

Docket Nos.: 02-0798, 03-0008,
and 03-0009 (Cons.)
Bench Date: 10-22-03
Deadline: 10-25-03

MEMORANDUM

TO: The Commission

FROM: John D. Albers, Administrative Law Judge
Ian Brodsky, Administrative Law Judge

DATE: October 20, 2003

SUBJECT: Central Illinois Public Service Company (AmerenCIPS) and
Union Electric Company (AmerenUE)

Application for entry of protective order to protect confidentiality
of materials submitted in support of revised gas service tariffs.

Central Illinois Public Service Company

Proposed general increase in natural gas rates. (Tariffs filed
November 27, 2002)

Union Electric Company

Proposed general increase in natural gas rates. (Tariffs filed
November 27, 2002)

RECOMMENDATION: Replace Section VI, E, 4 of the Post-Exceptions Proposed
Order with the revised version of Section VI, E, 4 below.

On the morning of October 20, 2003, Commissioner Squires requested via e-mail clarification of the "Commission Conclusion" at Section VI, E, 4 of the Post-Exceptions Proposed Order ("PEPO"). This conclusion pertains to the interruptible service offered by Central Illinois Public Service ("CIPS") and Union Electric Company ("UE"). Upon review, I agree that the intended outcome could be made clearer. I also realized that the conclusion fails to address the one CIPS' customer on interruptible service that does not face localized distribution system constraints. That one customer should be removed from CIPS' interruptible rate and placed on CIPS' firm service, just as the conclusion directs that the three UE interruptible customers be switched to firm service since they do not face localized distribution system constraints. Rather than attempt to read through the changes

necessary to accomplish these modifications at tomorrow's Pre-Bench Session, a revised version of Section VI, E, 4 follows. I recommend that it replace the Section VI, E, 4 that currently appears in the PEPO.

4. Commission Conclusion

Generally, interruptible rates are offered to customers so that a utility may curtail service to interruptible customers when the supply of a commodity is limited. In this instance, with regard to CIPS, an interruptible rate is offered to 11 certain customers because the distribution system in specific areas is not capable of accommodating the unrestrained peak demand in those areas. While it may be true that CIPS has not curtailed service to its interruptible customers in several years, no evidence has been offered refuting CIPS' claim that capacity shortfalls exist in some areas. In light of this fact, and despite concerns over "discounted" firm rates, the Commission finds at this time the interruptible service offered by CIPS to be a reasonable means of balancing the various concerns. In the event that the number of customers eligible for this rate increases, frequent interruptions begin occurring, evidence is offered indicating that the rate increase from upgrading capacity would not be significant, or other good reason exist, the Commission may revisit this issue. BEAR's proposal to expand the availability of CIPS' interruptible rate will not be adopted since it is clear that this rate only exists in the first place to address peak capacity concerns in specific areas. To avoid confusion on this issue in the future, the Commission directs CIPS to change the name of this rate from "Large Use – Interruptible Delivery Service" to "Large Use – Inadequate Capacity Service." As for the twelfth customer that does not face a system constraint, that customer should be removed from CIPS' interruptible rate and placed on firm service for the reasons set forth below in the context of UE.

With regard to UE, Ameren explains that three customers are taking interruptible service in areas where there are no capacity constraints despite the fact that UE's tariff restricts availability of interruptible service to customers in areas with inadequate main capacity. Instead, UE states that three customers are kept on the interruptible rate because of the financial impact that the customers would experience if switched to firm service. The Commission is mindful of the impact of rate increases on customers but is troubled by UE's failure to abide by the terms of its own tariff. This concern is compounded by the lack of any specific evidence on the alleged rate impact. If adequate main capacity exists, the customers taking service under UE's interruptible rate should be switched to firm service. Utilities may not make exceptions to their Commission approved tariffs. Accordingly, the Commission directs UE to remove the three customers that do not face localized distribution system constraints from its interruptible rate and place them on firm service. Furthermore, despite the current lack of eligible

customers, UE's interruptible rate should not be eliminated, as Staff urges, but should be relabeled in the manner described for CIPS above. As for UE's tariff itself, the Commission's findings concerning CIPS' tariff shall apply to UE's as well.

One other change that the Commission should be aware of concerns Finding (19) in the Finding and Ordering Paragraphs. If the Commission enters a final order in this matter at its October 22 Bench Session, Finding (19) should be revised to read as:

- (19) new tariff sheets authorized to be filed by this Order should reflect an effective date not less than three ~~five~~ working days after the date of filing, with the tariff sheets to be corrected, if necessary, within that time period; and

This revision will allow Ameren to put tariffs in place before the resuspension period expires.

Please let us know if you have any further questions regarding these matters.

JDA