

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 22nd day of December, 2021.

In the Matter of the Joint Application of Grundy)
Electric Cooperative and The City of Galt, Missouri)
for Approval of a Written Territorial Agreement)
Designating the Boundaries of each Electric)
Service Supplier Within the City of Galt, Grundy)
County, Missouri, and Approving the Change of)
Electric Service Supplier for Customers of the City)
of Galt Municipal Electric System)

File No. EO-2022-0098

**REPORT AND ORDER APPROVING TERRITORIAL AGREEMENT AND
GRANTING APPLICATION TO CHANGE ELECTRIC SUPPLIER**

Issue Date: December 22, 2021

Effective Date: January 21, 2022

On October 1, 2021,¹ Grundy Electric Cooperative, Inc. (Grundy) and the City of Galt (Galt) (collectively, "Joint Applicants") filed a *Joint Application* for approval of a territorial agreement and change of electric supplier, pursuant to a contract for the purchase and sale of Galt's distribution facilities to Grundy.

In the *Joint Application*, Joint Applicants asked for leave to allow Grundy to purchase Galt's electric facilities and provide electrical service to 114 electric service locations within the corporate boundaries of the City of Galt in Grundy County, Missouri. Approval would allow Galt to discontinue all of its customer service and allow Grundy to take over and provide that service. All relevant properties are located within incorporated rural areas of Grundy County. A diagram of the properties, Galt's existing lines, and Grundy's existing lines is attached to the *Joint Application* as Exhibit D of Appendix A.

¹ All date references are to 2021 unless otherwise indicated.

Also attached to the *Joint Application* is Exhibit A of Appendix A, a list of affected customers whose electric service would be changed if the *Joint Application* is approved, and Appendix C, the certification of election results from an April 6 ballot initiative in which the Galt property owners or tenants approved the sale of Galt’s electric utility facilities.

The *Joint Application* includes a territorial agreement within the “Contract for Purchase and Sale of Distribution Facilities between the City of Galt, Missouri and Grundy Electric Cooperative, Inc.,” dated August 26 and attached as Appendix A. The contract states that the Galt Board of Aldermen approved the sale of its city-owned electric distribution system to Grundy on July 14.

On October 6, the Commission issued an *Order Directing Notice, Setting Intervention Deadline and Directing Staff Recommendation*. The Staff of the Commission (Staff) filed its Recommendation on November 30. Staff concluded that the Commission should approve the Joint Applicants’ territorial agreement designating Grundy as the electric service provider within the municipal limits of Galt, Missouri, and that the territorial agreement is not detrimental to the public interest. There have been no requests for intervention, and no one has objected to the *Joint Application* or Staff’s recommendation.

FINDINGS OF FACT

1. Grundy is a Chapter 394 rural electric cooperative organized and existing under the laws of Missouri with its principal office at 4100 Oklahoma Ave., Trenton, Missouri 64683. Grundy is engaged in the distribution of electric energy and service to its members within certain Missouri counties. Grundy has no pending actions or final judgments or decisions against it from any state or federal agency or court that involve its

customer service or rates within the three years immediately preceding the filing of the *Joint Application*. Grundy is not required to file annual reports or pay assessment fees.

2. Galt is a Missouri fourth class municipality existing pursuant to Section 79.010 RSMo,² with its principal office and place of business at 102 S. Main St., Galt, Missouri 64641. Galt is engaged in the business of providing electrical services to customers in its municipal service area. Galt has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or its rates which have occurred within three years immediately preceding the filing of the *Joint Application*. Galt is not required to file annual reports or pay assessment fees.

3. Galt has approved a contract with Grundy for Grundy to purchase its electric system and provide service to all 114 service locations in order to ensure reliable electric service now and in the future as well as to achieve operational efficiencies for the electric suppliers and reduce utility duplication in the affected area. The structures now served by Galt are located within incorporated rural areas of Grundy County.

4. On October 1, Joint Applicants filed and requested approval of a territorial agreement between them. The territorial agreement is contained within Appendix A of the *Joint Application*. Exhibit A of Appendix A identifies the physical addresses of the properties involved. Exhibit B of Appendix A describes the electric distribution facilities to be transferred as “all electric distribution facilities, which includes: poles, conductor, transformers, and meters.” Exhibit C of Appendix A is the Bill of Sale between the parties.

² All references to the Missouri Revised Statutes are to the 2016 issue.

Exhibit D of Appendix A is a diagram of the properties, Galt's existing lines, and Grundy's existing lines.

5. Under Section 394.080.1(4), RSMo, Grundy is currently authorized to serve the incorporated rural areas of Grundy County, Missouri.

