

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the joint application of Sho-Me)
Power Corporation, Howell-Oregon Electric)
Cooperative, and the City of Thayer, Missouri)
for an order authorizing the sale, transfer in)
in assignment of certain assets, real estate,)
easements and licenses from Sho-Me to Howell-) CASE NO. EM-92-157
Oregon to and, in connection therewith, certain)
other related transactions and for approval of a)
written territorial agreement designating the)
boundaries of Howell-Oregon Electric Cooperative)
and the City of Thayer, Missouri within Oregon)
County, Missouri.)

APPEARANCES: Rodric A. Widger, Attorney at Law, P. O. Box 1280,
Jefferson City, Missouri 65102, for Sho-Me Power
Corporation.

Newton C. Brill, Attorney at Law, P. O. Box 527,
West Plains, Missouri 65775, for Howell-Oregon
Electric Cooperative.

Harvey Allen, City Attorney, 211 Chestnut, Thayer,
Missouri 65791, for the City of Thayer, Missouri.

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

Thomas H. Luckenbill, Assistant General Counsel, P. O. Box 306,
Jefferson City, Missouri 65102, for the Missouri Public Service
Commission.

Hearing
Examiner: C. Gene Fee

REPORT AND ORDER

By a joint application filed January 10, 1992, Sho-Me Power Corporation (Sho-Me) seeks to sell and Howell-Oregon Electric Cooperative (Howell-Oregon) seeks to buy certain electrical distribution facilities in rural Oregon County, the City of Thayer in Oregon County, and in rural Taney County. Joint Applicants Howell-Oregon and the City of Thayer, Missouri (City) also seek approval of a territorial agreement pursuant to Section 394.312, RSMo 1978 under

which Howell-Oregon and the City would exclusively render service in the portions of the City designated in the agreement.

By Order and Notice issued January 15, 1992, a procedural schedule was established which included actual notice by Sho-Me to each customer affected by the proposed action, a prehearing conference, and hearing. As a result of the prehearing conference, a hearing was set in the City of Thayer on February 4, 1992, and actual notice of that hearing was tendered to all affected customers. A final hearing was held, as scheduled, in the Commission's offices in Jefferson City, Missouri on February 13, 1992.

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.

At the hearing held February 13, 1992, all parties offered to the Commission a Stipulation And Agreement recommending a grant of the authority as sought, and setting forth certain conditions under which the authority should be granted. The only other offering at the hearing was the prepared testimony of a Commission engineer who had inspected the involved facilities in Oregon County. The Stipulation And Agreement, which extensively sets forth the factual and procedural history of this matter, is attached hereto as Appendix A and is adopted by the Commission as a partial statement of facts.

At the hearing in the City of Alton, Missouri, on February 4, 1992, no witness appeared to testify although all of the customers affected by this application were given individual notice. Based on the lack of response the Commission finds that no affected customer has any significant objection to the authority sought.

In the Commission's opinion, and we so find, the Stipulation and Agreement is not adverse to the public interest, provides for adequate future

electric service to affected customers, and should be approved for disposition of all matters presented. The Commission has taken into consideration the fact that the affected customers, presently being served by Arkansas Power & Light Company (APL), will generally receive the benefit of reduced rates as a result of being transferred from the system of APL to that of Sho-Me, which has been previously approved. Under the present proposal Howell-Oregon will charge the same rates.

During the hearing it was established that the contemplated transfer involves five customers in Taney County, Missouri, which are accessible by land only from the State of Arkansas because the area is located south of a bend in Bull Shoals Lake. Although not finalized at the time of hearing, Sho-Me was in the process of negotiating a service agreement with APL under which APL would be the agent for rendering actual service to those five Taney County customers.

On February 26, 1992, Sho-Me furnished to the Commission a draft of its Operating Agreement with APL. The Operating Agreement also contains provision for its assignment to Howell-Oregon. The Commission finds this provision for those five customers reasonable since the land distance from the State of Missouri would make response time for service problems prohibitive in the absence of service being provided from the nearer APL facilities. The Commission is also of the opinion that the draft of the Operating Agreement should be received into evidence as hereinafter ordered.

In the Commission's opinion the contemplated transfer of facilities in the instant application is in the public interest and should be approved simultaneously with the previously authorized transfer of the same facilities from APL to Sho-Me. Such a simultaneous transfer will eliminate any confusion on the part of the customers by being served for a brief period by Sho-Me.

The Commission is also of the opinion and finds that the proposed territorial agreement between the City and Howell-Oregon is reasonable and proper

and should be approved. At present the electrical service in the City of Thayer is provided partly by the City and partly by APL. Under the proposed territorial agreement Howell-Oregon may operate facilities and render service to the present customers of APL. Operations under the territorial agreement in the future should result in an improved level of service by both providers and an elimination of wasteful competition for customers and duplication of facilities in the City.

Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

The Missouri Public Service Commission has jurisdiction over the matters at issue in the instant application pursuant to Sections 393.190, 393.106 and 394.312, RSMo 1986.

Pursuant to Section 393.190, RSMo, no electrical corporation is permitted to encumber or dispose of any portion of its system necessary or useful in public service without Commission approval. When, as in the instant case, the Commission is of the opinion that adequate provision is made for the customers served by any facilities to be transferred, approval should be granted. Pursuant to Section 393.160, RSMo, the Commission must authorize a change of electric suppliers to structures for reasons other than rate differentials. When, as in the instant case, the Commission is of the opinion that the transfer is not detrimental to the losing provider, and the transfer will result in more orderly and efficient future service, the requested change of suppliers should be approved.

By virtue of Section 394.080, RSMo, a cooperative such as Howell-Oregon is only authorized to provide service in rural areas. Since the City of Thayer is not a rural area, as that term is defined by Section 394.020, Howell-Oregon would be precluded from rendering service in the City in the absence of

approval by the Commission of the proposed territorial agreement pursuant to Section 394.312, RSMo. The intent of the legislature in enacting Section 394.312 was to encourage voluntary agreements between rural electric cooperatives, electrical corporations and municipally-owned utilities who displace competition which may result in duplication and wasteful facilities. The Commission concludes that the proposed territorial agreement executes that legislative intent and should be approved.

IT IS THEREFORE ORDERED:

1. That the Stipulation And Agreement marked for identification as Exhibit 1 and the prepared testimony of Staff witness Melvin Love marked for identification as Exhibit 2 be received in evidence and the Stipulation and Agreement is hereby adopted for disposition of all matters presented herein.

2. That Sho-Me Power Corporation be authorized to sell and Howell-Oregon Electric Cooperative be authorized to purchase and thereafter operate in rendering electric service to the public electric facilities in and around Alton and Thayer in Oregon County, Missouri, and certain assets in Taney County, Missouri, in accordance with the terms of the "Agreement" attached to the application in this matter as Schedule 1.

3. That the transfer of the facilities herein authorized may occur simultaneously with the previously authorized transfer of the same facilities between Arkansas Power & Light Company and Sho-Me Power Company which was authorized by the Commission's Report and Order in Case No. EM-91-404.

4. That on and after the effective date of the transfer herein authorized, Sho-Me Power Company be relieved of any further obligation to provide retail electric service to the public in the affected portions of Oregon and Taney Counties.

5. That the "Territorial Agreement" entered into between Howell-Oregon Electric Cooperative and the City of Thayer, Missouri, and attached to the application in this matter as Schedule 7 be approved.

6. That all parties hereto are hereby directed to conform to all of the conditions and perform all of the actions set forth in the Stipulation And Agreement received in this matter as Exhibit 1.

7. That the proposed Operating Agreement between Arkansas Power & Light Company and Sho-Me Power Corporation submitted to the Commission on February 26, 1992, be marked for identification as Exhibit No. 3 and received into evidence.

8. That within ten (10) days of its execution, Sho-Me Power Corporation shall file with this Commission an executed copy of its Operating Agreement which shall be substantially in the form received herein as Exhibit No. 3.

9. That within ten (10) days of its execution, Howell-Oregon Electric Cooperative shall file with this Commission an executed copy of the assignment of the Operating Agreement referred to in Ordered 7 above.

10. That this Report and Order shall become effective on March 10, 1992.

(S E A L)

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

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

Dated at Jefferson City, Missouri,
on this 28th day of February, 1992.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Joint)
Application of Sho-Me Power)
Corporation, Howell-Oregon)
Electric Cooperative, and the)
City of Thayer, Missouri for)
an order authorizing the sale,)
transfer in assignment of)
certain assets, real estate,)
easements and licenses from)
Sho-Me to Howell-Oregon to)
and, in connection therewith,)
certain other related)
transactions and for approval)
of a written territorial)
agreement designating the)
boundaries of Howell-Oregon)
Electric Cooperative and the)
City of Thayer, Missouri within)
Oregon County, Missouri.)

