

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

In the Matter of the Application of Steve)
Jones For Change of Electric Supplier)
from Union Electric Company, d/b/a)
AmerenUE, to Jackson Electric)
Distribution Department.)

Case No. EO-2006-0553

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and, for its recommendation the Commission to approve the application for change of electric supplier from Union Electric Company, d/b/a AmerenUE, to Jackson Electric Distribution Department, states:

1. On June 29, 2006, Steve Jones (Applicant) filed an Application for Change of Electric Supplier from investor-owned and Commission regulated Union Electric Company d/b/a AmerenUE (AmerenUE) to Jackson Electric Distribution Department (Jackson) of the City of Jackson, Missouri, a municipal supplier.

2. On July 5, 2006, the Missouri Public Service Commission (Commission) issued its Order and Notice and Order Directing Filing ordering Staff to file a memorandum stating Staff's recommendation with regard to the change of supplier and its reasons therefore no later than August 18, 2006. Staff's Memorandum, attached hereto as Appendix A, recommends approving the application to change suppliers from AmerenUE to Jackson.

3. Section 393.105.2, RSMo 2000, provides, in pertinent part, "[t]he public service commission, upon application made by an affected party, may order a change of

suppliers on the basis that it is in the public interest for a reason other than a rate differential.” An applicant for a change of supplier must state “[t]he reasons a change of electrical suppliers is in the public interest.” 4 C.S.R. 240-3.140(1)(G).

4. Applicant is currently served by an AmerenUE service line that serves only two other customers. Applicant began service with AmerenUE when AmerenUE was the service provider in the area. However, following annexation, Jackson became the service provider for new customers. As a result, Applicant and the other two AmerenUE customers are surrounded by customers who are served by Jackson. The other two similarly situated AmerenUE customers have filed applications to change suppliers from AmerenUE to Jackson similar to the instant application which are before the Commission in Case Nos. EO-2006-0554 and EO-2006-0555.

5. The City of Jackson is currently in the process of a road construction project which will require relocation of power lines used to serve Applicant and the similarly situated AmerenUE customers. The relocation of power lines would result in significant costs to AmerenUE if AmerenUE is required to continue providing service.

6. Applicant has stated that a service transfer will help the city and the construction project and that Applicant will not be adversely affected by the change in service. Currently Applicant is billed under AmerenUE’s residential service rates. Those rates are seasonal. If the change of supplier request is granted, Applicant will be billed under Jackson’s rates, which are constant. The result is that Applicant will pay a lower rate in the summer and a higher rate in the winter. The overall impact on Applicant’s annual energy costs will be determined by Applicant’s actual usage. For the reasons discussed in detail in the Memorandum, Staff believes that it is in the public interest to

permit the change of supplier in this case, and that the reasons for the change are other than a rate differential. On August 3, 2006, AmerenUE filed a verified statement recommending that the Commission approve the Application for Change of Electric Supplier as the change is in the public interest and is for a reason other than a rate differential. AmerenUE requested that in its Order the Commission (1) require AmerenUE to cut open the facilities serving Applicant's residence; (2) require Jackson to return to AmerenUE any and all transformer associated with Applicant's existing service, and; (3) require Jackson to take title to all existing facilities serving Applicant's residence after said facilities are cut open by AmerenUE (i) to permit Jackson to obtain maximum use of the existing facilities and (ii) to limit AmerenUE's ongoing liability. Staff agrees that AmerenUE's requests would allow the proposed change in suppliers to occur in the most efficient and cost-effective manner and Staff therefore supports AmerenUE's requests.

7. On August 14, 2006, the City Administrator for the City of Jackson filed a verified letter with the Commission acknowledging the verified statement filed by AmerenUE and agreed to the terms requested by AmerenUE in its Verified Statement.

