

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of)
Union Electric Company, d/b/a Ameren)
Missouri and Callaway Electric Cooperative)
for an Order Approving a Second Addendum)
to a Territorial Agreement Regarding Service)
to one Customer in Callaway County, Missouri)

File No. EO-2024-0116

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), and submits its recommendation that the Missouri Public Service Commission (“Commission”) approve the Joint Application of Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) and Callaway Electric Cooperative (“CEC”)¹, requesting approval of their Addendum No. 2 to their Territorial Agreement. Staff recommends that the Commission find that the transaction is not detrimental to the public interest, pursuant to Sections 394.312 and 416, RSMO 2020, as well as 20 CSR 4240-2.060 and 20 CSR 4240-3.130. Staff recommends approval of the addendum.

Addendum No. 2 will make CEC the exclusive electric service provider for a new home currently under construction on property located at 6535 County Road 174, Auxvasse, Missouri (the “property”). The property now lies within the exclusive service territory of Ameren Missouri. However, CEC has an existing distribution line routed near the borderline of the property which can be conveniently tapped to provide the requested electric service to the new home. Furthermore, CEC has already established a temporary service to assist in the construction of this home. Ameren Missouri does not have comparable facilities in the immediate vicinity. Thus, CEC already has service in place

¹Ameren Missouri and CEC may be referred to together as “joint applicants.”

while Ameren Missouri has no such service immediately available. CEC and Ameren Missouri are in agreement on these points and have jointly asked the Commission to legally validate the facts on the ground with an addendum to their territorial agreement.

Staff is filing its Official Case File Memorandum with this recommendation. It fully sets out Staff's investigation, findings and recommendations. To summarize succinctly: Section 10 of the current territorial agreement, entitled "case-by-case exception procedure," contains protocols for the above-described situation. Their purpose is to prevent unnecessary facilities duplication in the areas subject to the territorial agreement, with resulting cost savings, increased economic efficiencies and enhanced public safety. Making CEC the electric service provider for the property is consistent with those purposes.

Section 394.312.5, RSMo, provides that the Commission may approve an application if it determines that approval of the territorial agreement in total is not detrimental to the public interest. Based on its investigations and findings, Staff recommends that the Commission find that the proposed amendment is not detrimental to the public interest. Staff recommends that the Commission approve the application. Staff further recommends that the Commission note that no ratemaking determinations are being made as a part of its report and order and that it order Ameren Missouri to file revised tariffs that reflect the corresponding change in its certificated electric service area in Callaway County, Missouri.

WHEREFORE, Staff respectfully submits this recommendation in compliance with the Commission's orders.

Respectfully Submitted,

/s/ Paul T. Graham #30416

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CERTIFICATE OF SERVICE

The undersigned by his signature below certifies that the foregoing pleading was served upon all counsel of record on this October 27th, 2023, by electronic filing in EFIS, electronic mail, hand-delivery, or U.S. postage prepaid.

/s/ Paul T. Graham

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2024-0116, In the Matter of the Joint Application of Union Electric Company d/b/a Ameren Missouri and Callaway Electric Cooperative for an Order Approving the Second Addendum to a Territorial Agreement Regarding Service to One Customer in Callaway County, Missouri.

FROM: Alan J. Bax – Associate Engineer, Engineering Analysis Department

/s/ Alan J. Bax 10-27-2023
Engineering Analysis Dept. / Date

SUBJECT: Staff Memorandum Recommending Approval of Application

DATE: October 27, 2023

STAFF RECOMMENDATION

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the Joint Application of Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) and Callaway Electric Cooperative (“CEC”), collectively referred to as the Joint Applicants (“Joint Applicants”), requesting approval of the Joint Applicants’ Addendum No. 2 to their Territorial Agreement (“Addendum No. 2”), finding the transaction is not detrimental to the public interest, pursuant to Sections 394.312 and 416.041 RSMo 2020, as well as 20 CSR 4240-2.060 and 20 CSR 4240-3.130.

OVERVIEW

On September 28, 2023, Ameren Missouri and CEC filed their Joint Application with the Commission requesting approval of Addendum No. 2 that would allow CEC to be the exclusive electric service provider to a new structure indicated to be built in Callaway County, Missouri at 6535 County Road 174, Auxvasse, MO, located in the SW ¼ of Section 26, Township 49 North, Range 9 West. The Joint Applicants’ Territorial Agreement (“TA”), dated March 22, 2002, was filed with the Commission on March 25, 2002, in File No. EO-2002-0458, and was approved in a Commission *Report and Order* on July 28, 2002. In this current *Joint Application*, the Joint Applicants

assert that CEC currently has adequate facilities installed on this parcel of land capable of providing the level of electric service that is anticipated and/or has been requested by the property owner, which would prevent an otherwise necessary duplication of facilities.