Case No. EM-92-157

FILED
JAN 11 1992
PUBLIC SERVICE COMMISSION

STIPULATION AND AGREEMENT

I. PROCEDURAL HISTORY AND STRUCTURE OF TRANSACTIONS

A. This case was initiated on January 10, 1992, through the filing by Sho-Me Power Corporation (Sho-Me), a Missouri corporation, Howell-Oregon Electric Cooperative, Inc. (Howell-Oregon), a rural electric cooperative organized pursuant to Chapter 394 RSMo 1986, and the City of Thayer, Missouri, (Thayer) (Sho-Me, Howell-Oregon and Thayer are hereinafter collectively referred to as Applicants) of a Joint Application with the Missouri Public Service Commission (Commission). In addition to Sho-Me, Howell-Oregon and Thayer, the Missouri Public Service Commission Staff (Staff) and the Office of Public Counsel (Public Counsel) are parties to this case. The Joint Application seeks an order of the

Commission approving: (1) a territorial agreement between Thayer and Howell-Oregon, and (2) the transfer of certain distribution facilities from Sho-Me to Howell-Oregon.

B. This case is related to Case No. EM-91-29 and Case No. EM-91-404. In EM-91-29, the Commission approved the transfer of certain Arkansas Power & Light (APL) property to Union Electric Company (UE). In EM-91-404, the Contract for Purchase and Sale between APL and UE was amended to exclude certain facilities generally located in and around the municipalities of Alton, Missouri (Alton) and Thayer and certain customers and assets in Taney County, Missouri (hereinafter referred to as the Alton-Thayer Assets). Also, in EM-91-404, APL agreed to transfer the Alton-Thayer assets to Sho-Me, which agreement was approved by the Commission. The aforementioned agreements are structured such that Sho-Me and UE would acquire their respective properties from APL at the same time.

C. Sho-Me had planned to eventually sell the distribution facilities located in and around Alton and Thayer and Taney County (distribution facilities) to Howell-Oregon. This eventuality was reflected in several provisions of the Stipulation filed and approved in EM-91-404. (Sch. 4, Joint Application).

The transfer of distribution facilities to Howell-Oregon was not consummated within the context of EM-91-404 because 271 of the affected customers reside within the city limits of Thayer, Missouri. Absent §394.312 RSMo Sup. 1990, §394.080.2. RSMo would provide, in effect, that a cooperative shall not provide service

within cities which have populations exceeding 1500 unless the cooperative was the predominant supplier at the time any official United States Census Bureau decennial census report declares the population of such city, town or village to be in excess of 1500 inhabitants. The 271 Thayer customers constituted an essential component to make the transaction economically viable for interested parties. Section 394.312 RSMo Supp. 1990 establishes a statutory framework under which rural electric cooperatives can provide electric service to inhabitants of municipalities with populations exceeding 1,500. §394.312.2 RSMo Supp. 1990 provides, in pertinent part:

Such territorial agreements shall specifically designate the boundaries of the electric service area of each electric service supplier subject to the agreement, any and all powers granted to a rural electric cooperative by a municipality, pursuant to the agreement, to operate within the corporate boundaries of that municipality, notwithstanding the provisions of §394.020 and of §394.080 to the contrary,"

D. Now that Howell-Oregon and Thayer have executed and filed a territorial agreement, Howell-Oregon can serve inhabitants of Thayer on and after the effective date of the Order Approving the territorial agreement between Sho-Me and Howell-Oregon, if the Commission approves the territorial agreement.

E. The Applicants have requested that the sale from Sho-Me to Howell-Oregon occur contemporaneously with the transfer of facilities from APL to UE and Sho-Me. Since the transactions would occur contemporaneously, Sho-Me will not provide retail service to

the affected customers. Electric service responsibility will transfer instantly from APL to Howell-Oregon. The transfer of all APL property located in Missouri is, as of this date, scheduled to take place on March 12, 1992. On the date of the APL transfer, Sho-Me shall pay APL \$4,035,000 for the Alton-Thayer assets. On the same day, Howell-Oregon will pay Sho-Me \$3,117,500 for the distribution facilities. The purchase price of the transmission facilities to be retained by Sho-Me is \$917,500.

It is important to note that EM-91-404 has been approved by the Commission and pursuant to that Order, Sho-Me will own the Alton-Thayer assets. Approval of the Joint Application filed in this case would allow Howell-Oregon to acquire ownership of the distribution facilities in and around Alton and Thayer. Sho-Me will retain ownership of certain transmission facilities.

In addition, the territorial agreement between Howell-Oregon and Thayer provides that Thayer may file an application with the Commission for approval of the transfer from Howell-Oregon to Thayer of customers residing in the city limits of Thayer.

II. HOWELL-OREGON'S FITNESS TO SERVE CUSTOMERS

If called to testify, a witness from Howell-Oregon would establish that the records of the Cooperative show the following:

1. Howell-Oregon provides electric service to approximately 16,236 member/customers in south-central Missouri along the Arkansas border.

