

July 14, 2000

VIA HAND DELIVERY

FILED

JUL 14 2000



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

**Missouri Public
Service Commission**

Re: MPSC Case Nos. EO-2000-580

Dear Mr. Roberts:

Enclosed for filing on behalf of Union Electric Company, d/b/a AmerenUE, in the above matter, please find an original and eight (8) copies of its **Response to MEG Interruptibles' Motion for Expedited Schedule of Proceedings, Motion for Oral Argument, and Suggestions and Statement in Support of Staff's Proposed Procedural Schedule.**

Kindly acknowledge receipt of this filing by stamping a copy of the enclosed letter and returning it to me in the enclosed self-addressed envelope.

Very truly yours,

James J. Cook /sh

James J. Cook
Managing Associate General Counsel

JJC/dhb
Enclosures

cc: Mr. Lewis Mills
Parties on Attached Service List

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

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In the Matter of an Investigation)
Into an Alternative Rate Option for)
Interruptible Customers of Union)
Electric Company d/b/a AmerenUE)

Missouri Public
Service Commission

Case No. EO-2000-580

**UNION ELECTRIC COMPANY'S RESPONSE
TO MEG INTERRUPTIBLES' MOTION FOR EXPEDITED SCHEDULE
OF PROCEEDINGS, MOTION FOR ORAL ARGUMENT, AND SUGGESTIONS**

COMES NOW Union Electric Company ("UE" or "the Company") and in response to MEG Interruptibles' ("MEG") pleadings filed on July 3, 2000, states as follows:

1. On or about July 3, 2000, the MEG Interruptibles filed several pleadings with the Commission: Motion for Expedited Schedule of Proceedings; Suggestions in Support of Motion for Expedited Schedule of Proceedings; Motion for Oral Argument; and Suggestions in Support of Application for Approval of an Interim Alternative Interruptible Rate. In response to these pleadings, the Company states as follows:

2. The Company is opposed to the MEG's Motion for Expedited Schedule; is opposed to its Motion for Oral Argument; and continues to be opposed to its request for approval of an interim alternative interruptible rate.

3. On April 30, 1999, the same entities who now make up the MEG Interruptibles signed the Stipulation and Agreement in Case No. EO-96-15. One of the provisions of that Stipulation was the termination of the Company's Interruptible rate. Part of that Stipulation, however, allowed those customers who were then on the rate, to remain on it through the May 2000 billing period. That Stipulation also stated that the parties would not object on procedural grounds to the filing of "an application ... to initiate a docket for consideration by the Commission of an additional alternative rate option for interruptible customers, to be

available no sooner than June 1, 2000.” (Stipulation and Agreement, Case No. EO-96-15, p Section II 4)

4. On March 20, 2000, the MEG customers filed a request with the Commission for the initiation of a case to consider MEG’s proposed tariff. On April 12, 2000 the Company responded to that filing, questioning the necessity of such a docket. Much of what was stated in that pleading is appropriate in response to the instant pleadings, and rather than repeat itself, the Company asks that its prior response be considered along with this response.

5. The bottom line in this matter is that the MEG customers, after agreeing to the elimination of the Interruptible Rate, have now requested that a similar rate be put back into effect. To the extent that MEG’s tariff proposal is different from the old Interruptible rate, it is in some instances more restrictive on the Company, and therefore significantly less useful as a “reliability” tool for the Company.

6. In its Suggestions in Support of Motion for Expedited Schedule of Proceedings, the MEG states that the old Interruptible Tariff had been in effect for approximately thirty (30) years. What may have made economic and operational sense thirty years ago, may not do so today. In light of the changes the Company has seen and experienced, it has developed and currently has in effect in its Missouri tariffs, two new voluntary options (Rider L and M) for customers like the MEG customers.

7. The MEG customers claim that they have, “benefited by saving approximately \$2.4 million in electric costs as a result of the credits received under the [old] Tariff.” First, these were not “credits” but a discount that was given to the customers year-round. Staff testimony in EO-96-15 indicated that this discount was not justified. Before that issue was litigated, however, the parties including MEG agreed to terminate the rate. MEG knowingly

took on the risk that the Commission would not approve a rate that MEG might propose. MEG certainly should not have assumed that the Commission would, in effect, re-institute the old Interruptible Rate, under a new name, simply based upon MEG's request.

8. MEG has inexplicably objected to the Rider L and M tariff filings made by the Company earlier this spring, which provide voluntary opportunities for customers such as MEG and more than 100 other customers to curtail their demand and receive significant financial benefits. Their only reason for such objections has been that the new voluntary tariffs are not as good for MEG as the old rate. In its recent filings, MEG only states that the new options are "substantially different" from the old rate. Just because a new voluntary option is not as good as or different from the old unjustified discount, is not a sufficient reason to suspend the new options, nor to reinstitute some variation of an old rate that the Company considers undesirable and which all parties have agreed to eliminate. Moreover, such MEG objections to the implementation of these new Company tariffs this past spring flies directly in the face of, and is totally contrary to, MEG's expressed "concerns" about the Company's reliability and ability to meet firm load.

