

# New PSC Procedure

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This debt will contribute to Union Electric's substantial interest costs, which were \$60 million in 1975. Although the cost allocated to the nuclear plants won't be put into the rate base, it will be deducted from the company's income, and the company's income after deduction of debt expenses is its fair rate of return.

More subtle factors than book-keeping changes should make inclusion of ongoing construction in the rate base cheaper for rate payers. The factors are increased lender confidence and a reduction in Union Electric's obligation to its common shareholders. "Standard and Poor's and Moody's look with great favor on including construction work in progress in the rate base," says Jim Friel, Union Electric vice-president and comptroller.

Standard and Poor's and Moody's are New York financial services that rank the soundness of a company's bonds. The better they like a company and its bonds, the less interest the company has to pay them.

Union Electric is currently pulling out of a record-breaking slump in lender confidence. The interest rate on the March 1975 bond issue was 10 1/2 per cent, the highest rate the company has paid on first mortgage bonds.

But Standard and Poor's recently raised Union Electric's bond rating from A- to A, which probably will make one-eighth of one percent difference in the interest rate on the company's bonds, according to Friel.

What's in one-eighth of a point? A lot. The difference in total interest costs between two \$70 million, 30-year bond issues, one costing 10 per cent and the other 9 1/2 per cent, is \$2.6 million.

Another small shift in percentages — this time a reduction in Union Electric's obligation to its common shareholders — may also make permitting ongoing construction in the rate base a money-saver for Union Electric's customers.

Since the first Callaway nuclear plant isn't supposed to come on line until 1981, Union Electric's customers won't realize any tangible benefit from it for another five years.

But they will be paying for its construction, in essence shouldering a portion of the company's investment risk. The nuclear plant is an investment like any other.

It might be a great asset, or cost much more than anticipated, or not work as well as expected, or not even work at all. Whatever happens, the rate payers will have financed a part of the investment risk.

The transfer of risk from Union Electric to its customers caused the Public Service Commission to limit the return on common equity of Union Electric shareholders.

Common equity is that part of a corporation's worth left over after debt and preferred shares are subtracted. Common equity in Union Electric amounted to \$608.8 million in 1975, divided into 40,742,000 shares. An individual holding one common share would own \$14.94 worth of Union Electric.

Ernie Ellingson, chief of economic research for the commission, testified at the hearings that 13.0 to 13.5 per cent was a proper rate of return for holders of common equity.

Ellingson said, however, that if the commission should decide to permit ongoing construction in the rate base, Union Electric shareholders would be running less risk and the commission ought to set the return below 13 per cent.

The commission did both. It

permitted ongoing construction in the rate base and it picked 12.9 per cent as the allowable return on common equity.

In 1975, Union Electric earned \$1.78 per common share outstanding, or 11.9 per cent of the \$14.94 equity per share. The rate of return limit in effect during 1975 was 12.8 per cent.

In an interview, Ellingson pointed out the weaknesses of the words "proper" and "fair." What's proper and fair is up to the commission to decide, but the commission gives the company no guarantee that it actually will be able to perform up to its limit.

Ellingson also said that the commission could give no concrete guarantee to the rate payers that its decision was "fair." The commission must mediate between the interests of the utility's investors and its customers, and the commission might end up being unfair to both, he said.

The Utility Consumers Council of Missouri, an intervenor at the hearings, argued that both the \$50 million rate increase and the ruling permitting ongoing construction in the rate base were unfair.

Alberta Slavin, head of the consumers council, had a novel solution to the problem of transferring risk. She testified, "... the increase that Union Electric is attempting to get in this particular case is geared to improve their earnings picture so that they are attractive to investors and they can go out and borrow to begin to undertake the massive expenditures in their planned ten-year construction program. And I've asked that the rate payer, if they're going to finance the plant, be issued the same stocks and bonds that the investor be awarded."

Stewart Smith Jr., attorney for Union Electric, tried to have Slavin's testimony stricken from the record.

Asked why some consumer groups were opposed to the construction ruling when it could result in cheaper rates, Friel, the company comptroller, said, "Underlying it, it seems to me, is a motivation for attacking the nuclear plant." Opposition to construction in the rate base, Friel said, was a "facade" for attacking the nuclear plant.

