

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. ER-81-276

In the matter of Missouri Edison Company of Louisiana, Missouri, for authority to file tariffs increasing rates for electric service provided to customers in the Missouri service area of the company.

CASE NO. GR-81-277

In the matter of Missouri Edison Company of Louisiana, Missouri, for authority to file tariffs increasing rates for gas service provided to customers in the Missouri service area of the company.

APPEARANCES: Gary W. Duffy, Attorney, 101 Madison Street,
Jefferson City, Missouri 65101, for Missouri Edison Company.

Richard W. French, Assistant Public Counsel, 1014 Northeast
Drive, Jefferson City, Missouri 65101, for the Office of the
Public Counsel and the public.

Holly E. Peck, Assistant General Counsel, Missouri Public
Service Commission, Post Office Box 360, Jefferson City,
Missouri 65102, for the Staff of the Missouri Public Service
Commission.

REPORT AND ORDER

On March 12, 1981, Missouri Edison Company of Louisiana, Missouri, submitted to this Commission revised tariffs reflecting increased rates for gas and electric service provided to the customers in the Missouri service area of the Company. The proposed tariffs bore a requested effective date of April 13, 1981. By order of the Commission, the proposed tariffs were suspended to February 11, 1982, and the respective cases were set for a prehearing conference, to begin on November 23, 1981, with a formal hearing to occur on November 30, 1981.

At the close of the prehearing conference, the parties presented the Commission with a stipulation and agreement entered into between the Company, Staff and the Office of Public Counsel. Due to the stipulation and agreement the hearing was continued to December 2, 1981, at which time the hearing commenced.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

The Staff of the Missouri Public Service Commission, the Office of Public Counsel, and the Missouri Edison Company formally presented the stipulation and agreement at the hearing. Consequently, the stipulation and agreement represents a settlement of all issues in this case. After presentation and discussion of the stipulation, the hearing was adjourned. The stipulation and agreement contained a recital of the course of proceedings in this case up to the time the stipulation was entered into. The substantive portion of the stipulation follows:

STIPULATION AND AGREEMENT

On March 12, 1981, Missouri Edison Company (hereinafter referred to as the Company), filed with the Missouri Public Service Commission revised tariffs reflecting increased rates for gas and electric service to its customers. The proposed tariffs bore a requested effective date of April 13, 1981. On March 23, 1981, the Commission issued a Suspension Order in which it suspended the proposed tariffs for a period of one hundred and twenty (120) days beyond the requested effective date until August 11, 1981, unless otherwise ordered by the Commission. By Order dated April 16, 1981, the Commission further suspended those proposed tariff sheets for a period of six months beyond August 11, 1981 to February 11, 1982. This order also established procedural dates for intervention, the filing of testimony, prehearing conference and hearing for the purpose of cross examination.

On November 23, 1981, representatives of the Staff of the Commission, the Company, and the Office of the Public Counsel met in the offices of the Commission for the purpose of a prehearing conference, such date having been established in the procedural schedule in these cases. No interventions were made in these cases. As a result of those prehearing negotiations, the undersigned parties have reached a stipulated settlement of the matters at issue in Case Nos. GR-81-277 and ER-81-276, and hereby agree and stipulate as follows:

1. That Company be authorized to file permanent revised tariffs designed to increase Missouri jurisdictional gross annual electric revenues by \$3,190,000 and Missouri jurisdictional gross annual gas revenues by \$200,000, exclusive of applicable gross receipts, sales and local taxes.

2. The effective date of the permanent tariffs referred to in paragraph numbered one hereof shall be December 21, 1981, and the said tariffs shall be effective for service rendered on and after December 21, 1981.

3. The increased gross annual electric revenues authorized by the Commission's approval of this Stipulation and Agreement shall be allocated among and within the rate schedules on the following basis: Electric revenues represented in this Stipulation and Agreement shall be spread by having approximately seventy-two percent, or \$2,283,638, of the increase applied on a uniform cents per kilowatthour (.337 cents per kWh) basis to recognize the fuel component of the increase, and approximately twenty-eight percent of the increase, or \$906,362 on a uniform percentage increase (2.7574 percent) basis to each of the steps in the tariffs.

4. The increased gross annual gas revenues authorized by the Commission's approval of this Stipulation and Agreement shall be allocated on a uniform cents per one hundred cubic feet (ccf) basis. The customer charge for residential firm customers shall be \$6.00 per month. The customer charge for commercial firm and commercial interruptible customers shall be \$8.00 per month. The customer charge for Industrial Interruptible customers (those using over 20,000 mcf annually) shall be \$73.00 per month. After allowance is made for the change in revenue to Company from the changes in the various customer charges, and the effect of the increase which is expressed in this Stipulation and Agreement, the increase to permanent rates amounts to 1.17 cents per ccf.

5. That Company shall be allowed to file tariffs reflecting increased charges for disconnection, reconnection, and trip costs incurred in such functions. Charges for discontinuance of electric or gas service by Company during regular working hours shall increase from \$5.00 to \$10.00. If a trip is made to disconnect and the customer pays prior to disconnection, a charge of \$10.00 shall be made. Seasonal reconnection charges at customer request shall be \$18.00. Company agrees to track the revenues collected from such charges for the period of January 1, 1982 through December 31, 1982, and at a reasonable time thereafter so as to allow for computation, present a report to the Staff of the Commission indicating the results of such study. Company also agrees to conduct a survey to determine its costs in undertaking such tasks and to provide the results and support for that study at the same time.

6. That this Stipulation and Agreement shall have no effect on the present purchased gas adjustment calculations and does not constitute a rebasing of the said PGA.