2. Howell-Oregon is a member/owner of Sho-Me Power Corporation of Marshfield, Missouri. Sho-Me is Howell-Oregon's sole power supplier.

3. Howell-Oregon's principal office is located on Highway 63 just north of West Plains, Missouri. It maintains service personnel at locations in Alton and Thayer in Oregon County.

4. In 1990 Howell-Oregon constructed approximately 30 miles of new distribution line and provided initial service to 455 new service connections. In 1991 Howell-Oregon constructed approximately 22 miles of new distribution line for initial service to 449 new service connections. It experienced a net increase of 322 members in 1991.

5. Howell-Oregon sold 212,248,579 kWh to its members in 1991 producing gross revenue for electric sales in the amount of \$13,634,423.00. As of December 31, 1991 it had plant and facilities valued at \$33,656,128.00 and member equity was \$12,383,171.00. Howell-Oregon invested approximately \$3,728,013.00 in system improvements and new construction from May of 1989 through December of 1991.

6. As a result of new service connections and increased usage, Howell-Oregon recorded a system peak of 53,657 kW in August, 1991. The Cooperatives Long Range System Plan is based on a 14.4/24.9 kV distribution voltage to supply over 19,500 members plus large power loads. In the year 2005, this corresponds to a

system peak demand of 85 MW. All new construction anticipates future 25 kV operation.

7. Howell-Oregon is a member of Sho-Me Power Corporation and received service from the 69 kV transmission system of Sho-Me. Responsibility for providing an adequate power supply has been assumed by Sho-Me. Sho-Me keeps continuous records of transformer loading and will provide additional capacity as needed.

III. RATE MONITORING

A. As part of the Stipulation and Agreement approved by the Commission in EM-91-404, Howell-Oregon Electric Cooperative, Inc. agreed to a rate cap which applies to the 1,419 customers which it is acquiring from Arkansas Power & Light, via Sho-Me Power Corporation, in the event that Howell-Oregon acquires the distribution facilities to serve these 1,419 customers. Specifically, paragraph 6, on page 5 of the Stipulation and Agreement filed and approved in EM-91-404 provides:

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.

B. All parties agree that the Missouri Public Service Commission has no jurisdiction with respect to the rates charged by rural electric cooperatives organized pursuant to Chapter 394 RSMo at the time of the execution hereof. However, Howell-Oregon, Sho-Me, Staff and Public Counsel are parties to the EM-91-404 Stipulation and Agreement which was filed with the Commission on September 12, 1991 and finally approved and adopted by the Commission on October 2, 1991. In its current form, neither the Commission nor the Staff has any mechanism to determine whether Howell-Oregon will be charging rates consistent with the terms of the EM-91-404 Stipulation and Agreement. Therefore, to achieve the result of monitoring Howell-Oregon's compliance with the rate cap limitations applicable to the 1,419 former APL customers to be transferred to Howell-Oregon, the parties to this Stipulation and Agreement agree as follows:

a. On or before March 1 of each year, commencing with March 1, 1993, Howell-Oregon shall submit to the Staff and Public Counsel all rates (rates applicable to present Howell-Oregon customers and former APL customers) which were in effect during the twelve month period running from February 1 to January 31, which

immediately precedes the deadline for submission. If any of the Howell-Oregon rates change during the twelve month period covered by a particular submission, Howell-Oregon shall indicate the effective date of each rate change.

b. At such time that the rates charged to customers of Howell-Oregon are adjusted such that all Howell-Oregon customers in each rate class pay the same rate, Howell-Oregon shall submit such rates to the Staff and Public Counsel. Thirty (30) days after the submission of the rates referred to in this paragraph III(B)(b), Howell-Oregon shall cease being subject to any requirement imposed by this Stipulation and Agreement or the Stipulation and Agreement filed in EM-91-404, provided such adjustment to rate parity is accomplished in a manner consistent with this Stipulation and Agreement and the EM-91-404 Stipulation and Agreement. Furthermore, Howell-Oregon agrees that it shall maintain the same rates for all customers in the same rate class henceforth with regard to customers affected by the case.

IV. OTHER MATTERS

A. Applicants, Staff and Public Counsel further stipulate and agree as follows:

1. The territorial agreement proposed in this case is not detrimental to the public interest.

2. That paragraph 8 on page 6 of the territorial agreement (Sch. 7, Joint Application) applies only to new structures and not to any existing service connections, and that

Staff shall have the right to recommend to the Commission suspension of the operation of any addendum that may be filed pursuant to said paragraph 8 of the territorial agreement.

