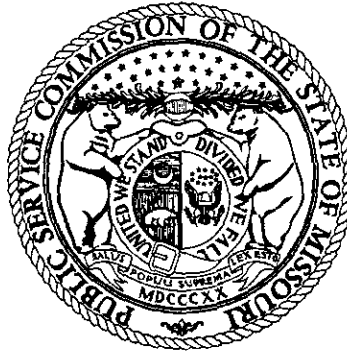


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**



In the Matter of the Application of)
Union Electric Company d/b/a AmerenUE)
and Ozark Border Electric Cooperative for)
Approval of a Written Territorial Agreement)
Designating the Boundaries of Each Electric)
Service Supplier within Portions of)
Bollinger, Butler, Carter, Dunklin, Iron,)
Madison, New Madrid, Reynolds, Ripley)
Stoddard and Wayne Counties, Authorizing)
the Sale, Transfer, and Assignment of)
Certain Electric Distribution Facilities,)
Easements and Other Rights, Generally)
Constituting the Applicants' Electric)
Utility Business Associated with its)
Customers Transferred Pursuant to the)
Territorial Agreement)

Case No. EO-99-599

REPORT AND ORDER

Issue Date: October 19 , 1999

Effective Date: October 29, 1999

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 Ozark Border Electric Cooperative for)
Approval of a Written Territorial Agreement)
Designating the Boundaries of Each Electric)
Service Supplier within Portions of)
Bollinger, Butler, Carter, Dunklin, Iron,)
Madison, New Madrid, Reynolds, Ripley)
Stoddard and Wayne Counties, Authorizing)
the Sale, Transfer, and Assignment of)
Certain Electric Distribution Facilities,)
Easements and Other Rights, Generally)
Constituting the Applicants' Electric)
Utility Business Associated with its)
Customers Transferred Pursuant to the)
Territorial Agreement)

Case No. EO-99-599

APPEARANCES

William B. Bobnar, Attorney at Law, One Ameren Plaza, 1901 Chouteau Avenue, P.O. Box 149 (MC 1310), St. Louis, Missouri 63166-6149, for Union Electric Company d/b/a/ AmerenUE.

Victor S. Scott and Rodric A. Widger, Attorneys at Law, Andereck, Evans, Milne, Peace & Baumhoer, L.L.C., 305 East McCarty Street, P.O. Box 1438, Jefferson City, Missouri 65102-1438, for Ozark Border Electric Cooperative.

Mark A. Kennedy, Attorney at Law, Kennedy and Kennedy, P.O. Box 696, 1165 Cherry Street, Poplar Bluff, Missouri 63901, for Ozark Border Electric Cooperative.

Shannon Cook, Assistant Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102-7800, for the Office of the Public Counsel and the public.

Dennis L. Frey, Assistant General Counsel, P.O. Box 360, Jefferson City, Missouri 65102, for the Missouri Public Service Commission.

Patricia D. Perkins, Attorney at Law, Hendren & Andrae L.L.C., 221 Bolivar St., P.O. Box 1069, Jefferson City, Missouri 65102, for the Stoddard County Intervenors.

Gary W. Duffy, Attorney at Law, Brydon, Swearengen & England, P.C.,
312 East Capitol Avenue, P.O. Box 456, Jefferson City, Missouri
65102-0456.

SENIOR REGULATORY LAW JUDGE: Bill Hopkins

REPORT AND ORDER

Procedural History

On June 16, 1999, Union Electric Company d/b/a AmerenUE (AmerenUE) and Ozark Border Electric Cooperative (Ozark) (jointly, Applicants) filed their joint application for approval of their agreement contained in a document entitled Territorial Agreement (territorial agreement).

The Applicants requested the Missouri Public Service Commission (Commission) to issue an order: a) approving the territorial agreement; b) authorizing the Applicants to perform in accordance with the terms and conditions of the territorial agreement; c) finding that the territorial agreement shall not impair AmerenUE's certificates of convenience and necessity, except as specifically limited by the territorial agreement; d) waiving the Commission's billing practices rule and allowing the Applicants to disconnect electric service to a customer who fails to pay the final bill of the other Applicant; e) granting Applicants the authority to change electric service providers for certain customers under the terms and conditions of the territorial agreement pursuant to sections 394.312,