7. That the Order of the Commission approving this Stipulation and Agreement shall contain the following specific provision:

"ORDERED: Company is authorized to use the ACCELERATED COST RECOVERY SYSTEM for calculating depreciation for income tax deduction purposes and is further authorized to use a normalization method of accounting as defined and prescribed in the Economic Recovery Tax Act of 1981 as defined and prescribed in any rulings or regulations which might be promulgated to further explain or define the provisions of that Act, and further, said normalization will result in deferred tax expense which this Commission will allow in cost of service for ratemaking purposes."

8. This Stipulation and Agreement places into effect subject to refund an amount of .146 cents per kilowatthour (\$0.00146/kWh) in order to recognize that forecasted fuel costs are being included in electric rates. Pending an audit of the actual versus forecasted fuel costs incurred by company from Union Electric Company for the period December 21, 1981 through December 20, 1982. A weighted average fuel cost of 1.394 cents per kWh (\$0.01394/kWh) is included in the case and is not subject to refund. Total weighted annual average fuel costs of 1.529 cents per kWh (\$0.01529/kWh) was utilized for purposes of calculating annualized purchased power fuel costs which results in a difference of .135 cents per kWh (\$0.00135/kWh) being subject to refund. Should Company's weighted annual average fuel costs from its wholesale supplier be less than .135 cents per kWh over that twelve-month period, Company agrees to refund to its electric customers such excess amounts. Any refund would be made on a uniform cents per kwh basis by means of a credit on the customer's bill. Any applicable interest on such amounts would be calculated from December 21, 1982 to the date such credits are made on the bills, utilizing for an interest rate the provisions in Section 35.19a of the Rules of the Federal Energy Regulatory Commission for the period from December 21, 1982 to the date such credits are made. Should Company's weighted annual average fuel costs from those wholesale suppliers exceed .135 cents per kWh for the December 21, 1981 through December 20, 1982 period, no refunds shall be made to the customers. The actual period during which these fuel costs subject to refund are collected may be shorter than twelve months in the event of an order of the Commission in a succeeding rate proceeding involving Company, in which case the length of the period may be modified.

9. In order to administer the contract with Dundee Cement Company, Company shall be authorized to earn 12.94% return upon common equity.

10. That this Stipulation and Agreement represents a negotiated dollar settlement for the sole purpose of disposing of all of the issues in Case No. GR-81-277 and ER-81-276, and none of the parties to this Stipulation and Agreement shall be prejudiced, bound by, or in any way affected by the terms of this

Stipulation and Agreement in any future proceeding or in this proceeding in the event that the Commission does not approve this Stipulation and Agreement in total.

11. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle, value method, method of cost of service determination, rate design proposal or cost allocation underlying any of the rates and tariffs provided for in this Stipulation and Agreement.

12. That all of the prefiled testimony and exhibits of Company witnesses Loethen, Haynes, Loesch, Taliaferro, Scheperle, Anderson, Buchmeier, and Horton, shall be received into evidence without the necessity of any of the said witnesses taking the stand.

13. That all of the prefiled testimony and exhibits of Staff witnesses Hubbs, Kaiser, Straub, Matisziw, Nickle and Madden shall be received into evidence without the necessity of any of the said witnesses taking the stand.

14. That the testimony and exhibits of the witnesses listed in paragraphs numbered 11 and 12 hereof shall constitute all of the evidence submitted in this proceeding.

15. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine witnesses with respect to testimony and exhibits sponsored by such witnesses.

16. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to present oral argument or written briefs, pursuant to Section 536.080 (8) RSMo. 1978.

17. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080 RSMo. 1978.

18. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to judicial review, pursuant to Section 365.510 RSMo. 1978.

19. That the agreements in this Stipulation and Agreement have resulted from negotiations among the signatory parties and are interdependent. In the event the Commission does not approve and adopt all the specific terms of this Stipulation and Agreement, the same shall be void and no party shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

MISSOURI EDISON COMPANY

By (/s/ Gary W. Duffy)
Gary W. Duffy
Attorney

STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION

By (/s/ Holly E. Peck)
Holly E. Peck
Assistant General Counsel

OFFICE OF THE PUBLIC COUNSEL

By (/s/ Richard W. French)
Richard W. French
Assistant Public Counsel

Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

Missouri Edison Company of Louisiana, Missouri, is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, R.S.Mo. 1978. Missouri Edison Company's revised tariffs, which are the subject matter of this proceeding, were suspended pursuant to authority vested in this Commission by Section 393.150, R.S.Mo. 1978.

For ratemaking purposes, the Commission may accept a stipulation settlement on any contested matter submitted by the parties. The Commission is of the opinion that the matters of agreement between the parties in this case are reasonable and proper and should be accepted.

For all of the foregoing reasons, the Commission concludes that the stipulation and agreement as herein proposed by the Company and the Staff is not unreasonable.

It is, therefore,

ORDERED: 1. That the stipulation and agreement received in this matter as Joint Exhibit 1 and contained herein be, and hereby is, adopted in disposition of all matters in this case.

ORDERED: 2. That the Missouri Edison Company file new tariffs reflecting the rates as agreed upon in the stipulation and agreement.

ORDERED: 3. That this report and order shall become effective on the 21st day of December 1981.

BY THE COMMISSION

Harvey G. Hubbs
Harvey G. Hubbs
Secretary

(S E A L)

Fraas, Chm., McCartney, Dority,
Shapleigh and Musgrave, CC., Concur.

Dated at Jefferson City, Missouri,
on this 3rd day of December, 1981.