



Missouri Public Service Commission

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November 8, 2000

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Jefferson City, MO 65102

FILED²

NOV 08 2000

Missouri Public
Service Commission

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 eight (8) conformed copies of **STAFF REPLY TO OPPOSITION OF UNION ELECTRIC COMPANY TO STAFF MOTION FOR A COMMISSION ORDER COMPELLING UNION ELECTRIC COMPANY TO ANSWER STAFF DATA REQUESTS RELATING TO THE STAFF MAKING THE FILING REQUIRED BY SECTION 7.g. OF THE SECOND EARP 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,

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

FILED²

NOV 08 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 REPLY TO OPPOSITION OF UNION ELECTRIC COMPANY
TO STAFF MOTION FOR A COMMISSION ORDER COMPELLING
UNION ELECTRIC COMPANY TO ANSWER STAFF DATA REQUESTS
RELATING TO THE STAFF MAKING THE FILING REQUIRED BY
SECTION 7.g. OF THE SECOND EARP STIPULATION AND AGREEMENT**

Comes now the Staff of the Missouri Public Service Commission (Staff) in reply to the opposition of Union Electric Company, d/b/a AmerenUE (UE) to the motion of the Staff for an Order compelling UE to respond to Staff Data Requests. In response the Staff states as follows:

1. First, UE asserts that the Staff's revenue requirement cost of service audit creates a sizable administrative burden on UE. It is not the Staff's intention to place sizable administrative burdens on UE. Regardless of UE's perspective on this matter, Staff Data Requests are authorized by statute, case law and Sections 7.g. and 7.e. of the second experimental alternative regulation plan (EARP). In footnote one on page one of its November 3, 2000 pleading in opposition, UE further characterizes the "not inconsiderable administrative burden on UE" as it having "had to provide desks, bookcases, and other materials for this team [of six accountants], and we have had to create a secure location for them." The Staff is officed at 1901 Chouteau Avenue in the same room that has been assigned to the Staff for the Staff's audits of UE's 1997 and 2000 gas rate increase cases (Case No. GR-97-393 and Case No. GR-

2000-512). For purposes of the instant audit, UE has been “burdened” by adding two desks and three bookshelves to the room. A secure location has been made for the Staff by the old doorknob – door lock to the room where the Staff is officed having been changed out for a new combination doorknob – door lock.

2. UE’s response can only be viewed as nothing more than a delaying tactic, attempting to prevent the Staff from fully complying with Section 7.g. of the second EARP Stipulation And Agreement in Case No. EM-96-149 on February 1, 2001. UE states in its closing paragraph on page 7 of its pleading in opposition that it “fully intends to discuss informally with the Staff their reasonable needs for information” and requests among other things that the Staff’s Motion To Compel “should be denied, or, at the very least, held in abeyance while the parties discuss the matter, and possibly avoid the need for any Commission action.” The Staff, of course, is willing to talk with UE, but why should the Commission reward UE for its failure to respond to the Staff’s lawful Data Requests by delaying ruling on the Staff’s Motion To Compel. There is nothing that UE has told the Staff to date, nor is there anything in UE’s pleading in opposition filed on November 3, 2000, to suggest that UE’s proposed informal discussions with the Staff will resolve UE’s refusal to respond to the Staff’s Data Requests. If UE in these informal discussions intends to raise other objections to the Staff’s Data Requests, as it has in its Motion For Reconsideration filed on November 2, 2000, and in its pleading in opposition to the Staff’s Motion To Compel, UE has waived those objections by its failure to comply with the Commission’s rule 4 CSR 240-2.090(2):

...If the recipient objects to data requests or is unable to answer within twenty (20) days, the recipient shall serve all of the objections or reasons for its inability to answer in writing upon the requesting party within ten (10) days after receipt of the data requests, unless otherwise ordered by the Commission...

