

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the joint application of Arkansas)
Power & Light Company and Union Electric Company)
for an order authorizing the sale, transfer and)
assignment of certain assets, real estate, leased) CASE NO. EM-91-29
property, easements and contractual agreements)
and, in connection herewith, certain other related)
transactions.)

In the matter of the joint application of Arkansas)
Power & Light Company and Sho-Me Power Corporation)
for an order authorizing the sale, transfer and) CASE NO. EM-91-404
assignment of certain assets, real estate, easements)
and licenses from AP&L to Sho-Me and, in connection)
therewith, certain other related transactions.)

APPEARANCES: James C. Swearingen, Gary W. Duffy, and Mark W. Comley, Attorneys at Law, Brydon, Swearingen & England, P.C., 312 East Capitol Avenue, Jefferson City, Missouri 65102-0456, and
Kent Foster, Anne P. Ritchey, and E. B. Dillon, Jr., Attorneys at Law, Mitchell, Williams, Selig & Tucker, 1000 Savers Federal Building, Little Rock, Arkansas 72201, for Arkansas Power & Light Company.

Debra H. Janoski, Attorney at Law, and Paul A. Agathen, General Attorney, Union Electric Company, P. O. Box 149, St. Louis, Missouri 63166, for Union Electric Company.

Rodric A. Widger, Attorney at Law, Stockard, Andereck, Hauck, Sharp & Evans, P. O. Box 1280, Jefferson City, Missouri 65102, for Howell-Oregon Electric Cooperative, Inc., and Sho-Me Power Corporation.

Patrick Baumhoer, Attorney at Law, Stockard, Andereck, Hauck, Sharp & Evans, P. O. Box 1280, Jefferson City, Missouri 65102, for Sho-Me Power Corporation.

Robin E. Fulton, Attorney at Law, Schnapp, Graham, Reid & Fulton, 135 East Main Street, Fredericktown, Missouri 63645, for ASARCO, Incorporated, and The Doe Run Company.

Gerald E. Roark, Attorney at Law, Hendren and Andrae, P. O. Box 1069, Jefferson City, Missouri 65102, for Cominco American Company.

Lewis R. Mills, Jr., First Assistant Public Counsel, P. O. Box 7800, Jefferson City, Missouri 65102, for Office of the Public Counsel and the public.

Steven Dottheim, Deputy General Counsel, and Thomas H. Luckenbill, Assistant General Counsel, Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102, for Staff of the Missouri Public Service Commission.

HEARING

EXAMINER: Beth O'Donnell

REPORT AND ORDER

Procedural History

On August 2, 1990, Arkansas Power & Light Company (APL) and Union Electric Company (UE) filed a joint application in Case No. EM-91-29 requesting authority to sell and transfer from APL to UE all of the franchise, works and system as well as all of the assets, real estate, leased property, easements and contractual agreements associated with APL's retail electric service in Missouri subject to the jurisdiction of this Commission. By order issued August 10, 1990, the Commission gave notice to interested parties of the proposed sale and established a procedural schedule.

By order issued September 14, 1990, the Commission granted the applications to intervene of ASARCO, Incorporated (ASARCO), Cominco American Company (Cominco) and The Doe Run Company (Doe Run) (collectively, The Mines) as well as the applications to intervene of Anheuser-Busch Companies, Inc., Chrysler Motors Corporation, Continental Cement Corp., Holnam, Inc. (Dundee Cement was merged into Holnam Inc.), Emerson Electric Company, Ford Motor Company, General Motors Corporation, MEMC Electronic Materials, Mallinckrodt, Inc., McDonnell Douglas Corporation, Monsanto Company, Nooter Corporation, PPG Industries, Inc., and Pea Ridge Iron Ore Company (collectively, Industrial Intervenors).

By order issued October 5, 1990, the Commission granted the applications to intervene of Sho-Me Power Corporation (Sho-Me) and Howell-Oregon Electric Cooperative, Inc. (Howell-Oregon). Subsequently, the Industrial Intervenors, Sho-Me and Howell-Oregon withdrew from Case No. EM-91-29. The Commission's Staff (Staff)

and the Office of the Public Counsel (Public Counsel) chose to participate in Case No. EM-91-29.

Pursuant to the procedural schedule revised by the Commission on September 14, 1990 and January 16, 1991, the parties prefiled testimony. UE, APL, Public Counsel and Staff filed a nonunanimous stipulation and agreement with the Commission on January 25, 1991. On March 26, 1991, UE, APL and The Mines executed a statement of intent agreeing to enter into a revised stipulation and agreement on or before April 3, 1991. The Commission continued the hearing originally scheduled to take place the week of March 25, 1991, to April 5, 1991.

The parties presented to the Commission on April 5, 1991, the stipulation and agreement (stipulation) entered into by all those parties which had not already withdrawn from the case. The Commission received the stipulation and the prefiled testimony into evidence at that time.

Pursuant to the stipulation, The Mines exercised an option to buy certain of APL's substations necessitating an amendment of the joint application in Case No. EM-91-29 to reflect the sale of these substations to The Mines rather than to UE. APL and UE filed this first amended joint application in Case No. EM-91-29 on June 27, 1991.

Also on June 27, 1991, APL and Sho-Me filed a joint application in Case No. EM-91-404 requesting an order of the Commission authorizing APL to sell and transfer to Sho-Me certain assets in and near the Cities of Alton and Thayer (referred to hereinafter as Alton and Thayer, respectively), both in Missouri, and in Taney County (Taney County) also in Missouri. Included in the assets to be sold to Sho-Me by APL is a portion of the certificate of convenience and necessity issued by the Commission to APL pursuant to which APL conducts its current retail operations in Missouri. The first amended joint application filed in Case No. EM-91-29 by UE and APL also

reflects that APL proposes to sell the property which is the subject of Case No. EM-91-404 to Sho-Me rather than UE as originally contemplated.

By order issued July 2, 1991, the Commission notified interested parties of the proposed sale by APL to Sho-Me of the properties at issue in Case No. EM-91-404 and established an intervention deadline. No timely applications to intervene were filed but the Staff and Public Counsel chose to participate in Case No. EM-91-404. On July 29, 1991, the City of Thayer, Missouri (Thayer) filed an application to intervene out-of-time. This application is still pending. In support of its application Thayer states that it did not determine its interest in Case No. EM-91-404 until after the intervention deadline.

APL filed a pleading opposing Thayer's application to intervene stating that Thayer's untimeliness was due to avoidable neglect since there was an abundance of notice. In addition, APL states that Thayer's application does not comply with the Commission's rules in that it does not state whether it supports or opposes the application in Case No. EM-91-404 and does not definitively state the interest it has in this proceeding. Finally, APL argues that granting Thayer's application would prejudice the parties which had worked together to achieve agreement on the sale of all APL's Missouri assets.

The Commission determines that the application to intervene of Thayer should be denied since Thayer had ample notice of the proposed sale in time to file a timely application to intervene. Thayer was notified in August, 1990, that all APL's regulated assets located in Missouri would be sold. See Case No. EM-91-29. Thayer did not file either a timely or untimely application to intervene in regard to that proposed sale. When Sho-Me replaced UE as the buyer almost one year later in Case No. EM-91-404, Thayer received another notice as to the change in buyer and another opportunity to intervene as to the new buyer. In its untimely application to intervene, Thayer makes no mention of the change in buyer but rather states its

interest in terms of the sale by APL of its assets. The deadline for intervening as to the sale of APL's assets was September 10, 1990. See Case No. EM-91-29.