CEC is organized under Chapter 394 RSMo 2020 to provide electric service to its members located in all or part of two Missouri counties, including Callaway County, in which lies the property identified in the *Joint Application*. The Commission has limited jurisdiction over rural electric cooperatives, such as CEC, as specified in part in Chapter 394 RSMo 2020. For the purpose of this case, CEC is subject to the jurisdiction of the Commission under Section 394.312.4 RSMo 2020.¹

Rural electric cooperatives, such as CEC, are not required to pay assessment fees or to file annual reports with the Commission. Staff is not aware of any unsatisfied judgements or decisions against CEC in any state or federal agency or court involving customer service or rates within the last three years that would have bearing on the immediate Case. The Staff is not aware of any other matter before the Commission that affects, or is affected by, this filing.

Ameren Missouri is an electrical corporation subject to the jurisdiction of the Commission as specified, in part, by Chapters 386 and 393 RSMo 2020. Ameren Missouri is current on filing its annual reports and payments of its assessment dues. Staff is currently not aware of any unsatisfied judgments or decisions against Ameren Missouri in any state or federal agency or court involving customer service or rates that would have bearing on the immediate Case. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

DISCUSSION

The Joint Applicants' *TA* created exclusive electric service areas for Ameren Missouri and CEC, as between them, within Callaway and Montgomery Counties in East Central Missouri. A portion of these exclusive service areas, located in northern

¹ Section 394.312.4 RSMo 2020 states in relevant part, "The provisions of sections 386.310 and 393.106 and sections 394.160 and 394.315 to the contrary notwithstanding, before becoming effective, all territorial agreements entered into under the provisions of this section, including any subsequent amendments to such agreements...shall receive the approval of the public service commission by report and order..."

Callaway County, Missouri, is illustrated on the map that is attached to this *Recommendation as Schedule AJB-1*. The parcel that is the subject of this *Joint Application* (6535 County Road 174, Auxvasse, Missouri) is located within the SW $\frac{1}{4}$ of Section 26, Township 49 North, Range 9 West as depicted on this map. As shown, this parcel lies within the exclusive service territory of Ameren Missouri per the terms of the *TA*.

The reasons cited for pursuing a *TA* twenty years ago included preventing a duplication of facilities in the identified areas, which would result in future cost savings associated with an increase in economic efficiencies and also enhance public safety. While the Joint Applicants have experienced the benefits proffered in the *TA*, particular situations may occasionally arise that warrant a different course of action that would otherwise conflict with the explicit terms of the *TA*, i.e. the establishment of exclusive service territories. Such an occasion is the subject of the current *Joint Application*. Section 10 of the *TA*, which is entitled “Case-By-Case Exception Procedure”, contains the protocols that the Joint Applicants followed in regard to addressing such a circumstance as described in their *Amendment No. 2* included in the *Joint Application*.

A new home is currently being constructed on the property located at 6535 County Road 174, Auxvasse, Missouri. Per the terms of the *TA*, this parcel is within the exclusive service territory of Ameren Missouri. However, CEC has an existing distribution line routed near the borderline of this property capable of being conveniently tapped in providing the requested electric service to the new home. In fact, as contemplated in Section 10.6 of the *TA*, CEC has established a temporary service assisting in the construction of this home. Ameren Missouri does not have comparable facilities in the immediate vicinity. Therefore, having CEC be the electric service provider to this premise is in line with upholding the stated merits of the *TA* in that this makes the most efficient use of existing facilities while preventing an otherwise duplication of facilities required Ameren Missouri to provide desired electric service.

As previously noted, the Joint Applicants filed their *Joint Application* requesting approval of *Addendum No. 2* per the procedure contained in Article 10 of their *TA*. The *Joint Application* includes a statement from the property owner expressing their desire that CEC be the provider of electric service to the property. It provides specific reasons in

justifying the Joint Applicants' request that CEC should be the electric service provider to this parcel as required by 394.315.4 RSMo 2020 and 20 CSR 4240-3.130, which include making the best use of existing facilities that prevents an otherwise necessary duplication of facilities. The *Joint Application* also includes an aerial view of the property location. Attached as *Schedule AJB-2* is a copy of the applicable section of Ameren Missouri's tariff² reflecting the resultant change to its certificated electric service area should the *Joint Application* be approved by the Commission.

