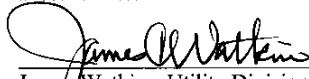


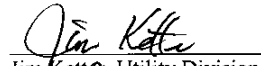
MEMORANDUM

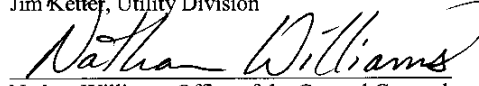
TO: Missouri Public Service Commission Official Case File
Case No. EE-2004-0268, Union Electric Company d/b/a AmerenUE

FROM: Electric Meter Variance Committee


James Watkins, Utility Division


John Coffman, Office of the Public Counsel


Jim Ketter, Utility Division


Nathan Williams, Office of the General Counsel

SUBJECT: Non-Unanimous Second Recommendation for **Denial** of a Variance from
Individual Electric Metering requirement for service to the River's Edge
Project located at 600 Rivers Edge Dr., St. Charles, Missouri.

DATE: March 24, 2004

On October 28, 1999, in accordance with 4 CSR 240-20.050 (5) (C), the Missouri Public Service Commission (Commission) established an Electric Meter Variance Committee (Variance Committee) comprised of two (2) members of the Commission's Utility Operations Division staff and a member of the Commission's General Counsel's office:

Nathan Williams, Office of the General Counsel
James Watkins, Utility Division
Jim Ketter, Utility Division

The Public Counsel is an *ex officio* member of this committee. A copy of the Commission's document establishing the present Variance Committee is attached as Schedule 1.

The Variance Committee considers and makes written recommendations of its findings to the Commission regarding two types of variance applications:

1. Applications filed by utilities to provide electric service on an aggregate basis through a single meter to a multiple-occupancy building that is not exempt from the requirement of 4 CSR 240-20.050 that individual meters must be installed for each residential or commercial unit of a multiple-occupancy building; and
2. Applications filed by utilities to provide electric service on an aggregate basis through a single meter to a multiple-occupancy building that is not exempt from the requirements of that utility's approved tariffs, which are more restrictive of master metering than the provisions of 4 CSR 240.050 and provide that, nevertheless, the provisions of 4 CSR 240.050 shall also apply to such multiple-occupancy buildings.

The Commission may grant a variance for good cause shown.

The purpose of Rule 4 CSR 240-20.050 as stated in the Code of State Regulations is as follows:

This rule prescribes individual metering for new multiple occupancy buildings and new mobile home parks for all electric corporations under the jurisdiction of the Public Service Commission. This rule is aimed at compliance with Sections 113(b)(1) and 115 (d) of Title I of the Public Utility Regulatory Policies Act of 1978 (PURPA), PL 95-617, 16 USC 2601.

Part of PURPA is codified at 16 U.S.C. section 2601. That section provides, in part:

The Congress finds that the protection of the public health, safety and welfare, and preservation of national security, and the proper exercise of congressional authority under the Constitution to regulate interstate commerce require –

- (1) a program providing for increased conservation of electric energy, increased efficiency in the use of facilities and resources by electric utilities, and equitable retail rates for electric consumers.

Other pertinent subsections of PURPA are 2623 (b)(1) and 2625(d).

Subsection 2623(b)(1) provides:

(1) Master Metering

To the extent determined appropriate under section 2525(d) of this title, master metering of electric service in the case of new building shall be prohibited or restricted to the extent necessary to carry out the purposes of this chapter.

Subsection 2625(d) provides:

(d) Master metering

Separate metering shall be determined appropriate for any new building for purposes of section 623(b)(1) of this title if –

- (1) There is more than one unit in such building;
- (2) the occupant of each unit has control over a portion of the electric energy used in such unit; and
- (3) with respect to such portion of electric energy used in such unit, the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such building.