The issue in Case No. EM-91-404 is confined to whether the purchase of these assets by Sho-Me might be detrimental to the public interest. In its untimely application to intervene, Thayer did not state, pursuant to the Commission's rule, 4 CSR 240-2.110(13), an interest in, or position on, the change of buyers. Even if Thayer had expressed such an interest and position, its application was two weeks late. For the Commission to allow this untimely intervention would not only breed disrespect for its rules but also prejudice the rights of other parties to Case No. EM-91-404 which acted in reliance on the intervention deadline set by the Commission in reaching a settlement of the matters at issue among them in this case. Therefore, the Commission will deny the application to intervene of Thayer.

Also still pending in this case is the motion of APL to consolidate Case No. EM-91-404 with Case No. EM-91-29 because the transactions proposed in both cases are interdependent and because these two cases involve together what amounts to the disposition of all APL's Missouri retail service assets subject to the jurisdiction of this Commission. The Commission determines that the motion to consolidate should be granted for the reasons set forth by APL. Therefore, the Commission will grant the motion to consolidate.

On September 12, 1991, Sho-Me, Public Counsel and Staff filed a nonunanimous stipulation and agreement (nonunanimous stipulation) in Case No. EM-91-404. Howell-Oregon is a party to this nonunanimous stipulation although not a party to Case No. EM-91-404. On September 16, 1991, APL filed a statement stating it does not oppose the nonunanimous stipulation. This nonunanimous stipulation settles all the matters at issue among the parties to this case.

An exhibit number was reserved for Exhibit 20 so that it could be late-filed. Late-filed Exhibit 20 has been submitted to the examiner and the

reporter has received it for marking. There being no objection to the receipt into evidence of Exhibit 20, the Commission will receive it.

Findings of Fact

The Missouri Public Service, having considered all the competent and substantial evidence on the whole record, makes the following findings of fact.

This consolidated case involves the sale and transfer of all of the franchise, works and system of APL located in Missouri and used in connection with APL's retail operations subject to the jurisdiction of this Commission. The purchasers of these properties are UE, The Mines and Sho-Me. Originally, APL proposed to sell its entire system and franchise to UE as set forth by their joint application filed in EM-91-29 in August of 1990. Subsequently, APL agree to sell certain substations to The Mines and certain assets in and near the Cities of Alton and Thayer and in Taney County to Sho-Me. As a result of these agreements, UE and APL filed an amended joint application in Case No. EM-91-29. Pursuant to the agreement to sell certain assets to Sho-Me, APL and Sho-Me filed a joint application in Case No. EM-91-404.

APL is an Arkansas corporation with its principal office and place of business located at 425 West Capitol Avenue, P. O. Box 551, Little Rock, Arkansas 72203. APL is a subsidiary of Entergy Corporation, formerly Middle South Utilities, Inc., a holding company registered under the Public Utility Holding Company Act of 1935. APL is engaged in the business of generating, transmitting and distributing electric power and energy principally in Arkansas and Missouri.

UE is a Missouri corporation with its principal office and place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. UE is engaged in providing electric, gas, steam heating and water utility services in portions of Missouri.

Sho-Me is a Missouri corporation with its principal office and place of business located at 301 West Jackson, P. O. Drawer D, Marshfield, Missouri 65706. Sho-Me is engaged in providing electric utility service in portions of Missouri.

A. Case No. EM-91-29

The stipulation concluded among the parties still remaining in Case No. EM-91-29 settled all the matters at issue among them. This stipulation provides, *inter alia*, that UE shall not recover more annual revenues from each class of the present APL customers than APL recovers from each such class pursuant to the APL rates which took effect in Missouri on March 21, 1991. The stipulation further provides that any retail customer presently served by APL pursuant to its Economic Development Rider would be served by UE pursuant to its Economic Development Rider.

The stipulation also provides that the acquisition premium paid by UE to APL for these properties not be recovered by UE in rates charged to its Missouri customers. The acquisition premium is the amount of the purchase price paid by UE to APL which is above the net book value of the properties purchased. In addition, the stipulation provides that, except in the case of an unusual event, UE will not attempt to raise its rates prior to January 1, 1993. Finally, the stipulation provides that The Mines may purchase the electric substations which directly serve them in order to qualify for service from UE pursuant to UE's Rider B tariff. The Mines chose to exercise this option pursuant to the stipulation, buying most of the substations in question.

The provisions of this stipulation are set forth with greater specificity in the stipulation document which is attached to this Report and Order as Attachment A and incorporated herein by reference. The Commission notes that this stipulation is amended by the nonunanimous stipulation concluded in Case No. EM-91-404, which is discussed hereinafter, to the extent that they are inconsistent.

The Commission determines that the sale proposed in Case No. EM-91-29 as conditioned by the stipulation concluded among the parties to that case, is not detrimental to the public interest. The sale will result in an overall decrease in rates for the customers presently served by APL once they begin taking service from UE. This reduction will be in addition to the reduction in APL's rates placed in effect March 21, 1991. Although some residential customers will experience some increase in rates after the sale, the vast majority of residential customers will experience a rate decrease as a result of the sale. In addition, UE is fully qualified to operate the electrical system acquired from APL and to provide the electric utility service in APL's present service area since UE has provided electrical service in its own service area in the State of Missouri for many years.

Based upon these findings and the fact that the acquisition premium paid by UE to APL will not be recovered in rates, and UE's rates will remain at their present level, absent unusual circumstances, until January 1, 1993, the Commission determines that the sale proposed in Case No. EM-91-29 should be approved.

B. Case No. EM-91-404

The stipulation concluded among all but one of the parties to Case No. EM-91-404 settled all the matters at issue among them. The sole remaining party, APL, filed a letter herein stating no objection to the nonunanimous stipulation.

In the nonunanimous stipulation the parties recommend that the Commission approve the sale subject to Sho-Me submitting to the Staff by September 27, 1991, certain forms described in the stipulation which deal with such matters as brochures, registration forms and notices to be used by Sho-Me in dealing with these customers via its service agent, Howell-Oregon; completed retail tariff sheets; and a customer notice described in the nonunanimous stipulation which will apprise APL's customers of the details of the proposed transfer.

The parties also recommend in the stipulation that the Commission direct Sho-Me to provide notice to APL's customers of the impending transfer to Sho-Me as soon as possible after the Commission issues an order approving the proposed merger. The nonunanimous stipulation provides, *inter alia*, that Sho-Me not seek to recover in rates the acquisition premium it would pay to APL for these assets. In addition, Sho-Me agrees that it would be the responsible entity for the provision of retail electric service to the former APL customers even though Howell-Oregon would be the agent for Sho-Me in providing many of these services, as more fully described in the Operating Agreement attached as Schedule 7 to the joint application in this case.

The nonunanimous stipulation provides for certain conditions to be observed should Sho-Me in the future sell these assets to Howell-Oregon. The Commission notes that, should Sho-Me decide in the future to sell these assets to Howell-Oregon, Sho-Me would need to seek the approval of this Commission for such a sale pursuant to Section 393.190, RSMo 1986. This would also be the case should Sho-Me ultimately sell these assets to UE pursuant to the circumstances set forth in a contract concluded between Sho-Me and UE and attached to the joint application filed herein as Schedule 8.

The provisions of the nonunanimous stipulation are set forth with greater specificity in the nonunanimous stipulation document which is attached to this Report and Order as Attachment B and incorporated herein by reference. The Commission reiterates that this nonunanimous stipulation amends the provisions of the stipulation in Case No. EM-91-29 to the extent that they are inconsistent.