In addition, the Joint Applicants requested a variance from providing a sixty-day notice of filing its Joint Application, as required by 20 CSR 4240-4.017. Staff concurs that the Joint Applicants provided good cause in support of its request for a variance per 20 CSR 4240-4.017(1)(D). The Joint Applicants also requested expedited treatment per 20 CSR 4240-2.080(14) to enable CEC to provide permanent service to this property as soon as practical.

CONCLUSION

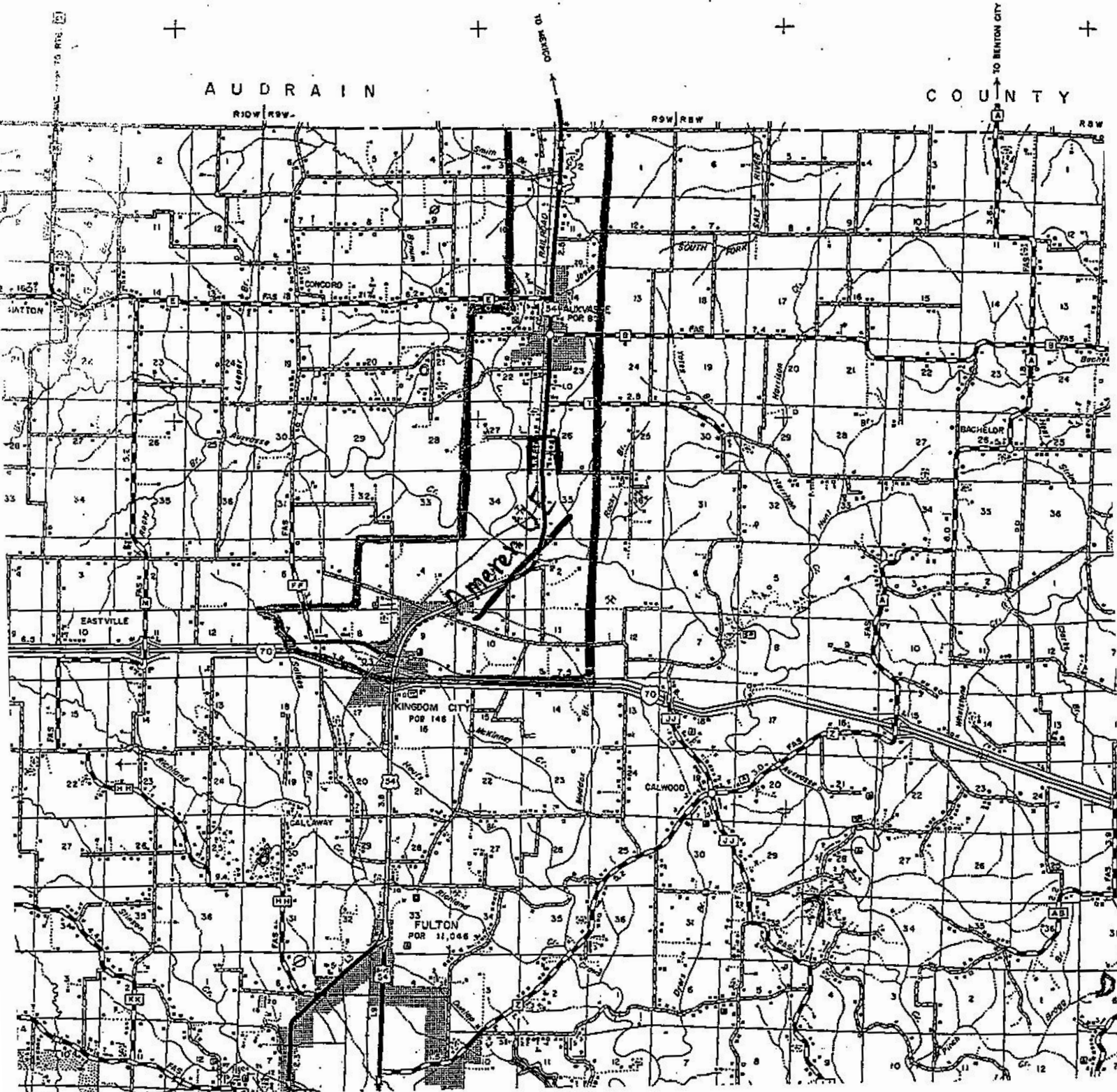
As described above, Staff recommends that the Commission approve the request made by the Joint Applicants regarding Amendment No. 2 that would allow CEC to be the electric service provider to a new home being constructed at 6535 County Road 174, Auxvasse, Missouri, per the terms contained in the Joint Applicants' TA. This parcel lies within the SW $\frac{1}{4}$ of Section 26, Township 49 North, Range 9 West, in Callaway County, Missouri, and is in the exclusive service territory of Ameren Missouri per the terms of the Joint Applicants' TA previously approved by Commission in July 2002. The Staff recommends the Commission determine that this request of the Joint Applicants is not detrimental to the public interest pursuant to Section 394.312 and 416.041 RSMo 2020. The Joint Application contains the requirements specified in 20 CSR 4240-2.060 and 20 CSR 4240-3.130. Approval of the Joint Application allows the most efficient use of the existing electric facilities installed in this area and prevents an otherwise necessary duplication of facilities if Ameren Missouri provides the desired electric service.

