

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
February 14, 2002**

CASE NO: EM-2001-695

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Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office in
Jefferson City on the 14th day of
February, 2002.

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

**ORDER APPROVING APPLICATION
FOR CHANGE OF ELECTRIC SUPPLIER
AND FOR
SALE AND TRANSFER OF ASSETS**

Syllabus:

This order approves an application filed by the Union Electric Company d/b/a AmerenUE (UE) and by the Lewis County Rural Electric Cooperative (Co-op) requesting approval of a change of electrical supplier affecting about 550 structures and approval of the sale and transfer of assets related to supplying electricity to these structures with the change and transfer from UE to Co-op.

Standard of Review:

The application was presented pursuant to Sections 393.106, 393.190 and 394.315, RSMo 2000. In addition, the Commission's administrative rules establish the pleading requirements for a sale and transfer of assets and a change of supplier at 4 CSR 240-

2.060(7) and (15). The standard for approval of the sale of assets is that the sale is not detrimental to the public interest. The standard of approval for a change of electrical supplier is that the change would be in the public interest.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered an opportunity to be heard. If no proper party is granted intervention and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may determine that a hearing is not necessary and that the applicant may submit its evidence in support of the application by verified statement. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989). No applications for intervention were filed. No party has requested a hearing.

The Application:

UE and Co-op (together the "applicants") filed their application on June 15, 2001, requesting that the Commission approve a change of electric supplier from UE to Co-op affecting approximately 550 structures in and around the municipalities of Durham, Maywood, Novelty, Monticello, Medill, Arbela and Granger in the counties of Clark, Knox, Lewis and Scotland.

UE proposes to sell and Co-op to purchase identified electrical distribution facilities and to transfer easements related to the proposed change of electrical supplier. UE and Co-op have requested that the Commission approve the sale of these facilities and transfer of easements. The purchase price for the transferred electrical distribution facilities is \$700,000.

UE and Co-op previously notified affected customers and held public meetings to obtain public input. The application describes these efforts and presents UE's and Co-op's position that the change of supplier and the transfer of assets will be in the public interest and will not be detrimental to the public interest. The Commission provided notice of the application to the affected counties and to public officials representing this area of the state. The Commission also required UE to provide another customer notice after the application was filed.

According to the applicants, the transfer of assets will affect tax revenues of political subdivisions in Clark, Knox, Lewis and Scotland Counties. The Commission forwarded the applicants' tax impact statement to the county clerks in these counties under a separate notice.

According to the applicants, the structures proposed for transfer are located in Co-op's service territory under a Territorial Agreement approved by the Commission in a Report and Order dated August 1, 2000, in Case No. EO-2000-630.

The boards of UE and Co-op have approved the transactions presented. According to UE and Co-op re-aligning electrical services and facilities will result in cost savings to UE and the cost effectiveness of Co-op's operations will improve. The applicants state that the reliability and quality of electrical service to the affected customers will improve because the integration of the transferred service facilities into Co-op's system will result in a "looped" configuration with spare capacity to better serve normal and severe service demands.

Procedural History:

The application was filed on June 15, 2001. The Commission directed notice to be given and provided a tax impact notice on June 26, 2001. UE filed the ordered customer notice on August 14, 2001. No parties requested to intervene.

A prehearing conference was held on September 28, 2001. UE, Co-op and the Commission's Staff filed a Nonunanimous Stipulation and Agreement on January 7, 2002. The Office of the Public Counsel did not join in the agreement.

All the parties requested the Commission to stay the procedural schedule to consider the agreement. The Commission suspended the procedural schedule in an order issued on January 15, 2002, but reserved the scheduled hearing date of March 1, 2002, in the event that it was needed. However, no party has requested a hearing or submitted a proposed procedural schedule requiring any further proceedings.

Staff filed its suggestions in support of the agreement on January 14, 2002. All the parties, including Public Counsel, filed a statement regarding the agreement on January 16, 2002, affirming that no party was requesting a hearing and providing for the Public Counsel to file a position statement. The Public Counsel filed a position statement on January 22, 2002. Public Counsel does not oppose the application and does not request a hearing.

Findings – Fact Findings and Legal Conclusions:

The Commission's findings are made based upon the verified joint application filed by UE and Co-op, Staff's suggestions and the information provided by each party. The Commission applies the standard of review presented above.

