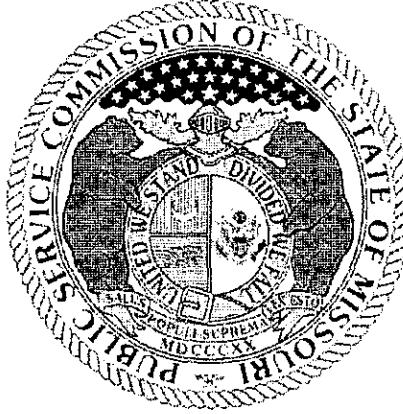


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI



In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE and Lewis)
County Rural Electric Cooperative for Approval)
of a Written Territorial Agreement Designating) Case No. EO-2000-630
the Boundaries of Each Electric Service)
Supplier Within Portions of Lewis, Clark,)
Shelby, Knox, Adair, Schuyler, Scotland, and)
Marion Counties in Missouri.)

REPORT AND ORDER

Issue Date: July 21, 2000

Effective Date: August 1, 2000

In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE and Lewis)
County Rural Electric Cooperative for Approval)
of a Written Territorial Agreement Designating) Case No. EO-2000-630
the Boundaries of Each Electric Service)
Supplier Within Portions of Lewis, Clark,)
Shelby, Knox, Adair, Schuyler, Scotland, and)
Marion Counties in Missouri.)

REGULATORY LAW JUDGE: Nancy Dippell, Senior.

Procedural History

Union Electric Company d/b/a AmerenUE (AmerenUE) and Lewis County Rural Electric Cooperative (Lewis County) filed a joint application on

April 7, 2000, under Section 394.312, RSMo 1994¹, asking the Missouri Public Service Commission (Commission) to approve a territorial agreement. The proposed territorial agreement is attached to this Report and Order as Attachment A².

The Commission issued an Order and Notice on April 12, 2000, directing parties wishing to intervene in the case to do so by May 12, 2000. No applications to intervene were filed. AmerenUE, Lewis County, the Office of the Public Counsel (Public Counsel) and the Staff of the Missouri Public Service Commission (Staff) filed a Unanimous Stipulation and Agreement stating that the territorial agreement is not detrimental to the public interest and should be approved.

Attached to the Joint Application was Exhibit D which consists of illustrative tariff sheets for AmerenUE. Paragraph 7 of the Unanimous Stipulation and Agreement lists changes which the parties have agreed should be made to those tariffs. A copy of the Unanimous Stipulation and Agreement is attached to this order and incorporated herein as Attachment B.

Staff filed suggestions in support of the stipulation further explaining why Staff recommended approval of the territorial agreement.

¹ All further statutory references are to the Revised Statutes of Missouri 1994 unless otherwise indicated.

² The attachments to the Territorial Agreement include: 1) Exhibit 1, maps depicting the exclusive service territories of AmerenUE and Lewis County in Schuyler, Adair, Clark, Knox, Lewis, Marion, Scotland, and Shelby Counties in Missouri; and 2) Exhibit 2, a metes and bounds description of the electric service area of Union Electric Company within Schuyler, Adair, Clark, Knox, Lewis, Marion, Scotland, and Shelby Counties in Missouri. Exhibits 1 and 2 are not attached to this order due to their size, but are available in the official records of the Commission.

The Commission held an evidentiary hearing on July 18, 2000. All parties were represented at the evidentiary hearing.

Discussion

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. Lewis County is a rural electric cooperative corporation engaged in distributing electric energy and service to its members in Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland, and Marion Counties in Missouri. Lewis County's principal place of business is located in Lewistown, Missouri. Lewis County is not subject to Commission regulation of its service or rates.

AmerenUE and Lewis County jointly applied for approval of a territorial agreement that would designate the service area for new structures of each of the Applicants in portions of the Missouri counties of Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland, and Marion. The agreement is designed to avoid duplication of facilities and minimize disputes between the two suppliers. The agreement designates the boundaries of the exclusive electric service area for service of new structures within the designated areas. The territorial agreement does not require the transfer of any facilities or customers.

Before approving the proposed territorial agreement the Commission must determine that it is not detrimental to the public interest. The first factor the Commission will consider in deciding the appropriateness of this territorial agreement is the extent to which the agreement

eliminates or avoids unnecessary duplication of facilities. The Applicants stated in their application that "very little" duplication of facilities currently exists between AmerenUE and Lewis County. At the evidentiary hearing, AmerenUE's witness, Ronald Loesch, testified that the territorial agreement would eliminate any further duplication of facilities and avoid any future increase in duplication in the affected area.

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. Mr. Loesch and Staff's witness, James Ketter, both testified that there will be no exchange of customers as a result of the agreement and either party will have the right to continue serving existing structures located in the electric service area of the other party. Mr. Ketter also testified that AmerenUE and Lewis County each have the ability to make available adequate power supplies, service, and maintenance for their customers.

