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May 30, 1997

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FILED

MAY 30 1997

MISSOURI
PUBLIC SERVICE COMMISSION

Mr. Cecil Wright, Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Re: PSC Case No. EO-97-493

Dear Mr. Wright:

For filing in the above matter please find enclosed original
and 14 copies of Direct Testimony of Byron L. Jahn.

Thank you for your attention.

Sincerely yours,


Victor S. Scott

VSS:om
cc: Bill Bobnar
Public Counsel

EXHIBIT NO. _____
ISSUE: PUBLIC INTEREST
WITNESS: BYRON L. JAHN
TYPE OF EXHIBIT: DIRECT
TESTIMONY
SPONSOR: CONSOLIDATED
ELECTRIC COOPERATIVE
CASE NO. EO-97-493

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-97-493

DIRECT TESTIMONY

OF

BYRON L. JAHN

FILED
MAY 30 1997
MISSOURI
PUBLIC SERVICE COMMISSION

JEFFERSON CITY, MISSOURI

JUNE 2, 1997

1 Q. What is your name?

2 A. Byron L. Jahn.

3 Q. By whom are you employed?

4 A. Consolidated Electric Cooperative.

5 Q. In what capacity are you employed?

6 A. I am the General Manager.

7 Q. What are your job duties as General Manager?

8 A. I am in charge of daily operations and am the chief
9 executive officer of the Corporation.

10 Q. What is your educational background?

11 A. B.S. in Business Administration - minor in Economics
12 Lincoln University, Jefferson City, MO - 1970

13 Q. What is your employment history?

14 A. Manager of Consolidated Electric Cooperative since
15 April, 1979.

16 Q. Are you authorized on behalf of the Cooperative to file
17 testimony in this matter?

18 A. Yes, I am.

19 Q. What relief are the applicants in this matter requesting
20 from the Commission.

21 A. Consolidated Electric Cooperative and Union Electric
22 Company ("UE") have entered into a Territorial Agreement
23 pursuant to Section 394.312 RSMo. The Cooperative and UE
24 are requesting approval of the Agreement by the Missouri
25 Public Service Commission as required by the statute.

26 Q. Are you familiar with the content of the Territorial

1 Agreement which is being presented here by Consolidated
2 Electric Cooperative and UE?

3 A. Yes, I am.

4 Q. Identify for the record Exhibit 1 to your testimony.

5 A. Exhibit 1 is the Territorial Agreement between
6 Consolidated Electric Cooperative and UE without the
7 exhibits as they have been previously filed with the
8 Commission.

9 Q. Please summarize the terms of the Territorial Agreement.

10 A. The agreement sets aside to Consolidated Electric
11 Cooperative and UE certain areas of Audrain, Monroe and
12 Randolph Counties as the exclusive electric service
13 territory of each electric supplier as between the
14 parties to the agreement. These territories are more
15 specifically described in the agreement and the maps
16 incorporated in the agreement.

17 The agreement is perpetual.

18 The agreement does not provide for the exchange of
19 any customers or facilities but does provide that
20 existing customers will remain with their current
21 supplier. There is an addendum procedure for case by case
22 exceptions to the Territorial Agreement which is similar
23 to previous addendum clauses which have been approved in
24 other territorial agreements.

25 Q. What is Consolidated Electric Cooperative and where are
26 its offices located?

1 A. Consolidated Electric Cooperative is a Chapter 394
2 Cooperative Corporation which was organized in 1936 to
3 distribute electric energy and service to its members in
4 all or parts of Audrain, Boone, Callaway, Lincoln,
5 Montgomery, Monroe Pike and Ralls in Missouri. Our main
6 office is located in Mexico, Missouri. The Cooperative
7 presently serves approximately 6,880 accounts.
8 Transmission service in our area is provided by Central
9 Electric Power Cooperative at Jefferson City and our
10 energy is generated by Associated Electric Cooperative,
11 Inc. of Springfield, Missouri.

12 Q. What resources does the Cooperative have that will permit
13 it to properly and effectively serve the territory set
14 aside to it in the Territorial Agreement?

