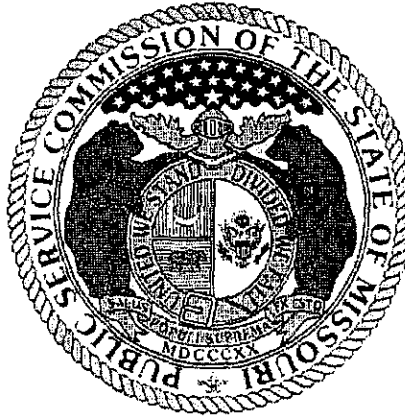


**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**



In the Matter of the Application of Citizens Electric  
Corporation for Approval of Interim Rates, Subject  
to Refund, and for a Permanent Rate Increase.

)  
)  
)

**Case No. ER-2002-217**  
Tariff No. 200200512

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**REPORT AND ORDER  
APPROVING STIPULATION AND AGREEMENT**

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**Issue Date:** June 18, 2002

**Effective Date:** June 28, 2002

# BEFORE THE PUBLIC SERVICE COMMISSION

## OF THE STATE OF MISSOURI

In the Matter of the Application of Citizens Electric     )  
Corporation for Approval of Interim Rates, Subject     )  
to Refund, and for a Permanent Rate Increase.     )     Case No. ER-2002-217

### REPORT AND ORDER APPROVING STIPULATION AND AGREEMENT

**SYLLABUS:** This order approves a stipulation and agreement submitted by the parties regarding a rate increase for Citizens Electric Corporation. The order also authorizes Citizens to file tariff sheets and to comply with the terms of the Unanimous Stipulation and Agreement.

On November 1, 2001, Citizens filed with the Commission proposed permanent tariff sheets designed to increase revenues 13.9 percent, or \$6,548,804 annually. Citizens stated that the increase was necessary to offset a January 1, 2002, increase in its costs for wholesale power by \$4,665,565 annually, and increases in other costs by \$1,883,240 annually. Citizens' tariff bore an effective date of December 1, 2001. The general rate increase tariff was suspended by the Commission until September 30, 2002.

Citizens is a public utility engaged in providing electric service to approximately 24,000 customers in Ste. Genevieve, Perry, northern Cape Girardeau, and St. Francois Counties in Missouri. The Missouri Public Service Commission has jurisdiction over the services, activities, and rates of Citizens pursuant to Section 386.250 and Chapter 393, RSMo.

Citizens Electric Corporation is a uniquely situated entity. Like most of the utilities that come before the Commission, it is a corporation established under Chapter 351, RSMo. Unlike other corporate entities regulated by the Commission, however, Citizens is structured such that it operates on a business plan similar to a cooperative electric corporation. Citizens' stockholders are also the consumers of the power that Citizens sells. Citizens refers to these consumers as members. Under Citizens' business plan, all revenues in excess of costs are returned to its members in the form of capital credits. Because of its business plan, Citizens has many of the same characteristics of a rural electric cooperative.

Citizens does not generate any power. Citizens purchases all of its power under contracts in the wholesale energy market. Citizens recently completed negotiations for a new purchased power agreement that increased the costs of its wholesale power by 15 percent beginning January 1, 2002. The parties reached a unanimous agreement with regard to the interim rate increase, and the Commission issued its Order Approving Stipulation and Agreement on December 20, 2001.

On May 30, 2002, the parties jointly filed a unanimous stipulation and agreement regarding the general rate increase. Staff filed suggestions in support of the stipulation and agreement on June 7, 2002. On June 11, 2002, the Commission held a hearing regarding the stipulation and agreement.

The parties agreed to the resolution of all issues and set forth the following specific resolutions:

A. That the Commission should approve revised electric tariff sheets for Citizens that reflect an overall revenue increase of \$6,274,255 on an annual basis exclusive of gross receipts and franchise taxes.

B. That beginning January 1, 2003, the rate of interest to be paid on customer deposits will be equal to the prime lending rate plus one percentage point as published in the *Wall Street Journal* for the last business day of the preceding calendar year, except when the Commission's rules require otherwise.

C. That Citizens should be authorized to file tariff sheets with an effective date of October 1, 2002, in conformance with the tariff sheets attached as Exhibit 1 to the Unanimous Stipulation and Agreement within ten days of this order.

D. That the Commission should authorize Citizens to implement the rate increase on a billing month basis commencing with the first billing cycle on or after November 1, 2002.

E. That Citizens has incurred no refund obligation for the interim rate increase.

F. That the Commission should direct Citizens to implement, for Missouri financial reporting purposes only, effective January 1, 2003, the depreciation rates contained in the document attached to the Unanimous Stipulation and Agreement as Exhibit 2.

G. That Citizens will continue to keep its accounting records regarding depreciation expense and accumulated provision for depreciation in accordance with the Rural Utilities Service (RUS) accounting guidelines. However, Citizens will use the depreciation rates in Exhibit 2, attached to the Unanimous Stipulation and Agreement, for Missouri financial reporting purposes (*i.e.*, the Annual Report Citizens files with the

Commission). Citizens will maintain these records by applying the depreciation rates to the month-end plant balances and total the resulting monthly amounts in order to determine the Missouri regulatory depreciation expense for the reporting period. To determine the net salvage/cost of removal separate expense item, Citizens will total the annual salvage cost and subtract the total annual cost of removal. An annual reconciliation will be made on the Annual Report Citizens files each April with the Commission. In addition, Citizens will disaggregate the year-end accumulated provision for depreciation balance into reserve balances that correspond to the plant cost accounts. The annual disaggregation will be determined by an allocation method based upon year-end gross plant balances weighted by their depreciation rates shown in Exhibit 2. Citizens will attach this disaggregation annually to the Annual Report it submits to the Commission.

