

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 25th
day of April, 2002.

Staff of the Missouri Public Service
Commission,

Complainant,

v.

Union Electric Company,
d/b/a AmerenUE,

Respondent.

Case No. EC-2002-1

ORDER DENYING MOTION TO STRIKE

On March 27, 2002, Union Electric Company d/b/a AmerenUE filed a motion to strike the testimony of Staff witness Harrison. AmerenUE stated that part of Mr. Harrison's testimony seeks to adjust the test year data as a result of an insurance settlement reached after the close of the test year, and asks that the Commission strike that portion. In the alternative, AmerenUE asks the Commission to clarify its January 3 Order Approving Jointly Filed Revised Procedural Schedule to make clear that AmerenUE will be allowed to include in its testimony adjustments based on similar post-test-year data.

On April 8, Staff filed a response to AmerenUE's motion to strike, in which Staff explained the purpose of the portion of Mr. Harrison's testimony at issue. Staff argued that

the disputed portion is proper direct testimony, and allowable under the order establishing the test year in this case.

On April 12, AmerenUE filed a Motion for Expedited Treatment and Reply to Staff's Response to Motion to Strike Portions of the Direct Testimony of Staff Witness Paul R. Harrison or, in the Alternative, Request for Clarification of Commission Order. AmerenUE asks that the Commission rule expeditiously on this dispute, so that it will have the benefit of knowing the Commission's resolution as it prepares its testimony. The Commission will grant the motion for expedited treatment.

A test year is a tool designed to help the Commission set rates that will be appropriate in the future. It is not a straightjacket. The Commission has typically been willing to consider proposed adjustments based on known and measurable changes that occur after the end of the test year and update period. The Commission frequently includes the following statement in an order establishing a test year:

A party may also request isolated changes, such as those imposed by governmental bodies, as part of its case and 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.

The Commission will follow this practice in this case. The parties should note that the Commission is not making any finding as to the probative value of the testimony at issue, or even as to its admissibility at hearing. The Commission is simply declining to strike it, based upon the fact that it purports to make an adjustment to the test year for a known and measurable change. The number of known and measurable changes that can

be legitimately proposed in a ratemaking case is typically small, and the number accepted by the Commission even smaller. To the extent this discussion clarifies the Commission's January 3 order, AmerenUE's request for clarification is granted.

IT IS THEREFORE ORDERED:

1. That the motion to strike filed by Union Electric Company d/b/a AmerenUE on March 27, 2002, is denied.
2. That the request for clarification filed by Union Electric Company d/b/a AmerenUE on March 27, 2002, is granted to the extent discussed herein.
3. That the motion for expedited treatment filed by Union Electric Company d/b/a AmerenUE on April 12, 2002, is granted.
4. That this order shall become effective on May 5, 2002.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Simmons, Ch., Murray, Lumpe, Gaw and Forbis, CC., concur

Mills, Deputy Chief Regulatory Law Judge