UE's additional "objections" to the Staff Data Requests, found in its pleading in opposition, i.e., they are burdensome and some of the Staff Data Requests ask for "information the Staff already has in its possession from UE ledgers or the work papers supporting the earnings reports" (pages 1 and 6, respectively, of UE's pleading in opposition to the Staff's Motion To Compel), should have been included in the letters to the Staff from counsel for UE objecting to the Staff Data Requests. (The Staff disputes UE's assertion that some of the Staff Data Requests ask for "information the Staff already has in its possession from UE ledgers or the work papers supporting the earnings reports.").

3. The Staff would note that UE asserts on pages 1-2 of its response that the Staff is proceeding as if it has "a roving commission to impose the rigors and costs of a 'revenue requirement cost of service audit' wherever they choose, whenever they feel such an ordeal is necessitated by the circumstances," and on page 7 of its response UE charges that "[t]he Staff's discovery strategy, and now its claims before this Commission, suggest a highly inappropriate use of what is, at best, the *Commission's* power delegated to the Staff." First, the Staff is engaging in nothing more than what the Staff negotiated would occur when the first and the second EARPS were in the third sharing period. As the Staff has made abundantly clear in this case and in Case No. EO-96-14 in 1999, the template for the first and second EARPs was the Southwestern Bell Telephone Company incentive regulation experiment in Case No. TO-90-1. Nowhere in UE's pleading in opposition is there mention of the SWBT incentive regulation experiment even though in Mr. Donald E. Brandt's January 25, 1995 letter to Mr. Kenneth J. Rademan, in what became the first EARP case, Case No. ER-95-411, Mr. Brandt refers to the UE proposal as "loosely based in concept on the Southwestern Bell plan." (Case No. EO-96-14, Exhibit No. 21, p. 3 of UE/Customer Share In Savings Plan For Union Electric Company). The

Commission in Case No. TO-90-1 did not issue a separate Order authorizing the Staff to file on October 1, 1992 the Staff's recommendations whether the incentive plan should be continued as is, continued with changes (including new rates, if so recommended), or discontinued.

The Staff next would note that the Commission in its December 23, 1999 Report And Order in Case No. EO-96-14 gave no indication that the Staff was required to wait for a Commission Order authorizing it to commence a revenue requirement cost of service audit prior to complying with Section 3.g. of the first EARP Stipulation And Agreement. Instead, having not received any such filings, the Commission directed the parties to comply with Section 3.g. as follows:

In Section 3. g. of the Stipulation and Agreement approved in Case No. ER-95-411, the parties agreed as follows:

In the final year of the Plan, UE, Staff, OPC and other signatories to the Stipulation and Agreement shall meet to review the monitoring reports and additional information required to be provided. By February 1, 1998, UE, Staff and OPC will file and other signatories may file their recommendations with the Commission as to whether the Plan should be continued as is, continue with changes (including new rates, if recommended) or discontinued. Copies of their recommendations shall be served on all parties to UE's Plan Docket.

The Commission received no memoranda, therefore, the Commission directs the parties to file their memoranda with recommendations in compliance with Section 3.g. of the Stipulation and Agreement approved in Case No. ER-95-411, or other comments, within 30 days of the effective date of this Report and Order.

(Emphasis supplied.)

Further indication that the Commission does not believe that it should have to issue orders respecting what should be self-enforcing provisions of the second EARP Stipulation And Agreement can be found in the Commission's January 20, 2000 Order Directing Filing in Case No. EO-96-14. On January 3, 2000, the Staff fearing that UE would not take the necessary steps to effectuate the rate reduction provided for in Case No. EM-96-149 until specifically directed to

do so by the Commission, filed in Case No. EO-96-14 Staff Motion For Clarification And Initial Staff Response To Union Electric Company's Application For Rehearing Of Commission's Order Of December 23, 1999 And For A Stay. The Staff stated in its January 3, 2000 Motion as follows:

