

ANDERECK, EVANS, MILNE, PEACE & BAUMHOER, L.L.C.

ATTORNEYS AT LAW

301 EAST MCCARTY STREET

P. O. BOX 1438

JEFFERSON CITY, MISSOURI 65102-1438

TELEPHONE 573-634-3422

FAX 573-634-7822

EUGENE E. ANDERECK
TERRY M. EVANS
ERWIN L. MILNE
JACK PEACE
PATRICK A. BAUMHOER
CRAIG S. JOHNSON
RODRIC A. WIDGER
GEORGE M. JOHNSON
BEVERLY J. FIGG
PEGGY D. RICHARDSON
CARL E. LIPPELMAN
WILLIAM S. LEWIS
PHILIP E. PREWITT
VICTOR S. SCOTT
LESLEY A. RENFRO
ANTHONY P. FARRELL
DANA L. KOLLAR
J. W. TRIMMER
MARVIN L. SHARP
OF COUNSEL
GREGORY C. STOCKARD
(1904-1993)
PHIL HAUCK (1924-1991)

TRENTON OFFICE
9TH AND WASHINGTON STREET
P. O. BOX 847
TRENTON, MISSOURI 64683-0847
816-359-2244
FAX 816-359-2116

SPRINGFIELD OFFICE
1111 S. GLENSTONE
P. O. BOX 4929
SPRINGFIELD, MISSOURI 65808-4929
417-864-6401
FAX 417-864-4967

PRINCETON OFFICE
807 NORTH WASHINGTON
PRINCETON, MISSOURI 64673
816-748-2244

July 5, 1996

EO-97-6

Mr. David Rauch
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Application of Macon Electric Cooperative and Union
Electric for approval of Territorial Agreement

Dear Mr. Rauch:

Enclosed please find an original and 14 copies of the Joint Application of Macon Electric Cooperative and Union Electric for approval of a territorial agreement. Our check in the amount of \$125.00 and Union Electric's check in the amount of \$125.00 is also enclosed.

We have delivered a copy of this Application to the Office of Public Counsel.

Thank you for seeing this Application filed.

Sincerely,

Victor S. Scott
Victor S. Scott

FILED
JUL 5 - 1996
MISSOURI
PUBLIC SERVICE COMMISSION

VSS/mei

In the matter of the application of Union Electric Company and Macon Electric Cooperative, Inc. for approval of a written Territorial Agreement designating the boundaries of each electric service supplier within Macon, Randolph, Monroe, Shelby, Adair, Linn, Knox, Sullivan, and Chariton Counties in Missouri and for authority to transfer customers and certain property in accordance with the terms of said Agreement.

Case No. EO-976

COMES NOW Union Electric Company ("UE") and Macon Electric Cooperative, Inc. ("Cooperative"), hereinafter referred to collectively as "Applicants", and for their Joint Application to the Missouri Public Service Commission ("Commission"), pursuant to Section 394.312 RSMo. (1994), for an order approving Applicants' Territorial Agreement and approving a change in electric suppliers, state as follows:

1. **The Applicants - UE is a corporation organized and existing under the laws of Missouri and has its principal office at 1901 Chouteau Avenue, St. Louis, Missouri 63103. It is an electrical corporation subject to the jurisdiction of the Commission engaged in the sale and distribution of electricity in portions of Missouri, including Macon, Randolph, Monroe, Shelby, Adair, Linn, Knox, Sullivan, and Chariton Counties.**

JUL 5 - 1996

**MISSOURI
PUBLIC SERVICE COMMISSION**

Cooperative is a corporation organized and existing under the laws of Missouri and has its principal office at Business Highway 36 East, Macon, Missouri 63552. It is a Chapter 394 cooperative corporation engaged in the distribution of electric energy and service to its members within Macon, Randolph, Monroe, Shelby, Adair, Linn, Knox, Sullivan, and Chariton Counties, in Missouri.

2. **Correspondence and Communication** - Correspondence, communications, orders and decision in regard to this Application should be directed to:

For UE
Mr. William B. Bobnar
Attorney
Union Electric Company
1901 Chouteau Avenue
P.O. Box 149 (MC 1310)
St. Louis, MO 63166
314-554-3148
314-554-4014 (fax)

Mr. Ronald W. Loesch
District Manager
Union Electric Company
P.O. Box 38
Mexico, MO 65265

For Cooperative
Mr. Patrick A. Baumhoer
Andereck, Evans, Milne, Peace
and Baumhoer
301 E. McCarty Street
P.O. Box 1280
Jefferson City, MO 65102-1280
573-634-3422
573-634-7822 (fax)

