

Exhibit No. 1  
Date 6/30/00 Case No. EC-2000-713  
Reporter KEM

MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. EC-2000-713, Louie S. Andrews and Amy R. Andrews v.  
Union Electric Company

FROM: Jim Ketter, Electric Department

*[Signature]* 6/30/2000  
Utility Operations Division/Date

*[Signature]* 6/30/00 PF-6, 50, 57  
General Counsel's Office/Date

SUBJECT: Staff Report

DATE: June 30, 2000

On May 1, 2000 Louie S. and Amy R. Andrews filed a complaint against Union Electric Company (UE) concerning the cost to extend three-phase electric service to their barn located at 1137 Highway 109, Wildwood, Missouri. On May 3, 2000 the Commission directed UE to respond to the complaint filed by Mr. and Mrs. Andrews. UE filed its response to the complaint on June 2, 2000. The Commission further ordered a prehearing conference for June 30, 2000 and ordered the parties to file a proposed procedural schedule by July 7, 2000. On June 23, 2000 a Commission order directed the Staff to file a report on June 30, 2000.

The Staff had previously responded to an inquiry from Mr. Andrews and investigated the matter as an informal complaint. The Staff met with Mr. Andrews and reviewed his needs for three-phase electric service and completed an on-site inspection of the existing three-phase electric facilities serving the area. The Staff also met with the UE personnel in the Ellisville District to review the request.

Mr. Andrews built a new barn close to his residence for his use in 1999. Mr. Andrews has welding and metal lathe equipment that requires three-phase electric service to operate. This equipment was previously housed in a commercial building that was equipped with three-phase service. When Mr. Andrews requested electric service from UE, the response required a contribution of \$11,038.73 to extend service.

The three-phase facilities of UE are across Highway 109 from Mr. Andrews' barn, requiring an extension of approximately 120 feet. The closest pole from which to extend three-phase service has a transformer mounted on it, which serves homes across the highway from Mr. Andrews. Extension costs include moving the residential transformer to a pole closer to the homes served, adding a cross-arm and crossing the highway to a pole next to the barn. Three-phase transformers would be installed on the terminal pole to serve Mr. Andrews.

The Rules and Regulations filed by UE and approved by the Commission outline the terms to extend electric service. Three-phase service is offered to customers based on a revenue test. Extensions are made at no cost if the first year's revenue meets or exceeds the estimated construction costs. Extension costs are estimated by UE based upon the average historical cost for components needed to extend service. The rules allow recovery of indirect costs. Construction cost in excess of the first year's revenue is collected prior to commencement of

construction or may be recovered in a monthly minimum over the first year of service. Attached is a copy of my response to Mr. Andrews dated March 16, 2000.

This complaint is directed to the cost estimated by UE for this extension of approximately 120 feet to Mr. Andrews' barn. Mr. Andrews has expressed his opinion that the charges are excessive. The extension policy on file at the commission outlines the parameters necessary to receive electric service, but the average costs and indirect costs are not specified in the tariff.

The cost of three-phase service extensions is often a problem for customers that have equipment that requires three-phase service, but is not utilized sufficiently to generate revenue to offset the initial cost. Mr. Andrews has indicated that anticipated monthly usage through the three-phase meter would be between \$200 and \$400 per month.

Copies:

Director – Utility Operations Division  
Director – Research and Public Affairs Division  
Director – Utility Services Division  
General Counsel  
Manager – Electric Department  
Union Electric Company  
Complaints



Commissioners

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Missouri Public Service Commission

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Director, Administration

DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE  
General Counsel

March 16, 2000

Mr. Lou Andrews  
1137 Highway 109  
Wildwood, MO 63036

Dear Mr. Andrews:

This letter is in response to your inquiry concerning the cost to extend three-phase service to your shop at 1137 Highway 109 in Wildwood. We reviewed the history and I inspected the existing electric facilities when I met with you. I also discussed the project with AmerenUE when I visited their district office in Ellisville.

From my review of the request for three-phase electric service, I find that AmerenUE has followed the rules and regulations on file at the Commission. The cost of extension of service for general service customers include not only the labor and material cost but also the indirect costs. The rules outline the items to include in the overall charge although the tariff does not specify the hourly rate. I have included a copy of the extension rules for your information.

It appears that AmerenUE has used the shortest and most practical route and I found no alternatives to the extension proposed by the company. We discussed the merits of becoming a primary service customer as an option to minimize your cost. The customer charge for the small primary service is \$210 per month versus the \$13.60 charge for the small general service; therefore any savings would be overshadowed by monthly minimum charges. I have enclosed a copy of the Small General Service Rate and Small Primary Service Rate for your information.