The Commission determines that the transfer proposed in Case No. EM-91-404, as conditioned by the nonunanimous stipulation filed in that case, is not detrimental to the public interest. The merger will result in an overall decrease in rates for the customers presently served by APL once they begin taking service from Sho-Me. This reduction will be in addition to the reduction in APL's rates placed in effect

March 21, 1991. Although some residential customers will experience some increase in rates after the merger, the majority of residential customers will experience a rate decrease as a result of the merger. The vast majority of those customers experiencing an increase will have an increase of no more than \$3.00. Moreover, there are conditions set forth in the nonunanimous stipulation whereby Sho-Me agrees to ensure that its service agent, Howell-Oregon, revises its procedures and pamphlets consistent with the Commissions rules, so that APL's former customers will be fully protected by the rules which presently apply to their service currently provided by APL.

In addition, Sho-Me is fully qualified to provide retail electrical service to the former APL customers since it has provided electric transmission service in its own service area in the State of Missouri for many years and electric distribution service for many years in the past in this state.

Based upon these findings and the fact that the acquisition premium paid by Sho-Me to APL will not be recovered in Sho-Me's rates, the Commission determines that the merger proposed in Case No. EM-91-404 should be approved.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

APL, UE and Sho-Me are public utilities rendering electric and gas service in the State of Missouri under the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo 1986, as amended. The Commission has jurisdiction of this case pursuant to Section 393.190, RSMo 1986. Section 393.190, RSMo 1986, provides, in pertinent part, that no gas or electric corporation shall sell, transfer or otherwise dispose of its franchise, works or system without having first secured from the Commission an order authorizing it to do so.

The Commission may not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest since to deny a property owner the opportunity to dispose of such assets, in the absence of a showing of detriment to the public, would be to deny the property owner an important aspect of property ownership. *State ex rel. City of St. Louis v. Public Service Commission of Missouri*, 335 Mo. 448, 73 S.W.2d 393,400 (Mo. banc 1934). *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. 1980).

The Commission has found that, as conditioned by the stipulations concluded herein, the proposed sale and transfer is not detrimental to the public interest. Therefore, the Commission concludes that, in the absence of a finding of detriment to the public interest, it may not withhold its approval of the proposed sale and will authorize the transfer of APL's assets to UE and Sho-Me upon the conditions set forth hereinafter.

IT IS THEREFORE ORDERED:

1. That Arkansas Power & Light Company be authorized hereby to sell, transfer and assign to Union Electric Company all of its franchise, works and system as well as all of its assets, real estate, leased property, easements and contractual agreements associated with its retail electric service in Missouri subject to the jurisdiction of this Commission with the exception of the franchise and assets associated with its provision of electric service in and near the Cities of Alton and Thayer, both in Missouri and in Taney County, also in Missouri, and with the exception of the substations to be sold to The Doe Run Company, ASARCO, Incorporated and Cominco American Company, as well as its certificates of convenience and necessity issued by this Commission pursuant to which it provides retail electrical service in this state associated with the assets authorized to be sold to Union Electric Company. This authorization shall be contingent upon the conditions set forth in the stipulation concluded among the parties in Case No. EM-91-29.

2. That Arkansas Power & Light Company be authorized hereby to sell, transfer and assign to Sho-Me Power Corporation its works and system as well as its assets, real estate, leased property, easements and contractual agreements associated with its provision of retail electric service in and near the Cities of Alton and Thayer, both in Missouri and in Taney County, also in Missouri, as well as that portion of its certificate of convenience and necessity issued by this Commission associated with its provision of retail electric service via these assets. This authorization shall be contingent upon the conditions set forth in the nonunanimous stipulation filed in Case No. EM-91-404.

3. That Arkansas Power & Light Company be authorized hereby to sell and transfer to The Doe Run Company, ASARCO, Incorporated, and Cominco American Company certain substations which directly serve these mines as set forth in the stipulation concluded among the parties to Case No. EM-91-29.

4. That Union Electric Company be authorized hereby to own, operate, control, manage and maintain the assets and to provide electrical service to the public as a public utility subject to the jurisdiction of this Commission in areas currently served by Arkansas Power & Light Company pursuant to portions or all of the necessary certificates of convenience and necessity previously issued by this Commission to Arkansas Power & Light Company except for that portion of the service area and certificate of Arkansas Power & Light Company which this Commission has authorized to be sold to Sho-Me Power Corporation, contingent upon its observance of applicable conditions set forth in the stipulation concluded among the parties to Case No. EM-91-29 as amended by the nonunanimous stipulation filed in Case No. EM-91-404 and contingent upon approval of any tariffs needing the approval of this Commission in order for Union Electric Company to serve in this area.

5. That Sho-Me Power Corporation be authorized hereby to own, control and manage the assets and to provide electrical service to the public as a public utility

subject to the jurisdiction of this Commission in the service area pursuant to a portion or all of the necessary certificate of convenience and necessity previously issued by this Commission to Arkansas Power & Light Company which pertains to the area in and near the Cities of Alton and Thayer, both in Missouri, and the County of Taney, also in Missouri, contingent upon its observance of applicable conditions set forth in the nonunanimous stipulation filed in Case No. EM-91-404 and upon approval of tariffs requiring the approval of this Commission in order for Sho-Me Power Corporation to serve this area.

6. That Arkansas Power & Light Company, Union Electric Company and Sho-Me Power Corporation be authorized hereby to enter into and execute documents and perform in accordance with the terms of all such documents as are reasonably necessary to the performance of the transactions authorized in this Report and Order.

7. That Union Electric Company and Sho-Me Power Corporation be directed hereby to file with this Commission such rate schedules, rules, regulations and other tariffs for the Commission's approval as necessary to serve the customers acquired as a result of the transactions authorized in this Report and Order.

8. That Sho-Me Power Corporation be directed hereby to send notice to the customers acquired pursuant to the transaction approved in this Report and Order, as required by the stipulation and agreement filed in Case No. EM-91-404.

9. That Sho-Me Power Corporation be directed hereby to observe all the other requirements it agreed to as set forth in the stipulation and agreement filed in Case No. EM-91-404.

10. That Arkansas Power & Light Company and Union Electric Company be directed hereby to observe the conditions set forth in the stipulation and agreement concluded among the parties to Case No. EM-91-29 as amended by the nonunanimous stipulation and agreement filed in Case No. EM-91-404 to the extent that these two stipulations conflict.

11. That Sho-Me Power Corporation be directed hereby to maintain property and all other records pertaining to the assets acquired by the transactions authorized herein in accordance with the Commission's Uniform System of Accounts.

12. That subject to the terms of the stipulation concluded among the parties to Case No. EM-91-29, as amended by the nonunanimous stipulation filed in Case No. EM-91-404, Union Electric Company be authorized hereby to apply its electric rate schedules, rules, regulations and other tariffs now on file with this Commission to the retail customers transferred from Arkansas Power & Light Company to Union Electric Company and any new retail customers acquired by Union Electric Company in this area now served by Arkansas Power & Light Company, unless otherwise ordered by the Commission.

13. That Arkansas Power & Light Company be authorized to transfer to Union Electric Company all security deposits applicable to accounts for customers located in the areas to be served by Union Electric Company as a result of the transfer authorized in this Report and Order.

14. That upon the closing of the transactions authorized herein, the certificates of convenience and necessity issued by this Commission to Arkansas Power & Light Company or to its predecessors in interest, to the extent any of such certificates or portions thereof are not transferred to Union Electric Company or to Sho-Me Power Corporation, shall be cancelled.

15. That upon the closing of the transactions authorized herein, Arkansas Power & Light Company shall be relieved of its obligations as a public utility to render service in its service area in Missouri pursuant to tariffs approved by this Commission and certificates of convenience and necessity issued to it by this Commission.

16. That upon the closing of the transactions authorized herein, the rate schedules, rules, regulations and other tariffs of Arkansas Power & Light Company on file with this Commission shall be cancelled.

