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May 13, 1998

FILED

MAY 13 1998

MISSOURI
PUBLIC SERVICE COMMISSION

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
MO Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

EO-98-511

Re: Union Electric-Farmers Electric Cooperative
Approval of Territorial Agreement

Dear Secretary Roberts:

Enclosed for filing please find original and 14 copies of Joint Application of Union Electric Company and Farmers Electric Cooperative for approval of a Territorial Agreement.

Also enclosed is UE's check in the amount of \$250.00

Copies of this Joint Application have been provided to the Office of Public Counsel.

Thank you for your attention.

Sincerely,


Victor S. Scott

VSS:om

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

FILED
MAY 13 1998
MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of the Application of Union Electric)
Company d/b/a AmerenUE and Farmers' Electric)
Cooperative for Approval of a Written Territorial)
Agreement Designating the Boundaries of Each)
Electric Service Supplier within portions of)
Caldwell, Carroll, Chariton, Clinton, Daviess,)
DeKalb, Linn, Livingston and Ray Counties;)
authorizing the sale, transfer, and assignment of)
certain Electric Distribution Facilities,)
Easements, and other rights generally constituting)
AmerenUE's electric utility business associated)
with its customers transferred pursuant to the)
Territorial Agreement; and AmerenUE's Application)
for a Certificate of Convenience and Necessity)
authorizing it to own, control, manage, and maintain)
an electric power system for the public in certain)
portions of Chariton, Linn, and Ray Counties.)

Case No. EO-98-511

JOINT APPLICATION

COMES NOW, Union Electric Company d/b/a AmerenUE ("AmerenUE") and Farmers' Electric Cooperative ("Cooperative"), hereinafter referred to collectively as "Applicants," and for their Joint Application to the Missouri Public Service Commission ("Commission"), pursuant to Sections 394.312 (1994), for an order (1) approving Applicants' Territorial Agreement (the "Territorial Agreement"); (2) authorizing the sale, transfer, and assignment of certain Electric Distribution Facilities, Easements, and other rights generally constituting AmerenUE's electric utility business associated with its customers transferred pursuant to the Territorial Agreement; and (3), for AmerenUE, granting it a Certificate of Convenience and Necessity authorizing it to own, control, manage, and maintain an electric power system for the public in certain portions of Chariton, Linn, and Ray Counties, respectfully state as follows:

1. **The Applicants** - AmerenUE is a corporation organized and existing under the laws of Missouri and has its principal office at One Ameren Plaza, 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 Caldwell, Carroll, Chariton, Clinton, Daviess, DeKalb, Linn, Livingston and Ray Counties.

Cooperative is a corporation organized and existing under the laws of Missouri and has its principal office at Highway 36 East, P. O. Box 680, Chillicothe, MO 64601. It is a Chapter 394 rural electric cooperative corporation engaged in the distribution of electric energy and service to its members within Caldwell, Carroll, Chariton, Clinton, Daviess, DeKalb, Linn, Livingston and Ray Counties, in Missouri.

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

For AmerenUE
Mr. William B. Bobnar
Attorney
Ameren Services Company
One Ameren Plaza
P.O. Box 149 (MC 1310)
St. Louis, MO 63166-6149
314-554-3148
314-554-4014 (fax)

For Cooperative
Mr. Patrick A. Baumhoer
Mr. Victor S. Scott
Andereck, Evans, Milne, Peace & Baumhoer, L.L.C.
305 E. McCarty Street
P. O. Box 1438
Jefferson City, MO 65102
573-634-3422
573-634-7822 (fax)

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

Mr. Dan Bryan
Manager
Farmers' Electric Cooperative
P.O. Box 367
Chillicothe, MO 64601

3. **The Territorial Agreement** - Subject to the terms and conditions of the

Territorial Agreement, Applicants have specifically designated the boundaries of the exclusive electric service area of each electric service supplier for service of new structures in Caldwell, Carroll, Chariton, Clinton, Daviess, DeKalb, Linn, Livingston and Ray Counties, which are more particularly described in the Territorial Agreement. Applicants have attached a copy of the Agreement to this Application as Exhibit A, which is incorporated by reference into this Application and made a part hereof for all purposes.

