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Exhibit No. \_\_\_\_\_

Territorial Agreement Approval

Jon McClure

Osage Valley Electric Cooperative

Surrebuttal Testimony

August 24, 2004

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILED

AUG 24 2004

In the Matter of the Application of Aquila, Inc. )  
d/b/a Aquila Networks - MPS, and Osage Valley )  
Electric Cooperative for Approval of a Written )  
Territorial Agreement Designating the )  
Boundaries of Exclusive Service Areas Within )  
Cass County, Missouri. )

Missouri Public  
Service Commission

Case No. EO-2004-0603

SURREBUTTAL TESTIMONY

OF

JON MCCLURE

FILED

SEP 20 2004

on behalf of

Missouri Public  
Service Commission

OSAGE VALLEY ELECTRIC COOPERATIVE

August 24, 2004

Osage  
Valley Exhibit No. 2  
Case No(s). EO-2004-0603  
Date 9-10-04 Rptr JL

Exhibit 2  
Territorial Agreement

Osage Valley Electric

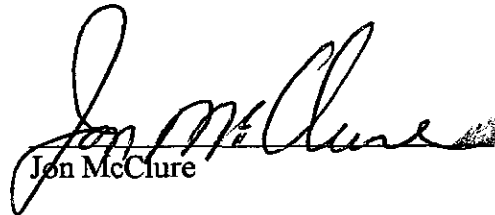
Surrebuttal

August 14, 2004

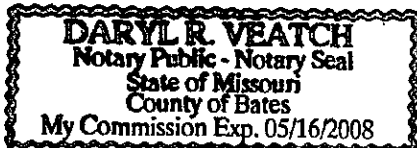
**AFFIDAVIT OF JON MCCLURE**


STATE OF MISSOURI )  
COUNTY OF Bates ) ss.

I, Jon McClure, being of lawful age, on my oath state, that I have prepared the following surrebuttal testimony in question and answer form, consisting of 6 pages, to be presented in this case; that the answers in the following testimony were given by me; that I have knowledge of the matters set forth in such answers; and that such matters are true to the best of my knowledge and belief.

  
Jon McClure

Subscribed and sworn to before me this 18th day of August, 2004.



  
Notary Public

My Commission Expires:

1 **Q. Are you the same Jon McClure that filed direct testimony on behalf of Osage Valley**  
2 **Electric Cooperative in this Territorial Agreement proceeding?**

3 A. Yes.

4 **Q. What is the purpose of this surrebuttal testimony?**

5 A. The purpose of this surrebuttal is two-fold. First, I would like to respond to Staff's  
6 recommendation that the territorial agreement not be approved, as contained in Staff witness  
7 Bax's rebuttal, pages 6-7. I do not believe the basis of Staff's negative recommendation is in  
8 fact an obstacle to approval of the territorial agreement. Second, I would like to make some  
9 minor clarifications to my direct testimony.

10 **Q. Please review the basis for Staff's recommendation that the territorial agreement**  
11 **not be approved?**

12 A. This territorial agreement immediately creates three exclusive service areas for Osage  
13 Valley within the city limits of Peculiar. Article 7 allows the parties to subsequently create other  
14 exclusive service areas, which would be added to the master territorial agreement by addendum.  
15 The agreement provides that any such addendum would be filed with the Commission, served  
16 upon Staff, the Office of Public Counsel, and of course any other party the Commission directs.  
17 Section 7.4 of the agreement states that if Staff or OPC do not object to the addendum within 45  
18 days of filing, it will be deemed approved "by the aforesaid parties".

19 Staff witness Alan Bax, at pages 4-6 of his rebuttal testimony, recommends that the  
20 Commission not approve the territorial agreement "based upon Mr. McClure's Direct  
21 Testimony". He references my direct testimony, page 8, lines 13-16, which stated that if there

1 was no opposition to the addendum it would be deemed effective, and if there was opposition the  
2 Commission would decide to approve or reject under its normal procedures.

3 **Q. What concern do you believe Staff witness Bax bases his recommendation on?**

4 A. I believe Mr. Bax opposes the agreement because he fears an addendum could become  
5 effective without an affirmative Commission Order approving the addendum. I believe he refers  
6 to this as Commission approval being "assumed". As I interpret his testimony, it appears Staff  
7 wants there to be an affirmative Order of the Commission approving the addendum, even if no  
8 party opposes it.

9 **Q. Do you see a solution to his concern?**

10 A. Yes. If an addendum is filed, and no opposition is voiced within 45 days, I suggest that  
11 the addendum be approved by an affirmative order of the Commission. I think this would solve  
12 Staff's concern. It would also be consistent with the provision of Section 7.4 that specifies that  
13 such deeming of approval would be by "the aforesaid parties", which does not include the  
14 Commission itself.

15 **Q. Do you have any clarifications to make to your direct testimony?**

16 A. Yes. With respect to page 4, line 11, I stated that Aquila would save significant expense  
17 from not having to build facilities to an Osage Valley exclusive service area. Aquila pointed out  
18 that under Aquila's line extension policy this expense would be that of the customer, not Aquila.  
19 I would like to clarify this testimony to mean that, because Osage Valley is closer, there would  
20 be less expense to build, whether the expense is borne by the utility or the utility's customer,  
21 than if Aquila built to the parcel.

1 Finally, at page 8, lines 7-11 of my direct testimony I stated that addendums would be  
2 accompanied by a signed statement of the customer to be served. I had forgotten that the  
3 executed territorial agreement did not impose such a requirement on the customer. I would like  
4 to clarify my direct testimony to indicate my earlier statement was in error.

5 **Q. Does this conclude your surrebuttal testimony?**

6 **A. Yes.**