15 A. Consolidated is a member of the rural electric
16 cooperative system in Missouri. The electric
17 cooperatives in Missouri have banded together to create
18 an economic entity comprised of a generation cooperative,
19 six transmission cooperatives and forty three
20 distribution cooperatives. Consolidated is a
21 distribution cooperative. Distribution cooperatives
22 deliver electricity at retail to their member consumers
23 who are end users of electricity. Consolidated has over
24 6,880 members, over 31 employees, over 2,147 miles of
25 energized line, and over \$20,800,000 in total assets.
26 Consolidated has a long term all requirements contract

1 with Central Electric Power Cooperative under which
2 Central is responsible to deliver all of Consolidated's
3 bulk power requirements. Central has eight members
4 including Consolidated, all of whom are distribution
5 electric cooperatives. Central has over 103 employees,
6 over 1,536 miles of transmission line at voltages of 69
7 kv or higher, and approximately \$107,000,000 in assets.
8 Central has a long term all requirements contract with
9 Associated Electric Cooperative, Inc. under which
10 Associated is responsible to provide all of the bulk
11 power requirements Central may have to serve Central's
12 member cooperatives. Associated has six members all of
13 whom are transmission cooperatives like Central.
14 Associated has over 700 employees, over 2,000 megawatts
15 of generation capacity, and over \$2,000,000,000 in
16 assets. Under the all requirements contracts and the
17 investments made by the rural electric cooperatives in
18 Missouri, Consolidated is well situated to be able to
19 provide for all of the foreseeable electric power needs
20 in the area set aside to it under the Territorial
21 Agreement with UE. Consolidated is a borrower from the
22 Rural Utilities Service of the Department of Agriculture
23 and from National Rural Utilities Cooperative Finance
24 Corporation. Between these two entities Consolidated has
25 available all the financial resources necessary to fund
26 any expansion of plant needed by Consolidated. The

1 Cooperative has available on a long term basis all the
2 financial, transmission, generation, and other resources
3 needed to serve the electric needs of its current and
4 future members.

5 Q. What were the considerations that went into dividing the
6 territory between UE and the Cooperative.

7 A. When the territorial boundaries were drawn, consideration
8 was given to existing facilities of UE and the
9 Cooperative and commitments made to date by UE. The
10 Cooperative has the ability to provide the resources
11 necessary to provide the development and expansion of
12 electric distribution facilities in its area under the
13 Agreement. The division of the territory was in
14 recognition of the parties various resources to make full
15 utilization of the parties working in concert to serve
16 the area covered by the Agreement.

17 Specific areas were retained in the proposed service
18 area of the other because of the investment of resources.
19 The Cooperative has kept large industrial loads, 5
20 subdivisions and 2 trailer parks while UE has retained
21 service to 3 subdivisions. These areas are designated in
22 the exhibits attached to the Territorial Agreement.

23 Q. What public interest benefits are advanced by the
24 Agreement.

25 A. The Agreement will prevent further duplication of
26 facilities by the Cooperative and UE. It would be fair

1 to say that we are serving the public interest by acting
2 now to avoid wasteful duplication and focusing our
3 efforts on efficient use of existing resources in more
4 compact operational areas. The public will have more
5 certainty in who to call for service and service issues.

6 Within our respective areas we will fulfill our
7 duties of providing save and adequate electric service at just
8 and reasonable rates. Our planning, engineering, and
9 operational decisions will be simplified and our investments
10 will not be driven by competition for new loads. The benefits
11 can show up in avoided costs as well as in greater customer
12 density which enhances our ability to keep rates as low as
13 possible. Reduction of duplication and drawing ourselves into
14 exclusive service areas also have positive public safety and
15 employee safety implications. We will be able to work with UE
16 to develop efficient distribution systems designed based on
17 load concerns rather than artificial boundaries such as city
18 limits. Fewer poles along roads and fewer energized lines
19 means that potential hazards to the public are reduced. Our
20 employees will now have less likelihood of receiving injury
21 from energized lines not within our operational control. The
22 amount of time our employees spend simply driving to respond
23 to calls will be reduced. Less time on the road means less
24 accident exposure and quicker restoration of service for
25 customers.

