

Exhibit No.: 2
Issues: Territorial Agreement
Boundaries
Witness: Ronald W. Loesch
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Union Electric Company
Case No.: EO-97-493

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-97-493

SURREBUTTAL TESTIMONY

OF

RONALD W. LOESCH

St. Louis, Missouri
June 30, 1997

Exhibit No. 2
Date 7/15/97 Case No. EO-97-493
Recorder DJD

**UNION ELECTRIC COMPANY
SURREBUTTAL TESTIMONY OF RONALD W. LOESCH
CASE NO. EO-97-493**

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- 5 Q. Please state your name.
- 6 A. Ronald W. Loesch.
- 7 Q. Are you the same Ronald W. Loesch who previously submitted direct testimony in
8 this case?
- 9 A. Yes, I am.
- 10 Q. Have you reviewed the pre-filed Rebuttal Testimony of B. J. Washburn in this case?
- 11 A. Yes, I have.
- 12 Q. Mr. Washburn stated on page 3 of his testimony that certain territories overlapped
13 with territories specified as exclusive areas in other territorial agreements. Do you
14 have any comments in response to Mr. Washburn's testimony with respect to
15 overlapping areas?
- 16 A. Yes, I do. As he also stated on page 3 of his testimony, Union Electric Company ("UE")
17 is not concerned about the overlapping areas. If fact, they are the result of actions taken
18 by the parties. In developing the territorial agreement boundaries for the Union Electric
19 Company/Consolidated Electric Cooperative Territorial Agreement ("the Agreement"),
20 UE was guided by four factors whose application resulted in these overlapping areas.
- 21 Q. What were those four factors?
- 22 A. First and foremost, territorial agreement boundaries had to reflect the intent of UE and
23 Consolidated Electric Cooperative ("Consolidated"). Second, since UE has entered into a
24 territorial agreement with Macon Electric Cooperative (MoPSC Case No. EO-97-6,

1 hereinafter the "Macon Agreement"), the Macon Agreement is binding upon UE and it
2 must be considered when boundaries are developed. Third, Consolidated, for the reason
3 ably given by Mr. Washburn in his testimony, is not bound by the Macon Agreement.
4 Fourth, territorial agreement boundaries should be described as simply as possible.

5 **Q. How were these factors applied to develop the Agreement boundaries in Randolph**
6 **County?**

7 **A.** When final agreement was reached between UE and Consolidated, Consolidated had
8 agreed not to provide electric service in Randolph County. When exclusive territory
9 boundaries were being drawn up, the simplest way to express this agreement was to
10 designate "Randolph County in its entirety" as UE's exclusive territory with respect to
11 Consolidated. However, UE cannot serve the entire county. The Macon Agreement
12 effectively limits UE's overall operations in Randolph County to approximately the
13 southern two-thirds of the county. Since Consolidated is not bound by the Macon
14 Agreement, the parties felt it was not necessary to reiterate the detailed Macon boundary
15 in the Agreement.

16 **Q. As a result of both Territorial Agreements, with respect to Macon Electric**
17 **Cooperative and Consolidated, what is UE's effective exclusive territory in**
18 **Randolph County?**

19 **A.** Considering the constraints of both agreements, UE's effective exclusive territory is its
20 exclusive service territory as defined in the Macon Agreement.

21 **Q. How were the four factors applied to develop the Agreement boundaries in Monroe**
22 **County?**

1 A. When an agreement was reached between the parties, UE had agreed to substantially limit
2 its operations in Monroe County. When exclusive territory boundaries were being drawn
3 up, the parties started with the Macon Agreement boundary for Monroe County. Not
4 being limited by the Macon Agreement, Consolidated also desired to serve in areas where
5 it had facilities and not to be arbitrarily limited by the Macon Agreement boundary in
6 Monroe County. Therefore, the Macon Agreement boundary line was modified by the
7 parties to further limit UE's exclusive territory in Monroe County with respect to
8 Consolidated and to avoid any arbitrary limits on Consolidated's operation.

9 Q. As a result of both Territorial Agreements, with respect to Macon Electric
10 Cooperative and Consolidated, what is UE's effective exclusive territory in Monroe
11 County?

