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STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Stipulation and Agreement Hearing

July 18, 2000
Jefferson City, Missouri
Volume 1

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) Case No.
Designating the Boundaries of Each) EO-2000-630
Electric Service Supplier Within)
Portions of Lewis, Clark, Shelby,)
Knox, Adair, Schuyler, Scotland,)
and Marion Counties in Missouri.)

NANCY M. DIPPELL, Presiding,
SENIOR CHIEF REGULATORY LAW JUDGE.

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FOR: Office of the Public Counsel and the
Public.

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

2 (EXHIBIT NOS. 1 AND 2 WERE MARKED FOR
3 IDENTIFICATION BY THE REPORTER.)

4 JUDGE DIPPELL: This is Case No.
5 EO-2000-630, in the Matter of the Joint Application
6 of Union Electric Company d/b/a AmerenUE and Lewis
7 County Rural Electric Cooperative for Approval of a
8 Written Territorial Agreement Designating the
9 Boundaries of Each Electric Service Supplier Within
10 Portions of Lewis, Clark, Shelby, Knox, Adair,
11 Schuyler, Scotland and Marion Counties in
12 Missouri.

13 My name is Nancy Dippell. I'm the
14 Regulatory Law Judge. And at this time I would
15 like to take oral entries of appearance beginning
16 with AmerenUE.

17 MR. BOBNAR: Thank you, your Honor.
18 William B. Bobnar, with Ameren Services Company,
19 appearing on behalf of Union Electric Company which
20 is doing business as AmerenUE.

21 JUDGE DIPPELL: And Lewis County?

22 MR. SCOTT: Thank you, your Honor. Victor
23 Scott, with the law firm Andereck, Evans, Milne,
24 Peace and Johnson, representing Lewis County
25 Electric Cooperative.

1 JUDGE DIPPELL: And Staff?

2 MR. FREY: Thank you, your Honor. Dennis
3 L. Frey, representing the Staff of the Missouri
4 Public Service Commission.

5 JUDGE DIPPELL: And Office of the Public
6 Counsel?

7 MS. COOK: Thank you, your Honor. Shannon
8 Cook, on behalf of the Office of the Public Counsel
9 and the Public.

10 JUDGE DIPPELL: Okay. Then we'll
11 basically proceed with opening statements, and then
12 I'll let you bring up any witnesses you may have
13 for questions.

14 Can we begin with AmerenUE?

15 MR. BOBNAR: Thank you, your Honor, and
16 may it please the Commission. My name is William
17 Bobnar. I am the attorney for Union Electric
18 Company in this case.

19 Today we're here for the hearing in
20 Case No. EO-2000-630, which involves a Territorial
21 Agreement between AmerenUE and Lewis County
22 Electric Cooperative. AmerenUE's sole witness in
23 this case is Mr. Ronald Loesch, the district
24 manager who negotiated the Territorial Agreement on
25 AmerenUE's behalf.

1 First, a little background. The parties
2 entered into the Territorial Agreement on March 30,
3 2000. This Territorial Agreement designates
4 exclusive service areas for AmerenUE and Lewis
5 County Electric Cooperative in Lewis, Clark,
6 Shelby, Knox, Adair, Schuyler, Scotland and Marion
7 Counties in Missouri.

8 The exclusive service area of AmerenUE
9 includes all of Schuyler County. Both suppliers
10 have exclusive service areas in Lewis, Clark,
11 Shelby, Knox, Adair, Scotland and Marion Counties,
12 and these services areas are described by meets and
13 bounds in Exhibit 2, the Territorial Agreement.

14 After the effective date of the agreement,
15 each party will have the exclusive right to furnish
16 electric service to all new structures located in
17 its exclusive service area.

18 Further, each party will have the right to
19 serve those existing structures, which is serving
20 on the effective date of the agreement, wherever
21 those structures are located. The Territorial
22 Agreement does not require the exchange of any
23 customers or electric facilities.