26 Each party to the Agreement will be able to make

1 efficient use of its facilities currently in place and neither
2 will be required to waste resources that could be better used
3 elsewhere.

4 Both the Cooperative and UE provides services to the
5 community in addition to electrical service. This agreement
6 will allow the Cooperative and UE to work together to enhance
7 the quality of life without worry as to the legal boundaries
8 of each service territory.

9 Q. What other power suppliers have electric
10 distribution facilities in the area covered by this
11 Agreement?

12 A. Boone Electric Cooperative, Callaway Electric
13 Cooperative, Howard Electric Cooperative, Macon Electric
14 Cooperative, Missouri Rural Electric Cooperative, and Ralls
15 County Electric Cooperative.

16 Q. Have they intervened or otherwise participated in this
17 proceeding?

18 A. No.

19 Q. Do you understand that this Agreement will have no effect
20 on the service rights and powers of Boone Electric
21 Cooperative, Callaway Electric Cooperative, Howard
22 Electric Cooperative, Macon Electric Cooperative,
23 Missouri Rural Electric Cooperative, and Ralls County
24 Electric Cooperative.

25 A. Yes.

26 Q. Are there any customers of the Cooperative in the

territory assigned to UE under the Agreement?

A. Yes.

Q. How will those customers be handled under this proposed Territorial Agreement?

A. They will remain customers of the Cooperative.

Q. Are there any customers of UE in the territory assigned to the Cooperative by this Agreement?

A. Yes.

Q. How will those customers be handled?

A. They will remain customers of UE.

Q. Is there any provisions in the Territorial Agreement to handle exceptions to the service territories allotted?

A. Yes.

Q. How will exceptions be handled?

A. The Territorial Agreement has an addendum procedure similar to that approved by the Commission in Case No. EO-95-400.

Q. Are you asking that the Commission approve the entire Agreement as presented?

A. Yes.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

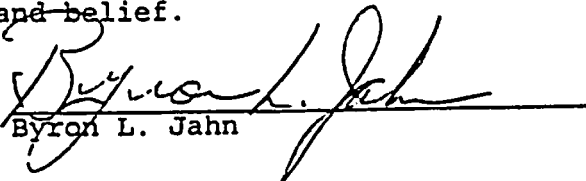
In the Matter of the Application of)
Union Electric and Consolidated)
Electric Cooperative for Approval of)
a Written Territorial Agreement)
Designating the Boundaries of Each)
Electric Service Supplier within)
Portions of Audrain, Monroe and)
Randolph Counties, Missouri.)

Case No. EO-97-493

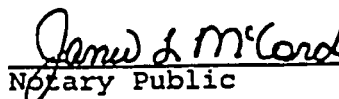
AFFIDAVIT OF BYRON L. JAHN

STATE OF MISSOURI)
) SS
COUNTY OF AUDRAIN)

Byron L. Jahn, of lawful age, on his oath states that he has participated in the preparation of the foregoing Direct Testimony, in question and answer form, consisting of _____ pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Byron L. Jahn

Subscribed and sworn to before me this 28 day of May, 1997.


Notary Public

(seal)
My commission expires: Mar 16, 1998

NOTARY PUBLIC STATE OF MISSOURI
JAMES L. MCCORD
MY COMMISSION EXPIRES MAR 16, 1998

Territorial Agreement
between
Union Electric Company
and
Consolidated Electric Cooperative

TERRITORIAL AGREEMENT

THIS AGREEMENT is entered into between Union Electric Company, hereinafter referred to as "Company", and Consolidated Electric Cooperative, hereinafter referred to as "Cooperative".

