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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS
Prehearing Conference and Hearing
December 23, 1997
Jefferson City, Missouri
Volume 1

In the Matter of the Joint)
Application of the City of) CASE NO. EO-98-143
Poplar Bluff, Missouri, and)
Ozark Border Electric)
Cooperative for Approval of a)
Territorial Agreement Involving))
Three Areas in Butler County,)
Missouri.)

JOSEPH A. DERQUE, III, Presiding
REGULATORY LAW JUDGE

REPORTED BY:

ERICA SCHULTE, CSR
ASSOCIATED COURT REPORTERS, INC.

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14 FOR: Office of the Public Counsel
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FOR: Ozark Border Electric Cooperative

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1 P R O C E E D I N G S

2 (Written Entries of Appearance Filed.)

3 RLJ DERQUE: We're on the record in the
4 matter of case number EO-98-143 which is a joint
5 application by the city of Poplar Bluff, Missouri
6 and Ozark Border Electric Cooperative for approval
7 of a territorial agreement involving three areas in
8 Butler County, Missouri.

9 I have three pieces of testimony together,
10 of course, with the application -- the territorial
11 agreement itself -- and a detailed map. What I
12 would like to do is -- Mr. Duffy, do you want
13 witnesses sworn or --

14 MR. DUFFY: Your Honor, while we were off
15 the record the parties indicated that no one had
16 any questions for anyone. It would be my intention
17 with your permission to mark the territorial
18 agreement as Exhibit 1, Mr. Taylor's testimony as
19 Exhibit 2, Mr. Estes' testimony as Exhibit 3 and
20 Mr. Ketter's testimony as Exhibit 4. And then just
21 stipulate those four exhibits into the record.

22 And you indicated you wanted the attorneys
23 to make some brief summary statements. We would be
24 glad to do that. That would be the end of it, I
25 think.

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1 RLJ DERQUE: I will give you that
2 opportunity.

3 Mr. Haas, is that satisfactory?

4 MR. HAAS: The Staff concurs.

5 RLJ DERQUE: And Mr. Mills?

6 MR. MILLS: That sounds fine.

7 RLJ DERQUE: Is the map a part of the
8 territorial agreement?

9 MR. DUFFY: Yes, it is, your Honor.

10 RLJ DERQUE: Territorial agreement will be
11 Exhibit No. 1, together with the map. Testimony of
12 Mr. Taylor -- the direct of Taylor will be No. 2.
13 The direct of Mr. Stanley Estes will be No. 3. And
14 rebuttal testimony of Mr. James Ketter will be
15 No. 4.

16 (EXHIBIT NOS. 1 THROUGH 4 WERE MARKED FOR
17 IDENTIFICATION BY THE COURT REPORTER.)

18 RLJ DERQUE: Do you waive cross, Mr. Duffy
19 on Mr. Ketter?

20 MR. DUFFY: Yes, I do, your Honor.

21 RLJ DERQUE: And do you have any
22 objections to the admission of his testimony in the
23 record?

24 MR. DUFFY: No, your Honor.

25 RLJ DERQUE: Mr. Haas, do you waive cross

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1 of Mr. Estes and Mr. Taylor?

2 MR. HAAS: Yes, your Honor.

3 RLJ DERQUE: And do you have any objection

4 to the admission of Exhibits 1, 2, or 3 into the

5 record?

6 MR. HAAS: No, sir.

7 RLJ DERQUE: And, Mr. Mills, the same

8 question.

9 MR. MILLS: I waive cross on all three

10 witnesses. I have no objection to any of the four

11 exhibits.

12 RLJ DERQUE: Thank you. Exhibit Nos. 1

13 through 4 will be admitted. We're off the record.

14 (EXHIBIT NOS. 1 THROUGH 4 WERE RECEIVED

15 INTO EVIDENCE.)

16 (OFF THE RECORD.)

17 RLJ DERQUE: I'm sorry, Mr. Kennedy, I

18 didn't understand you were an attorney. I thought

19 you were Ozark Border.

20 MR. KENNEDY: No problem.

21 RLJ DERQUE: Do you have any objection to

22 the admission into the record of Exhibits 1 through

23 4?

24 MR. KENNEDY: No, sir.

25 RLJ DERQUE: Do you waive cross-

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1 examination particularly of Mr. Ketter?

2 MR. KENNEDY: Yes, sir.

3 RLJ DERQUE: We're off the record.

4 (OFF THE RECORD.)