17. That Case Nos. EM-91-29 and EM-91-404 be consolidated hereby.

18. That the application for intervention of the City of Thayer, Missouri, in Case No. EM-91-404 be denied hereby.

19. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved or of the value for ratemaking purposes of the properties herein involved or as an acquiescence in the value placed upon said properties by the joint applicants. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and the resulting cost of capital, in any later proceeding.

20. That Late-filed Exhibit 20 be received into evidence hereby.

21. That this Report and Order shall become effective on the 4th day of October, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
McClure and Perkins, CC., Concur.

Dated at Jefferson City, Missouri,
on this 19th day of September, 1991.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the joint application)	
of Arkansas Power & Light Company and)	
Union Electric Company for an order)	
authorizing the sale, transfer and)	
assignment of certain assets, real)	Case No. EM-91-29
estate, leased property, easements)	
and contractual agreements, and in)	
connection herewith, certain related)	
transactions.)	

STIPULATION AND AGREEMENT

This case was initiated on August 2, 1990, through the filing by Union Electric Company (UE) and Arkansas Power & Light Company (APL) of a Joint Application with the Missouri Public Service Commission (Commission). The Joint Application seeks an Order of the Commission authorizing the sale, transfer, and assignment from APL to UE of certain assets, real estate, leased property, easements, and contractual agreements and, in connection therewith, certain other related transactions between APL and UE. In addition to APL and UE, the parties to this case consist of the Missouri Public Service Commission Staff (Staff); the Office of the Public Counsel (Public Counsel); and Cominco American Company, ASARCO, Incorporated and The Doe Run Company (Mine Intervenors or Mines). Anheuser-Busch Companies, Inc., Chrysler Motors Corporation, Continental Cement Corp., Holnam, Inc. (Dundee Cement Company was merged into Holnam, Inc.), Emerson Electric Company, Ford Motor Company, General Motors Corporation, MEMC Electronic Materials, Mallinckrodt, Inc., McDonnell Douglas Corporation, Monsanto Company, Nooter

Corporation, PPG Industries, Inc., and Pea Ridge Iron Ore Company (Industrial Intervenors), which had been granted intervenor status, filed on March 25, 1991 a Motion To Withdraw As Parties To Proceeding. Sho-Me Power Corporation and Howell-Oregon Electric Cooperative, Inc. (Sho-Me and Howell-Oregon), which had been granted intervenor status, filed on April 1, 1991 a Motion For Leave To Withdraw.

Pursuant to Commission Order in Case No. EO-87-175, In the matter of the investigation of Union Electric Company's class allocation and rate design, a prehearing conference was convened on October 9, 1990, respecting the investigation of the customer class allocations and rate design for the Missouri electric operations of UE. Representatives of all parties in Case No. EO-87-175 were present at and participated in the prehearing conference.

Aside from said prehearing conference, Staff and UE met on October 10, 1990 to discuss UE's and APL's Joint Application and Staff's audit of UE in Case No. EM-91-29. As a result of this meeting between Staff and UE, these parties reached agreement on all of the issues in Case No. EO-87-175 and some of the issues in Case No. EM-91-29. UE and Staff advised the parties to Case No. EM-91-29 which were not also parties to Case No. EO-87-175 of the settlement in Case No. EO-87-175 and the resolution of issues between UE and Staff in Case No. EM-91-29.

As a result of the prehearing conference in Case No. EO-87-175, all of the parties to said case agreed to a resolution of all of the issues in said case. Some of the

parties in Case No. EO-87-175 that are also parties to Case No. EM-91-29 agreed to a resolution of the issues in Case No. EM-91-29. Paragraphs 2, 3, 5 and 6 herein correspond to Paragraphs 6, 7, 8, and 3, respectively, in the Joint Stipulation And Agreement in Case No. EO-87-175. In some instances, Paragraphs 2, 3, 5, and 6 herein are not verbatim transcriptions of Paragraphs 6, 7, 8 and 3 in the Joint Stipulation And Agreement in Case No. EO-87-175. Any language changes are merely an effort to attain greater clarity.

A procedural schedule was set in Case No. EM-91-29. UE and APL filed their direct testimony and schedules on September 14, 1990; the Staff and Mine Intervenor filed on January 25, 1991 their rebuttal testimony and schedules; and on February 22, 1991 UE and APL filed surrebuttal testimony and schedules. UE filed supplemental direct testimony and its second set of supplemental direct testimony on January 7, 1991 and March 13, 1991, respectively.

On January 25, 1991, a Nonunanimous Stipulation And Agreement was filed with the Commission. The signatories to said Nonunanimous Stipulation And Agreement were UE, APL, Public Counsel, and the Staff.

A Prehearing Conference was convened on February 27, 1991. All parties excluding the Industrial Intervenor appeared and participated at said Prehearing Conference. On March 21, 1991, a Hearing Memorandum was filed delineating all areas of disagreement which existed among some or all of the parties as of

the close of the Prehearing Conference respecting the issues in this proceeding.

On March 26, 1991, UE, APL, and the Mines reached a resolution of all remaining issues. Said parties executed a Statement Of Intent which set forth their intentions with respect to Case No. EM-91-29. These parties agreed to enter into a revised Stipulation And Agreement on or before April 3, 1991 which would incorporate all of the terms and conditions of the Nonunanimous Stipulation And Agreement and which would contain Paragraphs 7 through 17 set out herein.

Accordingly, the following stipulations are hereby submitted to the Commission for its consideration and approval in complete resolution of Case No. EM-91-29. The undersigned parties hereby stipulate and agree as follows:

1. The parties recommend that the Commission's Order granting the authority and relief requested by the Joint Application, as amended by Paragraph 2 and as may be amended to comply with the terms of Paragraphs 8 through 10 herein, shall be issued at the Commission's earliest convenience consistent with the rights of the nonsignatory parties and shall become effective as soon thereafter as permitted by law, but no earlier than ten (10) days after issuance.

2. The amount of any acquisition premium (i.e., the amount of the purchase price above net book value) paid by UE to APL for the electric properties of APL shall be treated below the line for ratemaking purposes in Missouri and shall not be sought to be recovered by UE in rates in any Missouri proceeding, and

the Joint Application should be considered as amended in this regard.

3. Assuming that the transactions proposed by the Joint Application are consummated, for each of the four major customer classes of APL (i.e., General Purpose Residential, Small General Service, Large General Service and Large Power Service), the annual revenues recovered by UE from each such class of former APL customers shall not exceed the annual revenues which would have been recovered from each such class under the APL rates which took effect in Missouri on March 21, 1991. This comparison shall be based on the APL billing determinants for the 12 months ending August 1990. These rates shall remain in effect until such time as the rates authorized to be charged by UE are changed pursuant to the provisions of Paragraph 5 or 6 herein.

4. The Joint Application requests Commission authority for UE to apply its electric rate schedules to the retail customers transferred from APL to UE. In clarification of this particular provision of the Joint Application, the parties hereto agree that any retail customer served by APL under its Economic Development Rider at the time the sale is consummated would be served under UE's Economic Development Rider, with commencement of service under UE's Economic Development Rider considered to be the date when the customer first began taking service under APL's Economic Development Rider. All other terms and conditions of UE's Economic Development Rider would be applied to such customers.

5. Assuming that the transactions proposed by the Joint Application are consummated, the rates which UE is authorized to apply to the customers presently served by APL shall not be changed until UE's next general rate case, subject to the exceptions of Paragraph 6 below, or until a revenue requirement complaint case, subject to the provisions of Paragraph 6 below.