²P.S.C. Mo. No. 6
Original Sheet No. 8

In recommending approval of this request, Staff suggests the Commission note that no ratemaking determinations are being made as a part of its Order in this case. In addition, Staff recommends the Commission order Ameren Missouri to file revised tariffs that reflect the corresponding change in its certificated electric service area in Callaway County, Missouri as identified in *Schedule AJB-2*.

AUDRAIN

COUNTY



UNION ELECTRIC COMPANY

ELECTRIC SERVICE

MO.P.S.C. SCHEDULE NO. 6

2nd Revised

SHEET NO. 8

CANCELLING MO.P.S.C. SCHEDULE NO. 6

1st Revised

SHEET NO. 8

APPLYING TO MISSOURI SERVICE AREA

MISSOURI SERVICE AREAS (Cont'd.)

CALLAWAY COUNTY

<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTIONS/U.S. SURVEYS</u>
44 North	10 West	14, 15, 19, 20, 21, 28, 29, 30, <u>Δ5, 6, 7, 13, 18, 22, 23, 24, 27</u>
44 North	11 West	2, 3, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 22, 23, 24, 25, <u>Δ1, 12, 13</u>
45 North	7 West	<u>Δ5, 6</u>
45 North	8 West	<u>Δ1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 17, 18, 19</u>
45 North	9 West	<u>Δ1, 2, 3, 10, 11, 12, 13, 14, 15, 23, 24</u>
45 North	10 West	<u>Δ4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32</u>
45 North	11 West	1, 12, 13, 19, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, <u>Δ2, 3, 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, 22, 23</u>
46 North	8 West	<u>Δ22, 27, 28, 29, 30, 31, 32, 33, 34, 35</u>
46 North	9 West	<u>Δ2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 34, 35, 36</u>
46 North	10 West	28, 29, 31, <u>Δ1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 30, 32, 33, 34</u>
46 North	11 West	<u>Δ9, 10, 11, 12, 13, 14, 15, 16, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 34, 35, 36</u>
47 North	9 West	<u>Δ27, 28, 29, 30, 31, 32, 33, 34</u>
47 North	10 West	<u>Δ25, 26, 34, 35, 36</u>
48 North	7 West	<u>Δ8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35, 36</u>
48 North	9 West	2, 3, 4, 10, 11, <u>Δ1, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24</u>
48 North	10 West	<u>Δ1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19</u>
48 North	11 West	<u>Δ1, 2, 3, 10, 11, 12, 13, 14, 15, 16, 23, 24</u>
49 North	9 West	2, 11, 14, 23, <u>Δ26, 27, 34, 35, Δ1, 3, 4, 9, 10, 12, 13, 15, 16, 17, 20, 21, 22, 24, 25, 28, 29, 32, 33, 36</u>
49 North	11 West	<u>Δ25, 26, 27, 34, 35, 36</u>

ΔIn the underscored Sections/U.S. Surveys above, Company's right and obligation to serve in Callaway County is limited by the terms of the Territorial Agreement between Company and Boone Electric Cooperative approved in Case No. EO-99-267 and the Territorial Agreement between Company and Callaway Electric Cooperative approved in Case No. EO-2002-458, as amended by the First Amendment to the Territorial Agreement as approved in Case No. EO-2023-0256 and Second Amendment as approved in Case No. ~~xx-xxxx-xxxx~~ EO-2024-0116.

DATE OF ISSUE _____ DATE EFFECTIVE _____
 ISSUED BY Mark C. Birk President & CEO St. Louis, Missouri
NAME OF OFFICER TITLE ADDRESS