394.315 and 393.106 RSMo¹; f) granting Applicants the authority to transfer certain property under the terms and conditions of the territorial agreement pursuant to section 393.190 RSMo; g) authorizing AmerenUE to extinguish all certificates of convenience and necessity under which AmerenUE operates its retail electric business in Butler County and certain land sections in Dunklin, New Madrid and Stoddard Counties; h) authorizing AmerenUE to terminate its retail electric service to the public in Butler County and certain land sections in Dunklin, New Madrid and Stoddard Counties as a public utility subject to the jurisdiction of the Commission and, in connection therewith, relieving AmerenUE of all public utility obligations with respect to its retail electric utility business in Butler County and certain land sections in Dunklin, New Madrid and Stoddard Counties pursuant to said certificates of convenience and necessity; and i) terminating all other duties, obligations and conditions which have resulted from or have been imposed by law or because of the Commission's jurisdiction over AmerenUE as an electric utility with respect to AmerenUE's retail electric business in Butler County and certain land sections in Dunklin, New Madrid and Stoddard Counties.

On June 24, 1999, the Commission entered its order and notice, stating, *inter alia*, that proper parties should be given notice and an opportunity to intervene, that any interested party wishing to do so

¹ All references herein to Sections of the Revised Statutes of Missouri (RSMo), unless otherwise specified, are to the revision of 1994.

shall file an application no later than July 14, 1999, and that the parties may file a procedural schedule no later than July 16, 1999.

On July 9, 1999, the Office of the Public Counsel (OPC) filed its request for local hearing, citing consumer interest in this matter. Applicants did not file a response.

On July 13, 1999, the City of Poplar Bluff (Poplar Bluff) timely filed its application to intervene. On August 16, 1999, the City of Malden (Malden) untimely filed its application to intervene. On August 26, 1999, the Stoddard County Intervenors² (SCI) untimely filed their application to intervene. The Commission granted intervention to Poplar Bluff, Malden and SCI on August 4, August 31, and September 7, 1999, respectively.

On August 3, 1999, the Commission entered its order scheduling local hearing which scheduled a local public hearing in Dexter, Missouri, on August 19, 1999. This hearing was held as ordered.

On July 16, 1999, the parties filed an abbreviated proposed procedural schedule. On August 4, 1999, the parties filed a revised proposed procedural schedule. On August 10, 1999, the Commission issued its order, which, *inter alia*, rejected the parties' proposed procedural schedule and established its own procedural schedule.

On August 11, 1999, all the parties filed their motion to reconsider the procedural schedule and to request expedited consideration. On August 17, 1999, the Commission granted, for good cause shown, extension of the date for ruling on the territorial

² The Stoddard County Intervenors are about four hundred residents of Stoddard County.

agreement beyond the statutory 120-day limit and also granted the parties' motion to reconsider, adopting a procedural schedule which set the evidentiary hearing for September 17, 1999. On August 31, 1999, the Commission ordered the date of the evidentiary hearing changed to September 22, 1999.

On September 8, 1999, all the parties filed a motion to suspend the procedural schedule in part and to request expedited consideration. The Commission granted the motion and, *inter alia*, set the evidentiary hearing for October 8, 1999.

Stipulation and Agreement

On October 4, 1999, the parties filed a unanimous stipulation and agreement, signed by Applicants, Staff of the Missouri Public Service Commission (Staff), OPC, SCI, Malden and Poplar Bluff. On October 8, 1999, the parties filed a corrected unanimous stipulation and agreement (stipulation), signed by Applicants, Staff, OPC, SCI, Malden and Poplar Bluff, which corrected a minor typographical error. It is attached as Attachment A.

The stipulation generally stated that all the parties had reviewed the joint application and associated territorial agreement and had considered the positions of each other concerning the issues raised by OPC, Malden and Poplar Bluff in their prepared testimony and by Malden, Poplar Bluff and SCI in their respective applications to intervene.

AmerenUE and Ozark stated that they have agreed to a revised territorial agreement (RTA) as follows: a) the territorial agreement boundaries remain the same; b) AmerenUE customers listed in the joint

application will be transferred to Ozark in accordance with the existing agreement; c) the existing Ozark members in the AmerenUE service area will not be transferred from Ozark to AmerenUE. No structure being served by Ozark will be transferred to AmerenUE without the express consent of the owner of the structure and the consent provision will apply to current owners of Ozark-served structures and their successors in title; d) any Ozark member in the AmerenUE service area may request to be transferred to AmerenUE and Ozark shall not withhold its consent to such transfer; e) if it is uneconomical or technically infeasible for AmerenUE to serve a structure at the time a transfer is requested, then Ozark agrees to continue to serve said structure until AmerenUE is able to implement the transfer with no charge to the new customer for such a transfer; f) Applicants will work together to transfer Ozark facilities in the AmerenUE service area in a manner that maximizes the benefits of the territorial agreement; g) if an Ozark member builds a residence on property owned by that member and presently served by Ozark and said residence is to be occupied by a relative of the owner of said property, then this new residence may also be served by Ozark; h) Ozark will pay AmerenUE \$974,000; and i) Water District No. 1 will remain as an Ozark member, but may elect at any time to transfer electric service to AmerenUE.