6. Except as otherwise provided herein or in the Joint Stipulation And Agreement in Case No. EO-87-175, prior to January 1, 1993, no undersigned party shall file with the Commission, or encourage or assist in any filing, for a general increase or decrease in UE's Missouri electric revenues; provided, however, that (i) UE may file for a rate increase prior to that date if its return on Missouri electric rate base (as shown in one of its quarterly 12 month rate of return studies) falls below 9.5%; or if an unusual event which would have a significant adverse impact on electric operations occurs, such as: (1) an act of God; or (2) an extended outage of a major generating unit or units; or (3) a significant change in the federal or state tax laws; and (ii) any undersigned party may file with the Commission a request for consideration of changes in rate design and/or other tariff provisions; provided, however, that no such change shall result in any shift of revenues between classes, and provided further that if a request for consideration of changes in rate design and/or other tariff provisions is filed, any undersigned party may oppose such request and shall not be deemed to have consented to the establishment of a new

docket to consider such request or to the proposals of the party making such request.

7. The Mines agree to change their electrical supplier from APL to UE and agree to allow assignment of their electric service contracts with APL to UE.

8. APL agrees to provide the Mines with an option to buy any or all of the substations which presently directly serve the Mines, less certain high voltage breakers, switches, remote terminal units, and related equipment, as described in Attachment A. Attachment B hereto sets out the option prices. The Mines shall exercise said option(s) by notifying APL in writing on or before June 1, 1991.

9. UE agrees to purchase any such substation(s) from APL at prices to be determined in the event the Mines elect not to purchase said substation(s).

10. In the event the Mine(s) purchase any substation(s) from APL, the sales price as provided in the Sales Contract between APL and UE will be modified to reflect such sale(s).

11. The Mines agree to notify UE in writing by June 15, 1991 of their selection of one of the following maintenance options which UE agrees to provide related to the substation(s) which the Mines purchase:

- a) The Mines will provide their own maintenance.
and at the request of a Mine(s) UE agrees to provide spare transformers for a charge to be negotiated by the Mine(s) and UE.

b) UE will provide maintenance under its applicable contribution-in-aid tariff for a charge equal to 0.75% per month applied to the investment amounts set out in Attachment C hereto.

12. Under the existing terms of UE's Rider B, any Mine which elects to take service pursuant to that Rider has the right to terminate the applicability of Rider B.

13. UE agrees that the 1.5% rate cap adjustment agreed to in Docket No. EO-87-175 will apply to any APL Large Power Service customer transferred to UE herein which does not take service pursuant to UE's Rider B transformation discount.

14. APL and UE agree to provide the Mines with all of the environmental inspection data which either may have with respect to any substation which the Mines indicate they intend to purchase. APL also agrees to provide to the Mines the same contract provisions regarding environmental matters on any purchased substation which APL has agreed to provide to UE.

15. To the extent necessary, the transactions described in Paragraphs 7 through 14 will be definitively documented by mutually satisfactory agreements incorporating the terms and conditions set out herein together with such further representations, covenants, terms and conditions as are customary and as may be mutually determined.

16. All of the agreements contained in Paragraphs 7 through 15 herein are conditioned on the closing of the sale of APL's Missouri facilities to UE.

17. All of the above terms and conditions applicable

to APL and UE in Paragraphs 7 through 15 are subject to approval by their respective boards of directors, and any necessary regulatory authorities.

18. This Stipulation And Agreement represents a negotiated settlement for the sole purpose of addressing the authority requested by the Joint Application in Case No. EM-91-29. Except as specified herein, the parties to this Stipulation And Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation And Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve the instant Stipulation And Agreement in the instant proceeding, or in any way condition its approval of same.

19. None of the parties to this Stipulation And Agreement shall be deemed to have approved of or acquiesced in any ratemaking principle or any method of cost of service determination, or cost allocation underlying any of the issues for which provision is made in this Stipulation And Agreement.

20. The prepared testimonies and schedules of UE witnesses C.W. Mueller; G.L. Rainwater, W.M. Warwick, Maureen A. Borkowski, H.W. Loeh, and D.L. Wucher; APL witness Lee W. Randall; Mines witnesses Donald E. Johnstone, Mike Owsley, Daniel R. Schmidt, and John L. Key; and Staff witnesses Janice Pyatte and Greg R. Meyer shall be received into evidence without the necessity of these witnesses taking the witness stand.

21. In the event the Commission accepts the specific terms of this Stipulation And Agreement, the signatories waive their respective rights to cross-examine witnesses, their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986.

22. The provisions of this Stipulation And Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation And Agreement in total, it shall be void and no party hereto shall be bound by any of the agreements or provisions hereof unless otherwise provided in the Joint Stipulation And Agreement in Case No. EO-87-175.

Respectfully submitted,

Kent Foster
E. B. Dillon, Jr.
Mitchell, Williams, Selig
& Tucker
1000 Savers Federal Building
Little Rock, AR 72201

Debra H. Janoski
Paul A. Agathen
Union Electric Company
1901 Gratiot Street
St. Louis, MO 63166

by: Debra H. Janoski
Attorney for Union Electric
Company

James C. Swearingen
Gary W. Duffy
Brydon, Swearingen & England
P.O. Box 456
Jefferson City, MO 65102
(314) 635-7166

by: James C. Swearingen
Attorneys for Arkansas Power
& Light Company

Lewis R. Mills, Jr.
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102
(314) 751-4857

by: Lewis R. Mills, Jr.
Attorney for the Office of
the Public Counsel

Steven Dottheim
Deputy General Counsel
Attorney for Staff of Missouri
Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(314) 751-4873

by: Steven Dottheim
Attorney for Staff of Missouri
Public Service Commission

Gerald E. Roark
Hendren & Andrae
P.O. Box 1069
Jefferson City, MO 65102

by: Gerald E. Roark
Attorney for Cominco American
Company

Robin E. Fulton
Schnapp, Graham, Reid & Fulton
135 East Main Street
Fredericktown, MO 63645

by: Robin E. Fulton
Attorneys for ASARCO, Inc. and
The Doe Run Company

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all parties of record on this 5th day of April, 1991.

