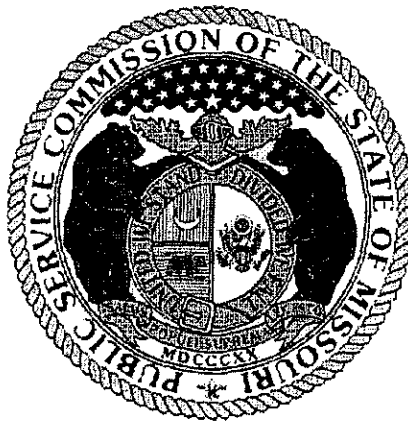


**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**



In the Matter of the Joint Application of Union Electric )  
Company and Gascosage Electric Cooperative for an )  
Order Approving a Change in Electric Service Supplier )  
for Certain Union Electric Company Customers for )  
Reasons in the Public Interest; Authorizing the Sale, )  
Transfer, and Assignment of Certain Electric Distribution )  
Facilities, Substations, and Easements from Union )  
Electric Company to Gascosage Electric Cooperative; )  
and Approving the First Amendment to the Union )  
Electric Company and Gascosage Electric Cooperative )  
Territorial Agreement. )

**Case No. EO-2002-178**

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**REPORT AND ORDER**

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**Issue Date:**            **January 24, 2002**

**Effective Date:**    **February 3, 2002**

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

In the Matter of the Joint Application of Union Electric )  
Company and Gascosage Electric Cooperative for an )  
Order Approving a Change in Electric Service Supplier )  
for Certain Union Electric Company Customers for )  
Reasons in the Public Interest; Authorizing the Sale, )  
Transfer, and Assignment of Certain Electric Distribution )  
Facilities, Substations, and Easements from Union )  
Electric Company to Gascosage Electric Cooperative; )  
and Approving the First Amendment to the Union )  
Electric Company and Gascosage Electric Cooperative )  
Territorial Agreement. )

**Case No. EO-2002-178**

**APPEARANCES**

**William B. Bobnar**, Associate General Counsel, Ameren Services, One Ameren Plaza, 1901 Chouteau Avenue, Post Office Box 66149, MC 1310, St. Louis, Missouri 63166-6149, for Union Electric Company, d/b/a AmerenUE.

**Victor S. Scott** and **Lisa Cole Chase**, Andereck, Evans, Milne, Peace & Johnson, 700 East Capitol Avenue, Post Office Box 1438, Jefferson City, Missouri 65102, for Gascosage Electric Cooperative and the employees of Gascosage Electric Cooperative.

**John B. Coffman**, Deputy Public Counsel, Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the public.

**Robert Franson**, Associate Counsel, Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

**REGULATORY LAW JUDGE:**    **Nancy Dippell, Senior Regulatory Law Judge.**

## **REPORT AND ORDER**

Syllabus: This order approves the amendment of the territorial agreement between Union Electric Company, d/b/a/ AmerenUE, and Gascosage Electric Cooperative, approves the change of electric supplier for approximately 1200 structures, and approves the transfer of assets between the companies.

### **Procedural History**

On October 10, 2001, Union Electric Company, d/b/a AmerenUE, and the Gascosage Electric Cooperative filed a joint application requesting that the Missouri Public Service Commission issue an order: (1) approving a change in the electric supplier for approximately 1200 structures in and around the cities of Brumley and Ulman from AmerenUE to Gascosage pursuant to Section 393.106, RSMo 2000<sup>1</sup>; (2) authorizing the sale, transfer, and assignment of certain substations, electric distribution facilities, easements, and other assets pursuant to Section 393.190; (3) approving the Applicants' First Amendment to the existing Territorial Agreement pursuant to Section 394.312; (4) finding that the amendment to the territorial agreement will not impair AmerenUE's certificates of public convenience and necessity, except as specifically limited by the amendment; (5) approving AmerenUE's change to its tariffs; (6) authorizing AmerenUE to perform in accordance with the terms of the First Amendment to Territorial Agreement and the Contract for Purchase and Sale of Distribution Facilities; and (7) granting such other relief as deemed necessary.

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<sup>1</sup> Further statutory references are to the Revised Statutes of Missouri 2000 unless otherwise noted.

The Commission issued an Order and Notice on November 6, 2001, directing parties wishing to intervene in the case to do so by November 26, 2001. Notice was also sent to the county clerks, county commissions, legislative representatives, and newspapers in the affected areas. Applications to intervene were received and granted for the International Union of Operating Engineers Local No. 148, AFL-CIO; the International Brotherhood of Electrical Workers Local 1455, AFL-CIO; and the employees of Gascosage.<sup>2</sup> The Local 148 and Local 1455 requested leave to withdraw which was granted at the evidentiary hearing on January 8, 2002. The employees of Gascosage remain parties but presented no evidence.

On January 7, 2002, AmerenUE, Gascosage, and the Staff of the Missouri Public Service Commission filed a Nonunanimous Stipulation and Agreement stating that: a) the territorial agreement is not detrimental to the public interest and should be approved; b) the change in electric supplier is in the public interest for reasons other than rate differential and should be approved; and c) the transfer and assignment of assets between AmerenUE and Gascosage is not detrimental to the public interest and should be approved.

The Office of the Public Counsel was not a signatory to the agreement. Public Counsel refused to take a position regarding whether the application in its entirety is detrimental or beneficial to the public interest. Public Counsel stated that it objected to the stipulation and agreement and requested that the Commission consider all the relevant

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<sup>2</sup> The Gascosage employees that were granted intervention are: Karl Brandt, Deborah Alexander, Georgia Alexander, Wilford Alexander, Ethel M. Allen, Mike Allen, James Clark, Debbie Doyle, Kim Doyle, Robert Fox, Aaron George, Carmen Hartwell, Robert Hathaway, Travis Hauck, Brent Holtsclaw, Ray Howser, Beverly Hueston, Dwight Humphrey, Donna Irvin, Dawn Keeth, Shawn Lipscomb, Tony Martin, Travis Martin, Wilbert Medlen, Billy Null, Larry Prater, Janet Rigsby, Craig Rivera, JR Scott, Robbie Yoakum, and Gayle Prater.

factors and not base its decision solely on the agreement of the other parties. Because the Commission was already holding an evidentiary hearing on the issues, Public Counsel did not request that a hearing be held on the stipulation and agreement.

AmerenUE filed direct testimony on October 30, 2001, and Gascoage filed direct testimony on November 28, 2001. Rebuttal testimony was filed by Staff on December 18, 2001.