AmerenUE, Ozark, Staff, OPC and SCI stated that the RTA is in the public interest and therefore should be approved. Poplar Bluff and Malden took no position on this issue, but will not oppose approval of the RTA as described in the stipulation. Furthermore,

AmerenUE, Ozark, Staff, OPC and SCI stated that their belief that the RTA is in the public interest is supported by the facts contained in the previously filed testimony of AmerenUE, Ozark, Staff and OPC.

AmerenUE, Ozark, Staff, OPC and SCI further stated that the customer exchange from AmerenUE to Ozark in accordance with the RTA is in the public interest and therefore should be approved. Malden and Poplar Bluff took no position on this issue, but will not oppose approval of the RTA as described in the stipulation.

AmerenUE, Ozark, Staff, OPC and SCI further stated that the facilities exchange between AmerenUE and Ozark in accordance with the RTA is in the public interest and therefore should be approved. Malden and Poplar Bluff took no position on this issue, but will not oppose approval of the RTA as described in the stipulation.

AmerenUE, Ozark and Staff further stated that AmerenUE's illustrative tariffs as shown in Exhibit G to the joint application are acceptable in format and substance, with the following exceptions: a) illustrative tariff sheet number 26.15 shall be modified by adding to the list Section 31, Township 23 North, Range 11 East and such addition shall not have a delta³; and b) illustrative tariff sheet number 26.22A shall not be put into effect. The parties stated that within thirty (30) days of the issuance of a report and order

³ A Δ was used on illustrative tariff sheet number 26.15 with this explanation: "In the underscored Sections/U.S. Surveys above, Company's right and obligation to serve in New Madrid County is limited by the terms of the Territorial Agreement between Company and Ozark Border Electric Cooperative...."

approving the RTA, AmerenUE is to file revised tariff sheets consistent with the illustrative tariffs, but incorporating the above modifications. AmerenUE, Ozark, Staff and OPC stated that they believe that the revised tariff sheets are in the public interest and therefore should be approved. Malden, Poplar Bluff and SCI took no position on this issue, but will not oppose approval of the RTA as described in the stipulation.

On October 6, 1999, Applicants filed their amendment to the joint application. This amendment deleted from the original application Exhibit A (territorial agreement) and replaced it with the RTA as a new Exhibit A; Exhibit D (deletions to AmerenUE's service territory) and replaced it with a revised version thereof as a new Exhibit D; and Exhibit F (list of customers to be transferred from Ozark to AmerenUE) but did not replace it since no customers are being thus transferred. All other provisions of the original application remained unchanged.

On October 8, 1999, the Commission convened an evidentiary hearing wherein all of the testimony and exhibits confirmed every point in the stipulation.

The Commission, after hearing, specifically finds that the Commission's designation of electric service areas is in the public interest pursuant to Section 394.312.2, RSMo. The Commission also specifically finds that approval of the RTA in total is not detrimental to the public interest pursuant to Sections 394.312, 394.315 and 393.106, RSMo.

IT IS THEREFORE ORDERED:

1. That the joint application filed June 16, 1999, as amended by amendment to joint application filed October 6, 1999, is approved.

2. That the stipulation and agreement, Attachment A to this order, is approved.

3. That the revised territorial agreement in total is not detrimental to the public interest, pursuant to Sections 394.312, 394.315 and 393.106, RSMo, and is approved.

4. That Union Electric Company d/b/a AmerenUE and Ozark Border Electric Cooperative are authorized to perform in accordance with the terms and conditions of the revised territorial agreement.

5. That the revised territorial agreement will not impair Union Electric Company d/b/a AmerenUE's existing certificates of convenience and necessity, except as specifically limited by the revised territorial agreement.

6. That the Commission waives 4 CSR 240-13.010 et seq. and authorizes Applicants to disconnect the service of any customer who fails to pay the final bill of the other Applicant.

7. That Union Electric Cooperative d/b/a AmerenUE and Ozark Border Electric Cooperative are authorized to change electric suppliers for certain of their customers as set forth in the revised territorial agreement, pursuant to Sections 394.312, 394.315 and 393.106, RSMo.

8. That Union Electric Company d/b/a AmerenUE and Ozark Border Electric Cooperative are authorized to sell, transfer and

assign part of their franchise, works or system pursuant to the revised territorial agreement.