2. The Commission's Report And Order of December 23, 1999 does not address the rate reduction that is part of the Stipulation And Agreement in the UE - CIPSCO merger case. Presumably, the Commission is waiting for the Corrected Final Earnings Report and Third Year Credit Sharing Report that the Commission has directed UE to file no later than 3:00 p.m. on January 14, 2000. The Staff's discussion of UE's December 30, 1999 Application For Rehearing And For A Stay requires mention of the required rate reduction, which is pending, because the consequences of the Commission's consideration of a stay of its December 23, 1999 Report And Order, respecting the third-year sharing credits, cannot be separated from the Commission's consideration of a likely UE request for a stay of a Commission Order regarding the required rate reduction, which most likely will follow from UE once the Commission issues its Order on the required rate reduction.

The Commission responded in its January 20, 2000 Order Directing Filing (pages 3-4) that it should not have to order UE to perform what should be self-executing compliance with the Stipulation And Agreement in Case No. EM-96-149 to which UE was a party. Nonetheless, the Commission evidently had the same concerns respecting UE expressed by the Staff because the Commission ordered UE to make the necessary calculations and filings:

In addition to the compliance with Section 3.g., Staff requests the Commission address the rate reduction that is a part of the Stipulation and Agreement in the UE-CIPSCO merger case, Case No. EM-96-149. Staff requested in its motion for clarification that the Commission order AmerenUE "to submit by 3:00 p.m. on January 14, 2000 its calculation of the rate reduction required by the Stipulation and Agreement in Case No. EM-96-149." The Commission is under the impression that the findings in its Report and Order which the Commission has ordered the parties to implement or to render the final figures necessary to calculate the rate reduction as set forth in the Stipulation and Agreement approved by the Commission in Case No. EM-96-149. The parties should not need to be ordered to provide the final figures and amounts reached as ordered by the Commission in order to make possible the calculation of the rate reduction as agreed to by the parties and approved by the Commission in Case No. EM-96-149. While these cases are undeniably related, the rate reduction should be

calculated and figured and reported upon by filings in Case No. EM-96-149. Therefore, the Commission will order AmerenUE to provide to Staff and all other parties the figures and amounts which result as a matter of the implementation of the Commission's Report and Order and any other calculations necessary to implement the calculations of the rate reduction in Case No. EM-96-149. The figures necessary for the calculation of the rate reduction should be filed in Case No. EO-96-14 and in Case No. EM-96-149. The calculation of the rate reduction agreed to in the Stipulation and Agreement and ordered by the Commission in Case No. EM-96-149 should be filed in Case No. EM-96-149.

(Emphasis supplied.)

Finally, if the Commission agrees with UE that under the second EARP Stipulation And Agreement, its express authorization is needed before the Staff can commence a revenue requirement cost of service audit of UE in compliance with Section 7.g., the Commission can in its next Order so advise the parties and authorize the Staff to perform such an audit. The Staff does not believe that this is necessary or advisable. The Staff has assumed in the past that there is some reluctance on the part of the Commission to proceed in this manner out of a concern that such a procedure may give the appearance of prejudgment if the Commission were to order an earnings investigation.

4. UE states on page 2 of its responsive pleading in opposition that “[c]ommonly, the Commission will authorize the Staff to perform this kind of audit 60 to 90 days before a rate case is to be filed (such as when the end of a rate moratorium is approaching),” and “it is important to underscore that the Commission could authorize a ‘revenue requirement cost of service audit’ some reasonable time (such as the familiar 60 to 90 days) before July 1, 2001, when under the experimental alternative regulation plan (‘EARP’) a rate case could be filed. See Section 7.c.” UE seems to be confused about past practice at the Commission. The Staff in the past has not sought Commission authorization to perform earnings audits. If the results of the Staff's earnings audits have warranted, in the Staff's view the filing of an excess earnings

complaint case, the Staff has generally sought Commission authorization to file such excess earnings complaint case. On some occasions in the past when the Staff has requested Commission authorization to file earnings complaint cases, Staff testimony has been ready for filing. On other occasions, Staff testimony has not been ready for filing. The Staff has never encountered a situation where, having determined that surveillance reports warrant an excess earnings audit, a utility under the Commission's jurisdiction has refused to provide audit space or respond to Staff Data Requests on the basis that the Commission has not issued an order authorizing the Staff to perform an excess earnings audit.

