

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of June, 1993.

In the matter of the joint application of Cuivre River)
Electric Service Co. (CRESCO) and Cuivre River Electric)
Cooperative, Inc. (Cooperative) for an order authorizing)
the sale, transfer and assignment of assets from CRESCO)
to Cooperative, permitting the transfer of CRESCO's) Case No. EM-93-167
customers to Cooperative and extinguishing CRESCO's)
certificate of public convenience and necessity in the)
City of Lake Saint Louis, St. Charles County, Missouri.)
)

ORDER APPROVING SALE OF ASSETS,
TRANSFERRING CUSTOMERS AND CANCELING CERTIFICATE

On November 19, 1992 Cuivre River Electric Service Co. (CRESCO), a
Missouri corporation, and Cuivre River Electric Cooperative, Inc. (Cooperative),
a Missouri cooperative corporation, (both referred to as Applicants) filed an
Application pursuant to Sections 393.106, 393.190 and 394.315, R.S.Mo.
(Supp. 1992), for an order to: (1) sell, transfer and assign assets from CRESCO
to Cooperative, (2) permit the transfer of CRESCO customers to Cooperative,
(3) cancel the tariffs of CRESCO, and (4) cancel the certificate of convenience
and necessity issued to CRESCO in Case No. EA-86-13.

CRESCO is a Missouri corporation with its principal office and place
of business located at 1112 East Cherry Street, Post Office Box 160, Troy,
Missouri 63379. CRESCO is a wholly-owned subsidiary of Cooperative and is
engaged in the business of distributing electric power and energy to the public
in the city of Lake Saint Louis, in St. Charles County, Missouri. It is a
regulated utility with a certificate of convenience and necessity issued by the
Commission in Case No. EA-86-13. Cooperative is a Missouri Chapter 394 coopera-
tive corporation with its principal office and place of business located at
1112 East Cherry Street, Post Office Box 160, Troy, Missouri 63379. Cooperative

owns all of the shares of stock issued by CRESCO under Securities and Exchange Commission exemption from the PUHCA 1935. Cooperative is engaged in providing electric energy and service to its members in St. Charles County and other Missouri counties.

CRESCO, subject to approval of the Commission, would sell to Cooperative certain assets and obligations related to retail electric service in the city of Lake Saint Louis, Missouri. The assets include those facilities initially purchased by CRESCO from Cooperative and the improvements or additions made to those facilities in the conduct of CRESCO's business. The Joint Application states that the proposed transaction is not detrimental to the public interest because the sale of assets and transfer of customers from CRESCO to Cooperative will not result in any reduced level of service or reliability for those retail customers presently served by CRESCO. The Applicants state that the part of the electric distribution system not previously served by Cooperative was built by Cooperative under contract for CRESCO and the whole is integrated into the Cooperative's power supply system serving more than 30,000 meters. Joint Applicants state that retail sales charged to the former CRESCO customers will be the same as those charged to Cooperative members according to its rate schedules, policies and practices.

The Commission issued its Order And Notice on November 25, 1992 that ordered Applicants to send notice of the proposed sale to each customer of CRESCO and ordered the Commission's Information Officer to send notice of the order to the publisher of each newspaper located in St. Charles County, Missouri, and to members of the Missouri General Assembly representing St. Charles County. The Records Department of the Commission was also ordered to serve a copy of the notice upon the St. Charles County Commission. An intervention date for interested parties to intervene in the action was set for December 28, 1992.

On May 10, 1993 the Commission's Staff (Staff) filed its recommendation approving the Joint Application for the sale of assets, transfer of customers and the cancellation of the tariffs and certificate of convenience and necessity previously issued to CRESCO. Staff states that when Lake Saint Louis was being developed, the Cooperative was the electric service provider. During the early 1980s the population of Lake Saint Louis approached 1,500 and at that time, the Missouri statutes prohibited rural electric cooperatives from providing service to nonrural areas, which were defined as any city, town or village over 1,500 individuals. In 1985 the Cooperative formed CRESCO for the purpose of serving Lake Saint Louis, which the Commission approved in Case No. EA-86-13. In 1989 the Missouri statutes were changed to allow rural electric cooperatives to serve in cities, towns and villages over 1,500 if: (1) they are the predominant supplier and (2) the city, town or village has granted the cooperative a franchise. In this instance, both apply to CRESCO and the Cooperative. The area now served by CRESCO has been included in a territorial agreement approved by the Commission in Case No. EO-93-166 as an exclusive service area for the Cooperative.

The Commission finds that there have been no responses from the customers of CRESCO and that there are no intervenors and no person or party has requested a hearing. Pursuant to *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989), the Commission will consider the case based upon the verified Application and attachments. The Commission finds that it would not be detrimental to the public interest to approve the sale of assets, that the transfer of customers from CRESCO to Cooperative would be in the public interest, and that the cancellation of the tariffs and certificate of convenience and necessity of CRESCO shall be ordered. CRESCO was created essentially for the Cooperative to circumvent the Missouri statute and continue to serve its customers in the city of

Lake Saint Louis, Missouri. There has been virtually no actual distinction in the treatment and service to the customers of CRESCO and Cooperative. Now that the Missouri statute has been changed to allow the Cooperative to serve the city of Lake Saint Louis itself, there exists no reason for CRESCO to exist and be regulated by the Commission. Essentially, there would be no real practical change for the residents of the city of Lake Saint Louis and no customers have chosen to complain of the sale. In the city of Lake Saint Louis the installation, maintenance, operation and administration of the electrical system is now performed under contract with CRESCO by the Cooperative. The Application states that the contract will be terminated and direct control of the system will return to the Cooperative if the Application is approved. The customers in the city of Lake Saint Louis should not even notice any change upon the transfer being approved. Therefore, for all these reasons, the Commission approves the sale of assets and transfer of customers of CRESCO to Cooperative and will order the tariffs and certificate of convenience and necessity of CRESCO canceled. The Commission also determines that there may be a local tax impact from the sale of assets upon political subdivisions located within the counties served by CRESCO and Cooperative and that the affected county clerks should be sent a copy of the tax impact statement filed by the Applicants, which is late-filed Schedule 5 of the Application.

IT IS THEREFORE ORDERED:

1. That Cuivre River Electric Service Co. be hereby authorized to sell to Cuivre River Electric Cooperative, Inc., all of its assets in its electric supply operation.
2. That Cuivre River Electric Service Co. be hereby authorized to transfer and assign all of its customers and franchise connected with its electric supply operation to Cuivre River Electric Cooperative, Inc.

3. That the tariffs of Cuivre River Electric Service Co. be hereby canceled.

4. That the certificate of convenience and necessity issued to Cuivre River Electric Service Co. in Case No. EA-86-13 be hereby canceled.

5. That Cuivre River Electric Service Co. be hereby authorized to enter into, execute and perform in accordance with terms of all other documents reasonably necessary and incidental to the performance of sale of assets and transfer of franchise and customers herein described.

6. That the Records Department of the Commission be hereby required to send a copy of the tax impact statement of the Applicants, being late-filed Schedule 5 to the Application, to the county clerk of each county in which Applicants provide service.

7. That this order shall become effective on June 22, 1993.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Chm., McClure, and
Kincheloe, CC., Concur.
Perkins and Crumpton, CC., Absent.