9. That Union Electric Company d/b/a AmerenUE shall extinguish all certificates of convenience and necessity under which it operates its retail electric service to the public in Butler County and the land sections in Dunklin, New Madrid and Stoddard counties as shown on Exhibit D, Section I of the joint application, as amended.

10. That Union Electric Company d/b/a AmerenUE shall terminate its retail electric service to the public in Butler County, and the land sections in Dunklin, New Madrid and Stoddard counties as shown on Exhibit D, Section I of the joint application, as amended, as a public utility subject to the jurisdiction of the Missouri Public Service Commission and, in connection therewith, that Union Electric Company d/b/a AmerenUE shall be relieved of all public utility obligations with respect to its retail electric service to the public in Butler County, and the land sections in Dunklin, New Madrid and Stoddard counties as shown on Exhibit D, Section I of the joint application, as amended, pursuant to its certificates of convenience and necessity.

11. That Union Electric Company d/b/a AmerenUE is authorized 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 that are the subject of the revised territorial agreement.

12. That Union Electric Company d/b/a AmerenUE shall file its revised tariff sheets with respect to its service area in Butler, Dunklin, New Madrid and Stoddard counties, pursuant to the unanimous

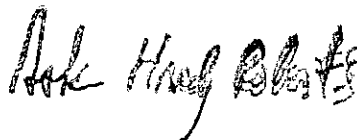
stipulation and agreement, consistent with the illustrative tariff sheets filed with the joint application, as amended, within 10 days of the effective date of the report and order.

13. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the properties involved. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded this transaction in any later proceeding.

14. That this order shall become effective on October 29, 1999.

15. That this case shall be closed on November 1, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur and
certify compliance with the
provisions of Section 536.080,
RSMo 1994.
Schemenauer, C., absent

Dated at Jefferson City, Missouri,
on this 19th day of October, 1999.

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

FILED³

OCT 08 1999

Missouri Public
Service Commission

In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE and)
Ozark Border Electric Cooperative for)
Approval of a Written Territorial)
Agreement Designating the Boundaries of)
Each Electric Service Supplier within)
Portions of Bollinger, Butler, Carter,)
Dunklin, Iron, Madison, New Madrid,)
Reynolds, Ripley, Stoddard and Wayne)
Counties, Authorizing the sale, Transfer,)
and Assignment of Certain Electric)
Distribution Facilities, Easements and)
Other Rights, Generally Constituting the)
Applicants' Electric Utility Business)
Associated with its Customers Transferred)
Pursuant to the Territorial Agreement. .)

Case No. EO-99-599

UNANIMOUS STIPULATION AND AGREEMENT (CORRECTED)

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 June 16, 1999, Union Electric Company d/b/a AmerenUE ("AmerenUE" or "Company"), a regulated utility, and Ozark Border Electric Cooperative, Inc. ("Ozark Border" or "Cooperative"), hereinafter collectively known as "the Applicants," filed a Joint Application requesting that the Missouri Public Service Commission ("Commission") issue an order: a) approving a Territorial and Exchange Agreement between the Applicants (the "Territorial Agreement") pursuant to §394.312 RSMo (1994); b) authorizing the Applicants to perform in accordance with the terms and conditions of the Territorial Agreement; c) finding that the

Territorial Agreement shall not impair AmerenUE's Certificates of Convenience and Necessity, except as specifically limited by the Territorial Agreement; d) waiving the Commission's Billing Practices Rule and allow the Applicants to disconnect electric service to a customer who fails to pay the final bill of the other Applicant; e) granting Applicants the authority to change electric service providers for certain customers, under the terms and conditions of the Territorial Agreement, pursuant to §§394.312,¹ 394.315 and 393.106 RSMo (1994); f) granting Applicants the authority to transfer certain property, under the terms and conditions of the Territorial Agreement, pursuant to §393.190 RSMo (1994); g) authorizing AmerenUE to extinguish all Certificates of Convenience and Necessity under which AmerenUE operates its retail electric business in Butler County and certain land sections in Dunklin, New Madrid, and Stoddard Counties; h) authorizing AmerenUE to terminate its retail electric service to the public in Butler County and certain land sections of Dunklin, New Madrid, and Stoddard Counties as a public utility subject to the jurisdiction of the Commission, and, in connection therewith, relieving AmerenUE of all public utility obligations with respect to its retail electric utility business in Butler County and certain land sections of Dunklin, New Madrid, and Stoddard Counties pursuant to said Certificates of Convenience and Necessity; and i) terminating all other duties, obligations, and conditions which have resulted from or have been imposed by law or because of the Commission's jurisdiction over AmerenUE as an electric utility with respect to AmerenUE's retail electric business in Butler County and said land sections in Dunklin, New Madrid, and Stoddard Counties.