Steven Dottheim

MISSOURI MINES FACILITIES THAT WOULD NOT BE INCLUDED IN THE FACILITIES TO BE SOLD TO THE MINES
03/25/91

MINE	ITEM	VINT YEAR	QUAN	ORIGINAL COST	ACCUM DEPR @ 3.3%/YR	NET BOOK VALUE	UE SALE MULT	TOTAL SALE PRICE
BUICK MINE	SW, AIR BREAK 3P	1968	3	13,640.83	10,353.24	3,287.39	2.0716	6,810.16
	MOTOR OPER MECH	1989	2	28,453.09	1,877.90	26,575.19	2.0716	55,053.16
	RTU(REMOTE TERM	1989	1	23,006.14	1,518.41	21,487.73	2.0716	44,513.99
	CONTROL CABLE	1989	4160	29,237.04	1,929.64	27,307.40	2.0716	56,570.00
	CONDUIT	1989	80	275.33	18.17	257.16	2.0716	532.73
	SUBTOTAL			94,612.23	15,697.36	78,914.87		163,480.04
BUICK SMELTER	SW, AIR BREAK 3P	1968	3	12,713.88	9,649.93	3,064.05	2.0716	6,347.48
	MOTOR OPER MECH	1989	2	7,302.38	481.96	6,820.42	2.0716	14,129.19
	RTU(REMOTE TERM	1989	1	20,293.89	1,339.40	18,954.49	2.0716	39,266.13
	CONTROL CABLE	1989	4540	19,298.51	1,273.70	18,024.81	2.0716	37,340.19
	CONDUIT	1989	70	121.47	8.02	113.45	2.0716	235.03
	SUBTOTAL			59,730.13	12,752.91	46,977.22		97,318.01
COMINCO	SW, AIR BREAK 3P	1968	2	4,072.44	3,090.98	981.46	2.0716	2,033.19
	SW, AIR BREAK 3P	1988	1	9,003.80	891.38	8,112.50	2.0716	16,805.85
	MOTOR OPER MECH	1968	2	4,693.16	3,562.11	1,131.05	2.0716	2,343.09
	TRANSFORMER, CUR	1989	8	19,731.36	1,302.27	18,429.09	2.0716	38,177.70
	TRANSFORMER, POT	1989	2	4,932.49	325.54	4,606.95	2.0716	9,543.75
	CONTROL CABLE	1988	309	14,112.71	1,397.16	12,715.55	2.0716	26,341.54
	SUBTOTAL			56,546.04	10,569.45	45,976.59		95,245.11
SWEETWATER	SW, AIR BREAK 3P	1968	2	8,165.46	6,197.58	1,967.88	2.0716	4,076.65
	MOTOR OPER MECH	1989	2	14,968.83	987.94	13,980.89	2.0716	28,962.81
	RTU(REMOTE TERM	1989	1	31,370.45	2,070.45	29,300.00	2.0716	60,697.88
	CONTROL CABLE	1989	1105	29,241.32	1,929.93	27,311.39	2.0716	56,578.28
	CONDUIT	1989	80	888.79	58.66	830.13	2.0716	1,719.70
	SUBTOTAL			84,634.85	11,244.56	73,390.29		152,035.32
ASARCO WEST FORK	SW, DISC BLADE S	1982	3	14,090.80	4,184.97	9,905.83	2.0716	20,520.92
	TRANSFORMER, CUR	1981	2	621.10	204.96	416.14	2.0716	862.07
	TRANSFORMER, POT	1981	2	511.25	168.71	342.54	2.0716	709.60
	SUBTOTAL			15,223.15	4,558.64	10,664.51		22,092.59
BRUSHY CREEK	SW, INTERUPTR(CI	1974	5	10,502.98	5,892.17	4,610.81	2.0716	9,551.75
	MOTOR OPER MECH	1974	5	11,799.39	6,619.46	5,179.93	2.0716	10,730.75
	SUBTOTAL			22,302.37	12,511.63	9,790.74		20,282.50
FLETCHER	SW, INTERUPTR(CI	1967	5	6,013.16	4,762.42	1,250.74	2.0716	2,591.03
	MOTOR OPER MECH	1974	5	8,331.18	4,673.79	3,657.39	2.0716	7,576.65
	SUBTOTAL			14,344.34	9,436.21	4,908.13		10,167.67
VIBURNUM	TRANSF POTENTIAL	1960	2	3,865.10	3,954.00	0.00	2.0716	0.00
	CIRCUIT BREAKER	1969	1	9,399.94	6,824.36	2,575.58	2.0716	5,335.58
	SW, INTERUPTR(CI	1960	3	4,167.58	4,263.43	0.00	2.0716	0.00
	SW, TANDEN TRANS	1986	1	14,617.40	2,411.87	12,205.53	2.0716	25,284.97
	MOTOR OPER MECH	1960	5	4,939.23	5,052.83	0.00	2.0716	0.00
	MOTOR OPER MECH	1989	2	16,699.78	1,102.19	15,597.59	2.0716	32,311.98
	SUBTOTAL			53,689.03	23,608.68	30,378.71		62,932.53
TOTAL				401,082.14	100,379.45	301,001.05		623,553.77

DATA AS OF 12/31/91 BOOKS PER 3/18/91 AP&L PROP ACCT RPT FOR DRAZEN-BRUBAKER REQUEST
DISK = MISSOURI SALE (LRS)
FILE = MINEOFFR
AP&L SYSTEM PLANNING

NOTE - CUSTOMER REVENUE METERING IS IN FERC ACCT 370 AS MASS PROPERTY AND IS NOT INCLUDED WITHIN THE SCOPE OF ANY SALE NEGOTIATIONS WITH THE MINES.

SUBSTATION PRICE LIST¹

ASARCO Sweetwater	\$ 183,000
ASARCO Westfork	379,000
COMINCO	129,000
DOE RUN	
Brushy Creek	102,000
Buick Mine	169,000
Buick Smelter	160,000
Fletcher	80,000
Viburnum	64,000
TOTAL	\$1,266,000

Note:

- 1) Price excludes high voltage breakers, switches, RTU's and related equipment to be purchased by UE.

ATTACHMENT B

REPLACEMENT COST SUMMARY

ASARCO Sweetwater	\$ 549,968
ASARCO Westfork	705,122
COMINCO	725,644
DOE RUN	
Brushy Creek	268,791
Buick Mine	504,963
Buick Smelter	483,768
Fletcher	222,360
Viburnam	275,398

ATTACHMENT C

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Joint)	
Application of Arkansas Power)	
& Light Company and Sho-Me)	
Power Corporation for an Order)	
authorizing the sale, transfer)	
and assignment of certain)	Case No. EM-91-404
assets, real estate, easements)	
and licenses from AP&L to)	
Sho-Me and, in connection)	
therewith, certain related)	
transactions.)	

STIPULATION AND AGREEMENT

This case was initiated on June 27, 1991, through the filing by Arkansas Power & Light (APL) and Sho-Me Power Corporation (Sho-Me) of a Joint Application with the Missouri Public Service Commission (Commission). The Joint Application seeks an order of the Commission authorizing the sale, transfer, and assignment from APL to Sho-Me of certain assets, real estate, leased property, easements, and contractual agreements and, in connection therewith, certain other related transactions between APL and Sho-Me.

In addition to APL and Sho-Me, the parties to this case consist of the Missouri Public Service Commission Staff (Staff) and the Office of the Public Counsel (Public Counsel). On July 29, 1991, the City of Thayer, Missouri filed a Motion to Intervene Out of Time. Some of the facilities and customers to be transferred to Sho-Me are situated within the boundaries of the City of Thayer. The Motion filed by the City of Thayer states at page 2, the City's opinion that "no use can be made of

any transferred assets within the boundaries, absent the concurrence of the City." On August 21, 1991, APL filed a Motion in Opposition to the City of Thayer's Motion to Intervene. APL's Motion points out that the Motion to Intervene was filed in an untimely manner, does not comply with the Commission's Rules of Practice and Procedure and would prejudice the existing parties. The Commission has not yet ruled on the Motion to Intervene of the City of Thayer.

This case is directly related to Case No. EM-91-29 because the property to be acquired by Sho-Me from APL in the current case was part of the property to be transferred from APL to Union Electric Company (UE) pursuant to the Joint Application filed in Case No. EM-91-29 on August 2, 1990. The Contract For Purchase And Sale between APL and UE, filed in connection with Case No. EM-91-29, has been amended to exclude the Alton-Thayer assets from said Contract. For purposes of this Stipulation And Agreement, the Alton-Thayer assets are those assets which are to be transferred to Sho-Me pursuant to the agreement between APL and Sho-Me which is marked as Schedule 1, and attached to the Joint Application which has been filed in this case (EM-91-404).

The Staff and Sho-Me have met on several occasions to discuss APL's and Sho-Me's Joint Application in Case No. EM-91-404. As a result of these discussions which at least twice have also included Howell-Oregon Electric Cooperative, Inc. (Howell-Oregon), these parties have reached agreement in principle on all of the issues in Case No. EM-91-404 respecting

Sho-Me's acquisition of certain properties and customers of APL and some issues in the event Howell-Oregon subsequently seek to acquire said facilities and customers.

A rate comparison regarding the affected customers is attached (Attachment A).

