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January 14, 2002

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ROBERT SCHALLENBERG
Director, Utility Services
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Director, Administration
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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED²

JAN 14 2002

Missouri Public
Service Commission

RE: Case No. EM-2001-695

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **STAFF'S SUGGESTIONS IN SUPPORT OF NONUNANIMOUS STIPULATION AND AGREEMENT.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Robert V. Franson
Associate General Counsel
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(573) 751-9285 (Fax)
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RVF:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

JAN 14 2002

Missouri Public
Service Commission

In the Matter of the Joint Application of)
Union Electric Company and Lewis)
County Rural Electric Cooperative for an)
Order Approving the Change in Electric)
Supplier for Reasons in the Public Interest)
and Authorizing the Sale, Transfer and)
Assignment of Certain Electric)
Distribution Facilities, easements and)
other Rights Generally from Union)
Electric Company to Lewis County Rural)
Electric Cooperative)

Case No. EM-2001-695

**STAFF'S SUGGESTIONS IN SUPPORT OF NONUNANIMOUS STIPULATION AND
AGREEMENT**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its Suggestions in Support of the Nonunanimous Stipulation and Agreement respectfully states as follows:

1. On June 15, 2001, Union Electric Company d/b/a AmerenUE ("Company") and the Lewis County Rural Electric Cooperative ("Cooperative") (hereinafter collectively "Applicants") filed a joint application (the "Joint Application"), requesting that the Missouri Public Service Commission ("Commission") issue an order pursuant to Sections 393.106 and 393.190 RSMo. 2000: (1) authorizing Company to sell, transfer, and assign to Cooperative certain 34.5kV and 12kV distribution facilities, related secondary and service facilities, and easements ("the Assets"), as more particularly described in the Exchange Agreement for Purchase and Sales of Distribution Facilities and Customer Exchange, (hereinafter "Exchange Agreement"); (2) approving a change in electric supplier for approximately 550 structures in and around the Cities of Durham, Maywood, Novelty, Monticello, Medill, Arbela, and Granger from

Company to Cooperative; (3) authorizing Company to perform in accordance with the terms of the Exchange Agreement, and to enter into and execute all other documents reasonably necessary and incidental to the performance of the transactions which are the subject of Contract and this Joint Application; and (4) granting such other relief as deemed necessary to accomplish the purposes of this Joint Application and to consummate the sale, transfer, and assignment of the Assets and related transactions.

2. On July 6, 2001, the Commission issued an Order Directing Notice that directed Company to provide additional customer notice for this case to the customers listed in Exhibit A of the Joint Application and set the intervention date for interested entities. Applications for intervention were to be filed no later than August 21, 2001. As of the date of this filing no entities have filed for intervention.

3. In cooperation with Staff and the Office of the Public Counsel, Applicants developed a written notice providing the case number and the necessary contact information to any customer who wished to contact either the Commission's General Counsel or the Office of the Public Counsel regarding this case. Company mailed said written notice to each customer listed in Exhibit A to the Joint Application on or about August 2, 2001.

4. An Order Establishing Procedural Schedule was issued on November 26, 2001.

5. The Nonunanimous Stipulation and Agreement was filed on January 7, 2002.

6. Staff has reviewed the Joint Application, investigated the electrical facilities of each utility serving the area where customers are subject to a change of supplier and conducted a field inspection. Staff supports this application and is of the opinion that approval of the change of electric supplier is in the public interest for a reason other than rate differential. The customers affected by this change of electric supplier from Company to the Cooperative are

within the electric service territory of the Cooperative, pursuant to the Territorial Agreement approved in Case No. EO-2000-630. This area was determined in order to allow the Cooperative to utilize its existing facilities more efficiently. The change of electric supplier will reduce duplication and allow each utility to plan for the long-range needs of the exclusive territories. As a result of customer feedback, the Applicants opted not to transfer customers in the Ewing and Newark areas. The monthly service availability charge of Cooperative of \$16 does not include any kwh. The monthly customer charge of Company is \$7.25. Thus, there is an impact on small users due to rate structure differences between Company and Cooperative. There are seasonal rates with the Company and not with Cooperative. With the changes in electric supplier, some customers will experience an annual bill increase and some will experience a decrease. Customer usage patterns will affect the overall annual bill.

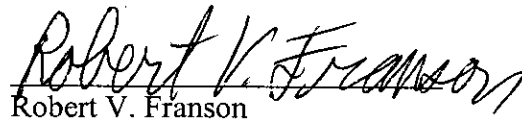
7. Staff has also reviewed the specific facilities being transferred under the Exchange Agreement. The facilities being transferred from Company to Cooperative will allow the Cooperative to integrate these facilities into its existing distribution system and in the process provide reliable electric service to its existing and new customers. Accordingly, Staff asserts that the transfer of Assets under the Exchange Agreement is not detrimental to the public interest and should be approved.

8. Staff also believes that the Commission should specifically state in any Order approving the Agreement that the Commission reserves the right to consider the rate-making treatment to be afforded this transaction in any subsequent rate increase case, excess earnings/revenue complaint case and/or alternative regulation plan. Staff also believes that this is appropriate because rate-making determinations should only be made in rate cases. Staff also notes that Territorial Agreement adjustments are part of Staff's case in EC-2002-1.

WHEREFORE, for the reasons set forth in these Suggestions in Support of the Unanimous Stipulation and Agreement, Staff respectfully requests that the Commission issue an Order approving the Joint Application in this case.

Respectfully submitted,

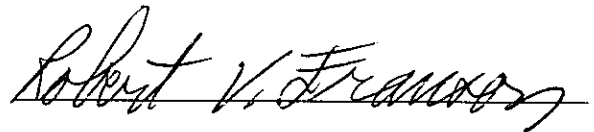
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 14th day of January 2002.



Service List for
Case No. EM-2001-695
Verified: January 14, 2002 (ccl)

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