H. That Citizens will contact the Commission's Energy Department Manager by letter when material events occur in Citizens' progress toward developing its power supply portfolio to address the expiration of its 2003 bulk power and 2006 full requirements contracts. Citizens will provide RFP information to the Staff in advance of the issuance of the RFP.

I. That Citizens will provide to Staff by April 1<sup>st</sup> of each year its peak demand and energy forecasts, capacity plans and transmission and distribution plans. Citizens and Staff agree to meet annually, either in person or via teleconference, to discuss these plans and forecasts. The first annual meeting will be held in April of 2003.

J. That Citizens will continue to submit monthly surveillance data reports with the Staff of the Commission's Financial Analysis Department. Citizens' monthly surveillance data reports will continue to reflect RUS' accounting methods with a footnote

that an annual reconciliation will be made for Missouri financial reporting of depreciation methods.

K. That the rate design for the proposed permanent rates were previously agreed to and approved by the Commission in its Order Approving Stipulation and Agreement issued December 20, 2001.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of issues raised in this case.<sup>1</sup> The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.<sup>2</sup> In the Unanimous Stipulation and Agreement, the parties specifically waived their rights to present testimony, to cross-examine witnesses, to present oral argument or briefs, to cross-examine witnesses, to have the transcript read by the Commission, and to judicial review. Therefore, the Commission may grant the relief requested based on the agreement.

The Commission has reviewed the verified application, the unanimous agreement, Staff's suggestions in support of the agreement, and the sworn testimony presented at the stipulation hearing. The Commission finds that in its totality, the agreement is reasonable in that it provides for just and reasonable rates. The Commission is adopting these methods of recovery and associated rates because they are part of the settlement as agreed by all the parties. These rates and methods should not be considered precedent for any future findings by this Commission. The facts of each case will determine the rates and methods in future cases.

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<sup>1</sup> Section 536.060, RSMo Supp. 2001.

<sup>2</sup> *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

The Commission will authorize Citizens to file revised tariff sheets for the Commission's approval consistent with the agreement and in substantial conformance with the illustrative tariff sheets attached as Exhibit 1 to the Unanimous Stipulation and Agreement. The Commission will also direct its Staff to file a recommendation stating whether or not the tariff sheets, if filed, comply with the Commission's order.

**IT IS THEREFORE ORDERED:**

1. That the Unanimous Stipulation and Agreement filed on May 30, 2002, by Citizens Electric Corporation, Mississippi Lime Company, the Staff of the Public Service Commission, and the Office of the Public Counsel is hereby approved. The agreement is attached to this order as Attachment 1.

2. That the tariff sheets filed by Citizens Electric Corporation on November 1, 2001, (Tariff No. 200200512) are rejected.

3. That Citizens Electric Corporation is authorized to file revised tariff sheets in conformance with the illustrative tariff sheets attached as Exhibit 1 to the Unanimous Stipulation and Agreement, with an effective date of October 1, 2002.

4. That if tariffs have been filed, the Staff of the Missouri Public Service Commission shall file a recommendation stating whether or not the tariffs are in compliance with the Commission's order and should be approved. Staff shall file its recommendation no later than July 29, 2002.

5. That Citizens Electric Corporation is authorized to implement its rate increase on a billing month basis as agreed by the parties in the Unanimous Stipulation and Agreement.

6. That Citizens Electric Corporation shall utilize the depreciation rates as set out in Exhibit 2 of the Unanimous Stipulation and Agreement and as agreed by the parties in the Unanimous Stipulation and Agreement.

7. That Citizens Electric Corporation shall comply with the other provisions of the Unanimous Stipulation and Agreement, including system planning reporting and surveillance reports.

8. That the procedural schedule, including the hearing set to begin July 1, 2002, is canceled.

9. That this order shall become effective on June 28, 2002.

**BY THE COMMISSION**



**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

( S E A L )

Simmons, Ch., Lumpe and Forbis,  
CC., concur.  
Murray, C., concurs, with concurring  
opinion attached.  
Gaw, C., dissents, with dissenting  
opinion attached.

Dated at Jefferson City, Missouri,  
on this 18th day of June, 2002.

Dippell, Senior Regulatory Law Judge



**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of the Application of Citizens                     )  
Electric Corporation for Approval of Interim Rates,         )  
Subject to Refund, and for a Permanent Rate                 )  
Increase.   )

**Case No. ER-2002-217**  
**Tariff No. 200200512**

**CONCURRING OPINION OF COMMISSIONER CONNIE MURRAY**

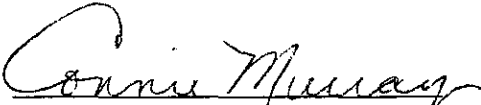
I do not believe it would serve a public purpose to delay Citizens' rate increase by rejecting the Stipulation and Agreement. I do, however, have serious concerns about the treatment of the depreciation issue in the Agreement.

