

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

May 3, 2001

CASE NO: EF-2001-476

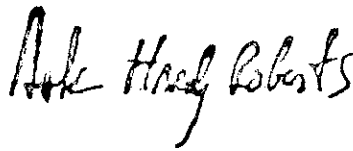
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Victor S. Scott
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Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

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

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of May, 2000.

In the Matter of the Application of Citizens)
Electric Corporation for Authority to Borrow) Case No. EF-2001-476
\$6,700,000 from the Federal Financing Bank, to)
be Guaranteed by the Rural Utilities Service.)

ORDER APPROVING FINANCING

On March 7, 2001, Citizens Electric Corporation (Citizens) filed an application for authority and approval from the Commission to borrow approximately \$6,700,000 from the Federal Financing Bank (FFB). Citizens also filed a motion for expedited treatment, requesting that the Commission approve its financing request by March 23, 2001. In its application, Citizens noted that copies of the Rural Utilities Service (RUS) loan contract, the Federal Financing Bank note, the reimbursement note, and the mortgage and security agreement have not been included with the application. Citizens noted that these documents would be marked Exhibits 4, 5, 6, and 7, and late-filed once the documents are received by Citizens.

On March 15, 2001, the Commission issued an order directing Staff to file a status report no later than March 20, 2001, notifying the Commission of the date Staff anticipates filing its recommendation and memorandum regarding the proposed transaction.

Staff filed its status report on March 20, 2001. Staff noted that Citizens' application indicated that Exhibits 4, 5, 6, and 7 would

be "late filed once the documents are received by Citizens from RUS [Rural Utilities Service]." Staff indicated that it must review the information in these exhibits in order to properly complete its review and make its recommendation in this matter. Staff stated that the exhibits have not yet been filed with the Commission and that counsel for Citizens expects to file the exhibits on or before March 29, 2001. Staff noted that if the exhibits are filed on or before March 29, 2001, and are complete and raise no serious questions requiring discovery, Staff estimated that it should be able to complete its recommendation and memorandum addressing the proposed transaction no later than April 12, 2001.

On March 22, 2001, the Commission issued an Order Denying Motion for Expedited Treatment. The Commission noted that Citizens' application for authority to borrow funds from the Federal Financing Bank is not complete, in that copies of Exhibits 4, 5, 6, and 7 have not yet been provided to the Commission. The Commission determined that it was unable to make its decision regarding the proposed financing until after these documents have been properly filed and the Commission and its Staff have had an opportunity to review the late-filed exhibits. However, in order to ensure the prompt resolution of this matter, the Commission directed the Staff to file its memorandum and recommendation, or a status report, no later than 14 days after Citizens files Exhibits 4, 5, 6, and 7.

On March 29, 2001, Citizens filed its Notice of Late Filed Exhibits, indicating that it was filing the required copies of the RUS Loan Agreement (Exhibit 4), the Federal Financing Bank Note (Exhibit 5), and the Reimbursement Note (Exhibit 6). On April 13, 2001, Citizens

filed its Notice of Late Filed Exhibit, indicating that it was now filing Exhibit 7, the Mortgage and Security Agreement.

On April 16, 2001, the Staff filed its recommendation, noting that at the time it prepared its recommendation, Citizens has not yet filed the Mortgage and Security Agreement (Exhibit 7). Nonetheless, Staff was prepared to file its recommendation and memorandum subject to the subsequent filing of that document. Staff states that in its opinion, Citizens' request is, pursuant to Section 393.200.1, RSMo 2000, reasonably required for the purposes stated in the company's application. Accordingly, Staff recommends approval of Citizens' request, subject to the conditions specified in its memorandum. Specifically, Staff recommends that nothing in the Commission's order shall be considered a finding by the Commission of the value of the transaction for ratemaking purposes, and that the Commission reserve the right to consider the ratemaking treatment to be afforded the financing transactions and the results in the cost of the capital in any later proceeding; and that the company should file with the Commission the final terms and conditions, including the aggregate principal amount borrowed, expenses, actual interest rate paid, and portion of debt subject to the fee schedule.

The Commission has reviewed Citizens' application and the Staff recommendation and memorandum, along with the official case file, and finds that the proposed transactions are reasonable and not detrimental to the public interest so long as the Commission withholds ratemaking treatment, per the recommendation of the Staff. Therefore, the Commission will approve the requested financing with the conditions suggested by Staff.

IT IS THEREFORE ORDERED:

1. That Citizens Electric Corporation is authorized to borrow \$6,700,000 from the Federal Financing Bank, and to execute and deliver to the Rural Utility Service a Loan Contract, a Federal Financing Bank Note, a Reimbursement Note, and a Mortgage and Security Agreement.

2. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the transactions herein involved.

3. That the Commission reserves the right to consider any ratemaking treatment to be afforded the transactions herein involved in a later proceeding.

4. That Citizens Electric Corporation shall file with the Commission the final terms and conditions, including the aggregate principal amount borrowed, expenses, actual interest rate paid, and portion of debt subject to the fee schedule.

5. That this order shall become effective on May 10, 2001.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray,
Simmons, and Gaw, CC., concur.

Ruth, Regulatory Law Judge

Alt/Sec'y: Ruth/Ree

5/02/01 EF-2001-476
Date Circulated CASE NO.

ly
Lumpke, Chair

md
~~Secretary~~ Commissioner Drown

CM
Murray, Commissioner

KS
~~Secretary~~ Commissioner Simone

Gow
~~Secretary~~ Chair

5/03/01
Agenda Date

Action taken: 5-045

Must Vote Not Later Than _____

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 3rd day of May 2001.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