Appropriate forms for the provision of retail electric service by Sho-Me to the former APL customers have yet to be filed. However, Sho-Me and the Staff have reached an agreement as to an appropriate method to ensure that said forms are filed in proper form before Sho-Me commences providing retail electric service to the approximately 1,400 electric customers involved herein.

Accordingly, the following stipulations are hereby submitted to the Commission for its consideration and approval in resolution of Case No. EM-91-404. The undersigned parties hereby stipulate and agree as follows:

1. The parties recommend that the Commission approve the Joint Application filed in Case No. EM-91-404, consistent with all legal requirements, subject to Sho-Me submitting to the Staff by September 27, 1991, in a printed format, the forms referred to in paragraphs 10, 11, 12, 13 and 14 hereof, completed retail tariff sheets, and the customer notice referred to in paragraph 15 hereof.

2. The parties recommend that the Commission's order provide that customer notice is to be provided by Sho-Me as soon as possible after the Commission issues an Order approving the

Joint Application of Sho-Me and APL and this Stipulation And Agreement.

3. For purposes of the following conditions, "transmission facilities" is defined as the Thayer North-Alton 69KV, the Alton 69/12 KV substation, Sho-Me Tie at Alton 69KV substation, Thayer South 69/12.4KV and all 69/12 KV substation equipment located within the Thayer South substation. In addition, "distribution facilities" is defined as all the Alton-Thayer assets for which approval to transfer from APL to Sho-Me is sought pursuant to the Joint Application filed in this case (EM-91-404) except transmission facilities.

4. Sho-Me agrees to treat the acquisition premium on the transmission and distribution facilities below-the-line for the purpose of future Missouri ratemaking proceedings. The ratemaking determination respecting the acquisition premium on the distribution facilities shall be effectuated as specified in Paragraphs 6 and 7 hereunder.

5. Sho-Me agrees to charge the amount shown by Sho-Me's proposed tariffs (these Sho-Me tariffs yield on the aggregate \$1,331,117 on APL billing units for the 12-month period ending with the billing month of August 1990). This requirement shall apply for the shorter of the two-year period immediately following the effective date of the Commission order in this case or for the period during which Sho-Me provides retail electric service to the former APL customers subject to the instant transactions. If after the expiration of the aforementioned

two-year period, Sho-Me has not by then, but still intends to transfer the distribution facilities to Howell-Oregon Electric Cooperative, Inc. (Howell-Oregon), then Sho-Me may file for increases in retail rates with respect to the former APL customers subject to the instant transaction. The Staff is not bound in any proceeding respecting the transfer of these facilities to Howell-Oregon by a prior cost of service determination respecting Sho-Me. If for some reason Sho-Me determines that it will remain a retail provider of power to the former APL customers subject to the instant transaction rather than transfer the distribution facilities to Howell-Oregon, then Sho-Me may file for increases in retail rates with respect to said former APL customers. If Sho-Me decides to transfer these distribution facilities subsequent to Sho-Me's determination to remain a retail provider of power to the former APL customers in question, then the Staff is not bound in any proceeding respecting the transfer of these facilities by a prior cost of service determination respecting Sho-Me.

6. In the event that Sho-Me transfers the distribution facilities to Howell-Oregon, then Howell-Oregon agrees to bill the former APL customers subject to the instant transaction so as to produce annual aggregate revenues no greater than the levels presently produced by the tariffs proposed herein by Sho-Me, unless otherwise provided herein. (These Sho-Me tariffs yield on the aggregate \$1,331,117 on APL billing units for the 12 month period ending with the billing month of August 1990). These

Howell-Oregon tariffs, including all rate levels, shall apply as a cap on the former APL customers in question until rate parity is achieved by Howell-Oregon's present customers paying rates equal to the rates paid by the former customers of APL subject to the instant transaction. However, Howell-Oregon may recover from these former APL customers any increases in purchase power costs prior to parity being achieved, so long as said increases in purchase power costs are also recovered from Howell-Oregon's present customers. The annual revenues recovered by Howell-Oregon from each of the Sho-Me tariff classes (residential, small general service, large general service, and lighting) shall not exceed the annual revenues which would have been recovered from each class under the tariffs Sho-Me has proposed in this case. Also, Howell-Oregon agrees to not seek recovery of the acquisition premium attributable to the distribution facilities in any manner other than that specified above.

7. The following reduction in the acquisition premium portion of the sale price of the distribution facilities applies only if, and to the extent, that Howell-Oregon acquires the distribution facilities from Sho-Me. Sho-Me agrees to reduce the acquisition premium portion of the sale price of the distribution facilities, paid by Howell-Oregon to Sho-Me, by \$11,000 per month for each month that Sho-Me is legally entitled to the electric revenues generated from the former APL customers in question. The "sale price" at the time the facilities are transferred to

Sho-Me is defined as the Net Book Value of the facilities, as recorded on APL's books, plus the acquisition premium paid by Sho-Me to APL. The sale price of distribution facilities to be transferred from Sho-Me to Howell-Oregon shall reflect the depreciation and retirement of any of these distribution facilities and any additions to the same that are reasonably necessary while the facilities are owned by Sho-Me. For a partial month, the \$11,000 per month reduction in the price shall be pro-rated on the basis of a 30-day month (\$367 per day).

8. Sho-Me agrees that Sho-Me will be the responsible entity for the provision of retail electric service to the former APL customers. Sho-Me agrees that Howell-Oregon is the agent of Sho-Me for the purpose of several service related matters including, but not limited to, billing and collection, repair service, installations, disconnections and reconnections, such service related matters being further described in the "Operating Agreement" (Schedule 7).

9. Sho-Me agrees to revise its proposed bill format to include a statement that "HOWELL-OREGON IS THE BILLING AGENT FOR SHO-ME POWER CORPORATION". Howell-Oregon's current bill states that payment is due by the first day of the month. The Public Service Commission has a rule requiring at least 21 days for payment from the date the bill is mailed. Therefore, Staff would not be opposed to the proposed bill format if monthly bills are mailed at least 21 days before the due date.

10. Sho-Me agrees to ensure that Howell-Oregon, its agent, has established personnel procedures in compliance with 4 CSR 13.040(2). Specifically, Sho-Me assures the Staff that Howell-Oregon personnel are available to respond to service requests during normal working hours.

11. Howell-Oregon's Member Information and Service Brochure presented by Sho-Me does not comply with 4 CSR 240.13.040(3). Staff is not opposed to the format of the information but most of the information contained in the brochure applies to Howell-Oregon's operation and not the rules and regulations that Sho-Me is required to operate by. Sho-Me agrees to develop a brochure in compliance with applicable Commission rules.

12. The proposed disconnect notice presented by Sho-Me does not comply with 4 CSR 240-13.050(5). Any reference to Member or Board of Directors must be removed and charges for reconnection accurately stated pursuant to Sho-Me's tariff. Terms under which a customer may avoid discontinuance including the opportunity to make deferred payment(s) must be included on the disconnect notice. Information about maintenance of service during cold weather must be provided in all notices prior to discontinuance of service from November 15 through March 31 in compliance with 4 CSR 240-13.055(4)(F).

13. Sho-Me agrees to develop a form for registration as elderly or handicapped customers. Sho-Me agrees to develop a disconnect notice meeting the requirements of 4 CSR

240-13.055(4)(F). A sample registration form in compliance with 4 CSR 240-13.055(1)(B) is attached for Sho-Me's use.

14. To the extent other forms are used to provide retail electric service to these customers, such forms should state "member or customer" rather than "member" due to the misleading nature of the word "member".