WHEREAS, Company is authorized by law to provide electric service within the State of Missouri, including portions of Audrain, Monroe, and Randolph Counties; and

WHEREAS, Cooperative is authorized by law to provide electric service within the State of Missouri, including portions of Audrain, Monroe, and Randolph Counties; and

WHEREAS, Section 394.312 RSMo. authorizes electrical corporations and rural electric cooperatives to enter into written territorial agreements; and

WHEREAS, Company and Cooperative desire to promote the orderly development of the retail electric service within portions of Audrain, Monroe, and Randolph Counties, Missouri, to avoid wasteful duplication and to minimize disputes which may result in higher costs in serving the public.

NOW, THEREFORE, Company and Cooperative, in consideration of the mutual covenants and agreements herein contained, agree as follows:

1. Definitions - As used in this Agreement:

(a) "Company" shall mean Union Electric Company and any subsidiary or other corporate entity owned or controlled by Union Electric Company.

(b) "Cooperative" shall mean Consolidated Electric

Cooperative and any subsidiary or other corporate entity owned or controlled by Consolidated Electric Cooperative.

(c) "Customer" includes any natural person, firm, association, partnership, business trust, public or private corporation, political subdivision or any agency, board, department or bureau of the state or federal government, or any other legal entity which has requested or is receiving electric service. Any customer who has requested or is receiving electric service at one structure shall be a new and different customer at each structure at which electric service has been requested.

(d) "Structure" is defined as an agricultural, residential, commercial, industrial or other building or a mechanical installation, machinery or apparatus at which retail electric energy is being delivered through a metering device which is located on or adjacent to the structure and connected to the lines of an electrical supplier. "Structure" shall include any contiguous or adjacent addition to or expansion of an existing structure. "Structure" shall not include a metering device or customer-owned meter wiring.

(e) "Existing Structure" shall mean any structure which receives electric energy from either party prior to the effective date of this Agreement. "Existing Structure" shall also mean any replacement of a previously existing structure, if the previously existing structure is totally removed and replaced by a structure used for the same purpose. Purpose shall be defined using the categories used in Section 1(d) above -- agricultural, residential,

commercial, and industrial.

(f) "New Structure" shall mean any structure which did not receive electric energy from either party prior to the effective date of this Agreement. "New Structure" shall also mean any replacement of a previously existing structure that does not satisfy the definition of "Existing Structure" set forth herein.

2. Exclusive Right to Serve - Each Party shall be entitled to continue serving those structures it was serving as of the date of this agreement, wherever those structures may be located. After the effective date of this Agreement, as between the parties hereto, each shall have the exclusive right to furnish electric service to all new structures located within its respective electric service area described in paragraphs 3 and 4 of this Agreement, regardless of the size of the load or the characteristics of the customer's requirements. Except as provided expressly herein, neither party may furnish, make available, render or extend electric service to new structures or for use within the electric service area of the other party, either directly, indirectly or through a subsidiary corporation or other entity controlled by the party.

3. Exclusive Service Area of Company - The electric service area of Company under this Agreement shall be all of Randolph County as is described in Exhibit 1 to this Agreement and as shown on the map marked Exhibit 2 to this Agreement, that portion of Monroe County as is described in Exhibit 3 to this Agreement and as illustrated by the line as shown on the map marked Exhibit 4 to

this Agreement, and that portion of Audrain County as is described in Exhibit 5 to this Agreement and as illustrated by the line as shown on the map marked Exhibit 6 to this Agreement, all exhibits being incorporated herein by reference and made a part of this Agreement as if fully set out verbatim. The Company may serve within municipalities that are located in the Company's service area, pursuant to this agreement.

4. Exclusive Service Area of Cooperative - The electric service area of Cooperative under this Agreement shall be that portion of Monroe County outside the Company's territory under this Agreement and as illustrated by the line as shown on the map marked Exhibit 4 to this Agreement, and that portion of Audrain County as is described in Exhibit 5 to this Agreement and as illustrated by the line as shown on the map marked Exhibit 6 to this Agreement, all exhibits being incorporated herein by reference and made a part of this Agreement as if fully set out verbatim. The Cooperative may serve within municipalities that are located in the Cooperative's service area, pursuant to this agreement.

5. Non-exclusive Service Territory - In Audrain County, the Territorial Agreement establishes exclusive service territories for Company and Cooperative within the areas described in Exhibits 5 and 6, respectively. The Territorial Agreement has no impact on those portions of Audrain County outside the areas described in Exhibits 5 and 6.

6. Exceptions to Exclusive Service Territories - Company and Cooperative agree to the following exceptions to exclusive service

areas set forth in Sections 3 and 4 above.

A. Company and Cooperative are supplying electric service to subdivisions, trailer parks, and developments that will be located in the other supplier's exclusive service area under this Agreement. These subdivisions, trailer parks and developments are listed in Exhibit 7 and depicted in Exhibits 7A through 7J to this Agreement, which are incorporated herein by reference and made a part of this Agreement as if fully set out verbatim. The supplier providing electric service to these subdivisions, trailer parks and developments, as designated in Exhibit 7, as of the effective date of this Agreement, shall have the exclusive right to serve any new structures located in the subdivisions, trailer parks, and developments depicted in the drawings making up Exhibit 7. Existing Structures within these subdivisions, trailer parks, and developments shall be served in accordance with the terms of this Agreement.

B. Cooperative shall have the exclusive right to serve the existing structures, any expansion of the existing structures, and any new structures located completely within the property boundaries described in Exhibit 8, for the businesses of Spartan Light Metal Products or its subsidiary, successors and assigns, and Cerro Copper or its subsidiary, successors and assigns. The Cooperative's right to serve facilities within the property boundary of the above facilities shall continue to exist regardless of the owner, so long as the facilities are used for industrial purposes, and regardless of whether the property is abandoned,

provided the property is not abandoned for over ten (10) years. For the purpose of this section, "Abandoned" shall mean the elimination of all industrial or commercial activities on the above described property.

C. The Cooperative's exclusive right to serve as described in Section 6B shall not apply to any portion of property described in Exhibit 8 once it is sold or leased for either agricultural or residential purposes.

7. Location of a Structure - The location of a structure for purposes of this Agreement shall be the geographical location at which electric power and energy is used, regardless of the point of delivery. The first owner of a new structure located on or crossed by any boundary line described in paragraphs 3 and 4 describing the electric service territories of the parties shall be permitted to choose either party for permanent electric service, provided that the customer's meter is installed within that party's service area. Thereafter, that party shall exclusively serve that structure.

8. Municipally Owned Electric Facilities - The electric service area of the Cooperative as defined in paragraph 4 above includes incorporated communities of Paris and Monroe City, each of which operates and maintains municipally owned electric facilities. Should any of these municipalities cease to operate and maintain municipally owned electric facilities and sell such facilities to the Company, notwithstanding this Agreement, Company may serve within the incorporated boundaries of such municipality as it

exists on the date the municipality and Company agree on a sale of the municipality's facilities to Company ("the Sale Date") pursuant to the following conditions and agreement. Company shall, notwithstanding this Agreement, have the power to serve the structures being served by the municipality on the Sale Date. Following the purchase by Company and the receipt of all required regulatory approvals, Company and Cooperative shall agree on an amendment to this Agreement which excludes from the exclusive territory of the Cooperative under this Agreement, a portion of the territory lying within the incorporated boundaries of the municipality whose facilities were purchased by Company. This territory shall be added to the exclusive territory of Company. Boundaries of the area to be excluded from the exclusive service territory of the Cooperative shall be that portion of the incorporated limits of the municipality as it exists on the effective date of this Agreement plus such portion of any territory annexed by the municipality after the effected date of this Agreement which territory is closer to the facilities acquired by Company from the municipality than to the facilities of Cooperative as both such facilities exist on the Sale Date. In the event the parties cannot agree on the boundaries defined above within six (6) months after the Sale Date, the parties shall submit the issue of the appropriate boundaries to determination by the Missouri Public Service Commission as provided in Section 394.312.2 RSMo. If the Commission is required to set the boundaries because the parties cannot agree, Company shall be entitled to serve all of the

structures served by the municipality prior to the purchase of the facilities by Company regardless of whether the structures are located in territory determined to be served by Company or Cooperative. The Cooperative shall be entitled to serve all of the structures it was serving prior to the purchase of the municipal system by Company regardless of whether the structures are located in territory deemed to be served by Company or Cooperative.