The third area for Commission concern is the effect of approval of the territorial agreement on customers of the Applicants. Mr. Loesch and Mr. Ketter testified that no customers or facilities will be transferred. Mr. Loesch stated that the public will benefit from not having duplicate distribution lines.

Fourth, the Commission will consider a category of other cost and safety benefits attributed to the proposed territorial agreement. Mr. Loesch testified that the agreement will promote efficiency by avoiding the duplication of distribution facilities, reducing operation and maintenance costs, and by minimizing or eliminating competitive disputes.

Mr. Loesch stated that elimination of duplicated facilities will also increase public safety because there will be fewer live power lines crossing the same area. Mr. Loesch testified that the agreement should also enhance certainty in whom to call for service within the designated territories.

Staff's witness, James L. Ketter, testified that it is Staff's opinion that the agreement is not detrimental to the public interest. Lewis County's witness, Mitch Keel, also testified that he agreed with the testimony of Mr. Loesch.

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.

The Commission finds that approval of the territorial agreement signed by AmerenUE and Lewis County would avoid future duplication of facilities. The Commission finds that the AmerenUE and Lewis County 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 territorial agreement. The Commission further finds that the overall effect of the proposed territorial agreement would

not be harmful to ratepayers, that the agreement would promote efficiency and safety, and reduce customer confusion.

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.

Conclusions of Law

The Missouri Public Service Commission has reached 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, RSMo. The Commission does not have jurisdiction over the services, activities, and rates of rural electric cooperatives such as Lewis County except as specified in Section 394.160, RSMo.

When a cooperative enters into a territorial agreement with a regulated public utility the agreement must be approved by the Commission after hearing. Section 394.312, RSMo. The Commission may approve a territorial agreement if the agreement in total is not detrimental to the public interest. Section 394.312.4, RSMo. Based on the findings of fact it has made, the Commission concludes that the territorial agreement proposed by AmerenUE and Lewis County, Case No. EO-2000-630, is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the Territorial Agreement attached to this order as Attachment A and signed by Union Electric Company d/b/a AmerenUE and Lewis County Rural Electric Cooperative is approved.

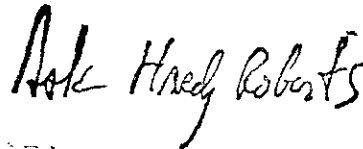
2. That the Unanimous Stipulation and Agreement of the parties is approved.

3. 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 Territorial Agreement approved in Ordered Paragraph 1 and incorporating the changes stipulated to by the parties in Paragraph 7 of the Unanimous Stipulation and Agreement.

4. That Union Electric Company d/b/a AmerenUE and Lewis County Rural Electric Cooperative are authorized to perform in accordance with the terms and conditions of the Territorial Agreement.

5. This Report and Order shall become effective on August 1, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Nancy Dippell, Senior Regulatory Law
Judge, by delegation of authority
pursuant to Section 386.240,
RSMo 1994.

Dated at Jefferson City, Missouri,
on this 21st day of July, 2000.

TERRITORIAL AGREEMENT

between

**UNION ELECTRIC COMPANY
d/b/a AMERENUE**

and

LEWIS COUNTY RURAL ELECTRIC COOPERATIVE

1 Exhibit No. EO-2000630
Date 7-18-00 Case No. _____
Reporter Ma

TERRITORIAL AGREEMENT

This Agreement is made and entered into as of the ____ day of _____, 2000, by and between UNION ELECTRIC COMPANY d/b/a/ AmerenUE (hereinafter "Company") and LEWIS COUNTY RURAL ELECTRIC COOPERATIVE, Inc. (hereinafter "Cooperative").

RECITALS

- A. Company is authorized by law to provide electric service within the State of Missouri, including all or portions of Adair, Clark, Knox, Lewis, Marion, Schuyler, Scotland, and Shelby Counties;
- B. Cooperative is authorized by law to provide electric service within the State of Missouri, including all or portions of Adair, Clark, Knox, Lewis, Marion, Schuyler, Scotland, and Shelby Counties;
- C. The Missouri Legislature, by RSMo. Section 394.312 (1994), has authorized electrical corporations and rural electric cooperatives to enter into written territorial agreements;
- D. Company and Cooperative desire to promote the orderly development of the retail electric service within portions of the above referenced counties in Missouri, and to minimize disputes which may result in higher costs in serving the public; and
- E. Company and Cooperative desire to reduce the wasteful duplication of Customer Service Equipment and offer improved level of service to their Customers.

AGREEMENT

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1. DEFINITIONS

In addition to terms defined elsewhere herein, when used herein, the following terms shall have the definitions set forth below. Words importing persons include corporations or other entities, as applicable, and words importing on the singular include the plural and vice versa when the context requires.

