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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 28th
day of September, 1999.

In the Matter of the Joint Application of the)
City of Fulton and Callaway Electric Coopera-)
tive Changing Electric Provider from Callaway) Case No. EO-99-402
Electric Cooperative to the City of Fulton and)
Changing Electric Provider from the City of)
Fulton to the Callaway Electric Cooperative.)

ORDER GRANTING CHANGE OF ELECTRIC SUPPLIER

Procedural History:

On March 23, 1999, the City of Fulton (City) and Callaway Electric Cooperative (Co-op; jointly, the Applicants) filed their joint application for Commission authority to change electric service provider as to certain customers of each Applicant. The number of affected customers of the two suppliers is approximately 180. Some persons, previously served by the City, will become customers of the Co-op. Others, served previously by the Co-op, will become customers of the City.

On March 24, 1999, the Commission issued a notice of deficiency, noting that the joint application and its appendices lacked a certification that the same had been served upon the Public Counsel as required by Section 386.710.2, RSMo 1994. The Applicants filed their certificate of service on March 26, 1999, correcting that deficiency.

On May 20, 1999, the Commission directed the Staff of the Missouri Public Service Commission (Staff) to investigate the circumstances set out in the joint application and to make a written report to the Commission, including a recommendation as to whether or not the joint application should be granted, on or before June 21, 1999. The Staff Memorandum was filed on June 17, 1999. In its Memorandum, Staff stated that 30 residents of Hawk Lake Subdivision had submitted a petition "expressing their objection to the proposed change of electric supplier."

On May 25, 1999, the Commission issued its Order Directing Notice, giving proper parties until June 14, 1999, to file their applications to intervene. On that day, an association of 14 persons, the Bartley Lane Intervenors, applied through counsel to intervene. These persons asserted in their application that they live on Bartley Lane in Callaway County, Missouri, outside the limits of the City of Fulton; that their electric supplier is the City; that the Applicants propose to change their supplier to the Co-op; and that they oppose the application insofar as it affects them. On June 29, 1999, the Bartley Lane Intervenors were permitted to intervene herein. The Commission at that time also set a prehearing conference and directed the parties to file a proposed procedural schedule.

On July 8, 1999, at the request of counsel for the Bartley Lane Intervenors, the Commission rescheduled the prehearing conference and the submission of a proposed procedural schedule. On July 22, 1999, the Commission by order set a local public hearing to be held in Fulton, Missouri, on the evening of September 7, 1999, in order to facilitate the

receipt of public comment regarding the proposed change of electric suppliers. On July 28, 1999, the prehearing conference was held. The parties submitted their proposed procedural schedule that day and the Commission adopted it by order issued on July 29, 1999. The parties filed a list of controverted issues on August 13, 1999, and the Applicants filed their Direct Testimony on August 27, 1999.

The local public hearing was held on the premises of William Woods University in Fulton, Missouri, on September 7, 1999. One person, a resident of the Hawk Lake Subdivision, offered testimony against the proposed change of suppliers. Two members of the Bartley Lane Intervenors appeared and stated that they were withdrawing their opposition to the proposed change of suppliers. On September 15, 1999, the Bartley Lane Intervenors filed their Motion to Withdraw. On the same day, Staff filed its Motion to Stay the Procedural Schedule, which the Commission granted by Order issued on September 16, 1999.

Discussion:

With respect to customers of rural electric cooperatives, section 394.315.2, RSMo 1994, authorizes the Commission upon application of any affected party to order "a change of suppliers on the basis that it is in the public interest for a reason other than a rate differential." Likewise, section 386.800.8, RSMo 1994, vests the Commission with "all necessary jurisdiction over municipally owned electric utilities and rural electric cooperatives" where a municipal utility is providing electric service outside of the municipality's corporate boundaries.

In their joint application, the Applicants request authority to transfer 102 customers of the Co-op to the City and 78 customers of the City to the Co-op. The reason for the proposed change is to reduce duplication of facilities and to permit the Applicants to operate more efficiently. Both the City and the Co-op presently seek to exchange the "stranded" facilities historically used to serve customers now located within the exclusive service territory of the other. The Applicants have both consented to the change and aver that it is not proposed because of any rate differential.

In its Memorandum filed on June 17, 1999, the Staff recommended that the Commission grant the joint application. Staff states that the facilities in question are isolated from other facilities of the City and Co-op and are located in territory where the City, or Co-op, is not authorized to add new customers. Thus, as population growth occurs, each utility must needlessly duplicate the other's stranded facilities because of the inability to add new customers.

Staff states that the proposed transfer will permit each utility to consolidate its customers geographically and reduce further duplication of services. Staff states that, while the rate structures of the two utilities are different, annual charges to customers are very similar. Some of the consumers affected by the proposal will experience a reduction in rates, while other will experience an increase in rates.

At the local public hearing, one customer of the Co-op spoke against her proposed transfer to the City. However, she admitted that

she had no experience with the City as an electric provider. Her experience involved other City services.

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. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since the only request for a hearing made in this case has been withdrawn, the Commission may grant the relief requested based on the verified application.

The Commission has considered the joint application, Staff's Memorandum, and the comments made at the local public hearing. The Commission finds that the proposed change of suppliers is in the public interest for a reason other than a rate differential. Therefore, the joint application shall be granted.

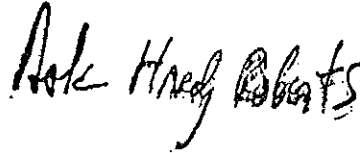
IT IS THEREFORE ORDERED:

1. That the change of electric service suppliers proposed in the joint application filed on March 22, 1999, by the City of Fulton and Callaway Electric Cooperative is approved.

2. That this order shall become effective on October 8, 1999.

3. That this case may be closed on October 12, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray and Schemenauer, CC., concur.

Thompson, Deputy Chief Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION