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May 30, 1997

Via Federal Express

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

Re: **MPSC Docket No. EO-97-493**

FILED
JUN 2 1997
MISSOURI
PUBLIC SERVICE COMMISSION

Dear Mr. Wright:

Enclosed for filing are an original and fourteen copies of **The Direct Testimony of Ronald W. Loesch** on behalf of Union Electric Company.

Kindly acknowledge receipt of this letter by stamping the copy and returning it to the undersigned in the enclosed envelope.

Sincerely yours,

William B. Bobnar
Attorney

WBB:mas
Enclosures

cc: Service List

Exhibit No.: _____
Issues:
Witness: Ronald W. Loesch
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Company
Case No.: EO-97-493

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-97-493

DIRECT TESTIMONY

OF

RONALD W. LOESCH

FILED
JUN 2 1997
MISSOURI
PUBLIC SERVICE COMMISSION

St. Louis, Missouri
May 30, 1997

**DIRECT TESTIMONY
OF
RONALD W. LOESCH**

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4

5 **Q. Please state your name.**

6 **A. Ronald W. Loesch.**

7 **Q. By whom are you employed and in what capacity?**

8 **A. I am employed by Union Electric Company (UE) as Manager of the Little**
9 **Dixie and Green Hills Districts.**

10 **Q. Please summarize your prior work experience at Union Electric**
11 **Company.**

12 **A. I began work in May, 1972, for Missouri Power & Light Company (MPL), a**
13 **former subsidiary of UE. I worked in Property Accounting, Accounting, Corporate**
14 **Planning and Rates prior to 1984. After 1984, MPL was merged into UE. Since 1984, I**
15 **have worked in the areas of Office Operations, Personnel Development, and District**
16 **Management.**

17 **Q. What is your educational background?**

18 **A. I received a Bachelor of Science Degree in Accounting from Lincoln**
19 **University in 1969, and a Master of Business Administration from the Lincoln University in**
20 **1980.**

21 **Q. Are you familiar with the subject matter of this case?**

22 **A. Yes, I am. This case involves the Missouri Public Service Commission's**

Direct Testimony of
Ronald W. Loesch

1 review of the Joint Application of Union Electric Company (UE) and Consolidated Electric
2 Cooperative (CEC) requesting approval of a Territorial Agreement covering portions of
3 Audrain, Monroe, and Randolph counties.

4 Q. What relief are the Applicants in this matter requesting from the
5 Commission?

6 A. UE and CEC are requesting approval of the Agreement by the Missouri
7 Public Service Commission (Commission) as required by Section 394.312 RSMo. (1994).

8 Q. Are you familiar with the contents of that Territorial Agreement?

9 A. Yes, I negotiated the agreement for UE. I have attached as Schedule 1 to
10 my testimony a copy of the Territorial Agreement between UE and CEC.

11 Q. Identify, for the record, Schedule 1 to your testimony.

12 A. Schedule 1 is the Territorial Agreement between UE and CEC, without
13 Exhibits 2, 4, 6, 7, and 8 because they have been previously filed with the Commission as a
14 part of the Joint Application.

15 Q. Please briefly describe the principal terms of the Territorial Agreement.

16 A. The primary effect of the Territorial Agreement is to designate the exclusive
17 service areas for the two parties by defining the service responsibilities between UE and CEC
18 in Audrain, Monroe, and Randolph counties. The electric service area of UE under the
19 Territorial Agreement shall be all of Randolph County, that portion of Monroe County as is

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1 described in Exhibit 3 to this Agreement, and that portion of Audrain County as is described
2 in Exhibit 5 to this Agreement. The electric service area of CEC under the Territorial
3 Agreement shall be that portion of Monroe County outside UE's territory and that portion
4 of Audrain County as is described in Exhibit 5 to the Territorial Agreement.

5 In Audrain County, the Territorial Agreement establishes exclusive service
6 territories for UE and CEC within the areas described in Exhibit 5. The area described in
7 Exhibit 5 is the area surrounding the City of Mexico where most of the duplication of
8 facilities exists. The Territorial Agreement has no impact on those portions of Audrain
9 County outside the areas described in Exhibit 5.