- 1.1 **Agreement** shall mean this document including any appendices or exhibits hereto.
- 1.2 **Customer** shall mean any person, partnership, corporation, limited liability company, political subdivision, or any agency, board, department or bureau of the state or federal government, or any other legal entity that has requested or is receiving electric service. Any Customer who has requested or is receiving electric service at one structure shall be a new and different Customer at each structure at which electric service has been requested.
- 1.3 **Effective Date** of this Agreement shall be the effective date of the order issued by the Missouri Public Service Commission pursuant to RSMo. Section 394.312, approving this Agreement.
- 1.4 **Electric Power Provider** shall mean any other electric corporation and/or rural electric cooperative.
- 1.5 **Existing Structure** shall mean any structure that receives electric energy from either party, prior to or on, the Effective Date of this Agreement. "Existing Structure" shall also mean (i) any replacement of an Existing Structure, provided said structure is totally removed and replaced by a structure used for the same purpose, and (ii) any maintenance, repair, remodeling, or partial replacement of an existing structure.
- 1.6 **New Outbuilding** shall mean a garage, barn, gazebo, silo, grain bin, or similar non-residential structure that is not attached to an Existing Structure and is constructed after the Effective Date of this Agreement.
- 1.7 **New Structure** shall mean (i) any structure that did not receive electric energy from either party, prior to or on, the effective date of this Agreement and (ii) the replacement of an existing structure with a structure that does not satisfy the definition of existing structure set forth herein.
- 1.8 **Structure** shall mean an agricultural, residential, commercial, industrial or other building or a mechanical installation, machinery or apparatus, but shall not include customer-owned meter wiring. A Structure shall include an original structure and any contiguous addition to or expansion thereto. Structure shall not include a metering device or customer-owned meter wiring.
- 1.9 **Laws and Regulations** shall mean all applicable statutes, regulations, codes, laws, licenses, decisions, interpretations, policy statements, regulatory guides, rules, criteria, all license requirements enforced or issued by any government, federal, state, or local, or any

governmental agency, authority, or body and industry-recognized guidelines and professional standards.

ARTICLE 2.

EXCLUSIVE RIGHT TO SERVE

- 2.1 Pursuant to RSMo. Section 394.312, this Agreement designates the boundaries of the electric service area of Company and Cooperative. In this Agreement, Cooperative agrees not to serve New Structures in an area described in Article 3, hereinafter referred to as the Exclusive Service Area of the Company. Likewise, Company agrees not to serve New Structures in an area described in Article 4, hereinafter referred to as the Exclusive Service Area of the Cooperative. Because RSMo. 394.312 permits electric suppliers to displace competition only by a written agreement, parties that are not signatories to this Agreement are in no way affected by the terms of this Agreement, including, but not limited to, the exclusive service area boundaries set forth herein.
- 2.2 After the Effective Date, as between the parties, each party shall have the exclusive right to furnish electric service to all New Structures located within its respective Exclusive Service Area described in Articles 3 and 4 of this Agreement, regardless of the size of the load or the characteristics of the customer's requirements. Except as provided expressly herein, neither party may furnish, make available, render, or extend electric service to New Structures or for use within the exclusive service area of the other party, either directly, indirectly or through a parent, affiliate, subsidiary, or other entity controlled by the party.
- 2.3 Both Parties retain the right to furnish electric service to all Existing Structures that they are serving by either permanent or temporary electric service on the Effective Date of this Agreement, regardless of their location.
- 2.4 During the time period between the filing date of this Agreement with the Missouri Public Service Commission and the Effective Date of the Agreement, if a customer requests new electric service for a Structure located in the Exclusive Service Area of one party from the other party, the parties will meet and determine the party and means to serve the Structure. In the event the parties cannot agree, the new Structure shall be served by the party whose customer equipment is located closer to the new Structure.

ARTICLE 3.

EXCLUSIVE SERVICE AREA OF COMPANY

An overview of the counties covered by this Agreement is shown in Exhibit 1A. The Exclusive Service Area of Company, as between the parties under this Agreement, shall be all Schuyler County (Exhibit 1B) and those portions of Adair County (Exhibit 1C), Clark County (Exhibit 1D), Knox County (Exhibit 1E), Lewis County (Exhibit 1F), Marion County (Exhibit 1G), Scotland County (Exhibit 1H), and Shelby County (Exhibit 1I) as described by metes and bounds in Exhibit 2 and as illustrated by the lines shown on the above-referenced figures. All exhibits referred to in this Article are incorporated herein by reference and made a part of this Agreement, as if fully set out verbatim. In cases of conflict between maps in Exhibit 1 and the written legal descriptions by metes and bounds in Exhibit 2, the legal written descriptions shall prevail. The Company may serve within municipalities that are located in the Company's Exclusive Service Area, pursuant to this Agreement.

ARTICLE 4.