5. Throughout its pleading in opposition, UE makes reference to Section 7.e. of the Case No. EM-96-149 Stipulation And Agreement as controlling the information that it must provide for purposes of the February 1, 2001 filing provided for in Section 7.g. The Staff does not concur in UE's assertion or its reading of Section 7.g. Regardless of the inaccuracy of UE's contention, UE fails to cite that Section 7.e. contains the following underlined language, preferring to note only the language that precedes it: "UE will not be required to develop any new reports, but information presently being recorded and maintained by UE may be requested." (Emphasis supplied.). The Staff has not requested that UE develop any new reports. The Staff has merely requested that UE provide "information presently being recorded and maintained by UE."

6. At page 4 of its pleading in opposition, UE quotes from the on the record presentation of the Stipulation And Agreement in Case No. ER-95-411, but only quotes very selectively. A complete quotation of Staff counsel's response to a question from the bench follows and reveals that Staff counsel's statements were in response to a question on monitoring, and not in response to a question respecting the Section 3.g. filing required by the Stipulation

And Agreement in Case No. ER-95-411, and shows that Staff counsel made reference to the SWBT incentive regulation experiment, which UE chooses not to mention:

[Chairman Mueller]: Okay. On Page 7 of the Stipulation, is the Staff confident and the company willing to recognize that those nine points that we have there will be adequate in order to complete the monitoring?

[Mr. Dottheim]: It is our belief that - - the Staff's belief that the nine points will be adequate. I think the document also reflects that there's not just a provision of these nine items. This can - - the information that is provided to the Staff may be followed up with data requests or requests for interviews. So it's not just the nine items that are on page 7 when the Staff indicates that what is contained within the Stipulation and Agreement itself is adequate.

I think there is also a provision for, if any dispute, disagreement arises, problems from our perspective, we may bring it to the Commission for a resolution. And hopefully that situation will not occur.

The language for much of this phase or portion of the Stipulation and Agreement tracks the language in the Southwestern Bell settlement agreement that was effectuated in 1989, if my memory serves me correctly, which led to the establishment of the alternative regulation plan for Southwestern Bell and a monitoring by the Staff.

(Transcript, Vol. 1, p. 36, Case No. ER-95-411, July 19, 1995).

7. UE states at page 5 of its pleading in opposition, in its attempt to argue against the Staff conducting a revenue requirement cost of service audit, that “[i]ndeed the whole point of the EARP, with its defined Reconciliation Procedure and sharing grid is to avoid the retrospective flyspecking of expenses that is common in traditional ratemaking and to create a powerful incentive to avoid unnecessary or imprudent expenses through the mechanism of sharing resulting profitability of the company.” Attachment C to the Case No. EM-96-149 Stipulation And Agreement is a document entitled “Reconciliation Procedure.” The revenue requirement cost of service audit is necessary, in part, to determine the items to comprise the Reconciliation Procedure and the level of dollars for the items that should comprise the Reconciliation Procedure. See attached pages (Appendix 1) from Attachment C, “Reconciliation

Procedure,” to the Case No. EM-96-149 Stipulation And Agreement. (It should also be noted that UE appears to refer to traditional ratemaking, or traditional ratemaking as practiced by the Commission and its Staff, as unnecessary, imprudent and flyspecking.)