15. Sho-Me shall provide notice to the affected customers of the transfer to be effectuated in this case. Also, Sho-Me agrees to provide a copy of the notice for Staff review by a date two (2) weeks prior to the date when Sho-Me requires final copy for purposes of providing notice to the affected customers.

16. Staff reserves the right to analyze, audit, and otherwise investigate the Operating Agreement (Schedule 7) should Sho-Me file a rate increase case. Actual information necessary to calculate the compensation to Howell-Oregon is not presently available. The inclusion of Schedule 7 as a late-filed exhibit in this case is not to be construed as a determination or acceptance by the Staff of the reasonable cost of service for the retail customers which Sho-Me is to acquire in this proceeding.

17. Sho-Me shall require Howell-Oregon to track, and retain records of all actual costs incurred in providing service to the affected customers.

18. Sho-Me agrees to provide copies of the final version of all financing agreements entered into in connection with the acquisition of the Alton-Thayer assets. If the financing terms exceed a period of twelve months, or if any

Sho-Me assets are to be encumbered, Sho-Me acknowledges that it must file an application with the Commission for approval of the financing transaction.

19. This Stipulation And Agreement represents a negotiated settlement for the sole purpose of addressing the authority requested by the Joint Application in Case No. EM-91-404. Except as specified herein, the parties to this Stipulation And Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation And Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve the instant Stipulation And Agreement in the instant proceeding, or in any way condition its approval of same.

20. None of the parties to this Stipulation And Agreement shall be deemed to have approved of or acquiesced in any ratemaking principle or any method of cost of service determination or cost allocation underlying any of the issues for which provision is made in this Stipulation And Agreement.

21. In the event the Commission accepts the specific terms of this Stipulation And Agreement, the signatories waive their respective rights to cross-examine witnesses, their respective rights to present oral argument and briefs pursuant to Section 536.080.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to

Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986.

22. The provisions of this Stipulation And Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation And Agreement in total, it shall be void and no party hereto shall be bound by any of the agreements or provisions hereof.

Respectfully submitted,

Thomas H. Luckenbill
Thomas H. Luckenbill
Assistant General Counsel

Steven Dottheim
Deputy General Counsel

Attorneys for Staff of
Missouri Public Service
Commission
P. O. Box 360
Jefferson City, MO 65102
314-751-8706

Tom Lindsey by PAB
Tom Lindsey, General Manager
Howell-Oregon Electric
Cooperative, Inc.
P. O. Box 649
West Plains, MO 65775

Patrick Baumhoer
Patrick Baumhoer
Rodric A. Widger

Attorneys for Sho-Me Power
Corporation
Stockard, Andereck, Hauck,
Sharp & Evans
301 East McCarty
Jefferson City, MO 65101
314-634-3422

Lewis R. Mills, Jr.
Lewis R. Mills, Jr.
Office of the Public Counsel
P. O. Box 7800
Jefferson City, MO 65102
314-751-4857

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all parties of record on this 12th day of September, 1991.

Thomas H. Luckenbill

A COMPARISON OF THE REVENUES WHICH THE ALTON-THAYER CUSTOMERS WILL YIELD ON ARKANSAS POWER & LIGHT COMPANY,
UNION ELECTRIC COMPANY, SHO-ME POWER CORPORATION AND HOWELL-OREGON ELECTRIC COOPERATIVE INC. TARIFFS

APL RATE CLASS	REVENUE ON APL 3/21/91 TARIFFS	REVENUE ON UE 11/26/90 TARIFFS	REVENUE ON SMP PROPOSED TARIFFS	REVENUE ON H-O 11/1/85 TARIFFS *
RESIDENTIAL	\$751,093	\$736,310	\$730,879	\$666,080
SMALL GENERAL SERVICE	\$609,818	\$558,269	\$536,695	\$477,077
LARGE GENERAL SERVICE	\$38,241	\$38,185	\$34,588	\$28,866
LIGHTING	\$33,947	\$37,770	\$28,955	\$28,783
	\$1,433,099	\$1,370,534	\$1,331,117	\$1,200,806

* This column represents the revenues which the Alton-Thayer customers would yield if billed on the current Howell-Oregon Electric Cooperative tariffs. These tariffs do not reflect any of the costs which would be incurred as a result of Howell-Oregon's aquisition of the former Arkansas Power & Light Company facilities and customers.

A CROSS-CLASSIFICATION OF THE NUMBER OF CUSTOMERS BY ARKANSAS POWER & LIGHT CO.
RATE CLASS AND SHO-ME POWER CORPORATION TARIFFS

APL RATE CLASS	NO.OF AP&L CUSTOMERS	APPLICABLE SMP TARIFFS	NO. OF CUSTOMERS WHO WILL BE BILLED ON EACH SHO-ME POWER TARIFF			
			RESIDENTIAL	SMALL GS	LARGE POWER	LIGHTING
RESIDENTIAL	1,200	RESIDENTIAL	1,200			
SMALL GENERAL SERVICE	218	SMALL GS,LARGE POWER		204	14	
LARGE GENERAL SERVICE	1	LARGE POWER			1	
LIGHTING	N/A	STREET LIGHTING				
	1,419		1,200	204	15	

A CROSS-CLASSIFICATION OF THE NUMBER OF CUSTOMERS BY SHO-ME POWER CORPORATION
RATE CLASS AND HOWELL-OREGON ELECTRIC COOPERATIVE TARIFFS

SMP RATE CLASS	NO.OF AP&L CUSTOMERS	APPLICABLE H-O TARIFFS	NO. OF CUSTOMERS WHO WILL BE BILLED ON EACH HOWELL-OREGON TARIFF			
			SCHEDULE A*	SCHEDULE B*	LARGE POWER	LIGHTING
RESIDENTIAL	1,200	A	1,200			
SMALL GENERAL SERVICE	218	A, B, LARGE POWER	196	8	14	
LARGE POWER	1	LARGE POWER			1	
LIGHTING	N/A	STREET LIGHTING				
	1,419		1,396	8	15	

* Schedule A is the Howell-Oregon tariff which provides for single phase electric service. Schedule B is the Howell-Oregon tariff which provides for three phase electric service.

ALTON-THAYER CUSTOMERS OF ARKANSAS POWER & LIGHT COMPANY
THE IMPACT ON INDIVIDUAL CUSTOMERS OF MOVING FROM
APL TARIFFS TO SHO-ME POWER TARIFFS

RESIDENTIAL RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	166	206
5% -10%	207	232
10% -15%	227	90
15% -20%	8	7
Above 20%	0	57
	608	592

SMALL GENERAL SERVICE RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	18	8
5% -10%	13	0
10% -15%	9	0
15% -20%	13	1
Above 20%	155	1
	208	10

LARGE GENERAL SERVICE RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	0	0
5% -10%	1	0
10% -15%	0	0
15% -20%	0	0
Above 20%	0	0
	1	0

ALTON-THAYER CUSTOMERS OF ARKANSAS POWER & LIGHT COMPANY
THE IMPACT ON INDIVIDUAL CUSTOMERS OF MOVING FROM
APL TARIFFS TO SHO-ME POWER TARIFFS

RESIDENTIAL RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	166	206
5% -10%	207	232
10% -15%	227	90
15% -20%	8	7
Above 20%	0	57
	608	592

SMALL GENERAL SERVICE RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	18	8
5% -10%	13	0
10% -15%	9	0
15% -20%	13	1
Above 20%	155	1
	208	10

LARGE GENERAL SERVICE RATE CLASS

Percentage Change in Annual Bills	No. of Customers Whose Annual Bills	
	Decrease	Increase
0% - 5%	0	0
5% -10%	1	0
10% -15%	0	0
15% -20%	0	0
Above 20%	0	0
	1	0