3. The parties recommend that the Commission approve the Joint Application filed in Case No. EM-92-157.

4. The rates to be charged by Howell-Oregon shall comply with the previously quoted rate limitation stated in paragraph 6 of the EM-91-404 Stipulation and Agreement. Attachment A shows the Howell-Oregon rate schedules applicable to Howell-Oregon's current customers and the rates applicable to the customers to be acquired by Howell-Oregon from APL pursuant to this case. These rates are submitted for the purpose of demonstrating that the rates to be charged by Howell-Oregon are consistent with the rate cap limitations discussed in paragraph III(A) above. Attachment B shows the impact on individual customers of moving from APL to Howell-Oregon rate tariffs. Attachment C shows the magnitude of these customer impacts in terms of dollar changes on monthly customer bills. Attachment D shows monthly electric bills for Alton-Thayer customers when comparing Howell-Oregon rate tariffs to APL rate tariffs for residential customers.

5. Howell-Oregon may receive and hold the security deposits currently held by Arkansas Power & Light Company (APL) in an amount not to exceed fifty-five dollars (\$55).

6. Howell-Oregon may require a five dollar (\$5) membership fee from each of the 1,419 former APL customers to be transferred to Howell-Oregon.

7. Howell-Oregon shall refund a customer's security deposit and membership fee, less any amounts due Howell-Oregon, upon the customer's termination of electric service with Howell-Oregon.

8. Howell-Oregon agrees to maintain the distribution facilities in a manner consistent with their existing tree trimming program, to inspect the distribution facilities subject to this case and to maintain the distribution facilities in a safe condition.

9. Sho-Me agrees to provide updated continuing property records by vintage year in accordance with the Uniform System of Accounts for the Alton-Thayer assets which reflect account balances as recorded on the books of APL, as of the date of the transfer from APL to Howell-Oregon. Sho-Me shall provide this information to Staff and Public Counsel no later than thirty (30) days after the transfer of APL's property.

10. The parties agree that at the time of the APL transfer, the ratio of the acquisition premium attributed to the facilities being transferred to Howell-Oregon compared to the total acquisition premium on the Alton-Thayer assets will not exceed the ratio of the asset value (net book value plus construction work in progress) of those facilities being transferred to Howell-Oregon compared to the total asset value (net book value plus construction work in progress) of the Alton-Thayer assets. The remainder of the acquisition premium on the Alton-Thayer assets will be assigned to

1Sho-Me and such acquisition premium will be booked below-the-line for ratemaking purposes.

11. Howell-Oregon, Sho-Me, Staff and Public Counsel will be bound by the terms of the Stipulation and Agreement approved by the Commission in Case No. EM-91-404, except as otherwise stipulated to in this proceeding.

12. Neither the Commission nor the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost of service determination or cost allocation underlying any of the rates provided in this Stipulation and Agreement. Neither the Commission nor the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any principle regarding the territorial agreement filed in this case, nor shall the parties be bound to any specific principle by their approval of the territorial agreement filed in this case.

13. This Stipulation and Agreement resulted from extensive negotiations among the signatory parties and the provisions hereof are interdependent; that in the event the Commission does not approve and adopt this Stipulation and Agreement in total, the parties agree that this Stipulation and Agreement shall be void, and no party shall be bound by any of the agreements or provisions hereof.

14. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs, pursuant to

Section 536.010(1) RSMo 1986, their right pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(3) RSMo 1986, and their right to judicial review pursuant to Section 386.510 RSMo 1986.

15. The Staff shall have the right to submit to the Commission by filing with the case papers in memorandum form an explanation of its rationale for entering into this Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff shall provide copies of any written materials to the other parties but may provide such materials to the Commission prior to providing copies to other parties. The Staff's memorandum shall not bind or prejudice the Staff in any future proceeding. In the event the Commission does not approve this Agreement, the Staff's memorandum shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a memorandum are its own and are not acquiesced in or otherwise adopted by the other signatories.

WHEREFORE, Applicants, Staff and Public Counsel respectfully request that the Commission issue its Order approving this Stipulation and Agreement to be effective no later than March 12, 1992.

Respectfully submitted,

Lewis Mills

Lewis Mills
First Assistant Public Counsel

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to Rod Widger, Harvey S. Allen, Newton C. Brill and the Office of Public Counsel this 11th day of February, 1992.

Thomas H. Luckenbill

Bills Due and Payable December 1, 1985

Effective November 1, 1985

HOWELL-OREGON ELECTRIC COOPERATIVE, INCORPORATED
West Plains, Missouri

SCHEDULE A

Single Phase Service

AVAILABILITY:

Available to all consumers requiring single phase service for all uses subject to the established rules and regulations of the Cooperative. Service under this schedule is limited to those consumers whose load requirements are 75 kVA or less. Single phase motors shall not exceed 10 horsepower unless of the soft start type. The starting current of allowable soft start motors shall not exceed 260 amperes at 240 volts.