8. At page 6 of its pleading in opposition, UE asks “what possible relevance could a request asking for ‘copies of interviews and internal correspondence relating to the Venice power plant outage’ (Staff’s Motion at 3) have to terms of a future EARP?” The Venice power plant outage, which occurred on August 10, 2000, may have been the result of operator negligence/imprudence and, as a consequence, should not be recoverable in ratepayer rates and charges. Also, it may be appropriate to make direct reference in the “Reconciliation Procedure” document to costs related to operator negligence/imprudence not being recoverable in ratepayer rates and charges.

UE also asks what is the relevance of “two requests that ‘ask for information from 1993 forward respecting payments to and correspondence with a certain law firm engaged in lobbying activities?’” The Staff in its Motion To Compel noted that the law firm in question and UE were mentioned in a May 2000 Washington Post article. In particular, the newspaper article refers to the lobbying in question as being “secretly” funded. Thus, even though the “Reconciliation Procedure” identifies lobbying expenses (Edison Electric Institute dues) as being excluded, the lobbying expenses that are the subject of the Staff’s Data Requests are identified as being “secret” lobbying expenses. The Staff is merely attempting to identify the level of costs incurred by UE respecting an activity which is referred to by the Washington Post as being “secret,” thus impairing the Staff’s ability to identify the costs. The May 11, 2000 Washington Post article states, in part, as follows:

Some of the nation’s largest electric utilities have secretly funneled millions of dollars through two front groups – one headed by well-known conservative

leaders to appeal to Republicans, the other affiliated with unions – to stop Congress from deregulating their industry.

The campaign, which at times was run out of the offices of the utilities' CEOs, was so secret that some Washington lobbyists for these same companies were kept in the dark about many of its activities, according to documents stamped "confidential" by the effort's organizers.

The goal of the operation, on which the utilities spent \$17 million over the last 3 1/2 years, was to bottle up legislation in a single congressional panel, the House Commerce Committee's energy and power subcommittee.

Within months, a group of utilities sprang into action, organized by a law firm with a thriving utility practice. The firm, which now goes by the name Ryan, Phillips, Utrecht & MacKinnon, enlisted several existing clients and, later, numerous other firms.

Soon, the firm had brought in nine utilities that paid from \$300,000 to \$700,000 a year to fund "The Project" during the years they participated. The main corporate participants, the documents said, were Carolina Power & Light, Florida Power & Light, Texas Utilities, Illinois-based Commonwealth Edison, Reliant Energy (formerly called Houston Industries), Ohio-based First Energy, Michigan-based Consumers Energy, Florida-based TECO and Union Electric Company in Missouri.

9. The Staff would advise that it is still receiving from UE, objections to Staff Data Requests utilizing the same rationale which the Staff addressed in the Staff Motion To Compel. On Friday, November 3, 2000, the Staff received UE's objection to Staff Data Request No. 108R. That Staff Data Request and UE's objection are attached hereto as Appendix 2.


10. Finally, the Staff would note in passing that the Staff has raised in Case No. EO-2001-233 (In the Matter of the Application of Union Electric Company, d/b/a AmerenUE, for an Order Authorizing the Sale, Transfer and Assignment of Certain Assets, Real Estate Leased Property, Easements and Contractual Agreements to Central Illinois Public Service Company, d/b/a AmerenCIPS, and, in Connection Therewith, Certain Other Related Transactions), the

question of the applicability of the second EARP Stipulation And Agreement to that recent UE filing.

Wherefore the Staff requests that the Commission grant in entirety its Motion To Compel.

Respectfully submitted,

DANA K. JOYCE
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Steven Dottheim
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Missouri Bar No. 29149

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 8th day of November 2000.



**SERVICE LIST FOR
CASE NO. EM-96-149
October 30, 2000**

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APPENDIX 1

RECONCILIATION PROCEDURE

1. The period used in determining sharing will be a year ending June 30. An earnings report will be filed with the Commission and submitted to all parties to this agreement by one hundred and five (105) days after the end of each year of the New Experimental Alternative Regulation Plan ("the New Plan"). The earnings report will be in accordance with this Attachment C and Schedule 1 hereto.