24 On April 7, 2000, AmerenUE and Lewis filed
25 the joint application coercing the Commission to

1 approve the Territorial Agreement. This joint
2 application was properly noticed and no party
3 intervened in this case. After the date of
4 intervention had passed AmerenUE, Lewis County and
5 the Staff of the Commission and the Office of the
6 Public Counsel entered into a Stipulation and
7 Agreement, which among other things recommended
8 that the Commission approve this Territorial
9 Agreement.

10 Today Mr. Loesch will enter that
11 stipulation into the record. Mr. Loesch will also
12 testify why the Territorial Agreement is in the
13 public interest. The agreement will halt a
14 duplication of facilities now existing between
15 AmerenUE and Lewis, and the waste of both
16 companies' resources associated with the
17 duplication. The elimination of duplication will
18 lessen any perceived negative impact of electric
19 distribution facilities on the aesthetics and the
20 safety of the communities when in the area covered
21 by the Territorial Agreement.

22 With the end of destructive competition,
23 each electric supplier will be able to focus its
24 efforts more efficiently on utilizing its resources
25 in the area to better service customers. The

1 Territorial Agreement also promotes orderly
2 development. AmerenUE's system planning ability
3 will be improved, and these factors in turn will
4 reduce overall system costs.

5 Since the resulting service territories
6 will also be exclusive relative to the parties,
7 customer confusion over who is their electric
8 supplier will be eliminated, and the public will
9 have certainty on who to call for service in any
10 given area.

11 Finally, the agreement will minimize the
12 disputes between AmerenUE and Lewis County Electric
13 Cooperative, which will in turn allow AmerenUE and
14 Lewis to work together to improve their communities
15 without worrying about the legal boundaries of
16 their service area. Thank you, your Honor.

17 JUDGE DIPPELL: Thank you.

18 Lewis County, did you have an opening
19 statement?

20 MR. SCOTT: Very brief, your Honor.
21 Again, good morning and good morning
22 Commissioners. My name is Victor Scott. I
23 represent Lewis County Electric Cooperative. In
24 brevity, Lewis County supports the opening
25 statement of AmerenUE, and would only add that

1 Lewis County's only witness will be Mitch Keel, the
2 manager of Lewis County who also is very familiar
3 with the agreement and negotiated on behalf of
4 Lewis County. We will make Mr. Keel available to
5 the Commissioners for any questions that they may
6 have.

7 JUDGE DIPPELL: Thank you.
8 Staff?

9 MR. FREY: No statement, your Honor.
10 Thank you.

11 JUDGE DIPPELL: Office of the Public
12 Counsel?

13 MS. COOK: Thank you, your Honor. Public
14 Counsel agrees that this stipulation is in the
15 interest -- is not detrimental to the public
16 interest, particularly in light of the fact that no
17 customers are being transferred. And would just
18 add that we will be sponsoring no witnesses today.

19 JUDGE DIPPELL: Thank you.

20 And did Staff have a witness it wanted to
21 present to the hearing?

22 MR. FREY: Yes, your Honor.

23 JUDGE DIPPELL: Okay. Then we can proceed
24 with calling the first witness. UE?

25 MR. BOBNAR: Thank you, your Honor. I

1 call Ronald Loesch.

2 (WITNESS SWORN.)

3 JUDGE DIPPELL: You may proceed,

4 Mr. Bobnar.

5 MR. BOBNAR: Thank you, again, your

6 Honor.

7 RONALD LOESCH, being first duly sworn, testified as

8 follows:

9 DIRECT EXAMINATION BY MR. BOBNAR:

10 Q. Please state your name and business

11 address for the record.