EXCLUSIVE SERVICE AREA OF COOPERATIVE

The Exclusive Service Area of Cooperative, as between the parties under this Agreement, shall be those portions of Adair, Clark, Knox, Lewis, Marion, Scotland, and Shelby Counties that are outside of the exclusive service area of the Company under this agreement and as illustrated by the line shown on the maps making up Exhibit 1. In cases of conflict between maps in Exhibit 1 and the written legal descriptions by metes and bounds in Exhibit 2, the legal written descriptions shall prevail. The Cooperative may serve within municipalities that are located in the Cooperative's Exclusive Service Area, pursuant to this Agreement.

ARTICLE 5.

OTHER ELECTRIC SYSTEMS

- 5.1 The Exclusive Service Areas, as between the Cooperative and Company, defined in Articles 3 and 4, include the cities of Memphis, Kahoka, Hannibal, Palmyra and Shelbina (hereinafter individually referred to as "City"), which operate and maintain municipally-owned electric facilities. Notwithstanding all other terms of this Agreement, should City cease to operate and maintain its municipally-owned electric facilities and sell such facilities to either

Company or Cooperative, then said party may serve within the incorporated boundaries of City, as those boundaries exist on the date City enters into an agreement to sell City's facilities to said party (hereinafter the "Sale Date"), pursuant to the following terms and conditions:

In the event that City sells its facilities to either Company or Cooperative then;

- A. The purchasing party shall have the power to serve the Structures being served by City on the Sale Date.
- B. If all or part of the City is located in the non-purchasing party's Exclusive Service Area and following the receipt of all required regulatory approvals for the purchase, Company and Cooperative shall agree on an amendment to this Agreement (hereinafter "the Amendment"), to modify the Exclusive Service Areas defined in this Agreement to allow the successful purchaser to serve in the area purchased from the City as the exclusive service provider.
 1. If a territorial agreement between the non-purchasing party and City exists prior to the Sale Date, the Amendment shall exclude from the Exclusive Service Area of the non-purchasing party under this Agreement, the area defined as the exclusive service area of the City in the territorial agreement between the non-purchasing party and City.
 2. If no such territorial agreement exists on the Sale Date, the Amendment shall exclude from the Exclusive Service Area of the non-purchasing party under this Agreement, certain territory lying within the City's incorporated boundaries. The boundaries of the area to be excluded from the exclusive service area of the non-purchasing party under this Agreement shall be (i) that portion of the City's incorporated boundary as it exists on the Effective Date of this Agreement and (ii) the portion of any territory annexed by the City after the Effective Date of this Agreement which is closer to the facilities acquired by purchasing party from City than the non-purchasing party's facilities as both such facilities exist on the Sale Date.
 3. In the event the parties cannot agree on the boundaries defined above within

twelve (12) months after the Sale Date, the parties shall submit the issue of the appropriate boundaries to determination by the Missouri Public Service Commission as provided in RSMo. Section 394.312.2.

- 5.2 Notwithstanding the foregoing Article 5.1, the non-purchasing party shall be entitled to serve all of the Structures it was serving prior to the purchase of the City's system by purchasing party, regardless of whether the Structures are located in territory deemed to be served by Company or Cooperative.
- 5.3 Article 5.1 does not in any way limit the existing or future service territory of City or any other municipal electric supplier, including those boundaries as set out in any Territorial Agreement between City and either Company or Cooperative, and that City and any other municipal electric supplier, are and shall be, free to serve anywhere they may legally choose without regard to this Territorial Agreement. Nothing herein (i) prohibits City or any other municipal electric supplier from serving any load or area they may otherwise legally serve now or in the future or (ii) affects the rights of City, Company, Cooperative, or any other municipal electric supplier under § 386.800 RSMo. 1994.
- 5.4 The Exclusive Service Area of the Company, as defined in Article 4, includes Electric Power Providers. Notwithstanding this Agreement, should any Electric Power Provider cease to operate and maintain its electric facilities and sell such facilities, merge, or otherwise transfer the service and facilities to the Cooperative, or the Cooperative's surviving entity, Cooperative and/or its surviving entity shall have the power to serve the structures which are receiving permanent service, as that term is defined in RSMo. § 394.315, from said Electric Power Provider and/or the Cooperative, as of the date Cooperative and Electric Power Provider close and consummate the sale and/or merger (hereinafter "Reorganization Date"). Following the purchase, merger or other acquisition of any other Electric Power Provider's facilities by Cooperative and the receipt of all required regulatory approvals, Company and Cooperative shall within twelve (12) months after the Reorganization Date, submit an amendment to this Agreement ("the Amendment") to the Missouri Public Service Commission, modifying this agreement as follows:
- A. For all counties covered by this agreement, the parties shall determine if a territorial agreement between Company and the Electric Power Provider exists

prior to the Reorganization Date. If a territorial agreement does exist, then the Amendment shall exclude from the Exclusive Service Area of the Company under this Agreement, the exclusive service area of the Electric Power Provider as defined in the territorial agreement between the Company and the Electric Power Provider.