Mr. Wayne Hackman
General Manager
Macon Electric Cooperative
P.O. Box 157
Macon, MO 63552

3. **The Territorial Agreement** - Subject to the terms and conditions of an agreement between UE and Cooperative ("Territorial Agreement"), a copy of which is attached to this Application and made a part hereof as Attachment A, Applicants have specifically designated boundaries defining the exclusive electric service area of UE and Cooperative in all or portions of Macon, Randolph, Monroe, Shelby, Adair, Linn, Knox, Sullivan, and Chariton Counties. These boundaries are particularly described in the Territorial Agreement. A metes and bounds description of the exclusive electric service area of Cooperative established by the Territorial Agreement and a map (comparable to

Highway Department maps and drawn on a half-inch per mile scale) depicting that service area are part of Attachment A and are incorporated into this Application and made a part hereof for all purposes. The exclusive electric service area of UE is described as all of certain counties except for the areas designated as the exclusive service area of Cooperative in those counties.

The Territorial Agreement will require both UE and Cooperative to transfer property, a description of which, including any franchises, permits or operating rights is contained in Attachment A.

Other terms and conditions of the Territorial Agreement are similar to those in territorial agreements between UE and other rural electric cooperatives. Specifically, the case-by-case addendum term in the Territorial Agreement is identical to the language approved in Case No. EO-95-400.

4. **Resolutions of the Boards of Directors** - A certified copy of the resolution of the Board of Directors of Cooperative authorizing the consummation of the transaction contemplated by this Joint Application is attached hereto as Attachment B and made a part hereof for all purposes. A certified copy of the resolution of the Board of Directors of UE authorizing the consummation of the transaction contemplated by this Joint Application is attached hereto as Attachment C and made a part hereof for all purposes.

5. **Articles of Incorporation** - UE has previously filed a certified copy of its Restated Articles of Incorporation (as evidence that it is a corporation in good standing) in a case entitled "In the matter of the Application of Union Electric Company for a Variance from the Provisions of Commission Rule 4 CSR 240-14 to Meet the Unregulated Competition in a Subdivision in the City of Linn, Osage County, Missouri." A certified

copy of Cooperatives's Articles of Incorporation is attached hereto as Attachment D and made a part hereof for all purposes.

6. **Tax Impact Statement** - A Tax Impact Statement as required by Section 393.190, RSMo. (1994) and 4 CSR 240-2.060(3)(E), is attached hereto as Attachment E.

7. **Authority to Serve in Proposed Areas** - UE will need a certificate of public convenience and necessity for those areas which are presently served by Cooperative and pursuant to the Agreement UE proposes to serve. UE will file an application for a certificate of public convenience and necessity for these areas at a later date. The Cooperative has statutory authority in the areas it proposes to serve.

8. **Other Electrical Suppliers** - The following is a list of electric suppliers operating in the area covered by the Territorial Agreement:

Kansas City Power & Light Co.
Lewis County Electric Cooperative
Tri-County Electric Cooperative
North Central Electric Cooperative
Farmer's Electric Cooperative
Howard Electric Cooperative
Boone Electric Cooperative
Missouri Rural Electric Cooperative
Consolidated Electric Cooperative
Ralls Electric Cooperative

The following is a list of cities operating municipally-owned utilities within the area covered by the Territorial Agreement: Marceline, Macon, LaPlata, Shelbina, Milan, Linneous, Paris, Monroe City, and Honeywell.

9. **Other Findings and Orders Required by the Commission** - In addition to approving the Territorial Agreement, UE and Cooperative will require the Commission to issue either findings or orders on the following matters:

A. UE will still have occasion to construct, operate and maintain facilities in the electric service territory of the Cooperative as described in the Territorial Agreement. UE will also continue to have service responsibilities beyond the boundaries of the Territorial Agreement unaffected by its terms. In general, UE will need the authority to construct, operate and maintain facilities through the electric service area of Cooperative. In particular, UE requires a finding of the Commission that the Territorial Agreement will not impair the Company's existing certificates of public convenience and necessity except as specifically limited by the Agreement.

B. Applicants will also require an Order of the Commission granting them the authority to switch suppliers of electric service for those customers to be exchanged pursuant to the Territorial Agreement. Lists of customers to be exchanged by UE and Cooperative are attached hereto as Attachments F and G, respectively.

C. The exchange of customers will require each Applicant to final bill its customers prior to being transferred to the other Applicant. As a new customer of the other Applicant, the transferred customer will have no incentive to pay the final bill. Therefore, the Applicants request the Commission waive the application of 4 CSR 240-13.010 et al. ("the Billing Practices Rule") and authorize the Applicants to disconnect the service of any customer who fails to pay the final bill of the other Applicant.

