

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

In the Matter of the Application of Union)
Electric Company d/b/a Ameren Missouri and)
Farmer's Electric Cooperative for Approval of)
an Addendum to an Approved Territorial)
Agreement

File No. EO-2014-0044

**STAFF'S RECOMMENDATION FOR APPROVAL OF
ADDENDUM TO APPROVED TERRITORIAL AGREEMENT**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through undersigned counsel, and for its recommendation in this matter files Staff's Recommendation for Approval of Addendum to an Approved Territorial Agreement ("Joint Application") filed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") and Farmer's Electric Cooperative ("FEC")(hereinafter jointly "the Applicants") to amend their approved territorial agreement by the terms of Addendum No. 1. In support of Staff's recommendation, Staff states as follows:

1. On August 20, 2013, Ameren Missouri and FEC filed their *Joint Application* requesting that the Commission approve an amendment to their existing territorial agreement¹ that would allow FEC, rather than Ameren Missouri, to provide electrical service to a new residential structure located along Livingston County Road 412 in Mooresville, Missouri owned by Beetsma Farms, Inc. even though that structure is located within Ameren Missouri's service boundaries per the terms of the approved territorial agreement.

¹ The existing territorial agreement was approved by the Commission in a Report and Order dated September 3, 1998 in Case No. EO-98-511.

2. On August 23, 2013, the Commission issued an *Order* directing notice be given regarding the matter and setting a deadline of September 23, 2013 for any party that wished to intervene. No party intervened in this matter.

3. As explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated herein by reference, Staff recommends the Commission issue an order in this case that approves the Addendum to the territorial agreement.

4. Section 394.312 RSMo authorizes territorial agreements to displace competition to provide retail electric service, as between rural electric cooperatives, electrical corporations and municipally owned utilities. All territorial agreements entered into under the provisions of this section, including any subsequent amendments to such agreements shall receive approval by the Public Service Commission by Report and Order. The Commission may approve territorial agreements, original and amended, "if it determines that approval of the territorial agreement in total is not detrimental to the public interest." RSMo 394.312.5.

5. Staff has reviewed the Joint Application, which includes notarized statements from Ameren Missouri, FEC, and Beetsma Farms, LLC acknowledging that FEC is the desired electric service provider for the new maintenance building located along Livingston County Road 412 in Mooresville, Missouri. FEC has facilities that are much closer to the property as compared to Ameren Missouri's current facilities, which are nearly a half mile away. Thus, approval of this Addendum allows for better use of resources by avoiding the result of having multiple electric service providers on the same property. With that in mind, Staff has determined that approval of the Addendum is not detrimental to the public interest. Moreover, approval of the Addendum will not

change any of the other terms or conditions of the territorial agreement or change the boundaries of the exclusive electric service territories of either FEC or Ameren Missouri. Therefore Staff recommends that the Commission approve Addendum No. 1.

WHEREFORE, for reasons stated above and in Staff's Memorandum, Staff recommends the Commission issue an order approving the Addendum No. 1 to the previously approved territorial agreement between Ameren Missouri and FEC and recommends the Commission order Ameren Missouri to file revised tariff sheets reflecting this Addendum.

Respectfully submitted,

/s/ Akayla J. Jones

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed; hand-delivered, transmitted by facsimile or emailed to all counsel of record this 2nd day of October 2013.

/s/ Akayla J. Jones

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2014-0044 – In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri and Farmers’ Electric Cooperative for Approval of an Addendum to An Approved Territorial Agreement

FROM: Alan J. Bax - Tariff, Safety, Economic and Engineering Analysis

/s/ Daniel I. Beck 10/2/2013 Robert S. Berlin 10/2/2013
Energy Department / Date Staff Counsel’s Office / Date

SUBJECT: Staff Memorandum Recommending Approval of Joint Application

DATE: October 2, 2013

STAFF RECOMMENDATION

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the Joint Application (“Application”) of Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) and Farmers’ Electric Cooperative Inc. (“FEC”), (collectively referenced as the “Applicants”) to revise the Applicants’ Territorial Agreement (“TA”) in accordance with Addendum No. 1 (“Addendum”). Approval of the Addendum would authorize FEC to provide electric service to a new structure located along Livingston County Road 412 in Mooresville, Missouri, a property owned by Beetsma Farms, LLC, that otherwise lies in an area exclusively serviced by Ameren Missouri per the terms of the TA. Staff has reviewed the Application and recommends the Commission approve it, finding that the transaction is not detrimental to the public interest pursuant to Section 394.312 RSMo (2000), 4 CSR 240-2.060, and 4 CSR 240-3.130. Staff also recommends the Commission order Ameren Missouri to file revised tariff sheets reflecting this Addendum.

OVERVIEW

On August 20, 2013, the Applicants filed an Application requesting approval of Addendum No. 1 to their TA. This TA was approved by the Commission in a Report and Order dated September 3, 1998 in Case No. EO-98-511.

On August 23, 2013, the Commission issued an *Order* setting an intervention deadline of September 23, 2013 for any entity wishing to intervene in this matter.

FEC is a rural electric cooperative organized under Chapter 394 RSMo (2000) to provide electric service to its members in all or parts of nine Missouri counties, including Livingston County, in which lies the property that is the subject of the Application. Although the Commission has limited jurisdiction over rural electric cooperatives, FEC is subject to the jurisdiction of the Commission in this case under Section 394.312 RSMo (2000).

As a rural electric cooperative, FEC is not required to file annual reports or pay assessment fees. Further, FEC does not have pending or final unsatisfied judgments against it from any state or federal court involving customer service or rates within three years of the date of filing this Application.

Ameren Missouri is current on all assessment fees and annual report filings. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

DISCUSSION

In Case No. EO-98-511, the Applicants requested and received Commission approval of a TA that designated specific areas in nine Missouri counties in which, as between them, each serves exclusive of the other. A map depicting the exclusive service areas in the applicable portion of southwest Livingston County is attached hereto as AJBSchedule-1 and incorporated by reference herein. The exclusive service area of Ameren Missouri in this section of Livingston

County lies within the outlined, “carved-out” portions as illustrated on this map; the area shown outside these outlined, “carved-out” portions is exclusive to FEC. With this TA, the Applicants, in part, sought to limit the duplication of facilities necessary to provide electric service to the entire territory considered in the TA. This TA has allowed the Applicants to most efficiently and effectively utilize their respective installed facilities.

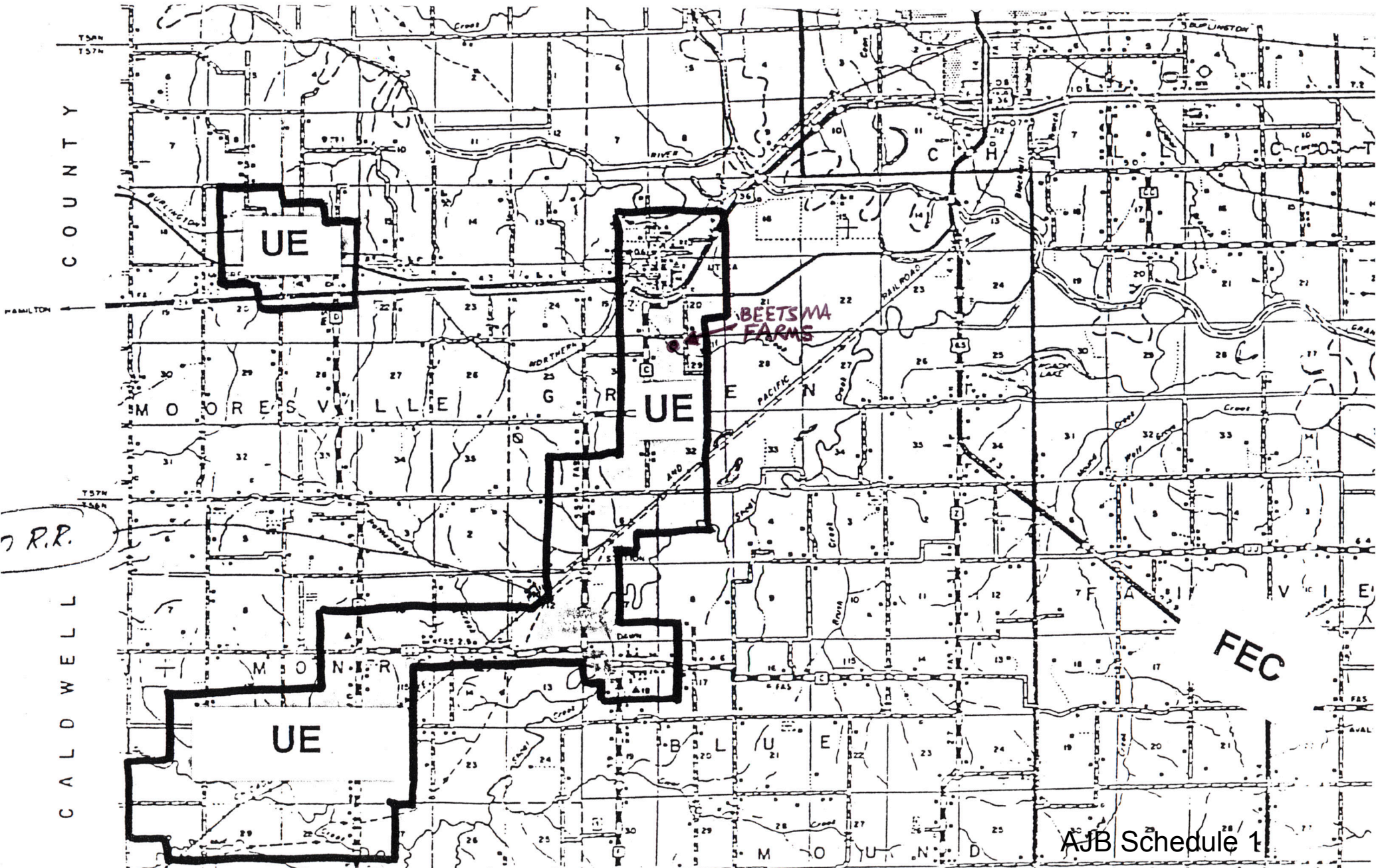
Even with the successful effect that this TA has had on system planning within the respective boundaries over the last fifteen years, exceptions can occur where an alternate course of action is more efficient and effective. Such an exception is the subject of the current Application. Beetsma Farms, LLC desired to receive electric service to a new maintenance building constructed on their property along the south side of County Road 412, located in Section 29-Township 37N-Range 24W of Livingston County, Missouri. This quarter mile section is located predominantly within the boundary marking the exclusive electric service area of Ameren Missouri in this section of Livingston County, Missouri, as illustrated on AJBSchedule-1. Because there were three existing meters already being served by FEC on this property, Ameren Missouri and FEC proceeded to discuss the possibility of allowing FEC to provide electric service to this new maintenance building, as contemplated by Section 8 of the TA, attached hereto as AJBSchedule-2 and incorporated by reference therein.