- B. If no territorial agreement exists between Company and the Electric Power Provider as of the Reorganization Date, Company and Cooperative shall submit an Amendment which removes all U.S. Survey sections, and those U.S. Survey sections adjacent to those U.S. Survey sections, where the Electric Power Provider had Customer Service Equipment and customers/members from the Exclusive Service Area of Company as defined in this Agreement; and either party may serve any New Structure in this removed area as if no territorial agreement exists; provided, however, that no U.S. Survey section, or part of any U.S. Survey section within the municipal limits of any municipality whose population is in excess of 1500, or the statutory limit as set out in RSMo. Chapter 394, will be deleted from the Company's Exclusive Service Area.

Nothing in this section prohibits the parties in the Amendment from establishing new exclusive service areas in the affected service area, in lieu of the above procedures.

ARTICLE 6.

LOCATION OF A STRUCTURE

- 6.1 The location of a Structure for purposes of this Agreement shall be the geographical location at which electric energy is used, regardless of the metering point or point of delivery.
- 6.2 The first owner of a New Structure, who requests and receives electric service at said Structure which is located on or crossed by any mutual boundary line, as described in Articles 3 and 4, defining the Exclusive Service Areas of the parties, shall be permitted to choose either party for permanent electric service; provided that the Customer's meter is installed within that party's Exclusive Service Area. Thereafter, that party shall exclusively serve that Structure.
- 6.3 Either party, if requested by an existing customer who is located in the Exclusive Service

Area of the other party, may provide its customer with additional facilities and/or electric service to New Outbuildings, so long as the New Outbuildings are located on the Consumer's contiguous tracts of land. This section shall apply to the original customer's successors who continue to reside at or operate the premises. This section shall not apply to a customer who receives electric service from both Company and Cooperative on the same tract of land, and requests additional electric service. These customers shall receive their additional electric service from the designated exclusive service provider, unless the customer, Company, and Cooperative agree otherwise and follow the procedures set out in Article 8.

ARTICLE 7.

RIGHT TO CONSTRUCT FACILITIES

This Agreement shall in no way affect either party's right to construct such electric distribution and transmission facilities within the designated Exclusive Service Area of the other as that party deems necessary, appropriate or convenient to provide electric service to its customers not inconsistent with the terms of this Agreement and as otherwise allowed by law.

ARTICLE 8.

CASE-BY-CASE EXCEPTION PROCEDURE

- 8.1 The parties may agree on a case-by-case basis, by an Addendum hereto, to allow a Structure to receive service from one party, though the Structure is located in the Exclusive Service Area of the other party.
- 8.2 Such Addendum shall be filed with the Executive Secretary of the Commission in the same manner as a motion or other pleading, with a copy submitted to the Office of the Public Counsel. There will be no filing fee for these addenda.
- 8.3 Each Addendum shall consist of a notarized statement identifying the Structure, the party to serve the Structure, the justification for the Addendum, and indicating that the parties support the Addendum.
- 8.4 Each Addendum shall be accompanied by a notarized statement, signed by the customer to be served, which acknowledges such customer's receipt of notice of the contemplated electric service to be provided, and that the Addendum represents an exception to the territorial

boundaries approved by the Commission and shall indicate the customer's consent to be served by the service provided contemplated by the Addendum.

- 8.5 If the Commission Staff or Office of the Public Counsel do not submit a pleading objecting to the Addendum within forty-five (45) days of the filing thereof, the Addendum shall be deemed approved by the aforesaid parties. Each Addendum shall contain a statement in bold uppercase typeface indicating that the Staff or Office of the Public Council have forty-five (45) days to oppose the Addendum or else the Addendum shall be deemed approved by the aforesaid parties.
- 8.6 Each party, pursuant to an executed Addendum, shall have the right to provide temporary service, as defined in Section 393.106 RSMo., until the Commission approves or disapproves the Addendum. No party shall be required to remove any facilities installed pursuant to an agreement, until the effective date of an Order of the Commission or a court regarding the removal of same.

ARTICLE 9.

TERM AND CONDITIONS OF PERFORMANCE

- 9.1 **Effective Date.** The Effective Date of this Agreement shall be the date the order issued by the Missouri Public Service Commission pursuant to Section 394.312, RSMo., approving this Agreement becomes effective
- 9.2 **Term of Agreement.** The term of this Agreement shall be perpetual, unless terminated by the parties in accordance with Article 10, Termination.
- 9.3 **Conditions of Performance.** Performance of the parties is contingent upon all of the following having occurred no later than December 31, 2000, unless such condition is waived, extended or modified by agreement, in writing, signed by an officer of each party hereto:
- A. all required approvals of both Company's and Cooperative's Board of Directors;
 - B. approval of this Territorial Agreement by the Commission;
 - C. approval by the Federal Energy Regulatory Commission to the extent of its jurisdiction, if required; and

D. approval by the Securities and Exchange Commission to the extent of its jurisdiction, if required.

- 9.4 This Agreement shall be submitted the Board of Directors of both Company and Cooperative for approval. Once approved, each party's board of directors, each board member and officer of Company and Cooperative agree to support the approval of this Agreement as being in the public interest. To this end, each party will cooperate in presenting a joint application showing that the Territorial Agreement is in the public interest. Further, no board member or officer of Company or Cooperative shall support any effort undertaken by others to oppose this Agreement.
- 9.5 Company and Cooperative agree to undertake all actions reasonably necessary to implement this Agreement. Company and Cooperative will cooperate in presenting a joint application showing this Agreement, in total, not to be detrimental to the public interest. Company and Cooperative will share equally in the costs assessed by the Commission for seeking of administrative approval of this Agreement. All other costs will be borne by the respective party incurring the costs.