The Commission held an evidentiary hearing on January 8, 2002. All parties were represented at the evidentiary hearing with the exception of the unions whose request to withdraw was granted at the hearing.

One individual, Mr. Sidney John Doerhoff, although not an intervenor in the case, was granted permission to present oral testimony at the evidentiary hearing. Mr. Doerhoff was also subject to cross-examination. Public Counsel did not present any direct or rebuttal testimony; however, the Public Counsel did cross-examine witnesses and present exhibits on cross-examination.

### **Findings of Fact**

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact. The positions and arguments of all of the parties have been considered by the Commission in making this decision. Failure to specifically address a piece of evidence, position or argument of any party does not indicate that the Commission has failed to consider relevant evidence, but indicates rather that the omitted material was not dispositive of this decision.

AmerenUE is a public utility engaged in providing electric service to the public in the state of Missouri, subject to the jurisdiction of the Commission. AmerenUE's principal place of business is located in St. Louis, Missouri. Gascosage is a rural electric cooperative corporation engaged in distributing electric energy and service to its members in Camden, Miller, Maries, Phelps, and Pulaski Counties in Missouri. Gascosage's principal place of business is located in Dixon, Missouri. Gascosage is not subject to Commission regulation of its service or rates.

AmerenUE and Gascosage previously submitted a territorial agreement that was approved by the Commission in Case No. EO-98-279.<sup>3</sup> Under the approved territorial agreement, the Applicants have specifically designated boundaries for the provision of electric service to new structures in Camden, Miller, Maries, Phelps, and Pulaski Counties. In the current application, the Applicants' request to amend their territorial agreement by modifying the designated boundaries in Camden and Miller Counties.

As part of the agreement, the electric supplier for approximately 1200 structures will be changed from AmerenUE to Gascosage. In order to provide service to these customers, certain assets described in the Contract for Purchase and Sale of Distribution Facilities will also be transferred from AmerenUE to Gascosage. Thus, the parties have requested that the Commission approve the transfer of assets, the change of electric suppliers, and the amendment to the territorial agreement.

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<sup>3</sup> *In the Matter of the Application of Union Electric Company and Gascosage Electric Cooperative for Approval of a Written Territorial Agreement Designating the Boundaries of Each Electric Service Supplier Within Portions of Camden, Miller, Maries, Pulaski, and Phelps Counties, Missouri.*

The Applicants provided a metes and bounds description of the amended electric service areas and maps depicting the areas. The amended territorial agreement does not affect the rights of any other electric service provider in the territory.

The standard for approval of the territorial agreement and the transfer of assets is that the territorial agreement and the transfer are not detrimental to the public interest. The standard for approval of a change of electric suppliers is that the transfer is in the public interest. Thus, the Commission will examine all the relevant factors to determine the benefits and detriments of this proposal.

### **Elimination of the Duplication of Facilities**

The first factor the Commission will consider in deciding the appropriateness of the amendment to the territorial agreement is the extent to which the agreement eliminates or avoids unnecessary duplication of facilities. The Commission previously found the territorial agreement between the parties to eliminate the duplication of facilities. Gascosage's witness testified that the territorial agreement would continue to eliminate any future duplication of facilities because there will continue to be exclusive rights, with regard to these companies, to serve customers within the boundaries of the amended territorial agreement. The amendment to the agreement, as in the original agreement, designates the boundaries of the exclusive electric service area for service of new structures.

The Commission finds that the agreement continues to be designed to avoid duplication of facilities. The Commission finds that approval of the territorial agreement signed by AmerenUE and Gascosage would avoid future duplication of facilities.

### **Ability to Provide Adequate Service**

Second, the Commission will consider the ability of each party to the territorial agreement to provide adequate service to the customers in its exclusive service area. Under the terms of the amendment to the territorial agreement, approximately 1200 customers and 225 miles of electric line will be transferred to Gascosage. Gascosage currently serves approximately 7,800 customers with 1,265 miles of electric distribution line. Gascosage presented testimony that it has 32 full-time employees and has hired three new employees in anticipation of the application being approved. Gascosage also presented testimony that it has adequate equipment and main office facilities to provide service to the additional customers.

No party indicated any concern or presented any evidence questioning the ability of Gascosage to provide adequate service to the customers in this service area. There was also no evidence presented which would lead the Commission to conclude that AmerenUE's ability to provide service to its remaining customers would be compromised by this transfer.

The Commission finds that AmerenUE and Gascosage are capable of adequately and safely providing the electric power supply, service, and maintenance needs of the customers in their service areas as designated in the proposed amended territorial agreement.

### **Effect on Current Customers**

The third area for Commission concern is the effect of approval of the territorial agreement on customers of the Applicants. The Applicants presented testimony that the transfer of assets and the change of electrical supplier that will result from the approval of



the amendment to the territorial agreement will impact the 1200 customers whose service will be switched.

The evidence showed that the effects on the current customers of Gascosage were positive. Gascosage presented testimony that no rate increase was expected to its current customers because of the proposed amendment to the territorial agreement. Gascosage and AmerenUE also presented substantial evidence that many of Gascosage's current customers would benefit from proposed future improvements to the system.

AmerenUE's Brumley substation presently provides electric service to many of the customers that are proposed to be transferred. After the transfer, Gascosage intends to connect the transferred facilities into the transmission grid of its transmission cooperative, Sho-Me Power Cooperative. Sho-Me Power plans to build a 69 kV transmission line from its Montreal substation to Brumley. Sho-Me Power's transmission lines will be in a better location to serve the Equiline pump station in Pulaski County than AmerenUE's lines which are currently serving the pump station. There was no disagreement that this was a more desirable arrangement for providing electric service in that area.

There was also evidence presented that the customers in the proposed transfer area and the area itself are more similar to the customers and service area of Gascosage than AmerenUE's typical customer and service area. Because of the location of the customers within the service area, they are currently being served by older facilities that have had some service problems in the past. The Applicants presented evidence of prior service complaints brought against AmerenUE by customers in the proposed transfer area.

In the southeastern corner of Gascosage's service territory there are several small towns currently being served by a single feeder line. The Applicants presented

evidence that by altering the service area in the manner proposed, Gascosage, through its generation and transmission cooperative, Sho-Me Power, will be able to provide additional substations in its service territory and provide loop feed service between the communities of Brumley, Ulman, and Iberia. This will provide enhanced service to Gascosage's current customers in these areas and to the customers transferred from AmerenUE. The testimony of the Applicants and from Staff showed that loop feed transmission would improve electric service reliability and respond to the previous customers' requests for improved service.