At the hearing on the Stipulation and Agreement, the Company witness indicated that, for over fifty years, this company and all other cooperatives in the nation have captured depreciation expense and accumulated depreciation in accordance with RUS guidelines. She indicated that she did not understand the purpose of Staff's requirement to treat net salvage differently for Missouri regulatory purposes only, but that the company felt that it was an area it was willing to compromise for purposes of settlement. She stated that Citizens has never retired major assets, so that the issue does not hold the same significance as it would for larger utilities retiring major assets.

Staff witness, Adam, admitted that Staff's position requiring expensing of net salvage is in opposition to Commission Rule 4 CSR 240-20.030. He further admitted that he is not aware of any proceeding to change the rule. Mr. Adam indicated that he spent a disproportionate amount of time on this issue in this case which, even at the time of filing his written testimony, he believed would settle. He admitted that he used this case to promote his position on depreciation, even though it was not that important to this particular case.

I am concerned that Staff has cited to other Commission-approved Stipulations and Agreements to support Staff's position as to the depreciation issue. Mr. Adam agreed at the hearing that he would not attempt to use this Stipulation and Agreement to establish precedent. It is only with the express understanding that approval of a Stipulation and Agreement makes no statement as to Commission policy on any issue that I concur in the order to approve the Stipulation and Agreement.

Respectfully submitted,

  
Connie Murray, Commissioner

Dated at Jefferson City, Missouri,  
on this 16<sup>th</sup> day of June, 2002.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Citizens Electric       )  
Corporation for Approval of Interim Rates, Subject       )  
to Refund, and for a Permanent Rate Increase.       ) **Case No. ER-2002-217**

**Dissenting Opinion of Commissioner Steve Gaw**

I respectfully dissent from this Report and Order Approving Stipulation and Agreement principally because it reaffirms the granting of an order authorizing interim rates without the finding of an emergency. It does so by finding that customers are not entitled to a refund during the interim period.

While not relevant to my decision, certain aspects of this case are worthy of note surrounding the increase in generating costs to Citizens Electric Corporation (Citizens) and to its customers. In the past, Citizens has chosen not to invest in generation capacity. This decision leaves Citizen's customers completely subject to the swings of the wholesale market. Citizen's management testified to the need to examine other options for the future to avoid being placed at such risk. Meanwhile Citizens has attempted to minimize this risk by electing to enter into a 5-year contract with an unregulated subsidiary of Ameren Corporation<sup>1</sup>.

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<sup>1</sup> It is interesting to note that according to Citizen's witness Ameren's regulated subsidiary, AmerenUE, refused to bid on providing generation to Citizens even though it had done so for many years at a significantly lower cost.

This new generation contract causes the majority of the increase in the new rates. Hopefully, for the benefit of ratepayers, Citizens will find a less expensive and long term way to secure generation capacity in the future.

Respectfully submitted,



Steve Gaw  
Commissioner

Dated at Jefferson City, Missouri,  
on this 18th day of June, 2002.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>3</sup>

MAY 30 2002

In the Matter of the Application of )  
Citizens Electric Corporation for )  
Approval of Interim Rates, Subject to )  
Refund, and for a Permanent Rate )  
Increase. )

Case ER-2002-217

Missouri Public  
Service Commission

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Citizens Electric Corporation ("Citizens"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), and Mississippi Lime Company (hereinafter, "the Parties"), and for their Unanimous Stipulation and Agreement, respectfully state as follows:

1. On November 1, 2001, Citizens submitted to the Missouri Public Service Commission for approval proposed tariff sheets to increase rates for electric service. The proposed tariff sheets carried an effective date of December 1, 2001. The tariff sheets were designed to produce an annual increase in electric revenues of \$6,548,804 (approximately 13.9%). The requested increase is composed of \$4,665,565, representing the increase in Citizens' wholesale power costs, and an additional \$1,883,240 related to increases in expenses from the general operation of Citizens. Also on November 1, the Company submitted direct testimony in support of its requested rate increase.

2. In their *Unanimous Stipulation and Agreement Regarding Implementation of Interim Rates, Subject to Refund, and Class Cost of Service and Rate Design for Permanent Rates* filed December 14, 2001, the parties to the case at that time agreed that Citizens should be authorized to collect additional revenues of \$4,665,565, representing the increase in its wholesale power costs, on an interim basis, subject to refund. The parties to the case at that time also agreed on the rate design for the permanent rates. The Commission approved the Stipulation and Agreement on December 20, 2001.

3. On May 13, 2002, in accordance with the February 5, 2002 Order of the Commission setting a prehearing conference, among other things, the parties met for the purpose of clarifying, narrowing and exploring settlement possibilities regarding Citizens' request for a permanent rate increase. As a result of those discussions and subsequent negotiations, the Parties have reached an agreement with respect to Citizens' proposed rate increase.