¹ OPC believes that §394.312 RSMo (1994) confers all the necessary authority for the exchange of customers agreed to herein, and reserves the right to argue in any future proceeding that §§394.315 and 393.106 do not apply to territorial agreements, but only to applications for customer exchange.

2. On June 4, 1999, Company and Cooperative entered into the Territorial Agreement, the terms of which are set out in a document entitled "Territorial and Exchange Agreement," which is attached to the Joint Application as Exhibit A. The Territorial Agreement, among other things, sets forth exclusive service area boundaries for both Company and Cooperative, as between these two suppliers, for the purpose of providing service to new structures in Bollinger, Butler, Carter, Dunklin, Iron, Madison, New Madrid, Reynolds, Ripley, Stoddard, and Wayne Counties.

3. The Cities of Poplar Bluff and Malden, Missouri, hereinafter "Poplar Bluff" and "Malden," respectively, are not parties to said Territorial Agreement.

4. On June 24, 1999, the Commission issued its Order and Notice, which, *inter alia*: a) directed that the Applicants provide notice of their proposal to affected customers, and that appropriate Commission departments notify other interested parties; b) established July 14, 1999 as the filing deadline for applications to intervene in this docket; c) stated that the Applicants, the Commission Staff ("Staff"), and the Office of the Public Counsel ("OPC") may file a procedural schedule in this docket by July 16, 1999; and d) established, in the absence of a request to the contrary, August 23, 1999 as the hearing date for this matter.

5. On July 9, 1999, OPC filed a Request for Local Public Hearing in Dexter, Missouri. On July 13, 1999, the Applicants filed copies of the letters sent to their respective customers affected by the Territorial Agreement.

6. Also on July 13th, Poplar Bluff filed its Application to Intervene, Objection to Portions of Proposed Territorial Agreement, and Request for Show Cause Order.

7. On July 16, 1999, the parties filed an abbreviated Proposed Procedural Schedule in this docket, suggesting that a pre-hearing conference be scheduled in advance of an August 23, 1999 evidentiary hearing.

8. On August 3, 1999, Ozark Border filed a response to OPC's request for a public hearing, wherein Ozark Border requested that said public hearing be held in Fisk, Missouri, asserting that Fisk is centrally located "and would allow the most individuals from the surrounding areas to appear and participate in the public hearing."

9. Also on August 3, 1999, the Commission issued its Order Scheduling Local Hearing, setting the local hearing for August 19, 1999 (6:00 P.M.) at the Dexter High School auditorium, 1101 West Grant, Dexter, Missouri.

10. On August 4, 1999, in recognition of the scheduled date of the local public hearing and other circumstances of the case, the parties filed a revised proposed procedural schedule. In that pleading, the parties also pointed out that, absent a settlement agreement, adoption of their revised proposed procedural schedule might not allow compliance with the statutorily mandated 120-day period for action by the Commission (i.e., by October 14, 1999). The parties acknowledged that in such event, pursuant to Section 394.312.3 RSMo, they would need to request, for good cause shown, an extension of the 120-day compliance period.

11. On August 10, 1999, the Commission issued an Order, which, *inter alia*, granted Poplar Bluff intervention in this docket, denied Poplar Bluff's motion for a show cause order, and established a procedural schedule different from that requested by the parties.

12. On August 11, 1999, the parties filed their Motion to Reconsider Procedural Schedule and Request for Expedited Consideration. In response thereto, the Commission, on August 17, 1999, issued its Order Granting Reconsideration, Order Adopting Procedural

Schedule, and Order Extending Date for Ruling on Application. In addition to granting a good cause extension of the date for ruling on the instant case beyond the aforementioned 120-day statutory limit, said Order adopted the parties' revised proposed procedural schedule.

13. On August 16, 1999, Malden filed an Application to Intervene in this docket, which Application was granted by the Commission in an Order issued on August 31st.

14. On August 19, 1999, in accordance with the aforementioned August 3rd Commission Order, the local public hearing was held in Dexter, Missouri.

15. On August 26, 1999, the Stoddard County Intervenors ("SC Intervenors") filed a Motion to Intervene Out of Time. On August 30th, the Applicants filed their Objections thereto. On September 7, 1999, the Commission granted intervenor status to the SC Intervenors.

16. On August 31, 1999, the Commission, citing scheduling conflicts, issued its Order Changing Date of Evidentiary Hearing, wherein said hearing was rescheduled to Wednesday, September 22, 1999 at 9:00 AM.