CHARACTER OF SERVICE:

Single phase, 60 hertz, at available secondary voltages.

1 Neutral is subject to the "earth to neutral" potentials of a multigrounded system. All operations sensitive to "earth to neutral" potentials including dairy farms; hog confinement operations; hospitals; electronic data storage; grain and silage storage facilities; and any other special service requirement facility are responsible for the design of proper secondary grounding and neutral systems for their locations.

MONTHLY RATE:

Service availability at \$8.50
0-1200 kWh at 5.8¢/kWh
Excess kWh at 5.2¢/kWh

CUSTOMERS ACQUIRED FROM AP&L EFFECTIVE
MARCH 12, 1992

Service availability at \$8.50
0-1200 kWh at 6.5 cents/kWh
Over 1200 kWh at 5.7 cents/kWh

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under the above rate shall be \$8.50, or as stated in contract for service.

ADJUSTMENTS:

WHOLESALE POWER COSTS:

When the rate under which the Cooperative purchases electric service at wholesale is increased, the Cooperative may make a corresponding increase in the above rate for electric service.

Schedule A
Sheet 2 of 2

TAXES

The above rate shall be subject to an increase in proportion to the amount of new taxes or increased taxes which the Cooperative may hereafter have to pay, which are levied or imposed or increased by laws or ordinances which were not in effect on the effective date of this schedule.

TERMS OF PAYMENT:

The above rate is net. The bill is due on the first (1st) of each month.

Bills Due and Payable December 1, 1985

Effective November 1, 1985

HOWELL-OREGON ELECTRIC COOPERATIVE, INCORPORATED
West Plains, Missouri

SCHEDULE B

Three Phase Service

AVAILABILITY

Available to all consumers requiring three phase service located adjacent to the existing three phase line for all uses subject to established rules and regulations of the Cooperative. Service under this schedule is limited to those consumers whose load requirements are 75 kVA or less.

CHARACTER OF SERVICE:

Three phase, 60 hertz, at available secondary voltages.

Neutral is subject to the "earth to neutral" potentials of a multigrounded system. All operations sensitive to "earth to neutral" potentials including dairy barns, are responsible for the design of proper secondary grounding and neutral systems for their locations.

CUSTOMERS ACQUIRED FROM AP&L
EFFECTIVE MARCH 12, 1992

MONTHLY RATE:

Service availability at \$13.50.
0-1200 kWh at 5.8¢/kWh
Excess kWh at 5.2¢/kWh

Service availability at \$13.50 per month
0-1200 kWh at 6.5 cents/kWh
Over 1200 kWh at 5.7 cents/per kWh

MINIMUM MONTHLY CHARGE:

The minimum monthly charge under the above rate shall be \$13.50, or as stated in contract for service.

ADJUSTMENTS:

WHOLESALE POWER COSTS:

When the rate under which the Cooperative purchases electric service at wholesale is increased, the Cooperative may make a corresponding increase in the above rate for electric service.

Schedule B
Sheet 2 of 2

TAXES:

The above rate shall be subject to an increase in proportion to the amount of new taxes or increased taxes which the Cooperative may hereafter have to pay, which are levied or imposed or increased by laws or ordinances which were not in effect on the effective date of this schedule.

TERMS OF PAYMENT:

The above rate is net. The bill is due on the first (1st) of each month.

Bills Due and Payable December 1, 1985

Effective November 1, 1985

HOWELL-OREGON ELECTRIC COOPERATIVE, INCORPORATED
West Plains, Missouri

LARGE POWER SERVICE

AVAILABILITY

Available to consumers located on or near the Cooperative's three phase line requiring capacity greater than 75 kVA, subject to the established rules and regulations of the Cooperative.

CHARACTER OF SERVICE:

Three phase, 60 hertz, at available secondary voltages.

Neutral is subject to the "earth to neutral" potentials of a multigrounded system. All operations sensitive to "earth to neutral" potentials including dairy barns, are responsible for the design of proper secondary grounding and neutral systems for their locations.

CUSTOMERS ACQUIRED FROM AP&L
EFFECTIVE MARCH 12, 1992

RATE:

All kW at \$4.20/kW of Billing Demand
0-150 kWh/kw at 4.0¢/kWh
Excess kWh at 2.75¢/kWh

Demand Charge: \$4.50 per kw
0-150 kWh/kw at 4.75 cents/kWh
Over 150 kWhs per kw at 3.5 cents/kWh
Minimum Bill - \$150.00 per month

BILLING DEMAND:

The Billing Demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor.