Extension of three-phase service has always been an expensive option for customers seeking this type of electric service, particularly when there is limited use. The application of the extension rules for a customer of your size and use typically requires a significant contribution toward construction cost. The extension policy is revenue-based and construction costs are offset by the amount of the first year's revenue, either estimated or recovered from a monthly minimum charge for twelve months. Commercial use of three-phase service normally generates sufficient revenue so that the impact of extension costs on the customer is not a factor. Some customers seeking three-

phase service have found that a single-phase extension and a phase converter provided by the customer is a less expensive option. I realize that this option is not as efficient as three-phase service but it has been successful in some applications.

Your three-phase electric needs require an extension of facilities that will not be utilized sufficiently for electric revenue to cover the construction cost. The present rules outline the costs to be recovered. AmerenUE has developed average system costs to provide costs for extension of facilities under the application of the rules. Although the Commission has the authority to interrupt the rules, a formal complaint is necessary to get a ruling from the Commission. If you wish to pursue this matter in a formal complaint, I can provide forms and information to assist you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim Ketter".

Jim Ketter, P.E.  
Staff Engineer  
(573) 751-2314

Enclosures

Copy: Representative Bill Linton, w/enclosures  
Chair Sheila Lumpe, PSC w/enclosures  
Toni Messina, PSC w/enclosures  
Jim Cook, AmerenUE  
Gary Oleksiw, AmerenUE

APPLYING TO MISSOURI SERVICE AREA

GENERAL RULES AND REGULATIONS  
III. DISTRIBUTION SYSTEM EXTENSIONS

2. Underground Service

a. Secondary Voltage-Residential - At the line-side meter terminals for Company owned services; on the pole, connecting to Company's overhead distribution system or Company's padmounted transformer or pedestal, in the case of customer owned cables.

b. Secondary Voltage-All Other Customers - At the connection of customer's cable to the low side terminals of Company's padmounted transformer or pedestal or customer provided junction box.

c. Primary and Higher Voltages - At the line-side terminals in metal-clad switchgear, or at an agreed upon point on or in a customer owned substation.

D. Distribution Extension Cost

The estimated installed cost of any line extensions and/or modifications and enlargements of the Company's distribution system will include the total cost of all labor and materials, easements, licenses, permits, cleared right-of-way and all other incidental costs, including indirect costs. The indirect costs will include, where applicable, the cost of engineering, supervision, inspection, insurance, payments for injury and damage awards, taxes, AFUDC (Allowance for Funds Used During Construction), legal and administrative and general expenses associated with the extension of the Company's distribution system. The percentage used for indirect costs reflects the Company's historical indirect cost experience. The Company's distribution extension allowances and charges are based on normal, pre-construction and unobstructed conditions. Cost estimates relative to revenue guarantees or customer contributions are based on the conditions prevailing at the time the estimate is made. Additional costs due to changes in surface conditions or unanticipated subsurface conditions will be charged to the customer. Company may install a distribution extension of greater length or capacity than initially required for the customer requesting service, due to general engineering, operating, or economic reasons, in which case the additional cost of such increases in distribution system length or capacity shall not be included in the cost of the extension applicable to customer. A

APPLYING TO MISSOURI SERVICE AREA

GENERAL RULES AND REGULATIONS  
III. DISTRIBUTION SYSTEM EXTENSIONS

copy of the Company's estimated extension charges, including indirect costs, shall be furnished to the customer upon request prior to construction.

E. Overhead Extensions to Individual Residential Customers

Company will provide, at no cost, single-phase overhead electric service consisting of a meter, service drop, transformation capacity and up to 1,000 feet of additional distribution facilities, as required, no more than 500 feet of which shall be extended on private property, to the premises of an individual residential customer not located within a residential subdivision. The portion of any distribution extension applicable to customer in excess of the aforementioned allowance shall be paid for by customer, in advance of construction, at the Company's then current standard construction cost per foot of single phase overhead extensions. Alternatively, at customer's option, Company will provide any distribution facilities in addition to the meter, overhead service drop and transformation capacity referred to above, at no cost to customer provided the annual net revenue estimated to be received by Company from the extension equals or exceeds the installed cost of such additional distribution facilities, estimated at the Company's then current standard construction cost per foot of single phase overhead extensions. Where the annual net revenue estimated to be received by Company is less than the estimated extension cost applicable to customer, said cost in excess of annual net revenue shall be paid by customer to Company in advance of construction.