5 RLJ DERQUE: We're back on the record.

6 Mr. Duffy, for the record if you would give a
7 summary of this matter.

8 MR. DUFFY: Thank you, your Honor. For
9 the record I'm Gary Duffy; Brydon, Swearengen and
10 England, PC. I represent the city of Poplar
11 Bluff.

12 Your Honor, the city of Poplar Bluff and
13 the Ozark Border Electric Cooperative after a lot
14 of very detailed negotiations agreed to enter into
15 a territorial agreement that covers most of the
16 area surrounding the city of Poplar Bluff and is
17 designed to bring some certainty to the provision
18 of electric service as between the city of Poplar
19 Bluff and Ozark Border Electric Cooperative for the
20 term of the agreement which is twenty years.

21 There is a large map attached to the
22 agreement that designates particular areas as being
23 within one of three zones. And then the agreement
24 talks about what the attributes of each of the
25 three zones are.

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1 Very briefly the agreement contemplates
2 that if there are future annexations by the city
3 within the areas designated as zone one and two,
4 then present and future customers of the Ozark
5 Border Electric Cooperative in those areas will be
6 transferred to the municipal utilities of the city
7 of Poplar Bluff upon the purchase of those
8 facilities and the payment of compensation as
9 provided in the agreement.

10 The agreement modifies the compensation
11 provisions contained in the statutes somewhat. And
12 I think it's important that these parties have
13 agreed to these provisions in advance.

14 Zone three which tends to be on the
15 outskirts of the area is an area in which the
16 parties have agreed that the Cooperative has the
17 exclusive right to provide service during the term
18 of the agreement, so that even if an annexation
19 were to occur in zone three, the Cooperative would
20 still be providing electric service in those areas.

21 As the application indicates, this
22 document has been approved by the board of
23 directors for the Cooperative and by a city
24 ordinance adopted by the city council of Poplar
25 Bluff.

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1 The city for its part believes that there
2 is no detriment to the public interest in the
3 commission approving this agreement and that there
4 are in fact some aspects which are in the public
5 interest, namely, the certainty for a twenty-year
6 period of who a particular electric service
7 provider is going to be between these two parties.

8 And it's my understanding at this time
9 there are no other third-party suppliers, so this
10 should help in that regard in the future. And if
11 the -- if there are any questions, I would be glad
12 to try to address those questions.

13 RLJ DERQUE: Mr. Kennedy, do you have
14 anything to add?

15 MR. KENNEDY: Nothing other than I think
16 that the agreement is a good forward-looking
17 agreement that should serve for the twenty-year
18 term definitely and perhaps even beyond that.

19 It was necessitated by the growth around
20 Poplar Bluff and the need for the city to have some
21 areas for growth. And we believe that it's in the
22 best interest of the public that this agreement be
23 approved.

24 RLJ DERQUE: Thank you, Mr. Kennedy.

25 Mr. Haas?

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1 MR. HAAS: Yes, your Honor. Defining the
2 service areas of a city and Cooperative will reduce
3 future duplication of facilities and allow both
4 suppliers to plan their distribution systems in a
5 rational manner knowing that all their customers in
6 the designated areas will be served by the one
7 supplier.

8 This will allow the utility plan for
9 future growth or each geographic area. Staff
10 through the rebuttal testimony of James Ketter
11 recommends that the joint application be approved.

12 RLJ DERQUE: Thank you, Mr. Haas.
13 Mr. Mills?

14 MR. MILLS: Public counsel has no
15 objection to this territorial agreement.

16 RLJ DERQUE: Thank you, Mr. Mills. There
17 are no Commission questions in regards to this
18 proposed agreement. Is there any other matter that
19 the Commission needs to be aware of?

20 MR. DUFFY: I don't believe so your Honor.

21 RLJ DERQUE: Is there any matter that
22 needs to be brought up on the record?

23 MR. DUFFY: I don't believe so, your
24 Honor.

25 RLJ DERQUE: In that case the on-the-

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1 record portion of this case will be concluded.

2 We're off the record. Thank you.

3 (THE PROCEEDINGS CONCLUDED.)

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1	EXHIBIT INDEX		
2		Marked	Received
3	Exhibit No. 1	4	5
4	Territorial Agreement		
5	Exhibit No. 2	4	5
6	Direct Testimony of		
7	Charles D. Taylor		
8	Exhibit No. 3	4	5
9	Direct Testimony of		
10	Stanley Estes		
11	Exhibit No. 4	4	5
12	Rebuttal Testimony of		
13	James L. Ketter		
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