12 A. My name is Ronald W. Loesch, P.O. Box 38,

13 Mexico, Missouri 65265.

14 Q. By whom are you employed?

15 A. AmerenUE.

16 Q. And what is your position at AmerenUE?

17 A. I am UE's district manager for the Little

18 Dixie and Green Hills districts.

19 Q. Are you familiar with the subject matter

20 of the joint application of AmerenUE and Lewis

21 County Electric Cooperative in this case?

22 A. Yes, I am.

23 Q. And what was your involvement in the

24 Territorial Agreement?

25 A. I negotiated the Territorial Agreement.

1 Q. Mr. Loesch, I'm going to hand you a
2 document which has been marked as Exhibit 1. Can
3 you please identify that document for the record?

4 A. Yes. This is the Territorial Agreement
5 between Union Electric Company doing business as
6 AmerenUE and Lewis County Rural Electric
7 Cooperative.

8 Q. Thank you, Mr. Loesch.

9 Why is this Territorial Agreement in the
10 public interest?

11 A. This is in the public interest because it
12 will eliminate duplication of facilities. The way
13 things are today without this Territorial
14 Agreement, you could have both utilities building
15 down one side or the other side of the highway, and
16 each utility will be just serving half of the
17 customers that they potentially could serve. So
18 therefore, you have the duplication.

19 Second that comes with that is, the
20 reduction of O and M cost. Third, the safety of
21 public utility workers and the public. By not
22 having these duplicate facilities, there's less
23 chance of people getting into the power lines.

24 Third (sic), I think that is probably one
25 of the reasons why the legislature passed the law

1 allowing for these territorial agreements was to
2 eliminate disputes between the utilities and
3 serving customers. Many times these disputes get
4 pretty heated and end up -- at least in the past,
5 they've ended up at the state legislature and state
6 officials being involved in them, so that should
7 eliminate those situations as well.

8 And I think finally, is the elimination of
9 customer confusion as to who is their supplier. I
10 can give you several examples. I will just name
11 one at this point in time, but I think all of you
12 probably in this room know where Kingdom City is.
13 And one of the truck stops there was recently
14 without power. And it's, like, twelve o'clock at
15 midnight, and they call, and they don't know which
16 supplier to call, so they call both suppliers for
17 the area. And you have two trucks arriving at
18 12:30. Obviously, one is a supplier and one isn't,
19 so that really eliminates that type of confusion as
20 to who serves the utility service.

21 Q. Thank you, Mr. Loesch. I have one more
22 question. I'm going to hand you another document
23 that's been marked as Exhibit No. 2. Could you
24 please identify that for the record?

25 A. Yes. This is the Stipulation and

1 Agreement in this case that we're here for today.

2 Q. Thank you. I just want to make sure again
3 this is a Territorial Agreement that sets forth
4 exclusive service territories and does not require
5 the exchange of customers and facilities?

6 A. That is correct.

7 MR. BOBNAR: Your Honor, that's the last
8 of my questions. I tender -- first of all, I move
9 that Exhibits 1 and 2 be admitted into evidence,
10 and I offer Mr. Loesch for cross-examination.

11 JUDGE DIPPELL: All right. Would there be
12 any objection to Exhibit No. 1 coming into the
13 record?

14 (No response.)

15 JUDGE DIPPELL: Then I'll receive it into
16 the record.

17 (EXHIBIT NO. 1 WAS RECEIVED INTO EVIDENCE
18 AND MADE A PART OF THE RECORD.)

19 JUDGE DIPPELL: Would there be any
20 objection to Exhibit No. 2 coming into the record?

21 (No response.)

22 JUDGE DIPPELL: I'll also admit Exhibit
23 No. 2 into the record.

24 (EXHIBIT NO. 2 WAS RECEIVED INTO EVIDENCE
25 AND MADE A PART OF THE RECORD.)