### **Resolution of Issues**

4. **Revenue Requirement.** The Parties agree that the Commission should approve revised electric tariff sheets for Citizens that reflect an overall revenue increase of \$6,274,255 on an annual basis exclusive of gross receipts and franchise taxes. The Parties agree that the rates contained in the illustrative tariff sheets attached to this Stipulation and Agreement as Exhibit 1 are designed to accomplish this revenue increase and are consistent with the *Unanimous Stipulation and Agreement Regarding Implementation of Interim Rates, Subject to Refund, and Class Cost of Service and Rate Design for Permanent Rates.*

5. **Customer Deposits.** Citizens agrees that beginning January 1, 2003, the rate of interest to be paid on customer deposits will be equal to the prime lending rate plus one percentage point as published in the *Wall Street Journal* for the last business day of the preceding calendar year, except when the Commission's rules require otherwise. The illustrative tariff sheet reflecting this change is also shown in Exhibit 1.

6. **Implementation.** Citizens agrees to file tariff sheets in conformance with the illustrative tariff sheets attached as Exhibit 1 within ten (10) days after the effective date of a Commission order approving this Stipulation and Agreement. The Parties agree that as part of this Stipulation and Agreement, the Commission in its Order approving this Stipulation and Agreement, should authorize Citizens to file tariff sheets in conformance with the tariff sheets attached as Exhibit 1, and have an effective date of October 1, 2002.

7. **Implementation-Billing.** Citizens desires to implement the rate increase in a

manner that will minimize its initial impact on customers. To that end Citizens requests and the Parties agree that, as a part of this Stipulation and Agreement, the Commission, in its order approving this Stipulation and Agreement, should authorize Citizens to implement the rate increase on a billing month basis<sup>1</sup> commencing with the first billing cycle on or after November 1, 2002. The parties agree that minimizing the initial impact on customers is in the public interest and is good cause for the Commission to grant this request.

8. **Refund.** Citizens has incurred no refund obligation pursuant to paragraph 7 of the *Unanimous Stipulation and Agreement Regarding Implementation of Interim Rates, Subject to Refund, and Class Cost of Service and Rate Design for Permanent Rates*. Accordingly, the Parties stipulate and agree that Citizens has no responsibility to refund any of the interim increase to its customer/owners.

9. **Depreciation.** The Parties agree that the Commission's order approving the Stipulation and Agreement should authorize Citizens to implement, and Citizens agrees to implement for Missouri financial reporting purposes only, the depreciation rates contained in the document attached to this Stipulation and Agreement as Exhibit 2, effective January 1, 2003. These agreed-to depreciation rates are the same depreciation rates that the Staff filed in its direct case in these proceedings.

10. **Depreciation reserve accruals.** Citizens will continue to keep its accounting records regarding depreciation expense and accumulated provision for depreciation in accordance with the Rural Utilities Service (RUS) accounting guidelines. However, Citizens

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<sup>1</sup> Citizens has seasonal electricity rates with significantly higher summer rates than winter rates. The summer rates apply to the billing months of July, August, September, and October---corresponding to when bills are rendered and roughly corresponding to usage in the calendar months of June, July, August, and September; however, the bills rendered late in October are primarily for usage occurring in October. The effect of implementing the rate increase for usage on and after October 1, 2002 for those customers in the later billing cycles in October would be an immediate increase in the amount of their bills possibly followed by lower bills in November when winter rates are in effect, while those customers billed earlier in October would see only modest increases in their bills because most of their usage occurred in September, prior to the effective date of the rate increase. Allowing Citizens to forego billing its rate increase while summer rates are still in effect during the October billing month may reduce, if not eliminate, the immediate impact of higher bills following the rate increase, i.e., while customers' bills may be higher than they would have been absent the rate increase, they may be lower than the bills for the preceding month because of the lower winter rates and/or lower usage levels.

will use the depreciation rates in Exhibit 2, attached to this Stipulation and Agreement, for Missouri financial reporting purposes (i.e., the Annual Report Citizens files with the Commission). Citizens will maintain these records by applying the agreed-to depreciation rates to the month-end plant balances and total the resulting monthly amounts in order to determine the Missouri regulatory depreciation expense for the reporting period. To determine the net salvage / cost of removal separate expense item, Citizens will total the annual salvage cost and subtract the total annual cost of removal. An annual reconciliation will be made on the Annual Report Citizens files each April with the Commission. In addition, Citizens will disaggregate the year-end accumulated provision for depreciation balance into reserve balances that correspond to the plant cost accounts. The annual disaggregation will be determined by an allocation method based upon year-end gross plant balances weighted by their depreciation rates shown in Exhibit 2. Citizens will attach this disaggregation annually to the Annual Report it submits to the Commission.

11. **Request for Proposals (RFP) and System Planning Reporting.** Citizens agrees to contact the Commission's Energy Department Manager by letter when material events occur in Citizens' progress toward developing its power supply portfolio to address the expiration of its 2003 bulk power and 2006 full requirements contracts. Citizens will provide RFP information to the Staff in advance of the issuance of the RFP. Additional discussions and/or provision of information will occur as deemed necessary by Citizens and Staff.

Citizens also agrees to provide to Staff by April 1<sup>st</sup> of each year its peak demand and energy forecasts, capacity plans and transmission and distribution plans. Citizens and Staff agree to meet annually, either in person or via teleconference, to discuss these plans and forecasts. The first annual meeting will be held in April of 2003.