ADJUSTMENTS:

WHOLESALE POWER COSTS:

When the rate under which the Cooperative purchases electric service at wholesale is increased, the Cooperative may make a corresponding increase in the above rate for electric service.

TAXES:

The above rate shall be subject to an increase in proportion to the amount of new taxes or increased taxes which the Cooperative may hereafter have to pay, which are levied, imposed, or increased by laws or ordinances which were not in effect on the effective date of this schedule.

TERMS OF PAYMENT:

The above rate is net. The bill is due on the first (1st) of each month.

MINIMUM CHARGE:

The minimum monthly charge specified in a contract for service.

Bills Due and Payable December 1, 1985

Effective November 1, 1985

HOWELL-OREGON ELECTRIC COOPERATIVE, INCORPORATED
West Plains, Missouri

STREET LIGHTING

AVAILABILITY:

Available to rural communities, cities, villages, highway systems and consumers for controlled multiple street lighting systems, furnishing lighting from dusk to dawn with Mercury Vapor and High Pressure Sodium Lamps.

CUSTOMERS ACQUIRED FROM AP&L EFFECTIVE MARCH 12, 1992.

MONTHLY RATE:

175W MVL @ \$5.20/Light
400W MVL @ \$9.50/Light
100W HPS @ \$5.20/Light
150W HPS @ \$5.70/Light
400W HPS @ \$9.50/Light

AREA LIGHTING

Nightwatcher:

175 Watt MV - \$5.20 per light
250 Watt MV - \$5.20 per light
150 Watt HPS- \$5.70 per light
250 Watt HPS- \$7.20 per light
400 Watt HPS- \$9.50 per light

ADJUSTMENTS:

Floodlight:

400 Watt HPS- \$9.50 per light

WHOLESALE POWER COSTS:

Continued Below

When the rate under which the Cooperative purchases electric service at wholesale is increased, the Cooperative may make a corresponding increase in the above rate for electric service.

TAXES:

The above rate shall be subject to an increase in proportion to the amount of new taxes or increased taxes which the Cooperative may hereafter have to pay, which are levied, imposed, or increased by laws or ordinances which were not in effect on the effective date of this schedule.

TERMS OF PAYMENT:

The above rates are net. The bill is due on the first (1st) of each month.

COMPANY-OWNED

Mercury Vapor

100 Watt MV - \$5.20 per light
175 Watt MV - \$5.20 per light
400 Watt MV - \$9.50 per light

CUSTOMER-OWNED

Mercury Vapor

175 Watt MV - \$5.20 per light
400 Watt MV - \$9.50 per light

ALTON-THAYER CUSTOMERS OF ARKANSAS POWER & LIGHT COMPANY
 THE IMPACT ON INDIVIDUAL CUSTOMERS OF MOVING FROM
 APL TARIFFS TO HOWELL-OREGON 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 RESIDENTIAL CUSTOMERS
 THE RELATIONSHIP BETWEEN PERCENTAGE CHANGE IN ANNUAL CUSTOMER BILLS
 AND THE DOLLAR CHANGE IN MONTHLY CUSTOMER BILLS

CUSTOMERS WHOSE ANNUAL BILLS DECREASE WHEN BILLED ON HOWELL-OREGON RATES

Percentage Change in Annual Bill (APL to H-O)	Dollar Change in Monthly Customer Bill											Total	
	\$0-\$3	\$3-\$6	\$6-\$9	\$9-\$12	\$12-\$15	\$15-\$18	\$18-\$21	\$21-\$24	\$24-\$27	\$27-\$30	Above \$30		
(0% - 5%)	146	18	2	0	0	0	0	0	0	0	0	0	166
(5% -10%)	82	107	11	5	2	0	0	0	0	0	0	0	207
(10% -15%)	3	48	88	48	33	6	1	0	0	0	0	0	227
(15% -20%)	0	0	0	0	2	3	2	1	0	0	0	0	8
(Above 20%)	0	0	0	0	0	0	0	0	0	0	0	0	0
	231	173	101	53	37	9	3	1	0	0	0	0	608

CUSTOMERS WHOSE ANNUAL BILLS INCREASE WHEN BILLED ON HOWELL-OREGON RATES

Percentage Change in Annual Bill (APL to H-O)	Dollar Change in Monthly Customer Bill											Total	
	\$0-\$3	\$3-\$6	\$6-\$9	\$9-\$12	\$12-\$15	\$15-\$18	\$18-\$21	\$21-\$24	\$24-\$27	\$27-\$30	Above \$30		
0% - 5%	188	17	1	0	0	0	0	0	0	0	0	0	206
5% -10%	114	113	5	0	0	0	0	0	0	0	0	0	232
10% -15%	31	59	0	0	0	0	0	0	0	0	0	0	90
15% -20%	7	0	0	0	0	0	0	0	0	0	0	0	7
Above 20%	57	0	0	0	0	0	0	0	0	0	0	0	57
	397	189	6	0	0	0	0	0	0	0	0	0	592

