

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

In the Matter of the Application of Aquila, Inc. d/b/a   )  
Aquila Networks – MPS, and Osage Valley Electric   )  
Cooperative for Approval of Addendum No. 1 to a   )  
Written Territorial Agreement Designating the   )  
Boundaries of Exclusive Service Areas Within Cass   )  
County, Missouri.   )

Case No. EO-2005-0448

**STAFF RECOMMENDATION**

Comes now the Staff of the Missouri Public Service Commission (Staff) in response to the Joint Application of Aquila, Inc., d/b/a Aquila Networks-MPS (Aquila) and Osage Valley Electric Cooperative (Osage) seeking approval of the Addendum No. 1 to the Territorial Agreement for service by Osage to a specific structure to be located within the City of Peculiar, which is not a “rural area” as defined by Section 394.020(3) RSMo 2000. Also, Osage’s proposed service to the site in question does not fall within the exception provided by Section 394.080.2. The specific structure in question will be a newly constructed sewer lift station that will be owned and operated by the City of Peculiar. Addendum No. 1 is to the Territorial Agreement approved by the Commission in Case No. EO-2004-0603.

The Staff has reviewed the Joint Application and visited the site in question. The Staff recommends in the following Staff Recommendation (Appendix A) that the Commission approve the proposed Addendum No. 1 to the Territorial Agreement between Aquila and Osage as being in the public interest, pursuant to and consistent with Section 394.312, Section 416.061, 4 CSR 240-2.060, 4 CSR 240-3.130 and 4 CSR 240-3.135. The proposed Addendum No. 1 to the Territorial Agreement will prevent an

otherwise necessary duplication of facilities, enhance public safety and address the unique circumstances of one customer.

Wherefore the Staff recommends that the Commission issue an Order granting the Joint Application of Aquila, Inc., d/b/a Aquila Networks-MPS and Osage Valley Electric Cooperative for approval of their proposed Addendum No. 1 to the Territorial Agreement.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

**/s/Steven Dottheim**

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 6th day of July 2005.

**/s/ Steven Dottheim**

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2005-0448, Joint Application of the Aquila, Inc., d/b/a  
Aquila Networks-MPS and Osage Valley Electric Cooperative for  
Approval of Addendum No. 1 to the Territorial Agreement for Service to a  
New Structure Located in Peculiar, Missouri in Cass County

FROM: Daniel I. Beck, Energy Department – Engineering Analysis

<u>Warren Wood 7/6/05</u> Energy Department / Date	<u>Steven Dottheim 7/6/05</u> General Counsel's Office / Date
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SUBJECT: Staff Recommendation

DATE: July 6, 2005

## **OVERVIEW**

On May 27, 2005, Aquila, Inc., d/b/a Aquila Networks-MPS (Aquila) and Osage Valley Electric Cooperative (Osage), referred to collectively as the “Applicants”, filed a Joint Application with the Missouri Public Service Commission (Commission) seeking approval of Addendum No. 1 to the Territorial Agreement for a specific structure located within the City of Peculiar. That structure will be a newly constructed sewer lift station that will be owned and operated by the City of Peculiar. This application was filed per the terms contained in Article 7 of the Territorial Agreement, which was filed by the Applicants with the Commission in June 2004 (Case No. EO-2004-0603) and approved by the Commission on September 30, 2004.

On May 31, 2005, an Order was issued in Case No. EO-2005-0448 that set an intervention period. In addition, the Order states “if no proper party is granted intervention and neither the Commission’s Staff nor the Office of the Public Council requests a hearing, the Commission may determine that a hearing is not necessary.” No entity has sought intervention in this case.

The Territorial Agreement contains language that requires the Commission Staff and the Office of the Public Counsel to submit a pleading concerning any objections within 45 days of the initial filing of an Addendum. The Territorial Agreement approved by the Commission on September 30, 2004 does not require the filing of a Staff Recommendation.

### **DISCUSSION**

The Joint Application and its Attachment, Addendum No. 1 to the Territorial Agreement, requests that Osage be allowed to serve a new sewer lift station that will be installed, owned and operated by the City of Peculiar. Since this sewer lift station will be located within the city limits of Peculiar, Peculiar's population is in excess of fifteen hundred inhabitants and Aquila is the predominant supplier of retail electric energy within the city limits of Peculiar, approval of Addendum No. 1 by the Commission is needed to allow Osage to serve this potential customer.

The Application states that the Agreement is in the public interest for multiple reasons including the establishment of exclusive service obligations and will prevent future duplication of electric service facilities. Staff visited the property in question on June 14, 2005. It is proposed that this sewer lift station will be served by an Osage power line that is directly adjacent to the planned sewer lift station. If Aquila were to attempt to serve this potential customer, a new line would have to be constructed at considerable expense that would duplicate the electric service facilities of Osage that are already in place.

Staff would also note that this application is in no way associated with the case that was recently decided by the Commission, Case No. EA-2005-0248, which involved

the installation of combustion turbines at the South Harper Station. While both cases involve Aquila and the general area is Peculiar, Mo. in Cass County, this sewer lift station is approximately one mile from the South Harper Station and will serve an industrial park, not the South Harper Station.

### **STAFF RECOMMENDATION**

The Staff recommends that the Commission approve Addendum No. 1 to the Territorial Agreement as being in the public interest, pursuant to Section 394.312. With Osage being the electric service provider to this sewer lift station, public safety is enhanced and an otherwise necessary duplication of facilities is prevented.

Given Osage is a rural electric cooperative, the Commission does not require annual reports or assessment fees. Further, Osage states in the Joint Application that it does not have pending action or final unsatisfied decisions against it from any state or federal court involving customer service or rates within three years of the date of filing this Joint Application. Aquila is current on its required annual report filings and assessment fees. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing; however, the following cases involving Aquila are open:

1. EO-2005-0156 – Financing of South Harper Units
2. EA-2005-0248 – Specific Confirmation or CNN for South Harper Units and Related Transmission
3. EO-2005-0270 – KCP&L Sale of Lake Road-Nashua Transmission Line to Aquila
4. EO-2005-0293 – Experimental Regulatory Plan
5. ER-2005-0436 – General Rate Case
6. EO-2002-0384 – Class Cost of Service and Rate Design Case
7. HR-2005-0450 – General Rate Case