12. **Surveillance Data.** The Commission has authority to obtain surveillance data from the public utilities within the jurisdiction of the Commission pursuant to Section 393.140(9), RSMo, for electrical, gas, water and sewer corporations and Sections 386.320.1 and 392.210.1 for telecommunications companies. The submission of surveillance data reports



allows Staff to monitor earnings trends, which may assist Staff in meeting its statutory obligation respecting the public welfare, efficient facilities and substantial justice between ratepayers and public utilities. Staff believes it is important for Citizens Electric Corporation to continue the submission of surveillance data reports so that Staff may monitor earnings trends as it relates to Citizens' overall financial position. As part of the Unanimous Stipulation and Agreement proposed in this case, Citizens has agreed to comply with Staff's request that Citizens continue to submit monthly surveillance data reports with the Staff of the Commission's Financial Analysis Department. Citizens' monthly surveillance data reports will continue to reflect RUS' accounting methods with a footnote that an annual reconciliation will be made for Missouri financial reporting of depreciation methods.

#### **General Provisions Relating to this Agreement**

13. In the event that the Commission accepts the specific terms of this Agreement, the Parties agree that the direct testimony of the following witnesses, to the extent they address the issues settled herein, may be received into evidence without the necessity of the witnesses taking the stand:

Company witnesses: Dan Rodamaker, Jody Breazeale, Georgia Peifer

Staff witnesses: James Watkins, Steve Rackers, Ed Began, Janis Fischer, Dana Eaves, Leslie Lucas, Roberta McKiddy, Paul Adams

14. This Unanimous Stipulation And Agreement (hereinafter, "Agreement") has resulted from discussions and negotiations among the Parties, and the terms of this Agreement are interdependent. In the event the Commission does not adopt this Agreement in total, the Agreement shall be void and no party shall be bound by any of the agreements or provisions. The stipulations contained herein are specific to the resolution of these proceedings, and all

stipulations are made without prejudice to the rights of the Parties to take other positions in other proceedings.

15. By entering into this Agreement and submitting suggestions, a memorandum or prepared testimony in support, none of the Parties shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, or any method of cost, revenue or rate base determination or allocation, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Agreement, or by suggestions, memoranda or prepared testimony in support in this or any other proceeding, except as expressly specified herein. If the Commission does not approve this Agreement, or approves this Agreement with modifications or conditions that any of the Parties object to, this Agreement shall immediately become null and void and none of the Parties shall be bound by the terms hereof.

16. The Parties further understand and agree that the provisions of this Agreement relate only to the specific matters referred to in the Agreement, and no party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Agreement. All Parties further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Agreement in a manner which is adverse to the party withdrawing its support and further, the Parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

17. In the event the Commission accepts the specific terms of this Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their

respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000.

18. The Staff shall within fourteen (14) days of the filing of this Agreement, file with the Commission suggestions or a memorandum in support of this Agreement and the other parties shall have the right to file responsive suggestions within ten (10) days of receipt of Staff's memorandum. The content of any suggestions, memorandum or prepared testimony are Staff's own, and are not acquiesced in or otherwise adopted by the other signatories to this Agreement.

19. The Staff shall also have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to Missouri statutes or any Protective Order issued in this case.

20. To assist the Commission in its review of this Agreement, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the Parties relating to the matters addressed in this Agreement, including any procedures for furnishing such information to the Commission.

**WHEREFORE**, the Parties respectfully request that the Commission issue an order approving this Agreement authorizing Citizens to use the depreciation rates shown in Exhibit 2 for Missouri financial reporting purposes, authorizing Citizens to implement the rate increase on a billing month basis, and ordering Citizens to file tariff sheets for the Commission's approval consistent with this Agreement and in substantial conformance with the illustrative tariff sheets attached as Exhibit 1, bearing an effective date of October 1, 2002.

Respectfully submitted,

DANA K. JOYCE  
General Counsel



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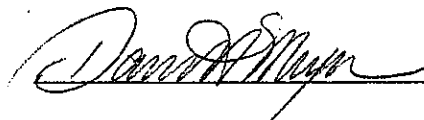


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(314) 621-5065 (fax)  
e-mail: bfrancis@armstrongteasdale.com

Attorney for Mississippi Lime Company

### Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 30<sup>th</sup> day of May, 2002.



Service List for  
Case No. ER-2002-217  
Verified: May 30, 2002, (cgo)

Office of the Public Counsel  
P. O. Box 7800  
Jefferson City, MO 65102

Byron E. Francis  
Armstrong Teasdale LLP  
One Metropolitan Square, Ste. 2600  
St. Louis, MO 63102

Victor S. Scott  
Andereck, Evans, Milne, Peace & Johnson LLC  
301 East McCarty Street  
PO Box 1438  
Jefferson City, MO 65102-1438

P. S. C. J

No. 719th RevisedSheet No. 1

Canceling

P. S. C. MO

No. 718th RevisedSheet No. 1**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**RESIDENTIAL AND RELIGIOUS SERVICE****Availability:**

Available for service to residential customers for domestic use and religious establishments, subject to the General Rules and Regulations of the Corporation as filed with and approved by the Missouri Public Service Commission.

**Character of Service:**

Single phase, 60 hertz, at 120/240 volts.

**Net Monthly Rate:**

Customer charge:		\$9.00
+	Energy Charge: First 500 kWh	\$.0839/kWh
+	Next 500 kWh	\$.0683/kWh
+	Summer kWh Over 1,000	\$.0683/kWh
+	Winter kWh Over 1,000	\$.0449/kWh

**Summer/Winter Definition:**

- +
  - +
  - +
- Summer season charges shall apply to the four monthly billing periods of July through October. Winter season charges shall apply to the eight monthly billing periods of November through June.