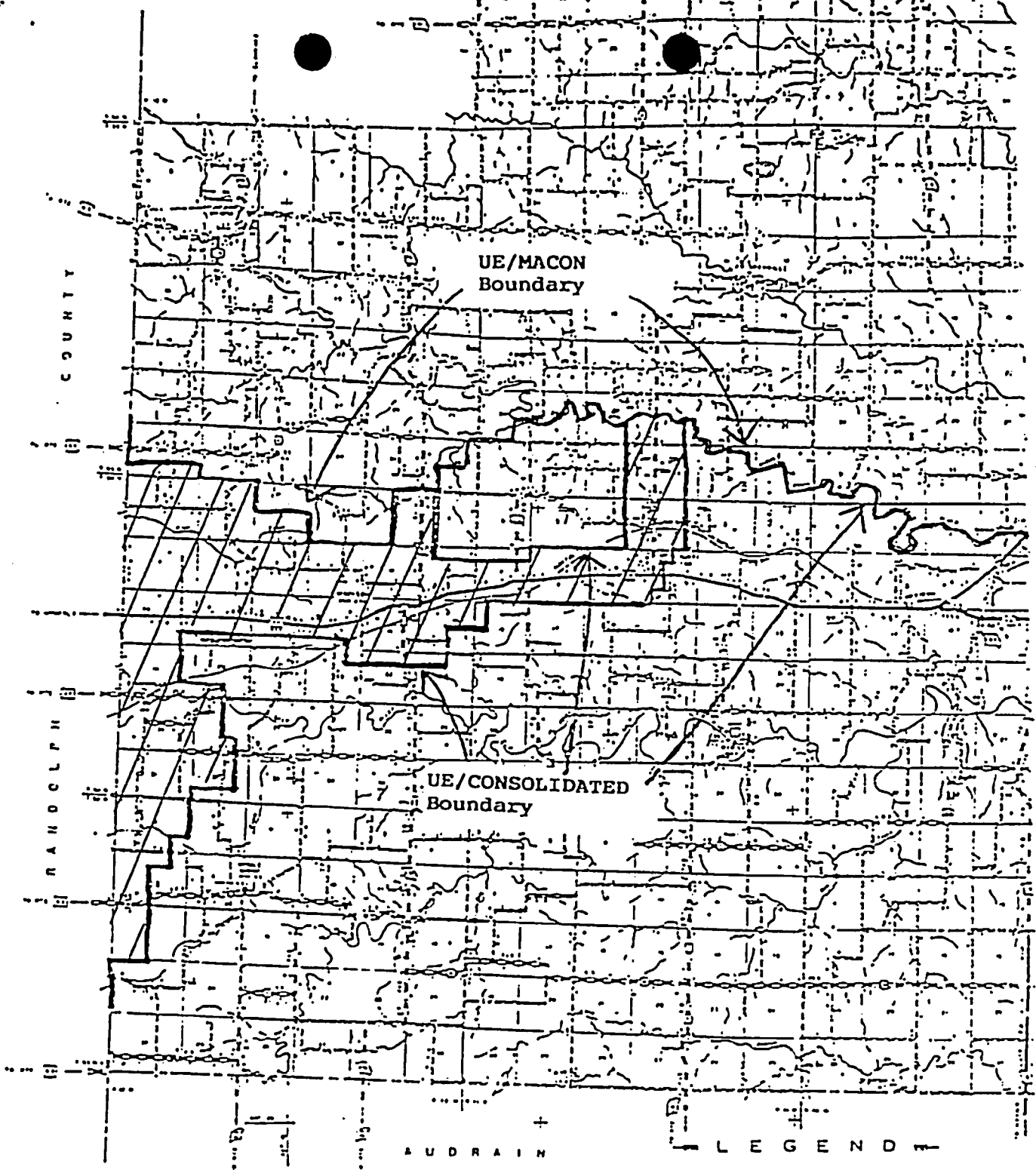
12 A. While both Agreements have differing boundary lines, these differences have no real
13 significance upon UE's operations after approval of the Agreement. UE's effective
14 exclusive territory in Monroe County will be the exclusive service territory defined in the
15 Agreement. I have attached as Schedule 2 to my testimony a map of a portion of Monroe
16 County which depicts the differing boundary lines and shows UE's exclusive territory in
17 cross hatch.

18 Q. Do you agree with Mr. Washburn's overall recommendation that the Commission
19 approve the Agreement?

20 A. Yes, I do.

21 Q. Does this conclude your testimony?

22 A. Yes, it does.



AUDRAIN

LEGEND