A COMPARISON OF MONTHLY ELECTRICITY BILLS FOR ALTON-THAYER CUSTOMERS
 HOWELL-OREGON TARIFFS COMPARED TO ARKANSAS POWER & LIGHT CO. TARIFFS
 RESIDENTIAL CUSTOMERS

WINTER SEASON (OCTOBER-MAY)					SUMMER SEASON (JUNE-SEPTEMBER)				
MONTHLY ENERGY	BILL ON EXISTING AP&L RATES	BILL ON PROPOSED H-O RATES	DIFFERENCE		MONTHLY ENERGY	BILL ON EXISTING AP&L RATES	BILL ON PROPOSED H-O RATES	DIFFERENCE	
			DOLLARS	PERCENT				DOLLARS	PERCENT
0	\$5.62	\$8.50	\$2.88	51.2%	0	\$5.62	\$8.50	\$2.88	51.2%
100	\$13.52	\$15.00	\$1.48	11.0%	100	\$13.52	\$15.00	\$1.48	11.0%
200	\$21.41	\$21.50	\$0.09	0.4%	200	\$21.41	\$21.50	\$0.09	0.4%
300	\$29.31	\$28.00	(\$1.31)	-4.5%	300	\$29.31	\$28.00	(\$1.31)	-4.5%
400	\$37.20	\$34.50	(\$2.70)	-7.3%	400	\$37.20	\$34.50	(\$2.70)	-7.3%
500	\$45.10	\$41.00	(\$4.10)	-9.1%	500	\$45.10	\$41.00	(\$4.10)	-9.1%
600	\$53.00	\$47.50	(\$5.50)	-10.4%	600	\$53.00	\$47.50	(\$5.50)	-10.4%
700	\$60.89	\$54.00	(\$6.89)	-11.3%	700	\$60.89	\$54.00	(\$6.89)	-11.3%
800	\$68.79	\$60.50	(\$8.29)	-12.0%	800	\$68.79	\$60.50	(\$8.29)	-12.0%
900	\$76.68	\$67.00	(\$9.68)	-12.6%	900	\$76.68	\$67.00	(\$9.68)	-12.6%
1000	\$84.58	\$73.50	(\$11.08)	-13.1%	1000	\$84.58	\$73.50	(\$11.08)	-13.1%
1250	\$97.20	\$89.35	(\$7.85)	-8.1%	1250	\$104.32	\$89.35	(\$14.97)	-14.4%
1500	\$109.82	\$103.60	(\$6.21)	-5.7%	1500	\$124.06	\$103.60	(\$20.46)	-16.5%
1750	\$122.43	\$117.85	(\$4.58)	-3.7%	1750	\$143.80	\$117.85	(\$25.95)	-18.0%
2000	\$135.05	\$132.10	(\$2.95)	-2.2%	2000	\$163.54	\$132.10	(\$31.44)	-19.2%
2250	\$147.67	\$146.35	(\$1.32)	-0.9%	2250	\$183.28	\$146.35	(\$36.93)	-20.1%
2500	\$160.29	\$160.60	\$0.31	0.2%	2500	\$203.02	\$160.60	(\$42.42)	-20.9%
2750	\$172.90	\$174.85	\$1.95	1.1%	2750	\$222.76	\$174.85	(\$47.91)	-21.5%
3000	\$185.52	\$189.10	\$3.58	1.9%	3000	\$242.50	\$189.10	(\$53.40)	-22.0%
3500	\$210.76	\$217.60	\$6.84	3.2%	3500	\$281.98	\$217.60	(\$64.38)	-22.8%
4000	\$235.99	\$246.10	\$10.11	4.3%	4000	\$321.46	\$246.10	(\$75.36)	-23.4%
4500	\$261.23	\$274.60	\$13.38	5.1%	4500	\$360.94	\$274.60	(\$86.34)	-23.9%
5000	\$286.46	\$303.10	\$16.64	5.8%	5000	\$400.42	\$303.10	(\$97.32)	-24.3%
5500	\$311.70	\$331.60	\$19.91	6.4%	5500	\$439.90	\$331.60	(\$108.30)	-24.6%
6000	\$336.93	\$360.10	\$23.17	6.9%	6000	\$479.38	\$360.10	(\$119.28)	-24.9%