2. The earnings report will reflect the following:

- a. UE's Missouri electric net operating income and common equity return (ROE) will be based upon year ending June 30 operating revenues, expenses and average rate base.

The Missouri electric allocation factors shown in Schedule 1 hereto will be calculated and applied consistent with past UE rate proceedings and will be updated for each Sharing Period of the New Plan.

Any sale of emission allowances shall be reflected above-the-line in the ROE calculation.

- b. The annual depreciation expense will be based upon the depreciation rates in effect at December 31, 1994.

- c. The Company will make the following income statement adjustments which have been traditionally made in UE rate proceedings:

- Normalize the expense of refueling the Callaway nuclear plant to provide an annual expense level.
- Synchronize gross receipts tax expense with amounts included in revenues.
- Eliminate \$250,000 of goodwill advertising.
- Include interest on customer deposits and the residential insulation programs.

- Exclude the cost, net of refunds, for nuclear replacement power insurance.
 - Eliminate differences between the provision for and the actual bad debt charges.
 - Exclude lobbying expenses. (Edison Electric Institute dues.)
 - Allocate system revenues, including revenues from interruptible sales, consistent with the treatment in Case No. EC-87-114.
- d. Net operating income will be normalized for the effect of any prior year "sharing" credits.
- e. Net operating income will reflect changes in the recovery of nuclear decommissioning costs ordered by the Commission as provided in Section 7.i. of this Stipulation And Agreement.
- f. The earnings report will utilize:
- The direct assignment, as ordered in Case No. EC-87-114, of the Callaway plant costs disallowed in Case No. ER-85-160.
 - Staff's rate base offsets for income tax and interest expense, as calculated in past UE rate proceedings.
 - Coal inventory equal to a 75-day supply and a 13-month average for all other non-nuclear fuel, materials and supplies, and prepayments.
 - Nuclear fuel inventory reflecting an 18-month average of the unspent fuel in the reactor core.
 - Staff's traditional calculation of the interest deduction for income taxes.

- A cash working capital rate base offset of \$24 million.
 - Average the beginning and ending period capital structures and embedded costs for determining the average weighted costs of debt and preferred stock. (See also attached Schedule 1, page 1.)
 - Staff's traditional calculation of income tax (refer to the income tax calculation in Case No. EC-87-114).
 - Staff's position regarding the calculation of Pension and OPEB expense as exemplified in the St. Louis County Water Company rate case, Case No. WR-95-145.
 - The amortization of transaction and transition costs as set forth in Section 4 of the Stipulation and Agreement in Case No. EM-96-149.
- g. The earnings level upon which sharing is based are those described in items 2.a. through 2.f. above. UE/Staff/OPC reserve the right to petition the Commission for resolution of disputed issues relating to the operation or implementation of this Plan.

Schedule 1
Page 1 of 6

UNION ELECTRIC COMPANY
CAPITAL STRUCTURE AND
EMBEDDED COST OF DEBT AND PREFERRED

BEGINNING OF SHARING PERIOD

	(i) <u>Capital Structure</u> <u>(Dollars)</u>	(ii) <u>%</u>	(iii) <u>Embedded</u> <u>Cost</u>	(iv) <u>Wgtd Avg</u> <u>Cost</u>
Common Stock Equity*			N/A	N/A
Preferred Stock				col. (ii)
Long-Term Debt				times
Short-Term Debt	<u>(if applicable)</u>			col. (iii)
Total Capitalization				
Return Portion Related to Debt and Preferred				<u>Sum col. (iv)</u>