Gascosage also has plans to build additional three-phase lines and, in its long-range plan, intends to build several distribution loop feeds that will provide the areas of Crocker and Brumley with greater reliability. The additional three-phase line will also help regulate voltage problems in the area. The evidence showed that for engineering reasons, it would not be economically feasible for AmerenUE or Gascosage to make these future modifications without the realignment of territory as proposed in the application.

No action will be required on the part of the customers for the cutover, and only a momentary outage will occur. The Commission finds that after the transfer, Gascosage will be able to safely and adequately provide electric service to the transferred customers. In addition, the Commission finds that for some customers the service will be provided more efficiently and more reliably.

Testimony regarding the rates for the transferred customers was also presented. Gascosage has a different rate structure than AmerenUE. Because of the different rate structures, the rate changes will vary depending on the usage of the customer. The "customer charge" will increase from \$7.25 for AmerenUE to \$15.00 for Gascosage. This is the cost to the customer regardless of the amount of electricity used in a month. After

payment of the "customer charge," a customer's annual bill will increase or decrease depending on the time of year and amount of electricity used. The evidence showed that, generally, if a customer has a high summer usage then Gasco's rates are more favorable. The evidence also generally showed that if a customer has a low usage the annual electric cost will increase.

Public Counsel did not take a position as to the benefit or detriment to the general public of these transfers. Public Counsel provided a table showing a comparison of AmerenUE and Gasco's rates for the customers in the transfer area during its cross-examination of AmerenUE's witness, and the parties stipulated to its admission. Public Counsel did not, however, present any witness or other evidence to analyze this information. Gasco's witness testified that merely looking at the percentage increase or decrease to a customer's annual bill would be misleading. For instance, Mr. Greenlee testified that if a customer had a very low usage for the year, the increase would appear as a very large percentage, but the actual dollar increase may be very small. Also, many of the customers have more than one meter or do not use the location as their primary residence. These factors may skew the overall results.

The Commission has considered all the relevant evidence related to the effect on current customers of AmerenUE and Gasco including rate increases and decreases, increased efficiency, and increased reliability. Even though some customers may face increased rates, the Commission finds that based on the evidence in this record, the overall effect of the amendment to the territorial agreement and the transfer of assets would not be detrimental to the public interest. The Commission also finds that the change of electric supplier is in the public interest.

The Commission further finds that the approval of this territorial agreement will not impair AmerenUE's existing certificates of public convenience and necessity except as specifically limited by the territorial agreement.

There was some argument with regard to the effect on AmerenUE's current customers. The only evidence provided on this issue was from Staff's witness who stated that approval of the agreement could ultimately result in a increase in the rates paid by the remaining AmerenUE customers. The possible increase will only be known within the context of a rate case. Thus, Staff requested that the Commission make clear that it is not making any judgment as to the ratemaking treatment that will be afforded to this transaction in any subsequent ratemaking proceeding. The Commission agrees with Staff and will not prejudice any issue as to the ratemaking treatment for this transaction that will result in future cases.

### **Other Costs and Safety Benefits**

Fourth, the Commission will consider a category of other cost and safety benefits attributed to the proposed territorial agreement. AmerenUE presented testimony that the agreement will permit the company to prudently employ its capital resources. The parties also presented evidence that the amended agreement will continue to prevent the duplication of facilities. Gasco's witness testified that the cooperative will provide a quick response to any service problems because its trouble response personnel live in or near the customer's area.

The Applicants provided a Tax Impact Statement as Exhibit 4 to their verified application. The tax impact statement showed that because of the differing tax rates of the two companies, certain political subdivisions in the affected counties would lose tax

revenue. These political subdivisions include school districts, road districts, libraries, senior citizens centers, cities, fire protection districts, an ambulance district, a county health district, and sheltered workshops.

Mr. Doerhoff, although not a party to this case, was granted permission to testify. He testified about the effect on the school districts of the lost revenue. Mr. Doerhoff stated that there are mechanisms within state law that will allow the school districts to make up a majority of the lost tax revenue after the first year. Mr. Doerhoff expressed his disappointment that the Applicants had not proposed a reimbursement plan to the school district for their lost revenue. Mr. Doerhoff suggested several remedies including cash payments and scholarship plans that he suggested the Commission consider. Mr. Doerhoff admitted that it is possible that the proposed new facilities of Gascosage could offset the lost tax revenue and eventually cause an increase in tax revenues for some local political subdivisions. In addition, there was testimony that the construction of the additional facilities could encourage growth in the area and cause additional tax revenues from other commercial and residential development.

The Commission has considered fully Mr. Doerhoff's suggestions. The Commission finds that even though it sympathizes with Mr. Doerhoff's position, the Commission does not have authority to order the type of monetary remedy that he suggests. In weighing the benefits and detriments to the public interest, the Commission must consider the negative tax impact in light of the other benefits including increased reliability and efficiency. The Commission must also consider that the additional facilities proposed by Gascosage and Sho-Me Power may ultimately increase the tax revenue for the affected areas. The Commission finds that although there is a negative tax impact

projected for the first year in the affected counties, the weight of the evidence proves that the proposed transactions are in the public interest and are not detrimental to the public interest.

### **Conclusions of Law**

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

The Missouri Public Service Commission has jurisdiction over the services, activities, and rates of AmerenUE pursuant to Section 386.250 and Chapter 393. The Commission does not have jurisdiction over the services, activities, and rates of rural electric cooperatives such as GascoSage except as specified in Section 394.160 and Section 394.312.

When a cooperative enters into a territorial agreement with a regulated public utility the agreement must be approved by the Commission after hearing.<sup>4</sup> The Commission may approve a territorial agreement if the agreement in total is not detrimental to the public interest.<sup>5</sup> Based on the findings of fact it has made, the Commission concludes that the territorial agreement proposed by AmerenUE and GascoSage is not detrimental to the public interest and should be approved.

The Commission may approve a change in electric supplier if the change is in the public interest for a reason other than rate differential.<sup>6</sup> Based on the findings of fact it has made, the Commission concludes that change in electric supplier for approximately

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<sup>4</sup> Section 394.312.

<sup>5</sup> Section 394.312.4.

<sup>6</sup> Section 393.106.2.

1200 structures in and around the cities of Brumley and Ulman from AmerenUE to Gascosage is in the public interest and should be approved.