ARTICLE 10.

TERMINATION

- 10.1 **Termination Events.** This Agreement and the transactions contemplated by this Agreement may be terminated by mutual consent of Company and Cooperative.
- 10.2 **Effective Date of Termination.** 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 Agreement.
- 10.3 **Effect of Termination.** If the transactions contemplated by this Agreement are terminated as provided herein, each party shall pay the costs and expenses incurred by it in connection with this Agreement, and no party (or any of its 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 Agreement.

ARTICLE 11.

NOTICES

All notices, reports, records, or other communications which are required or permitted to be given to the parties under this Agreement, shall be sufficient in all respect if given, in writing, and delivered in person, by fax, by overnight courier, or by registered or certified mail, postage prepaid, return receipt requested, to the receiving party at the following address:

If to Cooperative:

LEWIS COUNTY RURAL ELECTRIC COOPERATIVE
Attention: Mitchell Keel
Manager
Jct 6 & 16, P.O. 68
Lewistown, Missouri 63452
Phone: 573-215-4000
Facsimile: 573-215-4004

If to Company:

UNION ELECTRIC COMPANY
Attention: William J. Carr
One Ameren Plaza
1901 Chouteau Avenue
St. Louis, Missouri 63103
Phone: 314-554-3990
Facsimile: 314-554-6454

or to such other address as such party may have given to the other by notice pursuant to this Section. Notice shall be deemed given on the date of delivery, in the case of personal delivery or fax, or on the delivery or refusal date, as specified on the return receipt, in the case of overnight courier or registered or certified mail.

ARTICLE 12.

MISCELLANEOUS

- 12.1 **Assignment.** This Agreement shall be binding on the parties and all subsidiaries, successors, assigns and corporate parents or affiliates of Company and Cooperative. Neither party shall make any assignment of any of its rights or interests under this Agreement without the written consent of the other party, which consent shall not be unreasonably withheld, and approval of the Commission. Notwithstanding the foregoing, in the event of a merger, corporate reorganization, or corporate restructuring of a party, said party may assign this Agreement to the corporate entity responsible for providing distribution level electric service in the area covered by this Agreement and the consent of the other party shall be deemed to be given. The consenting party or party whose consent is deemed to be given shall cooperate in obtaining approval of the assignment by (a) participating in the joint application requesting Commission approval of the assignment

and (b) providing an affidavit, stating that it consents to the Assignment, for inclusion in such application.

- 12.2 **Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with, and its validity shall be determined under, the laws of the State of Missouri.
- 12.3 **Amendments.** No modification, amendment, deletion, or other change in this Agreement or the boundaries described in the Agreement shall be effective for any purpose, unless specifically set forth, in writing, and signed by both parties and approved by the Commission.
- 12.4 **Headings.** Headings and titles contained in this Agreement are included for convenience only and shall not be considered for purposes of interpretation of this Agreement.
- 12.5 **Impact of Commission or Court Orders.** The filing fee for this application pursuant to 4 CSR 240-21.010, shall be split between the parties. If the Commission does not approve the provisions of this Agreement, then it shall be nullified and of no legal effect between the parties. Further, if any part of this Agreement is declared invalid or void by a Court or agency of competent jurisdiction, then the whole Agreement shall be deemed invalid and void.
- 12.6 **Survival.** Obligations under this Agreement, which by their nature would continue beyond the termination, cancellation or expiration of this Agreement, shall survive termination, cancellation or expiration of this Agreement.
- 12.7 **No Waiver.** If a party has waived a right under this Agreement on any one or more occasions, such action shall not operate as a waiver of any right under this Agreement on any other occasion. Likewise, if a party has failed to require strict performance of an obligation under this Agreement, such action shall not release the other Party from any other obligation under this Agreement, or the same obligation on any other occasion.
- 12.8 **Further Assurances.** The parties shall execute such other documents and perform such other acts as may reasonably be necessary in order to give full effect to this Agreement.
- 12.9 **Company's Service Territory Outside This Agreement.** Company has service territories outside of the areas covered by this Agreement. For service outside of the areas described by this Agreement, Company will continue to operate without regard to this Agreement. The

principles of law, rules and regulations applicable to the business of retail sales of electricity shall apply without regard to this Agreement.