END OF SHARING PERIOD

	(v) <u>Capital Structure</u> <u>(Dollars)</u>	(vi) <u>%</u>	(vii) <u>Embedded</u> <u>Cost</u>	(viii) <u>Wgtd Avg</u> <u>Cost</u>
Common Stock Equity*			N/A	N/A
Preferred Stock				col. (vi)
Long-Term Debt				times
Short-Term Debt	<u>(if applicable)</u>			col. (vii)
Total Capitalization				
Portion Related to Debt and Preferred				<u>Ret</u>
Sum col. (viii)				

Return Portion Related to Debt and Preferred
Average Beginning and End of Sharing Period

Average Common Stock Equity*
Beginning and End of Sharing Period (%)

* Since common dividends payable at the end of a quarter and preferred dividends payable during the subsequent quarter are removed from common equity in their entirety during the first month of every quarter, the balance for common stock equity for the end of the first or second month in each quarter (if used as the beginning or end of the sharing period) should be adjusted from actual book value. The balance for the end of the first month in the quarter should be adjusted by adding back two-thirds of the quarterly preferred and common dividend. The balance for the end of the second month in the quarter should be adjusted by adding back one-third of the quarterly preferred and common dividend.

Schedule 1
Page 3 of 6

UNION ELECTRIC COMPANY
12 MONTHS ENDED XX / XX / XX

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>	
Plant in Service	\$	\$	
Reserve for Depreciation			
Net Plant			
Add:			
Fuel and Materials & Supplies			
Cash Working Capital			
Prepayments			
Less:			
Income Tax Offset (Staff Method)			
Interest Expense Offset (Staff Method)			
Customer Advances			
Customer Deposits			
Accumulated Deferred Income Taxes:			
Account 190			
Account 282			
(A) Total Rate Base	\$	\$	
(B) Net Operating Income	\$	\$	
(C) Return on Rate Base ((B)/(A))		%	%
(D) Return Portion Related to Debt & Preferred		%	%
(E) Return Portion Related to Common Equity ((C)-(D))		%	%
(F) Equity Percentage of Capital Structure		%	%
(G) Achieved Cost of Common Equity ((E)/(F))		%	%

Schedule 1
Page 4 of 6

UNION ELECTRIC COMPANY
12 MONTHS ENDED XX / XX / XX

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Operating Revenues	\$	\$
Operating & Maintenance Expenses:		
Production:		
Fixed Allocation		
Variable Allocation		
Directly Assigned		
Total Production Expenses		
Transmission Expenses (Fixed)		
Distribution Expenses (Distr. Plant)		
Customer Accounting Expenses (Direct)		
Customer Serv. & Info. Expenses (Direct)		
Sales Expenses (Direct)		
Administrative & General Expenses:		
Directly Assigned		
Labor Allocation		
Total Administrative & General Expenses		
Total Operating & Maintenance Expenses		
Depreciation & Amortization Expense:		
Fixed Allocation		
Labor Allocation		
Directly Assigned		
Total Depreciation & Amortization Expense		
Taxes Other than Income Taxes:		
Fixed Allocation		
Variable Allocation		
Labor Allocation		
Directly Assigned		
Total Taxes Other than Income Taxes		
Income Taxes:		
Federal Income Taxes		
Environmental Tax (Net Plant)		
Missouri State Income Tax		
Other States' Income Taxes		
Total Income Taxes		
Net Operating Income	\$	\$

