

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 20th  
day of May, 1992.

In the matter of the application of Missouri Public       )  
Service for a variance from provisions of 4 CSR 240-14    )  
with regard to Osage Valley Electric Cooperative in       )  
three subdivisions in Cass County, Missouri.            ) CASE NO. EO-92-274

ORDER GRANTING VARIANCE

On May 11, 1992, Missouri Public Service (MoPub) filed an application with the Commission seeking a variance from the Commission's promotional practices rule, 4 CSR 240-14. MoPub has requested expedited action from the Commission.

MoPub is seeking permission to pay a developer \$300 when the developer installs a heat pump, and \$100 when the developer installs an electric water heater. The proposed promotion is an attempt by MoPub to compete with Osage Valley Electric Cooperative (Osage).

4 CSR 240-14 allows a variance from the promotional practices rule to be obtained by a showing of good cause. MoPub argues that prospective customers would benefit by having access to rates lower than those offered by Osage, and that existing customers would benefit from more efficient utilization of facilities already in place.

On May 18, 1992, the Staff of the Commission (Staff) filed a memorandum concerning MoPub's application. Staff expressed concern that MoPub had presented a net revenue test to evaluate the proposal on only future distribution plant investment. MoPub has not quantified the impact on its electric generation capabilities related to the additional customers who will contribute to its peak. Staff is also concerned that MoPub has not contacted Osage regarding territorial agreements.

Nonetheless, Staff recommended that the Commission approve MoPub's application. Staff pointed out that in Case No. EO-91-368 involving Union Electric Company (UE), the Commission determined that allowing waivers to encourage the electric cooperatives to enter into territorial agreements is in the public interest and overrides many of the concerns Staff may have. Staff indicated that approval of MoPub's application is consistent with Commission directives to encourage territorial agreements and to afford equitable treatment between UE and MoPub.

On May 18, 1992, the Office of the Public Counsel (OPC) filed a motion to deny MoPub's application. OPC argued that the application should be denied because MoPub offered insufficient evidence as to the competition from Osage, possible benefit to ratepayers, or possible effect to MoPub's load factor.

Upon review of MoPub's application, Staff's recommendation and OPC's motion, the Commission finds that the proposed promotional practice in this instance would allow MoPub to compete on a more equal basis, encourage territorial agreements, and afford consistent treatment of MoPub and UE. Thus, the Commission determines that the proposed promotional practice is in the public interest, and that MoPub's application should be approved.

IT IS THEREFORE ORDERED:

1. That the application of Missouri Public Service for a variance from the provisions of 4 CSR 240-14, as contemplated by this Order, is hereby approved.
2. That Missouri Public Service shall pursue discussions of territorial agreements with all of its competing electric cooperatives.
3. That nothing in this Order shall be considered as a finding by the Commission of the expenditures incurred pursuant to the variance granted by this Order.

4. That the Commission reserves the right to consider the ratemaking treatment to be afforded the expenditures incurred pursuant to the variance granted by this Order.

5. That this Order shall become effective on May 21, 1992.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

McClure, Chm., Rauch, Perkins,  
and Kincheloe, CC., Concur.  
Mueller, C., Dissents.