8. The conditions set out by AmerenUE in its verified statement and enumerated in Paragraph 6 above, were the result of an agreement reached after discussions between AmerenUE and the City of Jackson. AmerenUE requested these conditions in order to eliminate the need for its lines to cross with Jackson's lines and to share poles and in order to allow Jackson to obtain maximum usage of existing facilities and to eliminate AmerenUE's liability. The City of Jackson, in its verified letter, confirmed that it agreed to AmerenUE's requests. Staff supports AmerenUE's requests

because the change of suppliers would be in the public interest and AmerenUE's requests would permit the change of suppliers to occur in the most efficient and cost-effective manner.

9. Section 393.190.1 RSMo (2000) requires a public utility to obtain Commission authorization prior to the sale or transfer of any of its assets that are "necessary or useful in the performance of its duties to the public." This section does not apply when the assets to be sold or transferred are "not necessary or useful in the performance of its duties to the public." *Id.* As explained in Appendix A, the assets AmerenUE proposes to transfer to Jackson are the existing facilities serving Applicant's residence and those facilities will not be useful or necessary to AmerenUE's performance of its duties to the public due to the Main Street extension project; therefore, the application requirements of Section 393.190.1 do not apply.

WHEREFORE, for the foregoing reasons discussed in detail in the Staff's Memorandum, the Staff recommends the Commission issue an Order that approves Applicant's request to change his electric service provider and that grants AmerenUE's requests that (1) AmerenUE be ordered to cut open the facilities serving Applicant's residence, (2) Jackson be required to return to AmerenUE any and all transformers associated with Applicant's existing service, and that the Commission recognize the transfer of the existing assets from AmerenUE to Jackson.

Respectfully submitted,

/s/ Jennifer Heintz

Jennifer Heintz

Assistant General Counsel

Missouri Bar No. 57128

Attorney for the Staff of the

Missouri Public Service Commission

PO Box 360

Jefferson City, MO 65102

(573) 751-8701 (Telephone)

(573) 751-9285 (Fax)

jennifer.heintz@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 18th day of August 2006.

/s/ Jennifer Heintz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case Nos. EO-2006-0553, EO-2006-0554, EO-2006-0555
Transfer of Electric Service for Three Customers Located in the City of Jackson

FROM: Dan Beck, Engineering Analysis Section of the Energy Department

/s/ Warren Wood 8-18-06 /s/ Nathan Williams 8-18-06
Utility Operations/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation

DATE: August 18, 2006

On June 29, 2006 three customers of Union Electric Company, d/b/a AmerenUE (AmerenUE) filed an Application for Change of Electric Service Provider. The three customers request that the Commission order a change of supplier to Jackson Electric Distribution Department (Jackson). Jackson is the municipal utility that serves the City of Jackson which is the county seat of Cape Girardeau County. The customers are three residences located near the East Main Street Extension in the City of Jackson..

The three customers requesting a change of supplier are:

Steve Jones	3384 Bainbridge Road	Case No. EO-2006-0553
Cletus Uhrhan	406 Oak Hills Road	Case No. EO-2006-0554
Greg Withers	430 Oak Hills Road	Case No. EO-2006-0555

Currently, these two providers share power poles in the area that is near these customers which is an arrangement that is not unheard of but it is certainly not typical. In addition one of AmerenUE's existing lines would cross over the East Main Street extension at its current location and this line would no longer be required if these customers were to change suppliers. In each of the three Applications is an aerial photograph that has been enhanced to show the location of the three customers in question, the AmerenUE line that currently serves these customers and the location of other customers. The Staff maintains that the proposed changes would result in a more typical distribution system that would support the proposed East Main Street extension.

As the Aerial photographs indicate, most of the customers in the area surrounding the Applicants are served by Jackson. Originally, AmerenUE provided service to new customer in this area but, after annexation, Jackson is now the provider to new customers. The Applicants began receiving service when AmerenUE was the provider in that area. Using the same aerial photographs, one can see that one of AmerenUE's lines would have to cross the East Main Street extension but that crossing will be avoided with the proposed change of supplier. In addition, Jackson plans to build a new line along the East Main Street extension that will serve Steve Jones and will also serve future customers that are expected after the East Main Street extension is completed.