F. Overhead Extensions to Residential Subdivisions

1. Single-Family Residences

Company will provide single-phase overhead electric service consisting of meters, services, transformation capacity and all additional facilities required for the distribution of electricity, through and within the boundaries of a residential subdivision for which permanent electric service has been requested by customer/developer to two or more residential buildings, at no cost to the customer/developer. Company will also provide additional distribution facilities of up to 150 feet per subdivision lot, as

## UNION ELECTRIC COMPANY

## ELECTRIC SERVICE

P. S. C. MO., ILL. C. C., IA. ST. C. C. SCHEDULE NO. 5 19th Revised SHEET NO. 32CANCELLING SCHEDULE NO. 5 18th Revised SHEET NO. 32APPLYING TO MISSOURI SERVICE AREASERVICE CLASSIFICATION NO. 2(M)  
SMALL GENERAL SERVICE RATE

RECEIVED

JUL 26 1995

\*Rate Based on Monthly Meter ReadingsMISSOURI  
Public Service CommissionSummer Rate (Applicable during 4 monthly billing  
periods of June through September)Customer Charge - Single Phase Service \$ 5.75 per month  
- Three Phase Service \$13.60 per month

Energy Charge 8.22¢ per kWh

Winter Rate (Applicable during 8 monthly billing  
periods of October through May)Customer Charge - Single Phase Service \$ 5.75 per month  
- Three Phase Service \$13.60 per monthEnergy Charge - Base Use 6.13¢ per kWh  
- Seasonal Use(1) 3.54¢ per kWh

- (1) The winter seasonal energy use shall be all kWh in excess of 1,000 kWh per month and in excess of the lesser of a) the kWh use during the preceding May billing period, or b) October billing period, or c) the maximum monthly kWh use during any preceding summer month.

Optional Time-of-Day RateCustomer Charge - Single Phase Service \$15.00 per month  
- Three Phase Service \$30.00 per monthEnergy Charge (Cents per kWh) On-Peak Off-Peak  
Hours(1) Hours(1)  
Summer (June-September billing periods) 11.86¢ 4.84¢  
Winter (October-May billing periods) 7.81¢ 3.59¢

- (1) On-peak and Off-peak hours applicable herein shall be as specified in Rider I, paragraph A.

\*Indicates Change

AUG 1 1995  
95-411  
MO. PUBLIC SERVICE COMMIssued pursuant to the Order of the Mo. P.S.C. in Case No. ER-95-411.  
P.S.C. Mo. DATE OF ISSUE July 26, 1995 DATE EFFECTIVE August 1, 1995

ILL. C.C. DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

IA. ST.C.C. DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

## UNION ELECTRIC COMPANY

## ELECTRIC SERVICE

P. S. C. MO., ILL. C. C., IA. ST. C. C. SCHEDULE NO. 5 30th Revised SHEET NO. 37CANCELLING SCHEDULE NO. 5 29th Revised SHEET NO. 37APPLYING TO MISSOURI SERVICE AREASERVICE CLASSIFICATION NO. 4(M)  
SMALL PRIMARY SERVICE RATE

RECEIVED

JUL 26 1995

MISSOURI

Public Service Commission

Rate Based on Monthly Meter Readings\*Summer Rate (Applicable during 4 monthly billing periods of June through September)

Customer Charge: \$210.00 per month

Energy Charge:

First 150 kWh per kW of Billing Demand	@	7.45¢ per kWh
Next 200 kWh per kW of Billing Demand	@	5.62¢ per kWh
All Over 350 kWh per kW of Billing Demand	@	3.76¢ per kWh

Demand Charge: Total Billing Demand @ \$3.01 per kW

Reactive Charge: 24¢ per kVar

\*Winter Rate (Applicable during 8 monthly billing periods of October through May)

Customer Charge: \$210.00 per month

Base Energy Charge:

First 150 kWh per kW of Base Demand	@	4.69¢ per kWh
Next 200 kWh per kW of Base Demand	@	3.49¢ per kWh
All Over 350 kWh per kW of Base Demand	@	2.73¢ per kWh

Seasonal Energy Charge: Seasonal kWh @ 2.73¢ per kWh

Demand Charge: Total Billing Demand @ \$1.10 per kW

Reactive Charge: 24¢ per kVar

Optional Time-of-Day Adjustments

Additional Customer Charge - (All Months) \$14.00 per month

Energy Adjustment (Cents per kWh)	On-Peak Hours(1)	Off-Peak Hours(1)
Summer (June-September billing periods)	+0.63¢	-0.35¢
Winter (October-May billing periods)	+0.23¢	-0.13¢

(1) On-peak and off-peak hours applicable herein shall be as specified within this service classification.

FILED

AUG 1 1995

95-411

MO. PUBLIC SERVICE COMM

\*Indicates Change

Issued pursuant to the Order of the Mo. P.S.C. in Case No. ER-95-411.

P.S.C. Mo. DATE OF ISSUE July 26, 1995 DATE EFFECTIVE August 1, 1995

ILL. C.C. DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

IA, ST. C.C. DATE OF ISSUE \_\_\_\_\_ DATE EFFECTIVE \_\_\_\_\_

ISSUED BY C. W. Mueller President & CEO