The Commission has jurisdiction to approve a sale, transfer and assignment of assets between AmerenUE and Gascosage.<sup>7</sup> The standard for approval for a transfer of assets is that the transfer will not be detrimental to the public interest.<sup>8</sup> Based on the findings of fact it has made, the Commission concludes that the sale, transfer and assignment of assets between AmerenUE and Gascosage is not detrimental to the public interest and should be approved.

**IT IS THEREFORE ORDERED:**

1. That the First Amendment to Territorial Agreement attached to this order as Attachment A<sup>9</sup> and signed by Union Electric Company, d/b/a AmerenUE, and Gascosage Electric Cooperative is approved.
2. That the change in electric supplier for approximately 1200 structures in and around the cities of Brumley and Ulman is approved.
3. The Union Electric Company, d/b/a AmerenUE, is authorized to sell, transfer and assign to Gascosage Electric Cooperative the assets, as more particularly described in the Contract for Purchase and Sale of Distribution Facilities.

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<sup>7</sup> Section 393.190.

<sup>8</sup> *State ex. rel. Fee Fee Trunk Sewer Inc. v. Litz*, 596 S.W. 2d 466, 468 (Mo. App. E.D. 1980).

<sup>9</sup> The attachments to the First Amendment to Territorial Agreement include: 1) Exhibit 1, a metes and bounds description of the electric service area of AmerenUE within Camden and Miller Counties, Missouri; 2) Exhibit 2, maps depicting the electric service areas of AmerenUE and Gascosage in Camden and Miller Counties, Missouri; and 3) a metes and bounds description of the electric service area of Gascosage within Camden and Miller Counties. Exhibit 2 is not included in Attachment A because of its size, but is available for viewing at the Commission's offices.

4. Union Electric Company, d/b/a AmerenUE, is authorized to perform in accordance with the terms of the First Amendment to Territorial Agreement and the Contract for Purchase and Sale of Distribution Facilities, and to enter into and execute all other documents reasonably necessary and incidental to the performance of the transactions.

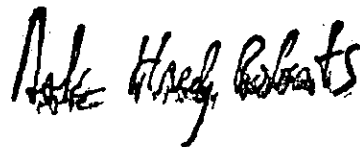
5. That no more than 30 days after the effective date of this order, Union Electric Company, d/b/a AmerenUE, shall file revised tariff sheets in compliance with the First Amendment to Territorial Agreement approved in Ordered Paragraph 1.

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

7. That the Commission reserves the right to consider any ratemaking treatment to be afforded the assets herein involved in later proceedings.

8. This Report and Order shall become effective on February 3, 2002.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts", is written over a faint, circular embossed seal.

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

( S E A L )

Simmons, Ch., Murray, Lumpe,  
Gaw, and Forbis, CC., concur and  
certify compliance with the provisions  
of Section 536.080, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this 24th day of January, 2002.



## FIRST AMENDMENT TO TERRITORIAL AGREEMENT

This First Amendment to the Territorial Agreement (the "First Amendment") is entered into as of this 17 day of July, 2001, by and between Union Electric Company d/b/a AmerenUE, a Missouri corporation with offices at One Ameren Plaza, 1901 Chouteau Avenue, St. Louis Missouri 63103 ("Company"), and Gascoage Electric Cooperative, a Missouri cooperative corporation with offices at Highway 28, Drawer G, Dixon, Missouri 65459 ("Cooperative").

### RECITALS

**WHEREAS**, Company and Cooperative have heretofore executed and delivered a certain Territorial Agreement (the "Territorial Agreement") dated as of the 13<sup>th</sup> day of November, 1997, which sets forth the electric service areas of both Company and Cooperative in Camden, Miller, Maries, Phelps, and Pulaski Counties.

**WHEREAS**, The Territorial Agreement was approved by the Missouri Public Service Commission (the "Commission") by Report and Order in Case No. EO-98-279, which became effective on June 23, 1998.

**WHEREAS**, the parties now desire to amend the Territorial Agreement in order to change the electric service areas of both Company and Cooperative in Miller County and a small portion of Camden County.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the premises set forth above and the mutual covenants and agreements set forth herein, Company and Cooperative agree as follows:

1. Exhibit 1 to the Territorial Agreement is deleted in its entirety and replaced by the Exhibit 1 that is attached to this First Amendment.

2. Exhibit 2A to the Territorial Agreement is deleted in its entirety and replaced by the Exhibit 2A that is attached to this First Amendment.
3. Exhibit 2B to the Territorial Agreement is deleted in its entirety and replaced by the Exhibit 2B that is attached to this First Amendment.
4. Exhibit 3 to the Territorial Agreement is deleted in its entirety and replaced by the Exhibit 3 that is attached to this First Amendment.
5. Paragraph 3 of the Territorial Agreement is deleted in its entirety and replaced with the following:

"3. The electric service area of the Company under this Agreement shall be that portion of Camden (Exhibit 2A), Miller (Exhibit 2B) and Maries (Exhibit 2C) Counties as is described in Exhibit 1 to this Agreement and as substantially illustrated by the line as shown on the maps marked Exhibit 2A thru 2C to this Agreement, all exhibits being incorporated herein by reference and made a part of this Agreement as if fully set out verbatim. The Company may serve within municipalities that are located in Company's service area, pursuant to this Agreement."

6. Paragraph 4 of the Territorial Agreement is deleted in its entirety and replaced with the following:

"4. The electric service area of Cooperative under this Agreement shall be all of Pulaski County (Exhibit (2D) and that portion of Camden (Exhibit 2A), Miller (Exhibit 2B), Maries (Exhibit 2C), and Phelps (Exhibit 2E) Counties as is described in Exhibit 3 to this Agreement and as substantially illustrated by the line as shown on the maps marked Exhibit 2B thru 2E to this Agreement, both exhibits being incorporated herein by reference and made a part of this Agreement as if fully set out verbatim. The Cooperative may serve within municipalities that are located in Cooperative's service area, pursuant to this Agreement."

7. The following paragraph is added to the Territorial Agreement:

"16. The parties recognize that the Cooperative will have to construct extensive facilities to serve customers in the New Electric Service Area. Therefore, for the customer's convenience, during the time period between the filing date of this First Amendment to the

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Territorial Agreement with the Commission and one year after the Effective Date of said amendment, if a customer requests new electric service for a New Structure located in the New Electric Service Area, the parties will meet and determine the party to serve the New Structure. In the event the Cooperative cannot serve the Structure, the New Structure shall be served by Company. As used in this section, the term "Effective Date" shall be defined as the effective date of the order issued by the Commission pursuant to RSMo. Section 394.312, approving the First Amendment to this Agreement and the term "New Electric Service Area" shall be defined as that area in Camden and Miller Counties outside the electric service area of the Cooperative, as described in the original Territorial Agreement, which is now included in the electric service area of the Cooperative, as described in the First Amendment to the Territorial Agreement."

