FILED

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public Service Commission

In the Matter of an Investigation Into an Alternative Rate Option for Interruptible Customers of Union Electric Company d/b/a Ameren UE	))))	Case No. EO-2000-580

SUGGESTIONS IN SUPPORT OF MOTION FOR EXPEDITED SCHEDULE OF PROCEEDINGS

Holnam Inc., Lone Star Industries, Inc., and River Cement Company ("MEG Interruptibles") in support of their Motion for Expedited Schedule of Proceedings filed concurrently herewith, state as follows:

I. BACKGROUND

1. For approximately thirty (30) years Union Electric Company ("UE") has had in place an interruptible tariff ("Tariff") which enabled eligible large use customers to receive a monthly billing credit in exchange for their agreement to curtail electric service at times of system stress upon request of the utility and after notice from the utility. Of necessity, a customer served under the Tariff, must conduct its manufacturing processes so as to be able to accept curtailments during peak load periods which occur primarily (but not always) in July and August of each year. The purpose of the Tariff and other traditional tariffs in effect at numerous other utilities throughout the country was, and is to protect system reliability. The MEG Interruptibles have been served under this Tariff for more than eighteen (18) years. This Tariff has proved beneficial to both the MEG Interruptibles, UE, and all other UE customers. The MEG Interruptibles have benefited by saving approximately $2.4 million in electric costs as a result of the credits received under the Tariff. While these customers save in electric costs, they may lose

profit from lost production of product. UE customers on firm service have benefited by being better able to maintain a constant flow of electricity at times of peak usage, as a direct result of the reduction in service to the MEG Interruptibles, who together have an interruptible load of approximately 60 mega-watts. Finally, UE has also benefited from the Tariff, by its ability to maintain system reliability.

2. The MEG Interruptibles are all engaged in the manufacturing of cement at various locations in Eastern Missouri. Furthermore, they are all customers of Union Electric, and have been taking service under the Tariff for many years. In reliance on the Tariff, MEG Interruptibles operate their businesses on a basis that permits electric power interruption when necessitated by utility reliability concerns. However, the MEG Interruptibles right to take service under this Tariff along with their right to its benefits, has been terminated effective June 1, 2000.

3. In connection with the settlement of issues in docket #EO-96-15 and execution of the related Stipulation and Agreement dated April 30, 1999 ("Stipulation"), UE insisted on implementation of a new voluntary curtailment tariff to replace its traditional interruptible tariff. Under this curtailment tariff, curtailments were voluntary and were based upon economic conditions rather than reliability concerns. Under the Stipulation, the MEG Interruptibles retained the right to initiate a proceeding to consider an alternative rate option for interruptible customers of US. After unsuccessful negotiations with UE during 1999 and the first quarter of 2000, the MEG Interruptibles exercised such right and on March 20, 2000 filed their application to initiate this docket and for approval of an alternative interruptible rate ("Application").

4. On or about April 6, 2000 UE filed yet another interruptible Tariff designated Rider M . Under the terms of this new tariff, a customer taking service under said tariff agrees to curtail its electric service in exchange for an agreement of UE to "purchase" the power (which would ordinarily have been delivered to the customer) at a price to be determined by UE based upon market pricing and other considerations. This tariff was dramatically different from the traditional tariffs, which had been in place at this utility for many years. Furthermore, this new tariff is substantially different from the voluntary curtailment tariff filed pursuant to the terms of the Stipulation. Ultimately the Commission approved this tariff which went into affect on or about June 6, 2000, without hearing or evidence of any kind offered by the utility, or any other party.

5. After reviewing Rider M, the MEG Interruptible concluded it would not be beneficial to elect service under Rider M and have not contracted for interruptible service under that Rider.

II. SUGGESTIONS

6. Reliability Issue

As noted above, the MEG Interruptible are not being served under Rider M and accordingly UE does not have the right to mandate curtailment of their 60 mega-watts of interruptible power, even though the system may be under stress at the time. We believe it is important that the Commission hear evidence on the reliability issue and that the hearing be scheduled as promptly as possible for this purpose. The reliability issue affects all customers of the utility not just the interruptible customers. This is a matter of system wide concern and is not limited to the MEG Interruptibles. Under the violatary tariff now in effect, if the amount offered to "purchase" power that the utility would otherwise deliver to these customers is considered insufficient or inadequate these customers may remain on the system and continue as firm customers. It should be borne in mind that there is great demand for the products manufactured by industrial customers at this time. Under these circumstances an expedited proceeding is most appropriate.

While it does not appear possible, even under an expedited schedule of proceedings, for the Commission to implement a "reliability" type tariff this summer. Clearly, even with appeals, it would appear that this case could be concluded by the middle of year 2001 in time for implementation of an appropriate "reliability" type tariff if authorized by the Commission and sustained on appeal.

7. Customer Impacts are Substantial

The MEG Interruptibles under the prior interruptible tariff of UE had achieved financial savings in the cost of electricity of approximately $2.4 million per year. Accordingly, because of the substantial dollars involved in this matter it is important to these customers that the proceedings in this matter be held on an expedited basis in order to achieve resolution of disputed issues at the earliest possible date.

8. Issues are Not New

The matters at issue in this proceeding have previously been litigated by the parties in docket #ET-99-96 and have been extensively discussed by and among the parties for over a year. There are no new issues in this matter. The parties are thoroughly familiar with the issues herein. Accordingly an expedited proceeding is highly appropriate under these circumstances.

WHEREFORE the MEG Interruptibles request that the Commission grant the motion for expedited schedule of proceedings in this docket filed concurrently herewith.

Dated at St. Louis Missouri this 3rd day of July 2000.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed or hand delivered to the following on this 3rd day of July 2000.

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