17. Prior to the September 7, 1999 Commission grant of intervenor status to the SC Intervenors, the parties filed Direct and Rebuttal testimony as well as a Proposed List of Issues, Order of Witnesses and Order of Cross-Examination, in accordance with the procedural schedule adopted in the Commission's August 17th Order.

18. On September 8, 1999, all parties filed their Motion to Suspend Procedural Schedule in Part and Request for Expedited Consideration, stating that they had reached an agreement in principle, and requesting, among other things, that the filing of surrebuttal testimony, cross-rebuttal testimony and statements of positions on the issues be suspended, pending the filing (by September 14, 1999) of a Stipulation and Agreement in resolution of all issues in this matter. On September 15th, the Commission granted the Parties' Motion.

19. On September 20, 1999, citing primarily the fact that Mr. Bobnar, AmerenUE's attorney had taken ill, the parties filed a joint motion requesting a delay in the hearing date. In their motion, the parties reiterated their expectation that the hearing would be for the purpose of presentation of a Unanimous Stipulation and Agreement in this case. On September 24, 1999, the Commission, in its Second Order Changing Date of Evidentiary Hearing, granted the parties' request and rescheduled the hearing for October 8, 1999 at 9:00 a.m.

II. The Parties Stipulate and Agree as Follows:

20. The Staff of the Commission ("Staff"), OPC, Poplar Bluff, Malden, SC Intervenors, AmerenUE, and Cooperative (hereinafter collectively known as "the Parties"), having reviewed the Joint Application and associated Territorial Agreement, and having considered the positions of the Parties on the issues raised by OPC, Poplar Bluff and Malden in their prepared testimony and by Poplar Bluff, Malden, and SC Intervenors in their respective applications to intervene, have entered into this Stipulation and Agreement.

A. The Revised Territorial Agreement

21. AmerenUE and Ozark Border agree to revise the Territorial Agreement as follows:

- a. Territorial Agreement boundaries remain the same.
- b. AmerenUE customers listed in the Joint Application will be transferred to Ozark Border in accordance with the existing agreement.
- c. The existing Ozark Border members in the AmerenUE service area will not be transferred from Ozark Border to AmerenUE. No structure being served by Ozark Border will be transferred to AmerenUE without the express consent of the owner of the structure, and the consent provision will apply to current owners of Ozark Border served structures and their successors in title.
- d. Any Ozark Border member in the AmerenUE service area may request to be transferred to AmerenUE, and Ozark Border shall not withhold its consent to this transfer.

e. If it is uneconomical or technically infeasible for AmerenUE to serve a structure at the time a transfer is requested, then Ozark Border agrees to continue to serve said structure until AmerenUE is able to implement the transfer. There will be no charge to the new customer for this transfer.

f. AmerenUE and Ozark Border will work together to transfer Ozark Border facilities in the AmerenUE service area in a manner that maximizes the benefits of the territorial agreement.

g. If an Ozark Border member builds a residence on property owned by that member and presently served by Ozark Border, and said residence is to be occupied by a relative of the owner of said property, then this new residence may also be served by Ozark Border.

h. Ozark Border will pay AmerenUE \$974,000.

i. Water District No. 1 will remain as an Ozark Border member, but may elect at any time in the future to transfer electric service to AmerenUE.

AmerenUE and Ozark Border agree to file with the Commission the modified Territorial Agreement (hereinafter referred to as the "Revised Territorial Agreement") incorporating the above provisions prior to the October 8, 1999 evidentiary hearing.

22. Staff, OPC, AmerenUE, Ozark Border, and SC Intervenors assert and, in consideration of the promises and covenants herein contained, state that the Revised Territorial Agreement between AmerenUE and Ozark Border is in the public interest and therefore should be approved. Poplar Bluff and Malden take no position on this issue, but will not oppose approval of the Revised Territorial Agreement as described herein. Furthermore, Staff, OPC, SC Intervenors, AmerenUE and Ozark Border assert and state that the finding that the Revised Territorial Agreement is in the public interest is supported by the facts contained in the previously filed testimony of the Staff, OPC, AmerenUE, and Ozark Border.

23. Staff, OPC, AmerenUE, Ozark Border and SC Intervenors further assert and state that the customer exchange from AmerenUE to Ozark Border in accordance with the Revised Territorial Agreement is in the public interest and therefore should be approved. Poplar Bluff and

Malden take no position on this issue, but will not oppose approval of the Revised Territorial Agreement as described herein.

