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August 6, 1999

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

FILED

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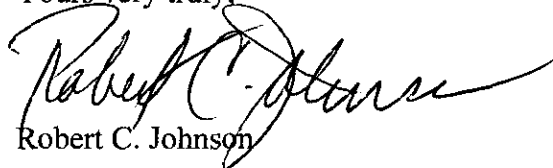
Missouri Public
Service Commission

Re: Union Electric Company-Docket No. EM-96-149

Dear Mr. Roberts:

On behalf of the Missouri Energy Group, Emerson Electric Company et. al,
enclose herewith original and fourteen copies of the initial brief and position statement of
the Group and will appreciate you bringing this filing to the attention of the Commission.

Yours very truly,


Robert C. Johnson

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Monitoring)
Of the Experimental Alternative) Case No. EO-96-14
Regulation Plan of Union)
Electric Company)

In the Matter of the Application of Union)
Electric Company for an order authorizing)
(1) certain merger transactions involving)
UE Company, (2) the transfer of)
certain assets, real estate, leased property,) Case No. EM-96-149
easements and contractual agreements to)
Central Illinois Public Service Company,)
and (3) in connection therewith, certain)
other related transactions.)

MISSOURI ENERGY GROUP INITIAL BRIEF AND POSITION STATEMENT

Missouri Energy Group, Emerson Electric Company, et al submits herewith its Initial Brief and Position Statement in the above docket on the customer-related issues in this matter.

BACKGROUND

This case is extremely important to the customers of Union Electric Company ("UE"). It is the purpose of this case to implement the provisions of the original Stipulation and Agreement dated June 12, 1995 and entered into by the parties to Docket No. ER-95-411 as amended and extended by the Stipulation and Agreement entered into July 12, 1996 in Docket No. EM-96-149 (the "Stipulation").

1. UE is required to refund to its customers each year during the term of the Stipulation an amount equal to the

amount by which its annual earnings exceed a return on equity of 12.61 percent; and

2. At the end of the initial (3) year period UE rates are to be reduced by the average of the weather normalized annual refunds paid by UE to its customers for each of the initial three year term of the Alternative Regulation Plan.

Unfortunately, the "audit standards" issues, the dollar issues and other issues are largely unresolved at this point with the result that neither the refund for fiscal year ended June 30, 1998 has been paid to the UE customers, nor has the permanent rate reduction been determined and implemented. The Stipulation and Agreement in EO-96-14, as amended, does not specifically provide for payment of interest with respect to delayed payments. The stipulation and agreement as amended however does not prohibit Commission-- authorized payment of interest.

REFUND, RATE REDUCTION AND INTEREST ISSUES

With respect to the amount of the refund for the fiscal year ended June 30, 1998 and the permanent rate reduction authorized under the amended Stipulation and Agreement the Missouri Energy Group supports the position of the Commission Staff and urges the Commission to promptly decide these dollar issues so that UE customers can receive the intended benefits of the Alternative Regulation Plan at the earliest possible date.

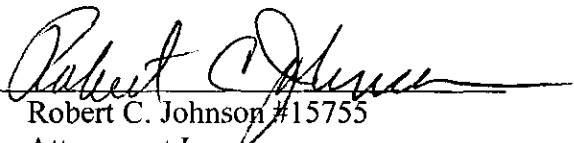
With regard to the dollar issues and in light of the lengthy delays in payment that were never contemplated by this party, we urge that the Commission consider requiring

the payment of interest on the amount to be refunded to the customers. As has become evident in the present proceeding, it is theoretically possible for this case to continue for several more years following conclusion of the Commission proceeding and pursuit of appeals. We urge the Commission to require payment of interest on all refund amounts. State ex rel. Utility Consumers Council of Missouri v. Public Service Commission of Missouri 602 S.W. 2d 852 (Mo. App. W.D. 1980). See also Kansas City Bolt & Nut Co. v. Kansas City Power & Light Co., (en banc) 275 Mo. 529, 204 S.W. 2d 1074. Clearly the Commission has the power to authorize payment both under its general statutory authority and under the case law.

CONCLUSION

The Missouri Energy Group respectfully reserves the right to respond to issues raised in the initial briefs of the other parties.

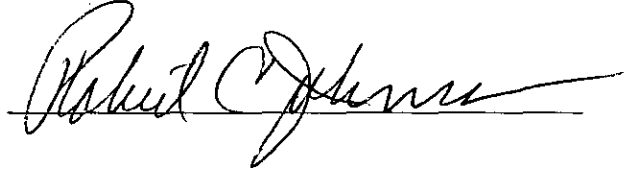
Respectfully Submitted:

By: 
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Attorney for Missouri Energy Group

CERTIFICATE OF SERVICE

The undersigned certifies that on this 6th day of August, 1999, a copy of the foregoing was mailed, by United States Postal Service, first-class postage affixed, to all counsel of record.

A handwritten signature in cursive script, appearing to read "Robert J. Jones", is written over a horizontal line.