D. UE will also require an Order of the Commission granting it the authority to transfer certain property in accordance with the terms of this Agreement to Cooperative.

10. **Agreement Is in the Public Interest** - The Territorial Agreement is in the public interest because it establishes exclusive service territories for UE and Cooperative by exchanging certain electric facilities and customers. The establishment of exclusive service territories will eliminate duplication of electric service facilities, concentrate the electric service territories of the parties, increase economic efficiencies, and benefit the public safety and aesthetics of the community. The proposed transfer of assets aids UE and Cooperative in obtaining the benefits discussed above. The Territorial Agreement will also allow electric service customers to know with certainty the supplier of their electric service.

11. **Meetings and Notice** - Prior to approval of the agreement by the Board of Directors of Cooperative, UE and Cooperative mailed notices to all consumers proposed to be transferred to a new supplier pursuant to this proposed Agreement. Copies of these notices and accompanying informational brochures are attached hereto as Attachment H. In addition UE and Cooperative held public meetings in Macon at the Long Branch Restaurant on May 13, 1996, Moberly at the Ramada Inn on May 14, 1996, Bucklin at the Bucklin School on May 15, 1996, and Shelbyville at the Moonshiners Building on May 16, 1996. A total of seventy-six (76) consumers attended the four meetings and made comments on the proposed agreement. Forty (40) consumers were Cooperative members who would be transferred to UE and thirty-six (36) were UE customers who would be transferred to Cooperative. Attached is a summary, marked Attachment I, of the comments made by consumers attending the public meetings and the responses of UE and Cooperative to the issues and concerns raised by these consumers.

12. Fees - The Commission's fee required by 4 CSR 240-21.010 is submitted herewith.

WHEREFORE, Applicants respectfully request that the Public Service Commission of Missouri issue its Order:

A. Finding the designated electric service areas to be not detrimental to the public interest and approving the Territorial Agreement;

B. Authorizing Applicants to perform in accordance with the terms and conditions of the Agreement, Attachment A to the Joint Application;

C. Finding that the Territorial Agreement shall not impair UE's certificates of convenience and necessity except as specifically limited by the 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 pursuant to the terms of the Territorial Agreement; and

F. Granting Applicants the authority to transfer certain property pursuant to the terms of the Territorial Agreement.

Respectfully submitted,

UNION ELECTRIC COMPANY

By William B. Bobnar

William B. Bobnar

MBE: #38966

1901 Chouteau Avenue

P.O. Box 149 (MC 1310)

St. Louis, MO 63166

ATTORNEY FOR
UNION ELECTRIC COMPANY

ANDERECK, EVANS, MILNE,
PEACE, & BAUMHOER

By Patrick A. Baumhoer

Patrick A. Baumhoer

MBE: 26251

301 E. McCarty Street

P.O. Box 1280

Jefferson City, MO 65102-1280

ATTORNEY FOR APPLICANT
MACON ELECTRIC
COOPERATIVE, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via first-class, U.S. mail, postage prepaid, on this 5th day of July, 1996, to the Office of Public Counsel.

Patrick A. Baumhoer

Patrick A. Baumhoer

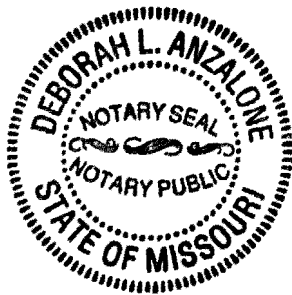
VERIFICATION

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

On the 21st day of June, 1996, before me appeared William J. Carr, to me personally known, who being by me first duly sworn, states that he is an officer of Union Electric Company, and acknowledges that he has read the Joint Application of Union Electric Company and Macon Electric Cooperative, Inc. for Approval of a Territorial Agreement and that the facts stated therein are true and correct to the best of his knowledge, information and belief.


William J. Carr

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date first written above.




Notary Public

DEBORAH L. ANZALONE
NOTARY PUBLIC—STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES APR. 18, 1998

STATE OF MISSOURI)
) SS
COLE COUNTY)

On the 1st day of July, 1996, before me appeared Patrick A. Baumhoefer, to me personally known, who being by me first duly sworn, states that he is the attorney for Macon Electric Cooperative, and acknowledges that he has read the Joint Application of Union Electric Company and Macon Electric Cooperative, Inc. for Approval of a Territorial Agreement and that the facts stated therein are true and correct to the best of his knowledge, information and belief.

Patrick A. Baumhoefer

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date first written above.

MARY EMMEL
NOTARY PUBLIC — NOTARY SE.
STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXPIRES FEB 99

Mary Emmel
Notary Public

My Commission Expires 2-9-99