8. This First Amendment shall become effective upon approval by the Commission pursuant to RSMo. Section 394.312. Performance of the parties is contingent upon all of the following conditions precedent having occurred no later than December 31, 2001. (This date can be extended by written agreement of the parties.):

- (a) all required approvals of the Cooperative's Board of Directors; and
- (b) approval of the transaction by the Commission, including but not limited to, a finding that this Agreement, in total, is not detrimental to the public interest and that the First Amendment shall not impair the Company's certificates of convenience and necessity in any other respect within Camden and Miller Counties.

If the above conditions precedent have not been satisfied by the date set by the parties, this First Amendment shall be null and void *ab initio*.

9. This First Amendment may be terminated at any time by mutual consent of Company and Cooperative. The termination of this Agreement shall be effective on the date the Commission receives a notice, signed by both Company and Cooperative, of their

decision to terminate this First Amendment. If the transactions contemplated by this first Amendment are terminated as provided herein, (i) the Territorial Agreement, as approved by the Commission by Report and Order in Case No. EO-98-279, shall remain in effect in accordance with its original terms, (ii) the parties shall be entitled to serve all Structures they are serving on the effective termination date of the First Amendment, (iii) each party shall pay the costs and expenses incurred by it in connection with terminating this First Amendment, and (iv) no party (or its parent corporation, officers, directors, employees, agents, attorneys, representatives, or shareholders) shall be liable to any other party for any costs, expenses, or damages; except as provided herein, neither party shall have any liability or further obligation to the other party to this First Amendment

10. **EXCEPT** to the extent herein amended or modified, the Territorial Agreement is not otherwise amended or modified.

**The Remainder of this Page is Intentionally Blank**

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Territorial Agreement to be executed as of the date first above written.

UNION ELECTRIC COMPANY  
d/b/a AmerenUE

By:

William J. Davis

Title:

Vice President

ATTEST:

By:

[Signature]

Title:

ASSISTANT SECRETARY

GASCOSAGE ELECTRIC COOPERATIVE.

By:

William J. Davis

Title:

President

ATTEST:

By:

[Signature]

Title:

Secretary

**EXHIBIT 1**  
**(First Amendment)**

**Service Area of Company**  
**Metes and Bounds Description**

**ELECTRIC SERVICE AREA OF AmerenUE  
CAMDEN COUNTY, MISSOURI**

ALL OF CAMDEN COUNTY, EXCEPTING THEREFROM ALL OF SECTION 20, TOWNSHIP 38  
NORTH, RANGE 14 WEST.

MARIES COUNTY, MISSOURI

BEGINNING AT THE NORTHWEST CORNER OF SECTION 19, TOWNSHIP 41 NORTH, RANGE 11 WEST, SAID POINT BEING ON THE OSAGE/MARIES COUNTY LINE; THENCE EASTERLY ALONG SAID OSAGE/MARIES COUNTY LINE, A DISTANCE OF 30 MILES, MORE OR LESS, TO THE NORTHEAST CORNER OF SECTION 24, TOWNSHIP 41 NORTH, RANGE 7 WEST, SAID POINT ALSO BEING ON THE GASCONADE/MARIES COUNTY LINE; THENCE LEAVING SAID OSAGE/MARIES COUNTY LINE, SOUTH ALONG THE GASCONADE/MARIES COUNTY LINE, A DISTANCE OF 9 MILES, MORE OR LESS, TO THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 7 WEST; THENCE LEAVING THE GASCONADE/MARIES COUNTY LINE, WEST ALONG THE SOUTH LINE OF SECTIONS 36, 35, 34, 33, 32, AND 31 OF TOWNSHIP 40 NORTH, RANGE 7 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION 31, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 8 WEST; THENCE WEST ALONG THE SOUTH LINE OF SECTIONS 36, 35, 34, 33, 32, AND 31 OF TOWNSHIP 40 NORTH, RANGE 8 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION 31, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 9 WEST; THENCE WEST ALONG THE SOUTH LINE OF SAID SECTION 36, A DISTANCE OF 0.25 MILE, MORE OR LESS, TO THE CENTER OF THE GASCONADE RIVER; THENCE SOUTHERLY ALONG AND WITH THE MEANDERINGS OF THE CENTER OF SAID GASCONADE RIVER, A DISTANCE OF 1.25 MILES, MORE OR LESS, TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF THE NORTH HALF OF FRACTIONAL SECTION 2, TOWNSHIP 39 NORTH, RANGE 9 WEST; THENCE LEAVING THE CENTER OF SAID GASCONADE RIVER, WEST ALONG THE SOUTH LINE OF



THE NORTH HALF OF FRACTIONAL SECTIONS 2, 3, 4, 5, AND 6 OF TOWNSHIP 39 NORTH,  
RANGE 9 WEST, TO A POINT ON THE WEST LINE OF SAID FRACTIONAL SECTION 6, SAID  
POINT ALSO BEING ON THE EAST LINE FRACTIONAL SECTION 1, TOWNSHIP 39 NORTH,  
RANGE 10 WEST; THENCE WEST ALONG THE SOUTH LINE OF THE NORTH HALF OF  
FRACTIONAL SECTIONS 1, 2, 3, AND 4 OF TOWNSHIP 39 NORTH, RANGE 10 WEST, TO  
THE WEST LINE OF SAID FRACTIONAL SECTION 4; THENCE NORTH ALONG THE WEST LINE  
OF SAID FRACTIONAL SECTION 4, A DISTANCE OF 1 MILE, MORE OR LESS, TO THE  
NORTHWEST CORNER OF SAID FRACTIONAL SECTION 4, SAID POINT ALSO BEING ON THE  
SOUTH LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 10 WEST; THENCE WEST  
ALONG THE SOUTH LINE OF SECTIONS 33, 32, AND 31 OF TOWNSHIP 40 NORTH, RANGE  
10 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION 31, SAID POINT ALSO BEING  
THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 11 WEST;  
THENCE WEST ALONG THE SOUTH LINE OF SECTIONS 36, 35, 34, 33, 32, AND 31 OF  
TOWNSHIP 40 NORTH, RANGE 11 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION  
31, SAID POINT ALSO BEING ON THE MILLER/MARIES COUNTY LINE; THENCE NORTH  
ALONG SAID MILLER/MARIES COUNTY LINE, A DISTANCE OF 9 MILES, MORE OR LESS, TO  
THE NORTHWEST CORNER OF SECTION 19, TOWNSHIP 41 NORTH, RANGE 11 WEST, AND  
THE POINT OF BEGINNING.