24. Staff, OPC, AmerenUE, Ozark Border and SC Intervenors further assert and state that the future customer exchanges from Ozark Border to AmerenUE with the express consent of the owner of the structure in accordance with the Revised Territorial Agreement are in the public interest and therefore should be approved. Poplar Bluff and Malden take no position on this issue, but they will not oppose approval of the Revised Territorial Agreement as described herein.

25. Staff, OPC, AmerenUE, Ozark Border, and SC Intervenors further assert and state that the facilities exchange between AmerenUE and Ozark Border in accordance with the Revised Territorial Agreement is in the public interest and therefore should be approved. Poplar Bluff and Malden take no position on this issue, but they will not oppose approval of the Revised Territorial Agreement as described herein.

26. Staff, OPC, AmerenUE and Ozark Border further assert and state that the Union Electric Company illustrative tariffs as shown in Exhibit G to the Joint Application are acceptable in format and substance, with the following exceptions:

- a. Illustrative Tariff Sheet No. 26.15 shall be modified to list 23 North, 11 East, Section 31 without a delta.
- b. Illustrative Tariff Sheet No. 26.22A shall not be effectuated.

Within 30 days of issuance of an Order approving the Revised Territorial Agreement, AmerenUE is to file revised tariff sheets consistent with the illustrative tariffs but incorporating the above modifications. With these modifications, Staff, OPC, AmerenUE and Ozark Border believe that the revised tariff sheets are in the public interest and therefore should be approved. Poplar Bluff,

Malden, and SC Intervenors take no position on this issue, but they will not oppose approval of the revised tariff sheets as modified herein.

27. The Parties also agree that this Stipulation and Agreement shall not prejudice, in any way, any future AmerenUE application to the Commission for either a certificate of public convenience and necessity or a change or modification to its service area.

28. Except as provided in paragraph 35, neither this Stipulation and Agreement nor the negotiations leading up to it shall be used against AmerenUE in any proceeding involving a territorial agreement or customer exchange with other electrical corporations, rural electric cooperatives and municipal electric suppliers.

B. Poplar Bluff and Malden

29. The Parties agree that the "exclusive service areas" of AmerenUE and Ozark Border that are described in the Revised Territorial Agreement are only exclusive as between Ozark Border and AmerenUE. Further, the Revised Territorial Agreement, and Commission approval of it in Case No. EO-99-599, shall in no way affect or diminish the present or future rights and duties of Poplar Bluff and Malden, which are municipal electric suppliers, or any other electric supplier not a party to the Revised Territorial Agreement.

30. The Parties agree that the Revised Territorial Agreement does not in any way limit the existing or future service territory of either Poplar Bluff or Malden, including those boundaries as set out in the territorial agreement between Ozark Border and Poplar Bluff, and that Poplar Bluff and Malden are and shall be free to serve anywhere they may legally choose without regard to the Revised Territorial Agreement.

31. Ozark Border agrees that it will not use the Revised Territorial Agreement or Commission approval of it in any way to attempt to convince potential electric consumers to

choose Ozark Border as their electric supplier. Further, Ozark Border shall not argue, even in the event of a change in any applicable law, that the Revised Territorial Agreement or Commission approval of said agreement entitles Ozark Border to serve any given electric load or area that Poplar Bluff or Malden may otherwise legally serve now or in the future, or prohibits Poplar Bluff or Malden from serving any load or area they may otherwise legally serve now or in the future.

32. Likewise, AmerenUE agrees that it will not use the Revised Territorial Agreement or Commission approval of it in any way to attempt to convince potential electric consumers to choose AmerenUE as their electric supplier. Further, AmerenUE shall not argue, even in the event of a change in any applicable law, that the Revised Territorial Agreement or Commission approval of said agreement entitles AmerenUE to serve any given electric load or area that Poplar Bluff or Malden may otherwise legally serve now or in the future, or prohibits Poplar Bluff or Malden from serving any load or area they may otherwise legally serve now or in the future.

33. The Parties agree that the Revised Territorial Agreement will only be used to apportion consumers as between Ozark Border and AmerenUE.

34. The Parties agree that the Revised Territorial Agreement does not and shall not affect the rights of Poplar Bluff, Malden, AmerenUE, or Ozark Border under §386.800 RSMo 1994.

35. The Parties intend that this Stipulation and Agreement clarify the terms of the Revised Territorial Agreement and as such, any Party may introduce it into evidence in any future Commission or Court proceeding concerning the Revised Territorial Agreement (all other Parties waiving their right to object) to clarify the nature of the exclusive service areas defined therein or the rights of AmerenUE, Ozark Border, Poplar Bluff, or Malden to serve any load or area. Further, AmerenUE and Ozark Border agree not to argue in any Commission or Court

proceeding that the Revised Territorial Agreement authorizes the provision of electric service by either AmerenUE or Ozark Border, or their successors, within the incorporated municipal boundaries of Poplar Bluff or Malden without the proper consent of the appropriate municipality.