1 JUDGE DIPPELL: Is there any
2 cross-examination by Lewis County?
3 MR. SCOTT: None, your Honor.
4 JUDGE DIPPELL: Staff?
5 MR. FREY: No. Thank you, your Honor.
6 JUDGE DIPPELL: Office of the Public
7 Counsel?
8 MS. COOK: No questions. Thank you.
9 JUDGE DIPPELL: I don't have any questions
10 for you either, Mr. Loesch. You may step down.
11 Thank you.
12 (WITNESS EXCUSED.)
13 JUDGE DIPPELL: Are there any further
14 witnesses from Ameren?
15 MR. BOBNAR: No, your Honor.
16 JUDGE DIPPELL: And would Lewis County
17 like to call its first witness?
18 MR. SCOTT: Please, your Honor. We call
19 Mitch Keel.
20 (WITNESS SWORN.)
21 JUDGE DIPPELL: You may proceed,
22 Mr. Scott.
23 MR. SCOTT: Thank you, your Honor.
24 MITCH KEEL, being first duly sworn, testified as
25 follows:

1 DIRECT EXAMINATION BY MR. SCOTT:

2 Q. Would you please state your full name and
3 business address for the record?

4 A. Mitchell Keel, manager of Lewis County
5 Electric Cooperative, P.O. Box 68, Lewistown,
6 Missouri 63452.

7 Q. And you're employed by Lewis County
8 Electric Cooperative?

9 A. Yes, I am.

10 Q. What kind of organization is that?

11 A. Cooperative under state law.

12 Q. And what was your role in negotiating the
13 Territorial Agreement with AmerenUE?

14 A. Very involved in the negotiations.

15 Q. Are you familiar with the Territorial
16 Agreement itself?

17 A. Yes, I am.

18 Q. And I'll hand you what's been marked as
19 Exhibit 1, and is that the Territorial Agreement
20 that you negotiated?

21 A. Yes, it is.

22 Q. And do you support the terms and
23 conditions in that agreement?

24 A. Yes, I do.

25 Q. And did your board of directors pass a

1 board resolution authorizing the entrance of that
2 into that agreement with AmerenUE?

3 A. Yes, they did.

4 Q. You heard Mr. Loesch's testimony earlier
5 this morning, do you have anything to add to his
6 testimony with regards to whether or not this
7 agreement is in the public interest?

8 A. I think he did an excellent job of laying
9 out the parameters that we negotiated this
10 agreement under. I have nothing else to add.

11 Q. And are you familiar and do you understand
12 that this agreement does not affect or bind any
13 other electric suppliers that are not a party to
14 this agreement?

15 A. Yes.

16 Q. And at this time I'll hand you what's been
17 marked as Exhibit No. 2, and ask you if you
18 recognize that document?

19 A. Yes, I do.

20 Q. And you support and understand that
21 stipulation?

22 A. Yes, I do.

23 Q. And at this time are you asking the
24 Commission to approve the Territorial Agreement as
25 presented?

1 A. Yes.

2 MR. SCOTT: I have no further questions,
3 your Honor.

4 JUDGE DIPPELL: Thank you.

5 Is there any cross-examination for
6 Mr. Keel from Staff?

7 MR. FREY: No. Thank you, your Honor.

8 JUDGE DIPPELL: Office of the Public
9 Counsel?

10 MS. COOK: Nothing.

11 JUDGE DIPPELL: AmerenUE?

12 MR. BOBNAR: No. Thank you.

13 JUDGE DIPPELL: You may be excused,
14 Mr. Keel.

15 (WITNESS EXCUSED.)

16 JUDGE DIPPELL: Unfortunately, I did
17 excuse Mr. Loesch, and I did have one question for
18 him.

19 And, sir, I'll just briefly recall you to
20 the stand, but you may stay where you are if you
21 would like. I just have one question.

22 RONALD LOESCH, being first duly sworn, testified as
23 follows:

24 QUESTIONS BY JUDGE DIPPELL:

25 Q. You referred to O and M costs, and I was

1 just going to have you clarify what O and M costs
2 were.

3 A. They are operation and maintenance costs.

4 Q. Thank you, sir.

5 JUDGE DIPPELL: Did Staff want to call its
6 next witness?

7 MR. FREY: Yes, your Honor. Staff calls
8 James L. Ketter.

9 (WITNESS SWORN.)