Metes and bounds descriptions of the exclusive service areas of Applicants and maps depicting those service areas are part of Exhibit A and are incorporated by reference into this Application and made a part hereof for all purposes.

The Territorial Agreement establishes exclusive service territories for the Applicants and will require transfers of facilities and customers between the two Applicants, a description of which, including any franchises, permits or operating rights is contained in Attachment A. The case by case addendum term in the Territorial Agreement is identical to the language approved in Case No. EO-95-400.

4. **Resolution of the Cooperative's Board of Directors** - A certified copy of the resolution of the Board of Directors of AmerenUE authorizing the consummation of the transaction contemplated by this Joint Application is attached hereto as Exhibit B and is incorporated herein by reference and made a part hereof for all purposes.

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 Exhibit C and is incorporated herein by reference and made a part hereof for all purposes.

5. **Articles of Incorporation** - A certified copy of AmerenUE's Restated Articles of

Incorporation and Certificate of Incorporation from the Secretary of State are already on file with the Commission (see Case No. EO-96-431). Said documents are incorporated herein by reference and made a part hereof for all purposes. A certified copy of Cooperative's Articles of Incorporation and Certificate of Incorporation from the Secretary of State are attached hereto as Exhibit D.

6. **Authority to Serve in Proposed Areas** - The Cooperative has statutory authority in the areas it proposes to serve. AmerenUE will need a certificate of public convenience and necessity for those areas which are presently served by Cooperative and pursuant to the agreement AmerenUE proposes to serve. Pursuant to Section 393.170 (1994) RSMo, AmerenUE will need a Certificate of Pubic Convenience and Necessity ("certificate") to serve these new customers. Therefore, AmerenUE now requests a certificate to install, own, acquire, operate, manage, and maintain an electric power system for the public portions of the Missouri Counties of Chariton, Linn, and Ray (hereinafter "Certificate").

After approval of the Territorial Agreement, Cooperative will no longer be provided electrical service in the area sought to be certificated. While other cooperatives operate within the area covered by the service agreement, they do not provide electric service in the area sought to be certificated. In addition, no other regulated electric supplier provides electric service in the area sought to be certificated.

In lieu of defining the area to be certified by a metes and bounds description, AmerenUE proposes that the Certificate be limited to all land sections in which it is acquiring new facilities from the Cooperative and any land section adjacent thereto. The Commission approved this approach in Case Nos. EA-87-159 et al and EO-95-400 et. al. Attached hereto as Exhibit E is a list of

land sections which meet the above requirement. Said list is incorporated herein by reference and made a part hereof for all purposes. The land sections meeting the requirement are shown as additions by county.

County highway maps depicting the service area covered by the Territorial Agreement are part of Exhibit 2 of Exhibit A.

AmerenUE respectfully requests the Commission waive its regulations requiring submission of a feasibility study and plans for future construction and financing of new electrical systems (4 CSR 240-2.060(2)(A)) as it did in Case Nos. EA-94-278 and EO-95-400 et al.

Cooperative has electric service facilities in the area for which AmerenUE seeks this certificate.

Pursuant to the Territorial Agreement, AmerenUE will acquire these facilities and would continue to provide the same service through these facilities as it does in its other certificated service areas.

AmerenUE requires no additional municipal franchises to serve within the proposed area sought to be certificated. AmerenUE has received a county franchise in accordance with the legal requirements of Chariton, Linn, and Ray Counties. Copies of such county franchises are attached hereto as Exhibit F. Said documents are incorporated herein by reference and made a part hereof for all purposes.

7. **Customer Names and Addresses** - The names and addresses of all customers affected by the Territorial Agreement have been provided in Exhibits G and H. In addition to identifying those customers affected by the Territorial Agreement, Exhibit G satisfies the requirement of 4 CSR 240-2.060(2)(A), which requires AmerenUE to provide the name and address of no fewer than ten persons residing in the area sought to be certified.

8. **Illustrative Tariffs** - Tariffs pursuant to 4 CSR 240-2.060(10)(G) are attached

hereto as Exhibit I, which is made part hereof for all purposes. The revised tariffs include a note which reflects Company's right to serve customers pursuant to the terms of the Agreement.