III. General Matters

36. This Stipulation and Agreement shall be binding upon the successors and assigns of AmerenUE, Ozark Border, Poplar Bluff, Malden, and SC Intervenors.

37. 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.

38. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties 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. 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.

39. 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 with advance notice as to 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.

40. 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. Further, the Parties recommend that the Commission reserve the right to consider the rate-making treatment to be afforded these transactions in any later rate-making proceeding, including but not limited to, the determination of customer credits and rate reductions under the Experimental Alternative Regulation Plan of AmerenUE.

41. In the event the Commission fails to approve the Revised Territorial Agreement in Case No. EO-99-599, this Stipulation and Agreement shall be null and void and no signatory shall be bound by any of the agreements or provisions hereof.

42. The Parties agree that the prefiled testimony of Mr. Darnell and Mr. Bagby of Malden and Poplar Bluff, respectively, shall be received into evidence without the necessity of them taking the stand. If the Commission has any questions for these witnesses, the Parties request that they be so notified sufficiently in advance of the hearing so that the witnesses can make themselves available to respond to such questions.

WHEREFORE, the Parties respectfully request the Commission to issue an Order in Case No. EO-99-599:

A. Approving all of the terms of this Stipulation and Agreement;

B. Finding that the Revised Territorial Agreement pursuant to §§394.312,² 394.315 and 393.106 RSMo (1994) is in the public interest, and therefore approving the Revised Territorial Agreement;

C. Authorizing AmerenUE and Ozark Border to perform in accordance with the terms and conditions of the Revised Territorial Agreement;

D. Finding that the Revised Territorial Agreement shall not impair AmerenUE's certificates of convenience and necessity, except as specifically limited by the Revised Territorial Agreement;

E. Waiving the Commission's Billing Practices Rule and allowing the Applicants to disconnect electric service to a customer who fails to pay the final bill of the other Applicant;

F. Granting Applicants the authority to change electric service providers for certain customers, under the terms of the Revised Territorial Agreement, pursuant to §§394.312,³ 394.315 and 393.106 RSMo (1994);

G. Granting Applicants the authority to transfer certain property, pursuant to the Revised Territorial Agreement;

H. Authorizing AmerenUE to extinguish all Certificates of Convenience and Necessity under which AmerenUE operates its retail electric business in Butler County and land sections in Dunklin, New Madrid, and Stoddard Counties as shown in Exhibit D, Section I of the Joint Application;

I. Authorizing AmerenUE to terminate its retail electric service to the public in Butler County and said land sections of Dunklin, New Madrid, and Stoddard Counties as a public

² See footnote 1 on page 2.

³ See footnote 1 on page 2.

utility subject to the jurisdiction of the Commission, and, in connection therewith, relieving AmerenUE of all public utility obligations with respect to its retail electric utility business in Butler County and said land sections of Dunklin, New Madrid, and Stoddard Counties, pursuant to said Certificates of Convenience and Necessity;

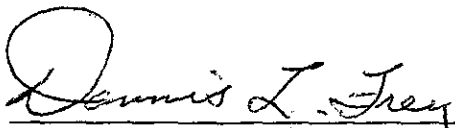
J. Terminating all other duties, obligations, and conditions which have resulted from or have been imposed by law or because of the Commission's jurisdiction over AmerenUE as an electric utility with respect to AmerenUE's retail electric business in Butler County and said land sections in Dunklin, New Madrid, and Stoddard Counties;

K. Authorizing AmerenUE 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 that are the subject of the Revised Territorial Agreement; and

L. Directing that AmerenUE file revised tariff sheets with respect to its service area in Butler, Dunklin, New Madrid, and Stoddard Counties in accordance with the requirements set forth in Paragraph 26 hereinabove.

Respectfully submitted,

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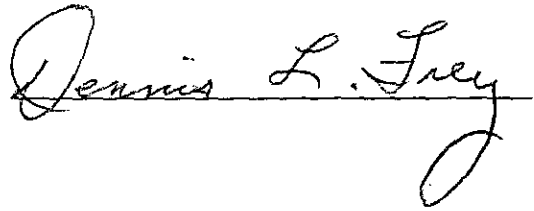
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the service list below on this 8th day of October, 1999.



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CASE NO: EO-99-599
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