NOTE:

Wherever in the foregoing description a corner is stated to be the same as and/or to  
coincide with another corner, and when in fact, such corners are not the same and/or do not  
coincide with one another, they shall be treated as if they are the same and do coincide.

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**ELECTRIC SERVICE AREA OF AmerenUE  
MILLER COUNTY, MISSOURI**

BEGINNING AT THE NORTHWEST CORNER OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 15 WEST, SAID POINT ALSO BEING ON THE MORGAN/MILLER COUNTY LINE; THENCE EAST ALONG SAID MORGAN/MILLER COUNTY LINE, A DISTANCE OF 0.25 MILE, MORE OR LESS, TO THE MONITEAU/MILLER COUNTY LINE; THENCE LEAVING SAID MORGAN/MILLER COUNTY LINE, EAST ALONG THE MONITEAU/MILLER COUNTY LINE, A DISTANCE OF 7 MILES, MORE OR LESS, TO THE COLE/MILLER COUNTY LINE; THENCE LEAVING SAID MONITEAU/MILLER COUNTY LINE, EAST ALONG SAID COLE/MILLER COUNTY LINE, A DISTANCE OF 5 MILES, MORE OR LESS, TO THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 42 NORTH, RANGE 14 WEST; THENCE SOUTH ALONG SAID COLE/MILLER COUNTY LINE, A DISTANCE OF 5.8 MILES, MORE OR LESS, TO THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 42 NORTH, RANGE 14 WEST, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SECTION 6, TOWNSHIP 41 NORTH, RANGE 13 WEST; THENCE EAST ALONG SAID COLE/MILLER COUNTY LINE, A DISTANCE OF 5.75 MILES, MORE OR LESS, TO THE CENTER OF THE OSAGE RIVER; THENCE CONTINUING EASTERLY ALONG SAID COLE/MILLER COUNTY LINE AND WITH THE MEANDERINGS OF SAID OSAGE RIVER, A DISTANCE OF 5 MILES, MORE OR LESS, TO A POINT OF INTERSECTION WITH THE NORTH LINE OF SECTION 2, TOWNSHIP 41 NORTH, RANGE 12 WEST; THENCE LEAVING SAID OSAGE RIVER, EAST ALONG THE SAID COLE/MILLER COUNTY LINE, A DISTANCE OF 1.7 MILES, MORE OR LESS, TO THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 41 NORTH, RANGE 12 WEST, SAID POINT ALSO BEING ON THE OSAGE/MILLER COUNTY LINE; THENCE LEAVING SAID COLE/MILLER COUNTY LINE, SOUTH ALONG SAID OSAGE/MILLER COUNTY LINE, A DISTANCE OF 3 MILES, MORE OR LESS, TO THE MARIES/MILLER COUNTY LINE; THENCE LEAVING SAID OSAGE/MILLER COUNTY LINE, SOUTH ALONG SAID MARIES/MILLER COUNTY LINE, A DISTANCE OF 9 MILES, MORE OR LESS, TO THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 12 WEST; THENCE LEAVING SAID MARIES/MILLER COUNTY LINE, WEST ALONG THE SOUTH LINE OF SECTIONS 36, 35, 34, 33, 32, AND 31 OF TOWNSHIP 40 NORTH, RANGE 12 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION 31, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13 WEST; THENCE WEST ALONG THE SOUTH LINE OF SECTIONS 36, 35, 34, 33, 32, AND 31 OF TOWNSHIP 40 NORTH,

RANGE 13 WEST, TO THE SOUTHWEST CORNER OF SAID SECTION 31, THENCE NORTH ALONG THE WEST LINE OF SECTIONS 31, 30, 19, 18, 7, AND 6 OF TOWNSHIP 40 NORTH, RANGE 13 WEST, TO THE NORTHWEST CORNER OF SAID SECTION 6, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 31, TOWNSHIP 41 NORTH, RANGE 13 WEST; THENCE NORTH ALONG THE WEST LINE OF SECTIONS 31 AND 30 OF TOWNSHIP 41 NORTH, RANGE 13 WEST, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF THE OSAGE RIVER; THENCE SOUTHWESTERLY AND NORTHWESTERLY ALONG AND WITH THE MEANDERINGS OF THE CENTERLINE OF THE OSAGE RIVER, A DISTANCE OF 10.5 MILES, MORE OR LESS, TO A POINT OF INTERSECTION WITH THE EAST LINE OF SECTION 14 OF TOWNSHIP 40 NORTH, RANGE 15 WEST; THENCE LEAVING THE CENTERLINE OF SAID OSAGE RIVER, SOUTH ALONG THE EAST LINE OF SECTIONS 14, 23, 26, AND 35 OF TOWNSHIP 40 NORTH, RANGE 15 WEST, TO THE SOUTHEAST CORNER OF SAID SECTION 35, SAID POINT ALSO BEING THE NORTHEAST CORNER OF FRACTIONAL SECTION 3 OF TOWNSHIP 39 NORTH, RANGE 15 WEST; THENCE SOUTH ALONG THE EAST LINE OF FRACTIONAL SECTION 3 AND SECTIONS 10, 15, 22, 27, AND 34 OF TOWNSHIP 39 NORTH, RANGE 15 WEST, TO THE SOUTHEAST CORNER OF SAID SECTION 34, SAID POINT ALSO BEING ON THE CAMDEN/MILLER COUNTY LINE; THENCE ALONG SAID CAMDEN/MILLER COUNTY LINE ON THE FOLLOWING COURSES AND DISTANCES: WEST, A DISTANCE OF 1 MILE, TO THE SOUTHWEST CORNER OF SAID SECTION 34; THENCE NORTH, A DISTANCE OF 2 MILES, TO THE NORTHWEST CORNER OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 15 WEST, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 15 WEST; THENCE WEST, A DISTANCE OF 1 MILE, TO THE SOUTHWEST CORNER OF SAID SECTION 21; THENCE NORTH, A DISTANCE OF 1 MILE, TO THE NORTHWEST CORNER OF SAID SECTION 21, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 15 WEST; THENCE WEST, A DISTANCE OF 0.5 MILE, TO THE SOUTHWEST CORNER OF THE EAST HALF OF SAID SECTION 17; THENCE NORTH, A DISTANCE OF 2 MILES, TO THE NORTHWEST CORNER OF THE EAST HALF OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 15 WEST, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF THE WEST HALF OF FRACTIONAL SECTION 5, TOWNSHIP 39 NORTH, RANGE 15 WEST; THENCE WEST, A DISTANCE OF 0.5 MILE, TO THE SOUTHWEST CORNER OF SAID FRACTIONAL SECTION 5; THENCE NORTH ALONG THE WEST LINE OF SAID FRACTIONAL SECTION 5, TO THE NORTHWEST CORNER OF SAID FRACTIONAL SECTION 5, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION

32, TOWNSHIP 40 NORTH, RANGE 15 WEST; THENCE WEST, A DISTANCE OF 2 MILES, TO THE SOUTHWEST CORNER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 15 WEST; THENCE NORTH, A DISTANCE OF 2.8 MILES, MORE OR LESS, TO A CHANNEL IN THE CENTER OF THE LAKE OF THE OZARKS; THENCE WESTERLY ALONG AND WITH THE CHANNEL IN THE CENTER OF THE LAKE OF THE OZARKS, A DISTANCE OF 3 MILES, MORE OR LESS, TO THE WEST LINE OF SECTION 15, TOWNSHIP 40 NORTH, RANGE 16 WEST, SAID POINT ALSO BEING ON THE MORGAN/MILLER COUNTY LINE; THENCE LEAVING SAID CAMDEN/MILLER COUNTY LINE, NORTH ALONG SAID MORGAN/MILLER COUNTY LINE, A DISTANCE OF 8.8 MILES, MORE OR LESS, TO THE NORTHWEST CORNER OF SECTION 3, TOWNSHIP 41 NORTH, RANGE 16 WEST; THENCE EAST ALONG SAID MORGAN/MILLER COUNTY LINE, A DISTANCE OF 3 MILES, MORE OR LESS, TO THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 41 NORTH, RANGE 16 WEST, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 31, TOWNSHIP 42 NORTH, RANGE 15 WEST; THENCE NORTH ALONG SAID MORGAN/MILLER COUNTY LINE, A DISTANCE OF 5.8 MILES, MORE OR LESS, TO THE NORTHWEST CORNER OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 15 WEST, AND THE POINT OF BEGINNING.

NOTE:

Wherever in the foregoing description a corner is stated to be the same as and/or to coincide with another corner, and when in fact, such corners are not the same and/or do not coincide with one another, they shall be treated as if they are the same and do coincide.

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**EXHIBIT 3**  
**(First Amendment)**

**Service Area of Cooperative**  
**Metes and Bounds Description**

**ELECTRIC SERVICE AREA GASCOSAGE ELECTRIC COOP  
CAMDEN COUNTY, MISSOURI**

ALL OF SECTION 20, TOWNSHIP 38 NORTH, RANGE 14 WEST.

MARIES COUNTY, MISSOURI

BEGINNING AT THE NORTHWEST CORNER OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 11 WEST; THENCE EAST ALONG THE NORTH LINE OF FRACTIONAL SECTIONS 6, 5, 4, 3, AND 2 OF TOWNSHIP 39 NORTH, RANGE 11 WEST, TO THE NORTHEAST CORNER OF SAID FRACTIONAL SECTION 2; THENCE SOUTH ALONG THE EAST LINE OF SAID FRACTIONAL SECTION 2, A DISTANCE OF 2 MILES, MORE OR LESS, TO THE SOUTHEAST CORNER OF SAID FRACTIONAL SECTION 2, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 10 WEST; THENCE EAST ALONG THE NORTH LINE OF SECTIONS 12, 7, AND 8 OF TOWNSHIP 39 NORTH, RANGE 10 WEST, TO THE NORTHEAST CORNER OF SAID SECTION 8, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF FRACTIONAL SECTION 4, TOWNSHIP 39 NORTH, RANGE 10 WEST; THENCE NORTH ALONG THE WEST LINE OF SAID FRACTIONAL SECTION 4, A DISTANCE OF 1 MILE, MORE OR LESS, TO THE NORTH LINE OF THE SOUTH HALF OF SAID FRACTIONAL SECTION 4; THENCE EAST ALONG THE NORTH LINE OF THE SOUTH HALF OF FRACTIONAL SECTIONS 4, 3, 2, AND 1 OF TOWNSHIP 39 NORTH, RANGE 10 WEST, TO THE EAST LINE OF SAID FRACTIONAL SECTION 1, SAID POINT ALSO BEING ON THE WEST LINE OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 9 WEST; THENCE EAST ALONG THE NORTH LINE OF THE SOUTH HALF OF FRACTIONAL SECTIONS 6, 5, 4, 3, 2, AND 1 OF TOWNSHIP 39 NORTH, RANGE 9 WEST, TO THE EAST LINE OF SAID FRACTIONAL SECTION 1, SAID POINT ALSO BEING ON THE WEST LINE OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 8 WEST; THENCE EAST ALONG THE NORTH LINE OF THE SOUTH HALF OF FRACTIONAL SECTIONS 6, 5, AND 4 OF

TOWNSHIP 39 NORTH, RANGE 8 WEST, TO A POINT ON THE EAST LINE OF SAID FRACTIONAL SECTION 4; THENCE SOUTH ALONG THE EAST LINE OF SAID FRACTIONAL SECTION 4 AND SECTIONS 9, 16, 21, 28, AND 33 OF TOWNSHIP 39 NORTH, RANGE 8 WEST, TO THE SOUTHEAST CORNER OF SAID SECTION 33, SAID POINT ALSO BEING ON THE PHELPS/MARIES COUNTY LINE; THENCE WESTERLY ALONG SAID PHELPS/MARIES COUNTY LINE, A DISTANCE OF 14.5 MILES, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SECTION 16, TOWNSHIP 38 NORTH, RANGE 10 WEST, SAID POINT ALSO BEING ON THE PULASKI/MARIES COUNTY LINE; THENCE LEAVING SAID PHELPS/MARIES COUNTY LINE, WEST ALONG SAID PULASKI/MARIES COUNTY LINE, A DISTANCE OF 8.8 MILES, MORE OR LESS, TO THE SOUTHWEST CORNER OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 11 WEST, SAID POINT ALSO BEING ON THE MILLER/MARIES COUNTY LINE; THENCE LEAVING SAID PULASKI/MARIES COUNTY LINE, NORTH ALONG SAID MILLER/MARIES COUNTY LINE, A DISTANCE OF 10 MILES, MORE OR LESS, TO THE NORTHWEST CORNER OF SECTION 6, TOWNSHIP 39 NORTH, RANGE 11 WEST, AND THE POINT OF BEGINNING.