CALCULATION OF CUSTOMER SHARING CREDITS
FOR UNION ELECTRIC COMPANY

<u>Earned Return on Common Stock Equity Scenarios</u>	<u>Customer Sharing Credits</u>
A. If Earned Return on Common Stock Equity is < 10.000%, then: no sharing occurs and Union Electric Company has the option to file a rate increase case before the Missouri Public Service Commission.	
B. If Earned Return on Common Stock Equity is = to or > 10.00% and is < or = to 12.61%, then: no sharing occurs.	\$ XX
C. If Earned Return on Common Stock Equity is > 12.61% and is < or = to 14.00%, then: that portion of Earned Return on Common Stock Equity between 12.61% and 14.00% is shared with 50% being retained by Union Electric Company and 50% being credited to Union Electric Company's Missouri retail electric customers. If [G] > 12.61% and < or = to 14.00%, then: $\{([G] - 12.61\%) * 50\% * ([A] * [F])\}$ If [G] > 14.00%, then: $\{(14.00\% - 12.61\%) * 50\% * ([A] * [F])\}$	\$ XX
D. If Earned Return on Common Stock Equity is > 14.00% and is < or = to 16.00%, then: that portion of Earned Return on Common Stock Equity between 14.00% and 16.00%, along with the 50% portion addressed above, is shared with 10% being retained by Union Electric Company and 90% being credited to Union Electric Company's Missouri retail electric customers. If [G] > 14.00% and < or = to 16.00%, then: $\{([G] - 14.00\%) * 90\% * ([A] * [F])\}$ If [G] > 16.00%, then: $\{(16.00\% - 14.00\%) * 90\% * ([A] * [F])\}$	\$ XX
E. If Earned Return on Common Stock Equity is > 16.00%, then: that portion of Earned Return on Common Stock Equity above 16.00%, along with the 50% and 90% portions addressed above, is credited to Union Electric Company's Missouri retail electric customers. If [G] > 16.00%, then: $\{[G] - 16.00\% * 100\% * ([A] * [F])\}$	\$ XX
CUSTOMER SHARING CREDITS	<hr/> \$ XX
Associated Income Tax Expense Reduction {Customer Sharing Credits * ((1/(1 - Effective Tax Rate)) - 1)} Effective tax rate was 38.3886% as of 6/30/94.	\$ XX
TOTAL CUSTOMER SHARING CREDITS	\$ XX

Schedule 1
Page 6 of 6

UNION ELECTRIC COMPANY
12 MONTHS ENDED XX / XX / XX

ALLOCATION FACTORS

	<u>TOTAL</u> <u>ELECTRIC</u>	<u>MISSOURI</u> <u>JURISDICTIONAL</u>
Fixed	100.00%	%
Variable	100.00%	%
Nuclear	100.00%	%
Distribution	100.00%	%
Mo. Distribution Plant	100.00%	%
Labor	100.00%	%
Net Plant	100.00%	%
Operating Revenues	100.00%	%
Operating Expenses	100.00%	%

APPENDIX 2

November 2, 2000

VIA FEDERAL EXPRESS MAIL

Mr. Steve Dottheim
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Re: Case No. EM-96-149
Review of EARP II

Dear Mr. Dottheim:

AmerenUE hereby objects to Data Request No. 108R, in the above matter on the grounds that it is part of a discovery process that is not mandated or contemplated by the EARP. Specifically, such data request is not expressly authorized by any provision of the EARP and is outside the scope of any provision of the EARP that arguably authorizes data requests. For example, the provision of the EARP for filing recommendations with the Commission concerning the continuation of the EARP, that is, Section 7(g), does not provide for any mechanism of information disclosure beyond the monitoring disclosures mandated in Section 7(e). Furthermore, this data request asks for information outside of those monitoring provisions.

If you have any questions, please call.

Sincerely,


James J. Cook

Managing Associate General Counsel

Enclosure

RECEIVED
NOV 09 2000

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

DATA INFORMATION REQUEST
Union Electric Company
CASE NO. EM-96-149

Requested From: Eileen Bauman

Date Requested: 11/02/00

Information Requested:

Please provide a Query of Plant in Service and Accumulated Reserve Depreciation and Amortization of Utility Plant, by Account, with description and dollar amounts, for September 2000.

Requested By: Paul Harrison

Information Provided: _____

The attached information provided to the Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. EM-96-149 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Union Electric Company office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies of data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to Union Electric Company and its employees, contractors, agents or others employed by or acting in its behalf.

Signed By: _____

Date Response Received: _____

Prepared By: _____