10 After the effective date each party shall have the exclusive right to furnish
11 electric service to all new structures located in its respective electric service area. Each
12 party shall have the right to continue to serve those existing structures located in the electric
13 service area of the other party which it is serving on the effective date of the Territorial
14 Agreement, wherever those structures are located.

15 Q. Does the Territorial Agreement provide for any exceptions to the exclusive
16 service areas?

17 A. UE and CEC have agreed to a few exceptions to the exclusive service areas.
18 CEC will have the exclusive right to serve the existing structures, any expansion of the existing
19 structures, and any new structures located completely on the property boundaries for the

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1 business of Spartan Light Metal Products and Cerro Copper. In addition, UE will have the
2 right to serve new structures in the following subdivisions and developments in CEC's
3 exclusive service area:

4	<u>Name</u>	<u>Location</u>
5		
6	Friendship Acres Subdivision	T51N R9W Sect. 32
7		
8	Country Place Subdivision	T51N R9W Sect. 32
9		
10	Gordon Groves Subdivision	T51N R8W Sect. 32
11		
12		

13 Likewise, CEC will have the right to serve any new structures in the following subdivisions,
14 trailer parks, and developments in UE's exclusive service area:

15	<u>Name</u>	<u>Location</u>
16		
17	Orchard Heights Subdivision	T50N R9W Sect. 1
18		
19	Freeman Hills	T51N R9W Sect.17
20		
21	West Gate Trailer Park	T51N R9W Sect. 20
22		
23	Skyline Village	T51N R9W Sect. 20 & 21
24		
25	Gordon (Butch) Houf Subdivision	T51N R9W Sect. 27
26		
27	West Wood Hills Subdivision	T51N R9W Sect. 28
28		
29	Wm. Reid Development	T51N R9W Sect. 32
30		

1 The Territorial Agreement does not limit construction of appropriate
2 facilities wherever necessary to provide reliable electric service in the respective areas. It
3 provides a method for dealing with odd cases such as new structures located precisely on
4 the boundary line, as an arbitrary boundary line could lead to an impractical, unreasonable
5 result. The Territorial Agreement also contains a case-by-case addendum procedure similar
6 to that approved by the Commission in Case Numbers EO-95-400 and EO-97-6.

7 Q. How long does the Agreement remain in effect?

8 A. The Agreement's term is perpetual.

9 Q. What impact does the division of service areas contained in the
10 Territorial Agreement have on other electric suppliers serving in Audrain, Monroe,
11 and Randolph Counties?

12 A. Section 394.312 RSMo. permits territorial agreements to specifically
13 designate the boundaries of the electric service territory of the electric service suppliers
14 subject to the Agreement. Since only UE and CEC have signed the Territorial Agreement,
15 they are the only electric suppliers subject to the Agreement. UE recognizes that other
16 electric suppliers serve in the counties covered by the Territorial Agreement. UE
17 understands that the Territorial Agreement neither changes or limits the existing or future
18 territorial rights or duties of other suppliers nor restrains their ability to provide electric
19 service within the area covered by the Agreement. If approved, UE promises it will not

1 assert any rights arising out of the Territorial Agreement against any other electric supplier
2 not subject to the Agreement.

3 **Q. Does the Territorial Agreement include a provision related to certain**
4 **municipally-owned electric systems?**

5 **A. Section 8 of the Agreement deals with the hypothetical situation where the**
6 **incorporated communities of Paris or Monroe City cease to operate their municipal electric**
7 **systems and UE purchases their facilities. The section serves an important purpose -- it**
8 **sets forth a procedure for establishing the UE/CEC service area boundary in the event UE**
9 **purchases their facilities. I believe it is extremely remote that one of these cities would**
10 **cease to operate its municipal system, however, since the Territorial Agreement is**
11 **perpetual, it is desirable to address this situation. Again, UE understands that the**
12 **Territorial Agreement neither changes nor limits the existing or future territorial rights or**
13 **duties of these municipal electric systems nor restrains their ability to provide electric**
14 **service within the area covered by the Agreement. If approved, UE promises it will not**
15 **assert any rights arising out of the Territorial Agreement against any other electric supplier**
16 **not subject to the Agreement.**