6. A copy of the results of the election wherein the Galt property owners or tenants consented to the sale of Galt's electric utility facilities in a vote on April 6 is attached as Appendix C to the *Joint Application*.

7. On October 18, GEC completed construction of a new three-phase feeder line from the Osgood & Humphreys Substation to Galt. Line crews changed out all Galt meters to GEC meters on October 20 and worked with Evergy Missouri West, Galt's previous wholesale electric provider, to transfer service to Grundy. Grundy plans to convert the entire city from 4,160v to 7,200v by upgrading certain single phase lines to three phase, bringing additional three phase feeders into the city, and replacing poles, conductors, and transformers in order to facilitate the upgraded system. Grundy will have three different substations that could be used to supply service to Galt, which Grundy states will enhance their ability to supply reliable service to Galt. On the basis of these facts, the consent of the affected property owners in a vote on April 6, and the Commission's review of the *Joint Application*, the Commission finds that the change of suppliers is in the public interest for reasons other than a rate differential, and the territorial agreement is not detrimental to the public interest.

CONCLUSIONS OF LAW AND DECISION

Section 394.315.2, RSMo, applicable to rural electric cooperatives, states, in relevant part:

The public service commission, upon application made by an affected party, may order a change of suppliers on the basis that it is in the public interest for a reason other than rate differential, and the commission is hereby given jurisdiction over rural electric cooperatives to accomplish the purpose of this section.

Section 91.025.2, RSMo, applicable to municipally owned or operated electric power systems, states, in relevant part:

Once a municipally owned or operated electrical system, or its predecessor in interest, lawfully commences supplying retail electric energy to a structure through permanent service facilities, it shall have the right to continue serving such structure and other suppliers of electrical energy shall not have the right to provide service to the structure except as might be otherwise permitted in the context of municipal annexation, pursuant to section 386.800 or pursuant to a territorial agreement approved under section 394.312. The public service commission, upon application made by a customer, may order a change of suppliers on the basis that it is in the public interest for a reason other than a rate differential, and the commission is hereby given jurisdiction over municipally owned or operated electric systems to accomplish the purpose of this section.

Section 394.312.1, RSMo, authorizes territorial agreements between rural electric cooperatives and municipally owned utilities. Per Section 394.312.2: “Such territorial agreements shall specifically designate the boundaries of the electric service area of each electric service supplier subject to the agreement, [and] any and all powers granted to a rural electric cooperative by a municipality, pursuant to the agreement, to operate within the corporate boundaries of that municipality. . . .” Before becoming effective, territorial agreements must receive Commission approval by report and order.³ The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party

³ Section 394.312.4, RSMo.

requests such a hearing.⁴ The Commission may approve the application if it determines that approval of the territorial agreement, in total, is not detrimental to the public interest.⁵

It is the Commission's decision that through a duly constituted election held on April 6, the approval of the Galt Board of Aldermen of the sale of its city-owned electric distribution system to Grundy, and the *Joint Application* filed, the Commission has jurisdiction per Sections 91.025.2 and 394.315.2, RSMo, to grant the parties' joint application for change of electric supplier, if the Commission finds the request is in the public interest for a reason other than a rate differential. The Commission also has jurisdiction to grant their joint application for approval of their territorial agreement per Section 394.312, RSMo, if the Commission finds that, in total, it is not detrimental to the public interest.

All parties have agreed the Commission should approve the proposed territorial agreement, and no person has sought intervention or filed an objection. No evidentiary hearing is required. It is the Commission's decision that the requested change of suppliers for Galt's customers from Galt to Grundy is in the public interest for a reason other than a rate differential. It is also the Commission's decision that the territorial agreement is not detrimental to the public interest. The Commission will approve the territorial agreement and the parties' joint request that Grundy be the exclusive electric service provider for all territory within Galt's corporate boundaries and all Galt's customers' structures within those boundaries.

⁴ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989).

⁵ Section 394.312.5, RSMo.

THE COMMISSION ORDERS THAT:

1. The territorial agreement contained within the contract titled "Contract for Purchase and Sale of Distribution Facilities between the City of Galt, Missouri and Grundy Electric Cooperative, Inc." dated August 26 is approved. Grundy shall be the exclusive electric service provider for current and future structures within the corporate boundaries of the City of Galt in Grundy County, Missouri.

2. The *Joint Application* for a change of electric supplier is granted. Grundy is authorized to supply electrical service for all of Galt's current customers and current and future structures within the corporate boundaries of the City of Galt in Grundy County, Missouri.

3. This order shall be effective on January 21, 2022.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and
Kolkmeier CC., concur and certify compliance
with the provisions of Section 536.080, RSMo (2016).