The Variance Committee considers the following factors in determining its recommendation to the Commission:

1. Is individual metering of the multiple-occupancy building required by 4 CSR 240.050;
2. Do the occupant(s) of each unit have control over a portion of the electric energy used in such unit;
3. With respect to such portion of electric energy used in such unit, do the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters;
4. Would the granting of a variance be consistent with the goals of PURPA to increase conservation of electric energy, increase efficiency in the use of facilities and resources by electric utilities, and establish equitable retail rates for electric consumers; and
5. Would the granting of a variance be in the public interest because it furthers a public policy objective in conjunction with other federal, state, or local government programs, such as subsidizing housing costs for low-income residents or promoting economic development in certain urban areas?

On March 24, 2004, the Variance Committee met to consider the additional facts presented in the March 12, 2004 Amended Application For Variance Of River's Edge Properties, which purports to amend the Application For Variance of Union Electric Company, filed by Union Electric Company d/b/a AmerenUE on December 22, 2003.

With respect to each of the above factors the Variance Committee has found as follows:

1. Is individual metering of the multiple-occupancy building required by 4 CSR 240.050?

Finding: Individual metering is required by 4 CSR 240.050 because construction of this project was begun after June 1, 1981, and none of the exceptions listed in 4 CSR 240.050 (4) apply.

2. Do the occupant(s) of each unit have control over a portion of the electric energy used in such unit?

Finding: The resident(s) of each residential unit control(s) the use of all electric energy used in such unit for heating and cooling, lighting, any kitchen appliances, and all other uses, although assistance from maintenance personnel may be required to adjust the thermostat.

3. With respect to such portion of electric energy used in such unit, do the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters?

Finding: The applicant has not shown that the financial savings which would constitute long-run benefits to the electric consumers in the building would not exceed the costs of purchasing and installing separate meters in the building.

4. Would the granting of a variance be consistent with the goals of PURPA to increase conservation of electric energy, increase efficiency in the use of facilities and resources by electric utilities, and establish equitable retail rates for electric consumers?

Finding: Granting of a variance will not increase conservation of electric energy, or increase efficiency in the use of facilities and resources by electric utilities. Granting a variance may be contrary to the goal of establishing equitable retail rates for electric consumers. Inclusion of electricity in the single monthly fee results in each electric consumer paying the same average bill; thus, electric consumers that use less than the average amount of electricity are overcharged and consumers that use more than the average amount of electricity are undercharged. Of perhaps greater concern, is that granting the requested variance could result in unduly preferential rates, on average, for residential electric consumers living in these units, relative to residential electric consumers living in other multiple-occupancy buildings, because of their ability to aggregate load and qualify for service under the Company's Service Classification No. 3(M) Large General Service Rate, which is otherwise not available to residential consumers.

5. Would the granting of a variance be in the public interest because it furthers a public policy objective in conjunction with other federal, state, or local government programs, such as subsidizing housing costs for low-income residents or promoting economic development in certain urban areas?

Finding: The applicant has not shown that granting a variance would operate in conjunction with other federal, state, or local government programs, or what "social policy benefits" would be achieved by master metering, other than to state that some of the residents have age-related impairments. There are no governmental or private health insurance benefits that cover any portion of the monthly fee for "worry free living" and no license is required to provide any of the included services.

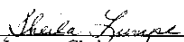
On the basis of its findings, which are limited to the above factors, the Variance Committee cannot recommend to the Commission that a variance be granted.


This recommendation reflects the consensus of a majority of the Variance Committee members. *Ex officio* member, Public Counsel John Coffman fully participated in the Variance Committee meeting discussion, but does not join in this recommendation.

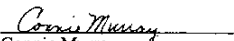
Electric Meter Variance Committee

On this date, in accordance with 4 CSR 240-20.050 (5) C, the Missouri Public Service Commission established an Electric Meter Variance Committee comprised of:


Nathan Williams, Office of the General Counsel
James Watkins, Utility Division
Jim Ketter, Utility Division


Sheila Lumpe, Chair


Harold Crumpton


Connie Murray


Robert G. Schemenauer


M. Dianne Drainer, Vice Chair

Date: October 28, 1999