17 **Q. Does the Territorial Agreement provide for the exchange of any**
18 **customers or facilities?**

19 **A. No, it does not.**

Direct Testimony of
Ronald W. Loesch

1 Q. What were the considerations that went into dividing the service area
2 between UE and CEC?

3 A. From UE's point of view, I wished to eliminate or prevent future duplication
4 of power lines, to obtain a simple boundary line, and maximize the investment the company
5 has made in our present facilities.

6 Q. What public interest goals are advanced by this Territorial Agreement?

7 A. Several public interest goals are served by this Territorial Agreement. The
8 Agreement will halt the duplication of facilities now existing between UE and CEC. In the
9 future, there will no longer be lines built by a second party that are redundant and wasteful
10 and each electric supplier will be able to focus its efforts on efficiently utilizing its resources
11 to better serve its customers.

12 The resulting service territories will also be principally exclusive. The
13 benefits of an exclusive service territory are many. The public will have certainty in whom
14 to call for service and service issues in a given area. UE's system planning ability will be
15 improved. By knowing that UE will be serving all the customers in our electric service
16 area, we can better plan substation locations and sizes and feeder routes and sizes. All in-
17 place facilities can be utilized to serve new structures and reinforce the systems. The
18 efficiencies in design and service described above will favorably impact cost. The elimination of

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Ronald W. Loesch

1 duplication will lessen any perceived negative impact of the electric distribution facilities on the
2 aesthetics and safety of the community.

3 Finally, both UE and CEC provide services to the community, including but
4 not limited to, aiding industrial and residential development. The Territorial Agreement will
5 allow UE and CEC to work together to improve their communities without worrying about
6 the legal boundaries of their service territory.

7 Q. Will UE maintain facilities in the service territory of CEC?

8 A. Yes, UE will continue to have facilities in its service territory beyond the
9 boundaries of the Territorial Agreement. As I have already mentioned, UE will continue to
10 serve customers in CEC's service territory for which it must maintain distribution facilities. UE
11 may also have to construct additional facilities through CEC service territory to serve new
12 loads beyond the area of this Agreement.

13 Q. What is the extent of the Company's Certificate authority in the area of
14 this Agreement?

15 A. Under certificates of convenience and necessity issued by the Commission,
16 UE generally has authority over the area to provide electric service pursuant to this
17 Agreement. Therefore, no changes to UE's certificates of convenience and necessity will be
18 required.

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1 Q. Will UE require any additional municipal or county franchises as a
2 result of entering into the Territorial Agreement?

3 A. No, it will not.

4 Q. Will UE transfer any franchises to CEC pursuant to the Territorial
5 Agreement?

6 A. No.

7 Q. Are you asking that the Commission approve the Territorial Agreement
8 as presented?

9 A. Yes, I am.

10 Q. Does this conclude your testimony?

11 A. Yes, it does.

12

LIST OF SCHEDULES

Schedule 1 Union Electric Company/Consolidated Electric Cooperative Territorial Agreement

Exhibit A

**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,

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.

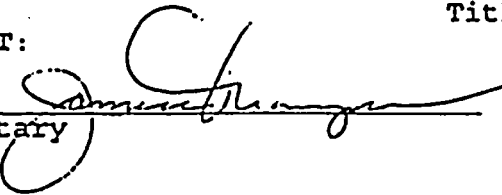
IN WITNESS WHEREOF, the parties have executed this Agreement this 25th day of April, 1997.

UNION ELECTRIC COMPANY

BY 

Title: Vice President

ATTEST:


Secretary

CONSOLIDATED ELECTRIC COOPERATIVE

By James A. Dye

Title: President

ATTEST:

Richard E. Miller
Secretary