Union Electric Company d/b/a AmerenUE is a Missouri corporation and a public utility engaged in providing electric and gas service in Missouri under the jurisdiction of the Commission. Lewis County Rural Electric Cooperative is a Chapter 394 rural electrical cooperative engaged in the distribution of electrical energy and service to its members in Lewis, Clark, Shelby, Knox, Adair, Schulyer, Scotland and Marion Counties, Missouri.

Co-op has authority to provide service to the structures presented in the application and the area to be served is within Co-op's service area under a prior Territorial Agreement between UE and Co-op approved in Case No. EO-2000-630.

Neither UE nor Co-op has final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer service or rates against them. UE has, from time to time, pending actions in state and federal agencies and courts that do involve customer service or rates. UE has no annual report or assessment fees overdue to the Commission.

The contract for the sale of facilities from UE to Co-op presented in this case was attached to the joint application as Exhibit 1. The facilities are essentially electrical system distribution facilities and easements and rights necessary or useful to provide electrical service to the approximately 550 structures for which the service supplier is proposed to change from UE to Co-op. The facilities to be sold and transferred are listed in Exhibit B of Exhibit 1 to the application.

The change of supplier from UE to Co-op will affect structures in the cities of Durham, Maywood, Novelty, Monticello, Medill, Arbela and Granger, Missouri. Affected customers were listed in Exhibit A of Exhibit 1 to the application. The application presents

a local tax impact and the tax impact statement filed with the application was provided to the county clerks in Clark, Knox, Lewis and Scotland Counties.

The Commission's Staff investigated the facilities of both UE and Co-op and the specific facilities that are transferred under Exhibit 1 and conducted a field inspection that confirmed the applicants' representations. Staff determined that the proposed changes and integration of facilities would allow Co-op to provide reliable electric service to customers.

The application presents a positive financial impact to UE in cost savings and to Co-op in obtaining additional customers with a higher pole-mile density than exists overall in Co-op's distribution system. Customers should obtain more reliable services due to the looped configuration and additional capacity Co-op will gain in integrating the former UE facilities and also due to more rapid service response times based upon Co-op's better positioning of response service personnel and equipment in the area affected.

Because Co-op has a higher availability charge than UE (\$16 compared to \$7.25) low usage customers affected by the change of supplier may see a small annual increase in their bills but because of rate and seasonal rate differences presented compared to UE higher usage customers will have an overall cost decrease. Customer usage patterns will affect the overall annual bill.

Staff indicated that no tariff filings would be necessary because service areas defined in the UE's tariffs were previously amended by UE and approved by the Commission. Staff recommended that the Commission reserve and defer consideration of the ratemaking treatment to be afforded to the transaction to a subsequent case specifically addressed to ratemaking.

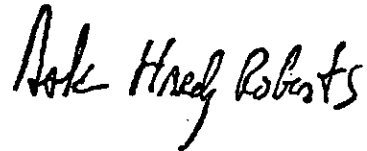
The Commission concludes that sale of assets is not detrimental to the public interest under the facts as found by the Commission. The Commission further concludes that the proposed change of electrical supplier should be approved because the change is in the public interest for reasons other than a rate differential.

IT IS THEREFORE ORDERED:

1. That the application of Union Electric Company d/b/a AmerenUE and Lewis County Rural Electric Cooperative is hereby approved.
2. That Union Electric Company d/b/a AmerenUE and Lewis County Rural Electric Cooperative, may take the actions necessary and as authorized in this proceeding to carry out the transaction as described in the application, including affecting the described change in electric supplier and completing the sale and transfer of assets presented.
3. That nothing in this order shall be considered a finding by the Commission of the value of this transaction for ratemaking purposes, and that the Commission reserves the right to consider the ratemaking treatment to be afforded this transaction in any subsequent proceeding.
4. That the Commission's order shall not be deemed to be precedent for any future similar application.
5. That the hearing scheduled for March 1, 2002, is canceled.

6. That this order shall become effective on February 24, 2002.
7. That this case may be closed on February 25, 2002.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

(SEAL)

Simmons, Ch., Murray, Lumpe, Gaw and Forbis, CC., concur

Thornburg, Regulatory Law Judge

AL/Secretary: Thornburg, Boyce

2-5
Date Circulated EM-2001-695
CASE NO.

"KS"
Simmons, Chair

CME
Murray, Commissioner

880467
Lumpke, Commissioner

716-10
Gaw, Commissioner

BF
Forbis, Commissioner

2-14
Agenda Date

Action taken: 3-0 AS
Must Vote Not Later Than _____

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 14th day of Feb. 2002 .

Dale Hardy Roberts
Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