9. **Other Electric Suppliers** - The following is a list of other Rural Electric Cooperatives and electric suppliers in the area which serve in the territory covered by the Territorial Agreement:

Grundy Electric Cooperative

Howard Electric Cooperative

Macon Electric Cooperative

Platte-Clay Electric Cooperative

United Electric Cooperative

Missouri Public Service Company

Kansas City Power and Light Company

In addition, Laclede, Linneus, Chillicothe, Pattonsburg, Trenton, Bethany, and Gailatin are cities that operate municipal electric supply systems within the area covered by the Territorial Agreement.

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

A. AmerenUE will still have occasion to construct, operate and maintain facilities in the electric service territory of the Cooperative as described in the Territorial Agreement. AmerenUE will also continue to have service responsibilities beyond the boundaries of the Territorial Agreement unaffected by its terms. In general, AmerenUE will need the authority to construct, operate and maintain facilities throughout the electric service area of Cooperative. In particular, AmerenUE 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.

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. AmerenUE 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 new structures for the two electric suppliers. There is some duplication of electric service facilities between the electric suppliers at this time. The establishment of exclusive service territories will prevent future duplication of electric service facilities, guarding economic efficiencies and benefiting the public safety and aesthetics of the community. The exchange of facilities and customers will aid both Applicants in the consolidation of facilities bringing efficiencies and savings to AmerenUE's customers and Farmers' members.

This 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, AmerenUE 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 J. In addition, AmerenUE and Cooperative held public meetings on Thursday, June 26, 1997, at the Martin House Restaurant, 731 South Main Street, Brookfield and Friday, June 27, 1997, at Lake Viking Community Center, Lake Viking. A total of 28 customers and cooperative members either attended the meetings or made comments on the proposed agreement out of the 160 Cooperative members who would be transferred to AmerenUE and the 334 AMERENUE customers who would be transferred to Cooperative. Mr. William Washburn of the Commission Staff attended the Brookfield meeting.

12. **Tax Impact Statement.** A statement filed pursuant to Section 393.190 RSMo. showing the impact of the sale on the tax revenues of the political subdivisions in which any of AmerenUE's structures, facilities, or equipment is located is marked as Exhibit K hereto.

13. **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 not to be 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 AmerenUE'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;

F. granting Applicants the authority to transfer certain property pursuant to the terms of the Territorial Agreement; and

G. granting permission, approval, and a Certificate of Public Convenience and Necessity authorizing AmerenUE to install, acquire, build, construct, own, operate, control, manage and maintain an electric power system for the public within the area described as land section additions on Exhibit E.

AMEREN SERVICES COMPANY

By William B. Bobnar

William B. Bobnar
MBEN 38966
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ATTORNEY FOR UNION
ELECTRIC COMPANY
d/b/a AmerenUE

ANDERECK, EVANS, MILNE, PEACE
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By Patrick A. Baumhoer

Patrick A. Baumhoer by RSS
MBEN 26251

By Victor A. Scott

Victor A. Scott
MBEN 42963
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P.O. Box 1280
Jefferson City, MO 65102-1280
(573) 634-3422

ATTORNEYS FOR FARMERS'
ELECTRIC COOPERATIVE

VERIFICATION


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

On the 7th day of MAY, 1998, 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 d/b/a AmerenUE, and acknowledged that he has read the Joint Application of AmerenUE and Farmers' Electric Cooperative 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

DEBBY ANZALONE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: April 18, 2002

VERIFICATION


STATE OF MISSOURI)
) SS
COUNTY OF COLE)

On the 12th day of May, 1998, before me appeared Victor S. Scott, to me personally known, who being by me first duly sworn, states that he is the attorney for Farmers' Electric Cooperative, and acknowledged that he has read the Joint Application of AmerenUE and Farmers' Electric Cooperative 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.



Victor S. Scott

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.



Notary Public

(seal)

My commission expires:

ORNA MICKELIS
Notary Public - Notary Seal
STATE OF MISSOURI
Callaway County

My Commission Exp. Apr. 16, 1999