- 12.10 **Cooperative's Service Territory Outside This Agreement.** Cooperative has service territories outside of the areas covered by this Agreement. For service outside of the areas described by this Agreement, Cooperative will continue to operate without regard to this Agreement. The principles of law, rules and regulations applicable to the business of retail sales of electricity shall apply without regard to this Agreement.
- 12.11 **Expenses.** Except as otherwise expressly provided herein, all expenses incurred by the parties hereto in connection with or related to the authorization, preparation and execution of this Agreement and the closing of the transactions contemplated hereby, including, without limitation, the fees and expenses of agents, representatives, counsel and accountants employed by any such party, shall be borne solely and entirely by the party which has incurred same.
- 12.12 **Other Products and Services Not Affected.** This Agreement is limited to the distribution of electricity and shall in no way affect either party's right to offer other products and services, including, but not limited to, gas service and satellite television service, to customers located in the Exclusive Service Area of the other party. Neither shall this Agreement limit in any way a party's right to construct such non-electric distribution facilities within the designated Electric Service Area of the other, as that party deems necessary, appropriate or convenient to provide other non-electric distribution service to its customers.
- 12.13 **Entire Agreement.** This contract constitutes the entire agreement between the parties relating to the allocation of service rights in the territory described herein. If the Public Service Commission of Missouri does not approve this Agreement, or fails to approve or rejects any portion of this Agreement, then the entire Agreement shall be nullified and of no legal effect. Further, if any part of this Agreement is declared invalid or void by a Court or other agency with competent jurisdiction, then the whole Agreement shall be deemed invalid and void.

Attachment A
Page 15 of 16 pages

LEWIS COUNTY RURAL ELECTRIC COOPERATIVE

By: Mitchell L. Keel

Name: Mitchell L. Keel

Title: General Manager

Attest:

By: Debra Kuhne
Debra Kuhne
Title: Office Manager

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Union Electric)	
Company d/b/a AmerenUE and Lewis County)	
Rural Electric Cooperative for Approval of a Written)	Case No. EO-2000-630
Territorial Agreement Designating the Boundaries of)	
Each Electric Service Supplier within Portions of)	
Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland)	
and Marion Counties in Missouri.)	

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW the undersigned parties to this proceeding and for their Unanimous Stipulation and Agreement ("Stipulation and Agreement"), respectfully state as follows:

I. Procedural History

1. On April 7, 2000, Union Electric Company d/b/a AmerenUE ("Company" or "AmerenUE") and the Lewis County Rural Electric Cooperative ("Cooperative") filed a Joint Application pursuant to Section 394.312 RSMo. 1994 (the "Joint Application"), requesting that the Missouri Public Service Commission (the "Commission"): (1) approve a territorial agreement between the Company and the Cooperative designating the boundaries of each electric service supplier in Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland, and Marion Counties in Missouri (the "Territorial Agreement"); (2) authorize the Company and Cooperative to perform in accordance with the terms and conditions of the Territorial Agreement; (3) find that the Territorial Agreement does not impair Company's certificates of convenience and necessity, except as specifically limited by the Territorial Agreement; (4) approve changes to Company's tariffs; and (5) make such other findings as are appropriate under the circumstances.

2. In the Joint Application, Company and Cooperative seek Commission approval of the Territorial Agreement. Company and Cooperative have agreed to displace competition

between themselves in Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland, and Marion Counties, as allowed by law and have set out the terms of the Territorial Agreement, which is attached to the Joint Application and marked as Exhibit A. The Territorial Agreement sets forth the exclusive service area boundaries for new structures of both AmerenUE and Cooperative in Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland, and Marion counties. The Territorial Agreement also provides that Company and Cooperative shall be entitled to continue serving those existing structures it was serving as of the date of this Agreement. Thus, Company and Cooperative are not required to transfer any customers and/or facilities to implement the Territorial Agreement.

3. On April 12, 2000, the Commission issued an order and notice concerning, among other things, the intervention of interested parties. Applications for intervention were to be filed no later than May 2, 2000. As of the date of this filing, no parties have filed for intervention.

4 On May 16, 2000, the Commission issued an order setting procedural schedule, which among other things set the evidentiary hearing on the Territorial Agreement for July 18, 2000 at 10:00 AM.

5. The Staff of the Commission, the Office of the Public Counsel, Company, and Cooperative (hereinafter collectively known as "the Parties"), having reviewed the Joint Application and associated Territorial Agreement and having considered the position of the Parties and the issues to be resolved in this case, have entered into this Stipulation and Agreement.

II. The Parties Have Reached the Following Stipulation and Agreement:

6. The Parties assert and, in consideration of the promises and covenants herein contained, state that the Territorial Agreement between Company and Cooperative is not detrimental to the public interest and therefore should be approved.