**Minimum Bill:**

The minimum bill shall be the customer charge.

**Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002

Issued By Daniel Rodamaker, CEO  
Name of Officer Title

Ste. Genevieve, Missouri  
Address

P. S. C. J

No. 74th RevisedSheet No. 2

Canceling

P. S. C. MO

No. 73rd RevisedSheet No. 2**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**RESIDENTIAL AND RELIGIOUS SERVICE (Continued)****Conditions of Use:**

This classification applies to service for religious establishments used primarily on weekends and residential use only. The use of such service for business, commercial or other purposes shall be prohibited from this classification.

The above rates apply to residential service for a single household or religious building only. In multiple-household premises each such household shall be separately metered if practicable.

**Terms of Payment:**

The above rates are net. All bills are payable within twenty-one (21) days of the date of the bill, and are subject to discontinuance of service for nonpayment within six (6) days thereafter.

**Term of Contract:**

Initial term of one year, terminable thereafter upon 48 hours notice.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address



**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**GENERAL SERVICE****Availability:**

Available to general service use where the maximum demand is less than 100 kilowatts, subject to the General Rules and Regulations of the Corporation as filed with and approved by the Missouri Public Service Commission.

**Character of Service:**

- + Single-phase available at 120/240 volts or three phase available at 208, 240 or 480 volts, 60 hertz.

The Corporation shall not be required to supply three phase service to installations which, in its judgement, do not so require, nor where in its judgement, the revenue to be derived therefrom will not justify the cost of providing it.

The consumer shall be required to furnish and maintain at his own expense any transformers which may be necessary for lighting or other applications at voltages or phasing other than those at which the service is metered.

When a customer's monthly usage exceeds 25,000 kWh for two consecutive months, or the Corporation has reason to believe that customer's demand may exceed 100 kW, the Corporation will install a demand meter for purposes of measuring customer's kW demand.

**Net Monthly Rate:**

	Customer charge:	Single phase service	\$9.00
		Three phase service	\$20.00
+	Energy Charge:	First 500 kWh	\$.0926/kWh
+		Next 500 kWh	\$.0796/kWh
+		Summer kWh Over 1,000	\$.0796/kWh
+		Winter kWh Over 1,000	\$.0520/kWh

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002

Issued By Daniel Rodamaker, CEO  
Name of Officer Title

Ste. Genevieve, Missouri  
Address

P. S. C. MO

No. 76th RevisedSheet No. 6

Canceling

P. S. C. MO

No. 75th RevisedSheet No. 6**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**GENERAL SERVICE (Continued)****Summer/Winter Definition:**

- + Summer season charges shall apply to the four monthly billing periods of July
- + through October. Winter season charges shall apply to the eight monthly
- + billing periods of November through June.

**Minimum Bill:**

- + The minimum bill shall be the corresponding customer charge for single phase or three phase service.

**Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

**Terms of Payment:**

The above rates are net. All bills are payable within twenty-one (21) days of the date of the bill, and are subject to discontinuance of service for nonpayment within six (6) days thereafter.

**Term of Contract:**

Initial term of one year, terminable thereafter upon 48 hours notice.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**LARGE POWER SERVICE****Availability:**

Available for general service use where the maximum demand is 100 kilowatts or more, subject to the General Rules and Regulations of the Corporation as filed with and approved by the Missouri Public Service Commission. In purely industrial installations where the use of lighting is incidental to the use of power such lighting may be included with the power provided, however, that the Consumer shall furnish any transformers which may be necessary to supply any voltage other than that at which the service is metered.

If customer's measured demand is less than 100 kW for twelve consecutive billing periods, the customer may be removed from this rate and placed under another applicable rate schedule.

**Character of Service:**

+ Three-phase, 60 hertz, at 12.47 kV. primary, or 208, 240 or 480 volts secondary.

The consumer shall be required to furnish and maintain at his own expense any transformers which may be necessary for lighting or other applications at voltages or phasing other than those at which the service is metered.

**Net Monthly Rate:**

Customer charge:	\$50.00
Demand Charge: All Summer kW Demand	\$11.31/kW
All Winter kW Demand	\$8.94/kW
+ Energy Charge: All kWh	\$.0286/kWh

**Summer/Winter Definition:**

+ Summer season charges shall apply to the four monthly billing periods of July  
 + through October. Winter season charges shall apply to the eight monthly billing  
 + periods of November through June.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002

Issued By Daniel Rodemaker, CEO  
 Name of Officer Title

Ste. Genevieve, Missouri  
 Address

P. S. C. ...J

No. 77th RevisedSheet No. 8

Canceling

P. S. C. MO

No. 76th RevisedSheet No. 8**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**LARGE POWER SERVICE (Continued)****Minimum Bill:**

The minimum bill shall be the customer charge.

**Primary Service Credit:**Primary Service Credit: All kW Demand \$.30/kW

The credit is available when the consumer furnishes transformers and service is metered at a primary voltage of 12,470 volts or higher.

**Definition of kW Demand**

The kW Demand shall be the maximum kilowatt demand measured for any fifteen consecutive minutes during the period for which the bill is rendered, as indicated or recorded by a demand meter.

**Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

**Terms of Payment:**

The above rates are net. All bills are payable within twenty-one (21) days of the date of the bill, and are subject to discontinuance of service for nonpayment within six (6) days thereafter.

**Term of Contract:**

Initial term of one year, terminable upon 90 days written notice thereafter.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

P. S. C. MO

No. 7

7th Revised

Sheet No. 13

Canceling

P. S. C. MO

No. 7

6th Revised

Sheet No. 13

**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**PURCHASES FROM QUALIFYING FACILITIES****Applicability:**

This tariff applies to purchases of electricity from Qualifying Facilities under the provisions of Rule 4 CSR 240.20.060 of the Missouri Public Service Commission. Citizens Electric Corporation shall not be obligated to purchase any electricity unless the customer executes a valid contract and complies with all safety, procedural and operational requirements specified by the Corporation. These requirements shall be specified by contract and include, but not be limited to, the terms in Rule 4 CSR 240.20.060.

**Charge to Customer for Metering:**

\$4.00 per month – single phase

\$6.00 per month – three phase

**Payment to Customer for Energy**

All kWh

\$0.01674/kWh

If the aggregate output of facilities selling under this tariff will enable Citizens Electric Corporation to reduce its demand charges from the Ameren Energy Marketing Company wholesale rate (as determined by the Corporation) then the payment to customer shall include an additional amount for this demand cost savings. The determination of this amount will be made based on the load characteristics of each facility.

If the energy delivered by customer is metered at the low side of the transformer, then the above rates shall be adjusted to reflect appropriate transformation losses.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**OUTDOOR LIGHTING SERVICE - COMPANY OWNED LAMP FIXTURE****Availability:**

To any customer at any point on Corporation's secondary distribution lines, subject to the General Rules and Regulations of the Corporation as filed with and approved by the Missouri Public Service Commission.

**Application:**

To unmetered, automatically controlled outdoor lighting service. The Corporation will install, own, operate and maintain lamp fixtures, including any necessary lamp replacements. All necessary service, maintenance and lamp renewals will be furnished at the Corporation's expense as soon as practical following notice by customer.

Not applicable for seasonal service. Applicable to temporary service when the customer pays in advance of construction the estimated gross cost of providing, installing and removing the temporary facilities required to provide service less the estimated salvage value of such facilities upon removal.

**Net Monthly Rate:**

+	100 watt high pressure sodium lamp	\$6.16
+	250 watt high pressure sodium lamp	\$10.79

The above charge is applicable when lamp fixture is installed on an existing pole and connected to an existing secondary circuit. The Corporation will extend its secondary conductor one span not to exceed 175 feet in length and install one wood pole including guy and anchor where needed for an additional ONE-TIME charge of \$150.00 for a 100 watt fixture and \$175.00 for a 250 watt fixture. If it is necessary to install a transformer for outdoor lighting service, the monthly rate shall be increased by \$2.90/month.

**Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

\* indicates new rate or text  
+ indicates change

Date of Issue: \_\_\_\_\_ Date Effective: October 1, 2002

Issued By <u>Daniel Rodamaker</u>	<u>CEO</u>	<u>Ste. Genevieve</u>	<u>Missouri</u>
Name of Officer	Title	Address	

P. S. C. (                      No. 7                      3rd Revised                      Sheet No. 15  
Canceling      P. S. C. MO                      No. 7                      2nd Revised                      Sheet No. 15

**Citizens Electric Corporation**  
Name of Issuing Company

Type of Service: Electric                      For: All Territory Served

**OUTDOOR LIGHTING SERVICE - COMPANY OWNED LAMP FIXTURE**  
(Continued)

**Terms of Payment:**

The above rates are net. All bills are payable within twenty-one (21) days of the date of the bill, and are subject to discontinuance of service for nonpayment within six (6) days thereafter.

**Contract Period:**

Not less than one year or for such time as set forth in an agreement for lighting service.

\* indicates new rate or text  
+ indicates change

Date of Issue: \_\_\_\_\_ Date Effective: October 1, 2002

Issued By Daniel Rodemaker CEO Ste. Genevieve Missouri  
Name of Officer Title Address

P. S. C. MO

No. 77th RevisedSheet No. 16

Canceling

P. S. C. MO

No. 76th RevisedSheet No. 16**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**OUTDOOR LIGHTING SERVICE - CONSUMER OWNED LAMP FIXTURE****Availability:**

To any customer that presently owns a 175 watt mercury vapor lamp that is installed on a Corporation-owned pole, subject to the General Rules and Regulations of the Corporation as filed with and approved by the Missouri Public Service Commission.

**Application:**

To unmetered, automatically controlled outdoor lighting service. The Corporation will rewire secondary to the Corporation's side of meter, operate, and replace lamp bulbs. Lamp bulb replacement will be furnished at the Corporation's expense as soon as practical following notice by the customer. The customer will continue to own the lamp fixture.

**Net Monthly Rate:**

+ 175 watt mercury vapor lamp (Customer Owned) \$4.36

**Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

**Terms of Payment:**

The above rates are net. All bills are payable within twenty-one (21) days of the day of the bill, and are subject to discontinuance of service for nonpayment within six (6) days thereafter.

