



Missouri Public Service Commission

Commissioners

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March 15, 2000

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ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
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General Counsel

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

FILED³

MAR 15 2000

Missouri Public
Service Commission

RE: Case No. EO-2000-221

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of the **STAFF'S SUGGESTIONS IN SUPPORT OF THE STIPULATION AND AGREEMENT.**

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,

Bruce H. Bates
Assistant General Counsel
(573) 751-7434
(573) 751-9285 (Fax)

BHB/lb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

MAR 15 2000

In the Matter of the Application of)
Union Electric Company for a Variance)
for MasterCard International.)

Case No. EO-2000-221

Missouri Public
Service Commission

STAFF'S SUGGESTIONS IN SUPPORT OF THE STIPULATION AND AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its *Suggestions in Support of the Stipulation and Agreement* ("*Suggestions in Support*") states to the Missouri Public Service Commission ("Commission") as follows:

On September 8, 1999, Union Electric Company, d/b/a AmerenUE ("UE" or "Company") filed an *Application for Variance of Union Electric Company* ("*Application*") seeking a variance from the following provision of its *General Rules and Regulations* (Tariff Sheet No. 162, III. Distribution System Extensions, Q. Special Facilities, 2. Payments by Customer):

Where Company agrees to supply distribution facilities under the provisions of this paragraph Q in lieu of other alternatives available to customer, customer shall pay to Company a one-time contribution equal to the total additional costs incurred by Company in supplying such facilities. Customer shall also pay to Company an additional one-time contribution equal to ninety percent of such total additional costs for the present value of the Company's projected operations, maintenance and subsequent replacement cost of such facilities, which shall be continuously owned and maintained by Company. All charges payable to Company shall be non-refundable and due in advance of construction. Such payments by customer shall be in addition to any payments required for electric facilities provided under the Company's standard line extension rules or other tariff charges.

This provision requires a customer to pay in advance for additional facilities and for the upkeep of those additional facilities when the customer requests and Company agrees to install distribution facilities not normally contemplated for installation under the Company's standard rate

schedules. Examples of facilities that fall into the category of "special facilities", are duplicate or additional service connections, excess transformer capacity, or facilities necessitated by special legal or engineering requirements.

MasterCard International ("MasterCard") has applied to UE for electric service to its new facility to be located in the Winghaven development in Wentzville, Missouri. MasterCard has requested a second service connection in order for it to maintain an uninterrupted power supply to its data center. UE's standard service installation is one service for one customer. MasterCard's second service would, therefore, come under UE's *Special Facilities Rule*.

UE has estimated the construction cost of each of the two requested distribution system extensions. The first service will be from the Winghaven substation, the closest usable UE electric supply, at a cost to the Company of \$62,814. The second service will be supplied from the Weldon Springs substation at a cost of \$379,829. Application of UE's *Special Facilities Rule* would require the Company to charge MasterCard \$379,829 for the additional cost of the second service, plus \$341,846 for the upkeep and subsequent replacement of those additional facilities, a total of \$721,675.

MasterCard has agreed to locate in Wentzville, Missouri, as a result of significant economic development activities by state and local government and UE. MasterCard has also agreed to provide UE with a one-year revenue guarantee agreement in the amount of \$1,750,000 if UE agreed to request that the Commission grant a variance from UE's *Special Facilities Rule*.

Staff has reviewed the *Application* and the work papers submitted by the Company, Staff finds that the amount of the one-year revenue guarantee from MasterCard will more than adequately cover the Company's total expenditures for both service connections. A one-year revenue test would ordinarily be applied to commercial line extensions not involving "Special Facilities," e.g.,

undergrounding, excessive length, excessive construction costs, etc., in order to determine whether or not a contribution would be required of the customer. Section III. D. Distribution Extension Cost provides, in part, "Company may install a distribution extension of greater length or capacity than initially required for the customer requesting service, due to general engineering, operating, or economic reasons, in which case the additional cost of such increases in distribution system length or capacity shall not be included in the cost of the extension applicable to the customer." The extension of a second distribution feeder into the Winghaven development should promote the economic development of the area and greatly reduce the cost of installing a second service connection for other customers with similar service requirements that may subsequently agree to locate in the area. Therefore, Staff finds that the intent of UE's distribution system extension rules has been met by customer's revenue guarantee.

Company, Staff, and the Office of the Public Counsel ("OPC") have agreed that, for the purposes of ratemaking and for the purposes of the *Second Experimental Alternative Regulation Plan* ("*Second Plan*") the Company will make a pro-forma adjustment to reduce rate base by \$379,000 for the months the distribution facilities are in service during the *Second Plan*. Subsequent to the expiration of the *Second Plan* and the termination of the System Extension Guarantee Agreement, the Company, if it has not previously done so, will also credit (increase) the contribution-in-aid-of-construction account for the greater of \$379,000 or the amount collected from MasterCard as deficiency revenue under the provisions of the *System Extension Guarantee Agreement* between Company and MasterCard.

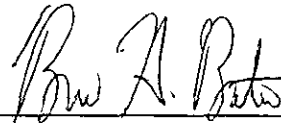
On February 14, 2000, Staff, UE, and OPC jointly filed a *Stipulation and Agreement* in this case setting out the agreement of the parties on this matter.

Wherefore, Staff respectfully requests that the Commission approve the *Stipulation and*

Agreement reached by the parties in this case, and issue an order, conditioned upon the above *Stipulation and Agreement*, granting the requested variance from the advance payment requirement in Section III. Q. of its P.S.C. Mo. Schedule No. 5 – Schedule of Rates for Electric Service, in order to allow MasterCard to forego the advance payment to the Company for the second service connection.

Respectfully submitted,

DANA K. JOYCE
General Counsel

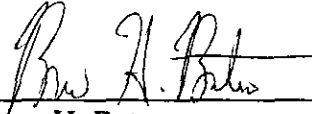


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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel or parties of record as shown on the attached service list this 15th day of March 2000.

A handwritten signature in cursive script, appearing to read "Bruce H. Bates", written over a horizontal line.

Bruce H. Bates

**Service List for
Case No. EO-2000-221
March 15, 2000**

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