10 JUDGE DIPPELL: You may proceed, Mr. Frey.

11 MR. FREY: Thank you, your Honor.

12 JAMES L. KETTER, being first duly sworn, testified
13 as follows:

14 DIRECT EXAMINATION BY MR. FREY:

15 Q. Sir, will you please state your name for
16 the record, please?

17 A. James L. Ketter.

18 Q. And, Mr. Ketter, by whom are you employed
19 and in what capacity?

20 A. I'm employed by the Missouri Public
21 Service Commission as an engineer in the
22 engineering department for the Staff.

23 Q. And were you involved in the investigation
24 and evaluation of the subject Territorial Agreement
25 in this case?

1 A. Yes.

2 Q. Do you have before you a copy of the
3 unanimous Stipulation and Agreement filed in this
4 case, which has been marked for purposes of
5 identification as Exhibit 2?

6 A. Yes, I do.

7 Q. And are you familiar with that document,
8 sir?

9 A. Yes, I am.

10 Q. Based upon your investigation and
11 evaluation, do you support that Stipulation and
12 Agreement?

13 A. Yes, I do.

14 MR. FREY: Thank you, Mr. Ketter.

15 With that, your Honor, I would tender the
16 witness for cross-examination.

17 JUDGE DIPPELL: Is there any
18 cross-examination of Mr. Ketter from AmerenUE?

19 MR. BOBNAR: No. Thank you, your Honor.

20 JUDGE DIPPELL: Lewis County?

21 MR. SCOTT: None, your Honor.

22 JUDGE DIPPELL: Office of the Public
23 Counsel?

24 MS. COOK: No. Thank you, your Honor.

25 QUESTIONS BY JUDGE DIPPELL:

1 Q. I just have one question, Mr. Ketter, just
2 to make certain that this got into the record, and
3 that is in your opinion, does both AmerenUE and
4 Lewis County have adequate facilities to make
5 available adequate power supplies, service and
6 maintenance to their customers?

7 A. Yes. The Territorial Agreement was
8 geographically couched so that they have adequate
9 facilities in the areas where they will have the
10 exclusive territory to add new customers.

11 Q. And are you familiar with the list of
12 tariffs that were filed?

13 A. Yes, I am.

14 Q. And this is sort of a procedural matter,
15 but is it Staff's recommendation that those tariffs
16 be approved as filed or that new additional tariffs
17 need to be filed in this case before they are
18 approved?

19 A. I anticipated that the Commission would
20 order Ameren to file tariffs in compliance with any
21 order.

22 Q. In compliance with the items that were set
23 out in Staff's suggestions that had been changed?

24 A. Yes. There were a few clerical
25 Administrative kinds of errors in the illustrative

1 tariffs that were filed, and we outlined those in
2 the stipulation.

3 JUDGE DIPPELL: Thank you.

4 Were there any additional
5 cross-examination questions or redirect questions
6 based on my questions?

7 MR. FREY: No, your Honor. Thank you.

8 JUDGE DIPPELL: Thank you. You may be
9 excused, Mr. Ketter.

10 (WITNESS EXCUSED.)

11 JUDGE DIPPELL: Are there any other
12 witnesses from Staff?

13 MR. FREY: No. Thank you, your Honor.

14 JUDGE DIPPELL: Does Office of the Public
15 Counsel wish to offer a witness?

16 MS. COOK: No, your Honor.

17 JUDGE DIPPELL: Would any of the parties
18 like to make remarks?

19 MR. BOBNAR: No, your Honor.

20 MR. FREY: No. Thank you, your Honor.

21 JUDGE DIPPELL: Seeing none, then we were
22 going to have closing statements in lieu of
23 briefs. Briefs will not be necessary in this
24 case. And, therefore, I will conclude this
25 hearing. Thank you-all for your participation.

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AMERENUE'S EVIDENCE

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MITCH KEEL	
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JAMES L. KETTER	
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E X H I B I T S

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