**Contract Period:**

Not less than one year or for such time as set forth in an agreement for lighting service.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address



P. S. C. MO

No. 7

3rd Revised

Sheet No. 18

Canceling

P. S. C. MO

No. 7

2nd Revised

Sheet No. 18

**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**STREET LIGHTING SERVICE****Availability:**

To the City of Ste. Genevieve, Missouri and the City of Perryville, Missouri for street lighting service, subject to the terms of the applicable Street Lighting Contract between the Corporation and the customer; and to the tariffs of the Corporation as filed with and approved by the Missouri Public Service Commission.

**Net Monthly Rate:**

+ All kWh \$ .0737/kWh

**Character of Service:**

The Corporation shall furnish, own and operate the overhead street lighting circuit.

The Corporation shall install additional overhead street lights at the request of the customer as per the terms and conditions established in the applicable Street Lighting Contract between the Corporation and the customer.

The customer shall assume the maintenance cost of the street light fixtures, including photo-electric control, ballast and lamp.

The Corporation will furnish labor, fixtures and other materials for installation of 100 watt high pressure sodium fixtures on previously unlit streets or subdivisions.

**Underground Service:**

The customer shall own and maintain all street lighting equipment in subdivisions with underground facilities, except the Corporation will install and maintain underground street light cable to each street light standard owned by the customer at the time the subdivision is first developed.

The customer shall furnish all easement rights and is responsible for cost of damages resulting from installation and use of underground street light cable.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodemaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

P. S. C. ...J

No. 73rd RevisedSheet No. 19

Canceling

P. S. C. MO

No. 72nd RevisedSheet No. 19**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**STREET LIGHTING SERVICE (Continued)****Tax Adjustment:**

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the utility by any municipality or other governmental authority.

**Terms of Payment:**

All bills are payable on or before the 10th day of the month following the month for which service is rendered.

**Contract Term:**

As per terms of the applicable Street Lighting Contract.

\* indicates new rate or text  
+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

**Citizens Electric Corporation**

Name of Issuing Company

Type of Service: ElectricFor: All Territory Served**GENERAL RULES AND REGULATIONS****Section II. Surety for Accounts - (Continued)**

1. A deposit will not exceed 1/6 of the estimated annual bill, unless the security deposit is required under the terms of Section B of this rule, in which case the deposit will not exceed two times the highest bill of that Customer during the preceding twelve months.
- + 2. Interest will be payable on all deposits. Interest will be either credited to the service account of the Customer on an annual basis or paid upon the return of the deposit. Interest shall not accrue on any cash deposit after the date the Company has made a reasonable effort to return such deposit to the Customer.  
+ Interest will be paid at a per annum rate equal to the prime bank lending rate  
+ plus one percentage point as published in the Wall Street Journal for the last  
+ business day of the preceding calendar year.
3. Upon termination of service, the deposit with accrued interest will be credited to the final bill, and the balance, if any, will be returned to the Customer within 21 days of the rendition of the final bill.
4. The credit of a Customer shall be established and the deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by the Customer of all proper charges for utility service for a period not to exceed twelve successive months for a residential Customer or thirty-six successive months for a non-residential Customer. For purposes of the rule, payment is satisfactory if made prior to the date upon which the bill becomes delinquent. The Company may withhold refund of the deposit funds pending the resolution of a matter in dispute involving discontinuance for non-payment or unauthorized interference by the Customer.
5. Company will apply deposit standards uniformly as a condition of utility service to all residential Customers.
6. Company will provide means whereby a residential Customer required to make a deposit may pay such a deposit in installments, unless the Company can show a likelihood that the Customer does not intend to pay for such service.

\* indicates new rate or text

+ indicates change

Date of Issue: \_\_\_\_\_

Date Effective: October 1, 2002Issued By Daniel Rodamaker, CEO  
Name of Officer TitleSte. Genevieve, Missouri  
Address

**Citizens Electric Corporation**  
**Case No. ER-2002-217**  
**Authorized Depreciation Rates**

<b>Account</b>	<b>Description</b>	<b>Rate</b>
<b>Transmission Plant</b>		
350	Land and Land Rights	0.00%
353	Station Equipment	2.76%
355	Poles and Fixtures	1.87%
356	Overhead Conductors and Devices	1.71%
<b>Distribution Plant</b>		
360	Land and Land rights	0.00%
362	Station Equipment	2.88%
364	Poles, Towers and Fixtures	2.35%
365	Overhead Conductors and Devices	2.11%
366	Underground Conduits	2.48%
367	Underground Conductors and Devices	2.66%
368	Line Transformers	2.47%
369	Services	2.76%
370	Meters	3.01%
371	Installations on Customer Premises	3.95%
373	Street Lighting and Signal Systems	3.95%
<b>General Plant</b>		
389	Land and Land Rights	0.00%
390	Structures and Improvements	3.75%
391	Office Furniture and Equipment	5.97%
391.1	Office Equipment and Computers	13.00%
392	Transportation Equipment	8.92%
393	Stores Equipment	4.47%
394	Tools, Shop and Garage Equipment	3.52%
395	Laboratory Equipment	3.18%
396	Power Operated Equipment	6.11%
396.1	Power Operated Equipment - Trencher	9.00%
397	Communication Equipment	6.76%
398	Miscellaneous Equipment	3.66%

**Exhibit 2**