## New Corporations

(Corporate Name, Address, purposes, incorporators, and representative)

Jefferson County Distributing Co, 7701 Forsyth, Suite 680, 05; selling plbg, supplies, kitchen & bathroom cabinets & fixtures, appliances & related items; 3000 shares common stock \$10 par value; C Love; Thomas K Edelmann, atty. 7701 Forsyth, Suite 680, 05

Santa Ana Bancorp, Inc, 10449 St Charles Rock Rd, St Ann 63074; bank holding company in all its aspects; 100,000 shares common stock; \$1; 12,000 shares class B; \$1; R Pfleging, John V Donner, atty, 2100 Ten Main Center, Kansas City, 64005

Sandwich Factory, Inc, 225 S Meramec, Suite 824, 105; restaurant & tavern business; 30,000 shares common stock; \$1 par value; G Morris; Gary J Morris, atty, 225 S Meramec, Suite 824, 05

## ST. LOUIS COUNTY PROBATE COURT

Re: Final receipts.

Effective April 1, in an estate where final receipts are not filed within 90 days after final distribution is ordered, a 15-day notice to file the receipts will be mailed to the fiduciary and the attorney.

Thereafter, an order to show cause may be issued and the fiduciary may be removed if the receipts are not filed as required by Rule 10.050 of the Rules of Practice of the Probate Courts of the City and County of St. Louis.

LOUIS M. KOHN, Judge.

Re: Filing of pleadings, other documents — memoranda of filing.

The rules of the St. Louis County Probate Court do not require that memoranda for clerk statute that pleadings or other documents are being filed accompany such pleadings or other documents when filed in the court.

Such memoranda are required by Rule 8-A of the St. Louis County Circuit Court.

HEATHER HELLMICH, Probate Commissioner.

## PUBLIC NOTICES

### Miscellaneous Notices to the Public

**ADVERTISEMENT FOR BIDS**  
Sealed bids for PHYSICAL PLANT IMPROVEMENTS, MALCOLM BLISS MENTAL HEALTH CENTER, ST. LOUIS, MISSOURI will be received at the office of the Director, Division of Design and Construction, Office of Administration, State of Missouri, Room B-20, State Capitol Building, Jefferson City, Missouri 65101, until 1:30 P.M., C.D.T., June 17, 1976 and then publicly opened and read aloud.

A certified check, bank draft or a bid bond executed by the bidder and an approved Surety Company in the amount of five (5%) percent of the bid shall be submitted with each Proposal.

Plans and Specifications can be secured from Ross & Baruzzini, Inc, 7912 Bonhomme, St. Louis, Missouri 63105, upon deposit of \$75.00 per set, in the form of a certified, cashier's or company check payable to the Division of Design and Construction, Office of Administration, State of Missouri.

Bidders must agree to comply with Prevailing Wage Rate Provisions and other Statutory regulations as referred to in the specifications.  
JOHN A. COOPER, A.I.A., Director, Division of Design and Construction, May 20, 1976.

### ADVERTISEMENT FOR BIDS

Sealed bids for EMERGENCY WATER LEAK REPAIRS FOR DIETARY BUILDING, ST. LOUIS STATE SCHOOL AND HOSPITAL, 10095 Bellefontaine Road, St. Louis, Missouri will be received at the office of the Director, Division of Design and Construction, Office of Administration, State of Missouri, Room B-20, State Capitol Building, Jefferson City, Missouri 65101, until 1:30 P.M., C.D.T., June 10, 1976 and then publicly opened and read aloud.

A certified check, bank draft or a bid bond executed by the bidder and an approved Surety Company in the amount of five (5%) percent of the bid shall be submitted with each Proposal.

Plans and Specifications can be secured from Rathert and Roth, Architects, 6978 Chippewa Street, St. Louis, Missouri 63109, upon deposit of \$25.00 per set, in the form of a certified, cashier's or company check payable to the Division of Design and Construction, Office of Administration, State of Missouri.

Bidders must agree to comply with Prevailing Wage Rate Provisions and other Statutory regulations as referred to in the specifications.

JOHN A. COOPER, A.I.A., Director, Division of Design and Construction, May 25, 1976.

## Notice to Attorneys County Circuit Court

Any default matter may be heard Monday through Thursday, at 9:30, but notify appropriate Clerk, i.e. Domestic Relations, Equity, Criminal or Civil, or Courtroom clerk in said division. Contested matters will commence at 10:00 A.M.

