will be viewed as

uncontested and not requiring resolution by the Commission. The Commission will thus modify Staff's proposed procedural schedule to require that rebuttal testimony be filed by October 20, surrebuttal testimony by November 3, and the hearing memorandum and reconciliation by 12:00 p.m. on November 10.

On May 7 OPC filed a Request for Modification of the Suspension Order and Notice. OPC states that it has been unable to determine customer attitudes and concerns regarding the proposed rate increase. OPC notes that under the Suspension Order and Notice, customers would not be notified of the rate case hearing until at least 10 days, and no more than 45 days, prior to the hearing. In order to receive customer feedback and determine the necessity for local public hearings, OPC requests that UE be ordered to provide through its 21-day billing cycle notice of the proposed increase, beginning no later than 15 days after the Commission's order approving OPC's request. Thirty days after all parties to this case have been notified that the 21-day billing cycle containing the notice has ended, OPC should request local public hearings if necessary. OPC submits that this would allow better use of resources by the Commission, UE and OPC. If local public hearings are requested, OPC suggests that the Commission could then order UE to provide notice to all affected customers during UE's next 21-day billing cycle. This would prevent the expense of separate customer notification. OPC adds that it has discussed this procedure with UE and Staff, and both concur.

The Commission finds that OPC's proposal is a reasonable one, which will allow local public hearings to be scheduled, if necessary, sufficiently in advance of the hearing to apprise the Commission and other parties of customer concerns in a timely fashion. However, the Commission *sua sponte* finds that the notice set out in ordered paragraph 16 of the

Suspension Order and Notice should be modified to make reference to the rate design modification and experimental incentive rate making plan, which are also contained in UE's proposed tariff sheets.

IT IS THEREFORE ORDERED:

1. That the application for intervention filed by Midwest Gas Users Association is hereby granted.

2. That the Commission Staff, the Office of the Public Counsel, and Midwest Gas Users Association shall either concur in the Company's test year recommendation or recommend alternatives in a separate pleading that shall be filed by June 6, 1997.

3. That the following procedural schedule is hereby established for this proceeding:

Staff, OPC and MGUA file direct testimony on revenue requirement issues	September 4, 1997 3 p.m.
Staff, OPC and MGUA file direct testimony on rate design issues	September 11, 1997 3 p.m.
Prehearing conference	September 29, 1997- October 3, 1997 10 a.m.
All parties file rebuttal testimony	October 20, 1997 3 p.m.
All parties file surrebuttal testimony	November 3, 1997 3 p.m.
Hearing memorandum and reconciliation	November 10, 1997 12 p.m.
Hearing	November 17-21, 1997

4. That ordered paragraph 16 of the Suspension Order and Notice issued April 15, 1997 is modified to require Union Electric to send

notice of the proposed rate increase to its affected customers through its 21-day billing cycle, commencing June 16, 1997.

5. That ordered paragraph 16 of the Suspension Order and Notice issued April 15, 1997 is further modified to require that the notice to be sent 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%. For an average residential heating customer, the proposed increase would be approximately \$8.62 per month for a customer using 71 Ccf per month. The revised tariffs are also designed to implement several rate design modifications, which could have an impact on rates. In addition, the revised tariffs also propose an experimental incentive ratemaking plan.

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 5th floor of the Harry S. Truman State Office Building, 301 W. High Street, Jefferson City, MO. If you wish to comment or secure information, you may contact the Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102, telephone (573)751-4857.

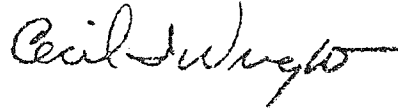
If any person has special needs as addressed by the Americans with Disabilities Act, please contact the Missouri Public Service Commission at least 10 days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

6. That Union Electric is directed to file a pleading notifying all parties when notice to all affected customers has been completed pursuant to its 21-day billing cycle.

7. That any party wishing to request a local public hearing may do so within 30 days of being notified that all affected customers have received notice of the proposed rate increase.

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

BY THE COMMISSION

A handwritten signature in dark ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., Crumpton, Drainer,
and Murray, CC., Concur.

ALJ: Bensavage