9. Case-by-Case Exception Procedure - 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 electric service area of the other.

Such Addendum shall be filed with the Executive Secretary of the Missouri Public Service 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.

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.

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 Public Service Commission and shall indicate the customer's consent to be served by the service provided contemplated by the Addendum.

If the 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 Counsel have forty-five (45) days to oppose the Addendum or else the Addendum shall be deemed approved by the aforesaid parties.

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.

10. Implementation - Company and Cooperative agree to undertake all actions reasonably necessary to implement this Agreement. Company and Cooperative will cooperate in presenting a joint application showing this Agreement, in total, not to be detrimental to the public interest. Company and Cooperative will share equally in the costs assessed by the Public Service Commission for seeking of administrative approval of this Agreement. All other costs will be borne by the respective party incurring the costs.

11. Modification Procedure - Except as expressly provided herein, neither the boundaries described by this Agreement nor any term of this Agreement may be modified, repealed or changed except by a writing mutually approved by the respective parties and

by the Missouri Public Service Commission.

12. Agreement Binding on Successors and Assigns - This Agreement shall be binding on the parties and all subsidiaries, successors, assigns and corporate parents or affiliates of Company and Cooperative.

13. Effective Date, Term, and Conditions - This Agreement shall become effective upon approval by the Missouri Public Service Commission pursuant to Section 394.312, RSMo. (1994). The term of this Agreement shall be perpetual. Performance of the parties is contingent upon all of the following having occurred no later than December 31, 1997;

(a) All required approvals of the Cooperative's Board of Directors.

(b) Approval of the transaction by the Public Service Commission of Missouri, including but not limited to a finding that this Agreement, in total, is not detrimental to the public interest.

14. Areas Outside the Scope of the Agreement - Both of the parties to this Agreement have service territories outside of the areas covered by this Agreement. For service outside of the areas described by this Agreement, each party will continue to operate without regard to this Agreement. The principles of law, rules and regulations applicable to the business of retail sales of electricity shall apply without regard to this Agreement.

15. Parties Right to Construct Needed Facilities - This Agreement shall in no way affect either party's right to construct

such electric distribution and transmission facilities within the designated electric service area of the other as that party deems necessary, appropriate or convenient to provide electric service to its customers not inconsistent with the terms of this Agreement and as otherwise allowed by law.

16. Metes and Bounds Description Shall Govern - In the event that any boundary shown on a map incorporated as an exhibit to this Agreement, differs from the description in a metes and bounds exhibit to this Agreement, the metes and bounds description shall govern.

17. Dispute Resolved - As part of this Agreement, the parties agree to resolve the dispute concerning electric service to a residential structure located at 1328 Onie Street, Mexico, Missouri. The parties agree that the Cooperative shall have the right to continue serving the structure.

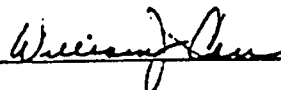
18. Headings - The headings in this Agreement are provided for informational purposes and the convenience of the parties and shall not be used to construe the terms of the Agreement.

19. Entire Agreement - This contract constitutes the entire agreement between the parties relating to the allocation of service rights in the territory described herein. If the Public Service Commission of Missouri does not approve this Agreement or fails to approve or rejects any portion of this Agreement, then the entire Agreement shall be nullified and of no legal effect. Further, if any part of this Agreement is declared invalid or void

by a Court or other agency with competent jurisdiction, then the whole Agreement shall be deemed invalid and void.

IN WITNESS WHEREOF, the parties have executed this Agreement this 25th day of April, 1997.

UNION ELECTRIC COMPANY

BY 

Title: Vice President

ATTEST:


Secretary

CONSOLIDATED ELECTRIC COOPERATIVE

By James A. Dye

Title: President

ATTEST:

Richard E. Miller
Secretary