9. Although MEG says much about the undesirability of the new Rider M, they do not mention the other option – Rider L (Voluntary Curtailment Rider) which all three MEG customers have signed up for as potential curtailment participants.¹ It should also be pointed out that while interruptions were mandatory under the Company's old Interruptible Rate, curtailments under Rider L and participation in Rider M are totally voluntary. Moreover, in their attempt to denigrate Rider M, they state that the price is "to be determined by UE based

¹ Coincidentally, Rider L was used on July 10, 2000. Preliminary figures indicate that approximately 60 megawatts were curtailed – voluntarily – after an offer was made by the Company. Twenty customers responded that they wanted to participate in the curtailment and there was no dispute about whether the

upon market pricing and other considerations.” They do not mention that the price per kWh to be paid to the customer is agreed to with the customer and contractually guaranteed by the Company before the customer begins subjecting its operations to a particular mode of curtailment. Nothing is imposed by the Company that the customer does not voluntarily agree to and contract for with the Company.

10. MEG states that “there is little customer interest in Rider M.” To the contrary, the Company already has five customers who have contracted with the Company to take advantage of that Rider, with over 20 MW of contractually guaranteed curtailable load. Even after 30 years in existence, there were only five customers on the old Interruptible Rate.

11. MEG states that it has 60 megawatts of interruptible load, which would be available to the Company for reliability purposes. That figure is not consistent with the Company’s figures, which indicate that these customers have closer to 40 megawatts of interruptible load. Moreover, the Company already has under contract over 150 megawatts of Rider L and M curtailment load subject to the provisions of the new tariffs. The Company has no problem with providing evidence on the “reliability issue” as suggested by the MEG. However, there is no reason that the hearing on the issue be expedited. The Company anticipates no reliability problems in meeting the requirements of its firm system loads in the foreseeable future.

12. MEG offers no purported evidence to support its claims of reliability concerns, other than to suggest that the overstated megawatts that their customers previously had subject to curtailment are not now as available. MEG offers no such evidence, because there is no such evidence.

Company was about to meet a new system peak, or a new annual peak, or 95% of a new peak. It was a simple economic decision made by the Company and its Customers.

13. MEG claims that "customer impacts are substantial." The financial impact complained of here is the impact caused by the elimination of the Interruptible Rate to which the MEG agreed! Moreover, it should be recalled that the Stipulation and Agreement, as with all such agreements, was a "give and take" settlement. It should not be assumed that the MEG got nothing in return for its signing of this Agreement. Yet, now they also want part of the deal back.

14. In referring to Docket No. ET-99-96, MEG states that the "issues are not new." It is not true that the existence of that now dismissed case allows this matter to be expedited. The general subject matter may be similar, but the testimony in that case cannot be simply transferred to this case, nor, more importantly, were the details of the proposed tariff now submitted by MEG addressed in that case.

15. The Company sees no reason for oral argument. The claims of system reliability are spurious and the "loss" of \$2.4 million per year was freely agreed to by the MEG. MEG's pleadings are already largely repetitive; there is no reason to believe that additional, helpful information will be forthcoming in oral argument.

WHEREFORE, for the reasons set forth above, Union Electric Company requests that the MEG's Motion for Expedited Schedule, its Motion for Oral Argument, and its request for approval of an interim alternative interruptible rate be denied.

Date: July 14, 2000

Respectfully submitted,

UNION ELECTRIC COMPANY
d/b/a AmerenUE

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

**UNION ELECTRIC COMPANY'S STATEMENT IN
SUPPORT OF STAFF'S PROPOSED PROCEDURAL SCHEDULE**

COMES NOW Union Electric Company ("UE" or "the Company") and states to the Commission that the Company supports the proposed procedural schedule submitted today by the Commission Staff.

1. MEG Interruptibles have requested an expedited schedule that is unworkable. The times allowed for responding to testimony or unreasonably short. The time for preparation for hearings is unreasonably short, as is the time for briefing.
2. The MEG's schedule still does not result in a decision from the Commission prior to the bulk of the summer cooling season. Therefore, the alleged benefits from an early decision that are related to that season will not be realized.
3. MEG customers and other customers of the Company are not without alternatives while this matter is pending. As set forth more fully in other pleadings, the Company's new Riders M and L provide significant opportunities for customers who can curtail their energy needs, and provide significant opportunity for the Company to free-up generation when needed. Therefore, there is no dire situation that needs to be addressed by an unreasonably short procedural schedule.

WHEREFORE, for the reasons stated above, the Company requests that the Commission adopt the procedural schedule proposed by the Staff.

Date: July 14, 2000

Respectfully submitted,

UNION ELECTRIC COMPANY
d/b/a AmerenUE

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via fax and regular mail on this 14th day of July, 2000, on the following parties of record:

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