NOTE:

Wherever in the foregoing description a corner is stated to be the same as and/or to coincide with another corner, and when in fact, such corners are not the same and/or do not coincide with one another, they shall be treated as if they are the same and do coincide.

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**ELECTRIC SERVICE AREA OF GASCOSAGE ELECTRIC COOP  
MILLER COUNTY, MISSOURI**

BEGINNING AT THE NORTHWEST CORNER OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 13 WEST; THENCE EAST ALONG THE NORTH LINE OF FRACTIONAL SECTIONS 6, 5, 4, 3, 2, AND 1 OF TOWNSHIP 39 NORTH, RANGE 13 WEST, TO THE NORTHEAST CORNER OF SAID FRACTIONAL SECTION 1, SAID POINT ALSO BEING THE NORTHWEST CORNER OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 12 WEST; THENCE EAST ALONG THE NORTH LINE OF FRACTIONAL SECTIONS 6, 5, 4, 3, AND 2 OF TOWNSHIP 39 NORTH, RANGE 12 WEST, TO THE NORTHEAST CORNER OF SAID FRACTIONAL SECTION 2, SAID POINT ALSO BEING THE NORTHWEST CORNER OF FRACTIONAL SECTION 1, TOWNSHIP 39 NORTH, RANGE 12 WEST; THENCE EAST ALONG THE NORTH LINE OF SAID FRACTIONAL SECTION 1, A DISTANCE OF 0.1 MILE, MORE OR LESS, TO A POINT OF INTERSECTION WITH THE MARIES/MILLER COUNTY LINE; THENCE CONTINUING EAST ALONG SAID MARIES/MILLER COUNTY LINE, A DISTANCE OF 0.9 MILE, MORE OR LESS, TO THE NORTHEAST CORNER OF SAID FRACTIONAL SECTION 1; THENCE SOUTH ALONG SAID MARIES/MILLER COUNTY LINE, A DISTANCE OF 10 MILES, MORE OR LESS, TO THE SOUTHEAST CORNER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 12 WEST, SAID POINT ALSO BEING ON THE PULASKI/MILLER COUNTY LINE; THENCE LEAVING SAID MARIES/MILLER COUNTY LINE, WEST ALONG SAID PULASKI/MILLER COUNTY LINE, A DISTANCE OF 12 MILES, MORE OR LESS, TO THE SOUTHWEST CORNER OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 13 WEST; SAID POINT ALSO BEING ON THE CAMDEN/MILLER COUNTY LINE; THENCE LEAVING SAID PULASKI/MILLER COUNTY LINE, ALONG SAID CAMDEN/MILLER COUNTY LINE ON THE FOLLOWING COURSES AND DISTANCES: WEST, A DISTANCE OF 6 MILES, MORE OR LESS, TO THE SOUTHWEST CORNER OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 14 WEST; THENCE NORTH ALONG THE WEST LINE OF SAID SECTION 18, TO THE NORTHWEST CORNER OF SAID SECTION 18, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 15 WEST; THENCE WEST ALONG THE SOUTH LINE OF SAID SECTION 12, TO THE SOUTHWEST CORNER OF SAID SECTION 12; THENCE NORTH ALONG THE WEST LINE OF SAID SECTION 12, TO THE NORTHWEST CORNER OF SAID SECTION 12, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 15 WEST; THENCE WEST ALONG THE SOUTH LINE OF SAID SECTION 2, TO THE SOUTHWEST CORNER OF SAID

SECTION 2; THENCE NORTH ALONG THE WEST LINE OF SAID SECTION 2, TO THE NORTHWEST CORNER OF SAID SECTION 2, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 35, TOWNSHIP 39 NORTH, RANGE 15 WEST; THENCE LEAVING SAID CAMDEN/MILLER COUNTY LINE, NORTH ALONG THE WEST LINE OF SECTIONS 35, 26, 23, 14, 11, AND FRACTIONAL SECTION 2 OF TOWNSHIP 39 NORTH, RANGE 15 WEST, TO THE NORTHWEST CORNER OF SAID FRACTIONAL SECTION 2, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 15 WEST; THENCE NORTH ALONG THE WEST LINE OF SECTIONS 36, 25, 24, AND 13 OF TOWNSHIP 40 NORTH, RANGE 15 WEST, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF THE OSAGE RIVER; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG AND WITH THE MEANDERINGS OF THE CENTERLINE OF SAID OSAGE RIVER, A DISTANCE OF 10.5 MILES, MORE OR LESS, TO A POINT OF INTERSECTION WITH THE EAST LINE OF SECTION 25, TOWNSHIP 41 NORTH, RANGE 14 WEST; THENCE LEAVING THE CENTERLINE OF SAID OSAGE RIVER, SOUTH ALONG THE EAST LINE OF SECTIONS 25 AND 36 OF TOWNSHIP 41 NORTH, RANGE 14 WEST, TO THE SOUTHEAST CORNER OF SAID SECTION 36, SAID POINT ALSO BEING THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 40 NORTH, RANGE 14 WEST; THENCE SOUTH ALONG THE EAST LINE OF SECTIONS 1, 12, 13, 24, 25, AND 36 OF TOWNSHIP 40 NORTH, RANGE 14 WEST, TO THE SOUTHEAST CORNER OF SAID SECTION 36, SAID POINT ALSO BEING THE NORTHWEST CORNER OF FRACTIONAL SECTION 1, TOWNSHIP 39 NORTH, RANGE 14 WEST; THENCE EAST ALONG THE NORTH LINE OF SAID FRACTIONAL SECTION 1, TO THE NORTHEAST CORNER OF SAID FRACTIONAL SECTION 1, SAID POINT ALSO BEING THE NORTHWEST CORNER OF FRACTIONAL SECTION 6, TOWNSHIP 39 NORTH, RANGE 13 WEST, AND THE POINT OF BEGINNING.

NOTE:

WHEREVER IN THE FOREGOING DESCRIPTION A CORNER IS STATED TO BE THE SAME AS AND/OR TO COINCIDE WITH ANOTHER CORNER, AND WHEN IN FACT, SUCH CORNERS ARE NOT THE SAME AND/OR DO NOT COINCIDE WITH ONE ANOTHER, THEY SHALL BE TREATED AS IF THEY ARE THE SAME AND DO COINCIDE.

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