Although section 393.106.2, RSMo. states that a change of supplier should be granted for reasons other than rates, the Staff reviewed the rates that would be paid by these customers before and after the change of supplier. Currently, these customers are served by AmerenUE's residential rate which has seasonal rates. Jackson's rates are constant throughout the year. Given the two different rate designs, after the change in suppliers, these customers will pay a lower rate in the summer and a higher rate in the winter. The overall impact on each Applicant's annual bill will depend on their actual usage which will be influenced by factors like their fuel choice for space heating (electric vs. non-electric).

On July 28, 2006, a letter was filed in these three cases that was signed by the Public Works Director of the City of Jackson and included a copy of a bill in support of the change of supplier requests that was approved by the Board of Aldermen and signed by the Mayor. On August 3, 2006, AmerenUE filed a Verified Statement that recommends the Commission approve the Applications but requests the Commission's Order includes the following:

- 1) Require AmerenUE to cut open the facilities serving these three residences
- 2) Require Jackson to return to AmerenUE any and all transformers associated with Jones' existing service
- 3) Require Jackson take title to all existing facilities serving Jones' residence after said facilities are cut open by AmerenUE

The Staff discussed AmerenUE's requests with the Director of Public Works for Jackson and determined that AmerenUE's requests are consistent with the verbal agreements that resulted from meetings between AmerenUE and Jackson. In addition, the Public Works Director indicated that a delay in this case could impact the construction schedule of the East Main Street extension in the near future. A verified statement was subsequently filed on behalf of Jackson on August 14, 2006 that stated that Jackson agrees to the terms of AmerenUE's Verified Statement that reference the City.

The requests by AmerenUE would allow for the proposed change in suppliers to take place in the most efficient and least-cost manor possible and therefore the Staff supports AmerenUE's proposed conditions. AmerenUE's existing lines and poles would not be reused by AmerenUE, even if it were removed and removal would require additional man-hours to remove and then reinstall new lines in the exact same place for part of the area in question, which would be an extra cost to both AmerenUE and Jackson. AmerenUE's additional cost for removal would not be offset by any salvage value of the lines and poles. In addition, section 393.190.1, RSMo., which governs transfer of property and the impact on local tax revenues if the property is necessary and useful, would not be applicable to the transfer of assets (lines and poles) referred to in AmerenUE's request since these assets only have salvage value after AmerenUE has cut open the facilities (disconnected the customers and the lines). Transformers, on the other hand, are often reused and therefore should be retained by AmerenUE as AmerenUE has proposed. Staff maintains that the Commission should explicitly recognize the transfer of these assets.

The Staff has reviewed the application and recommends approval of the change of electric service provider. With a change in electric supplier, Jackson will serve these customers in a more traditional manner which should provide these customers with service that is both safe and reliable. It is the opinion of the Staff that authorizing a change of the electric supplier is in the public interest. However, Staff also requests that the Commission explicitly recognize the transfer of the existing assets from AmerenUE to Jackson as AmerenUE has requested. The Staff has verified that AmerenUE has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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OF THE STATE OF MISSOURI**

In the matter of the Application of Steve Jones for a Change of Electric Supplier)	Case No. EO-2006-0553
)	
In the matter of the Application of Cletus Uhrhan for a Change of Electric Supplier)	Case No. EO-2006-0554
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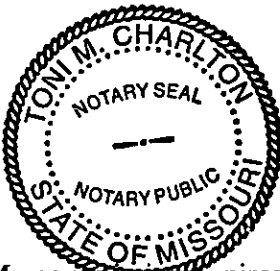
AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Daniel I. Beck, of lawful age, on oath states: that he has participated in the preparation of the foregoing written report, consisting of two pages to be presented in the above case; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.

Daniel I Beck

Subscribed and sworn to before me this 18th day of August, 2006.



My commission expires _____

Toni M. Charlton
Notary Public

TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301