Civil motions will be on a sign-in basis at 9:30 A.M. on Fridays, unless notice is given otherwise.

Criminal motions will be heard after the calling of the arraignment docket and after any criminal call docket at 10:30 A.M. on the 2nd and 4th Fridays of the month, or as set by the Court.

The Courtroom clerk should be notified of any motion requiring testimony. Special settings on motions, or other matters, should be obtained from the clerk of the Court.

DREW W. LUTEN, Jr., Judge, Division 10

There will not be a docket — or a sign in motion docket or any other matters set in Div. One during the week of May 17th, 1976.

N. Gruendahl  
C. Pauli  
J. Bishop  
E. Walker

### Division No. 16

All civil jury cases must have at least one pretrial conference even though docketed for trial. The conference must be held at least 10 days before trial. Any lawyer wanting a pretrial conference must obtain a setting therefor from the divisional clerk, Mrs. Seyer, for any Thursday morning or Friday afternoon, subject to the court's preoccupation with other matters. Pretrial conferences will be held by consent on any other day at 1:00 p.m. without leave, but the clerk must be notified.

Motions p.d. in domestic relations cases, returns to orders to show cause, in those and equity cases, change of name, friendly suit settlements, motions to suppress, dismiss, etc. in criminal cases, and hearings for final judgment in all except domestic relations cases will be heard on Thursdays after obtaining settings from the divisional clerk, subject to the court's preoccupation with other matters.

All motions before or after trial in all jury and non-jury cases except criminal and domestic relations matters will be heard at 11:00 a.m. on Fridays without obtaining prior settings from the clerk but only after notice to opposing parties and to the divisional clerk.

Sentencing dispositions will be heard on Fridays at 9:00 a.m. Pleas of guilty will be taken on any day at any time without setting or notice to the court.

All final hearings on the merits in contested equity and domestic relations matters (except for motions mentioned above) will be set on Mondays. Settings may be obtained from the fifth floor clerks without notice to the divisional clerk.

Uncontested or default hearings in domestic relations cases will be heard promptly at 9:00 a.m. on any day of the week. Obtain settings from the fifth floor clerk.

ORVILLE RICHARDSON, Judge, Div. No. 16

Due to the Judicial Conference being held on that date, there will be no Motion Dockets on Friday, June 18, 1976.

## Business

### Permits Issued

#### Applications For New Merchants Licenses

American Hosp Sup Corp, Sen Pro 155 Weldon Pky 117B  
Enders Jewelers, 24 Grandview Plaza 63033  
Executive TV Service, 520 Hoffmeister Ave, 63125  
CLARK Serv Sta, 8314 Olive Blvd 63132  
Floyds Automotive Spanish Lake, 1660 Pattern Dr 63138

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The Daily Record and St. Louis Countian are for sale at World News Store, Forsyth & Central in Clayton, and at the Daily Record desk in the Circuit Clerk's office in the Civil Courts Building in St. Louis.

### OFFICE HOURS

The office hours of the St. Louis Countian are from 9:00 a.m. to 5:00 p.m. Monday through Friday. The office is closed on Saturday, Sunday and on all legal holidays.

### PURPOSE

The duty and privilege of this newspaper is to render complete factual service to the Metropolitan St. Louis Community. In furtherance of this obligation it will continue to be forthright and impartial. It will under no circumstances knowingly withhold information from publication.

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## Notice to Attorneys County Circuit Court

Summer equity docket weeks are August 9 and September 7, 1976.

On domestic relation weeks of June 14, 1976 (2 days, June 14 and June 15 only), August 2, 1976 and August 30, 1976 all contested cases and motions to modify will be set on the Mondays of each week according to the dates when the cases were filed, namely; the oldest case of the contested docket will be No. 1 of that week and the oldest case of the motion to modify docket will also be No. 1 of the motion to modify docket of that week. P.D.L. cases will be set in Div. No. 16 by the Courtroom Clerk, Bernice Seyer, according to the dates and order listed above.

JUDGE RICHARDSON DIVISION 16

No motions will be heard in Div. 10, Friday, May 28.

Judge Drew W. Luten, Jr.,

If you're over 40, make sure your doctor gives you a procto as part of your health checkup.

AMERICAN CANCYR

This space contributed by the publisher.

This year ignorance could kill you.