Section 8 of the TA provides a process that ultimately may allow a new structure to be served by either Ameren Missouri or FEC, despite that particular structure being located in an area to be served exclusively by the other per the terms of the TA. Addendum No. 1 to the TA between Ameren Missouri and FEC, dated July 8, 2013, and attached as Appendix 4 to the Application, is an agreement that would allow FEC to provide permanent electric service to a new maintenance building at Beetsma Farms should the Commission approve it. FEC has

facilities located along the north side of County Road 412 that are capable of providing the desired service to the maintenance building. FEC's facilities are much closer to the property as compared to Ameren Missouri's current facilities, which are nearly a half mile away. Thus, approval of this Addendum allows for the most efficient use of the available electric facilities in this area of Livingston County, Missouri and avoids the result of having multiple electric service providers on this property. FEC is currently providing temporary service to the new maintenance building, in addition to three other meters on the property, per the terms in Section 8 of the TA that allows FEC to provide electric service to the property on a temporary basis "until the Commission approves or disapproves the Addendum." The Application includes the required notarized statements from Ameren Missouri, FEC, and Beetsma Farms, LLC acknowledging that FEC is the desired electric service provider for the new maintenance building. No additional changes to the TA are being sought other than requesting approval of Addendum No. 1.

CONCLUSION

For the reasons stated above, Staff is of the opinion that approval of this Application is not detrimental to the public interest pursuant to Section 394.312 RSMo (2000), 4 CSR 240-2.060 and 4 CSR 240-3.130. Therefore, Staff recommends that the Commission approve the Application of Ameren Missouri and FEC for Addendum No. 1 to their TA, which would allow FEC to provide electric service to a new maintenance building constructed on property owned by Beetsma Farms, LLC on the south side of County Road 412 in Livingston County, Missouri and recommends the Commission order Ameren Missouri to file revised tariff sheets reflecting the approval of this Addendum. Staff further suggests that the Commission note that no ratemaking matter is being addressed in this proceeding.



AJB Schedule 1

ARTICLE 8.

CASE-BY-CASE EXCEPTION PROCEDURE

- 8.1 The parties may agree on a case-by-case basis by an Addendum hereto to allow a Structure to receive service from one party, though the Structure is located in the exclusive service area of the other party.
- 8.2 Such Addendum shall be filed with the Executive Secretary of the Commission in the same manner as a motion or other pleading, with a copy submitted to the Office of Public Counsel. There will be no filing fee for these addenda.
- 8.3 Each Addendum shall consist of a notarized statement identifying the Structure, the party to serve the Structure, the justification for the Addendum, and indicating that the parties support the Addendum.
- 8.4 Each Addendum shall be accompanied by a notarized statement, signed by the customer to be served, which acknowledges such customer's receipt of notice of the contemplated electric service to be provided, and that the Addendum represents an exception to the territorial boundaries approved by the Commission, and shall indicate the customer's consent to be served by the service provided contemplated by the Addendum.
- 8.5 If the Commission Staff or Office of Public Counsel do not submit a pleading objecting to the Addendum within forty-five (45) days of the filing thereof, the Addendum shall be deemed approved by the aforesaid parties. Each Addendum shall contain a statement in bold uppercase typeface indicating that the Staff or Office of Public Council have forty-five (45) days to oppose the Addendum or else the Addendum shall be deemed approved by the aforesaid parties.
- 8.6 Each party, pursuant to an executed Addendum, shall have the right to provide temporary service, as defined in Section 393.106 RSMo., until the Commission approves or disapproves the Addendum. No party shall be required to remove any facilities installed, pursuant to an agreement, until the effective date of an Order of the Commission or a court regarding the removal of same.

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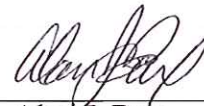
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Electric Company d/b/a Ameren Missouri)
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Approval of an Addendum to an Approved)
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Case No. EO-2014-0044

AFFIDAVIT OF ALAN J. BAX

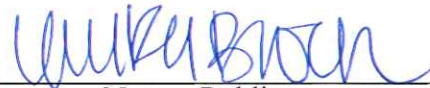
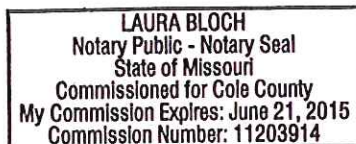
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Alan J. Bax, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Alan J. Bax

Subscribed and sworn to before me this 1st day of October, 2013.



Notary Public