7. The Parties further assert and state that the Company's illustrative tariff sheets, as shown in Exhibit D to the Joint Application are acceptable in format and substance, provided the following changes are made: i) Sheet 13, Clark County, section 4 of Township 65 North, Range 6 West should be moved from the delta/underlined listing to the non-delta listing in the same township-range listing; ii) in the header for Sheet 14, change the Cancelling MO. P.S.C Schedule revision number from "7th Revised" to "SEVENTH REVISED"; and iii) Sheet 24, add sections 35 and 36 to the delta/underlined listing for Knox County, Township 62 North, Range 11 West. With these modifications, the Parties believe that the illustrative tariff sheets reflect the Company's service area changes due to the Territorial Agreement, and that revised tariff sheets based upon the illustrative tariff sheets, and including the aforementioned changes, are in the public interest and therefore should be approved. Within 30 days of the effective date of an Order approving the Territorial Agreement, Company agrees to file for review and approval revised tariff sheets consistent with the illustrative tariff sheets and incorporating the aforementioned changes for the Company's service area in Adair, Clark, Knox, Lewis, Marion, and Scotland Counties.

8. AmerenUE has on its illustrative tariff sheets the following footnote: "In the underscored Sections/U.S. Surveys above, Company's right and obligation to serve in [County Name] is limited by the terms of the Territorial Agreement between Company and Lewis County Electric Cooperative approved in Case No. EO-2000-630". This language shall be interpreted (i)

to permit AmerenUE, in accordance with Article 2 of the Territorial Agreement, to continue to serve all other Existing Structures that it is serving on the Effective Date of the Agreement regardless of their location (even if that location is in the exclusive service area of Cooperative) and (ii) to allow AmerenUE to serve customers in accordance with Article 8 of the Territorial Agreement, the Case-by-Case Exception Procedure, without having to file with the Commission for a certificate of convenience and necessity or to revise its tariffs.

9. This Stipulation and Agreement shall be binding upon the successors and assigns of Company and Cooperative.

III. General Matters

10. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the signatories to take other positions in other proceedings.

11. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties and participants waive, with respect to the issues resolved herein: their respective rights, pursuant to §536.080 RSMo. 1994, to present testimony, to cross-examine witnesses, and to present oral argument or written briefs; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo. 1994; their respective rights to seek rehearing pursuant to §386.500 RSMo. 1994; and their respective rights to seek judicial review pursuant to §386.510 RSMo. 1994. Notwithstanding the foregoing each party may

present oral testimony at the evidentiary hearing supporting the fact that the Territorial Agreement is not detrimental to the public interest. The Parties agree to cooperate with each other in presenting for approval to the Commission this Stipulation and Agreement, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation and Agreement.

12. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement, and the other parties shall have the right to file responsive suggestions or prepared testimony.

13. The Staff shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties and participants with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

14. None of the Parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any rate-making principle or any method of cost determination or cost allocation underlying or allegedly underlying the Stipulation and Agreement, except as the Commission finds that the Territorial Agreement is in the public interest.

WHEREFORE, the Parties respectfully request the Commission to issue its Order:

A. Finding that the designated electric service areas are not detrimental to the public

interest and approving the Territorial Agreement, (Exhibit A to the Joint Application);

B. Authorizing Company and Cooperative to perform in accordance with the terms and conditions of the Agreement;

C. Finding that the Territorial Agreement does not impair Company's certificates of convenience and necessity, except as specifically limited by the Agreement; and

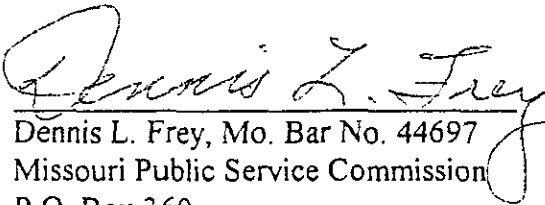
D. Directing that AmerenUE file, within thirty days of the effective date of said Commission Order, revised tariff sheets with respect to its service area in Adair, Clark, Knox, Lewis, Marion, and Scotland Counties, as illustrated in Exhibit D to the Joint Application, and incorporating the changes set forth in Paragraph 7 hereinabove.

E. Authorizing Company to enter into, execute, and perform in accordance with the terms of all other documents reasonably necessary and incidental to the performance of the transactions which are the subject of the Agreement;

F. Approving all of the terms of this Stipulation and Agreement.

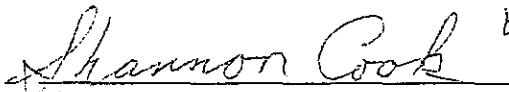
Respectfully submitted,

DANA K. JOYCE
General Counsel


Dennis L. Frey, Mo. Bar No. 44697
Missouri Public Service Commission

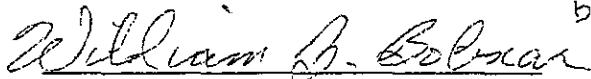
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Attorney for Lewis County Rural Electric
Cooperative

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 12th day of July 2000.