Seyer, Regulatory Law Judge

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

In the Matter of the Joint Application of)
Grundy Electric Cooperative and The City of)
Galt, Missouri for Approval of a Written)
Territorial Agreement Designating the) File No. _____
Boundaries of each Electric Service Supplier)
Within the City of Galt, Grundy County,)
Missouri, and Approving the Change of Electric)
Service Supplier for Customers of the City of Galt)
Municipal Electric System.)

JOINT APPLICATION

COME NOW Grundy Electric Cooperative, Inc. (“Grundy”) and the City of Galt, Missouri (“Galt”) (collectively, Applicants), by and through their respective counsel, and for their Joint Application to the Missouri Public Service Commission (the "Commission"), pursuant to 4 CSR 240-2.060, 4 CSR 240-3.130, 4 CSR 240-3.140, and RSMo. §394.312, § 394.315, §91.025, and §416.041, for an order approving Applicants’ territorial agreement, and for order approving change of electric supplier, all as provided for in their Contract for Purchase and Sale of Distribution Facilities. In support of this Application, Grundy and Galt respectfully state as follows:

Applicants

1. Grundy is a rural electric cooperative organized and existing under the laws of Missouri with its principal office at 4100 Oklahoma Ave., Trenton, MO 64683. Grundy is a Chapter 394 rural electric cooperative corporation engaged in the distribution of electric energy and service to its members within certain Missouri counties. Grundy has no pending action or final judgments or decisions against it from any state or federal agency or court that involve its customer service or rates within the three years immediately preceding the filing of this Joint Application. Grundy has no overdue annual report or

assessment fees. A copy of a Certificate of Good Standing from the Office of the Missouri Secretary of State is attached as **Appendix B** and is incorporated herein by reference.

2. Galt is a Missouri fourth class municipality existing pursuant to §79.010 RSMo, with its principal office and place of business at 102 S. Main St., Galt, MO 64641. Galt is engaged in the business of providing electrical services to customers in its municipal service area. Galt has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or its rates, which have occurred within the three years immediately preceding the filing of this Joint Application. Galt has no overdue annual report or assessment fees.

Correspondence and Communication

3. Correspondence, communications, and orders in regard to this Joint Application should be directed to:

Brandon F. Greer
Cleaveland, Macoubrie & Cox, LLC
515 Washington St.
Second Floor Citizens Bank & Trust Bldg.
Chillicothe, MO 64601
660-262-4220 (telephone)
e-mail: greerbrandon@yahoo.com

Megan E. Ray
Andereck, Evans, Lewis,
Figg, & Battagler, LLC
3816 S. Greystone Ct., Ste. B
Springfield, MO 65804
417-864-6401 (telephone)
e-mail: mray@lawofficemo.com

The Territorial Agreement

4. **The Agreement.** Subject to the terms and conditions of an Agreement known as the “Contract for Purchase and Sale of Distribution Facilities” between Grundy Electric Cooperative, Inc. and the City of Galt, Missouri (the “Agreement”), the Applicants have specifically designated the boundaries of the exclusive electric service area of Grundy for service to persons at existing and new structures in the entirety of the municipal limits of Galt, Missouri, and have provided for the transfer of Galt customers

both within the corporate boundaries of Galt and outside the municipal limits, all of which is more particularly described in the Agreement. Applicants have attached a copy of the Agreement to this Application as **Appendix A**, which is incorporated by reference into this Application and made a part hereof for all purposes. A map of the service area is supplied in the Agreement. The purpose of this Agreement is to allow Grundy to purchase Galt's electric facilities and provide electrical service to one hundred fourteen (114) electric service locations in Grundy County. The Agreement requires transfer of all Galt facilities and customers from Galt to Grundy. The list of affected customers whose utility service would be changed by the Agreement, as required by 4 CSR 240-3.130 is attached to the Agreement as Exhibit A, and is incorporated herein by reference.

5. **Service Areas.** A diagram of the properties, Galt's existing lines and Grundy's existing lines, is attached to Agreement as Exhibit D, and is incorporated herein by reference. All relevant properties are located within incorporated rural areas of Grundy County, Missouri. Galt currently provides electrical service to one hundred fourteen (114) locations in Grundy County. (See Agreement, Exhibit A.)

6. **Authority to Serve in Proposed Areas.** Grundy is authorized to serve the incorporated rural areas of Grundy County, Missouri under § 394.080.1(4), RSMo. This Joint Application is being filed due to the municipal statute, § 91.025(2), RSMo., requiring a change of supplier to be permitted only in the context of municipal annexation (which does not apply here) or pursuant to a territorial agreement and not merely through an application for a change of supplier alone. The property owners or tenants have consented to the sale of Galt's electric utility facilities in a vote on April 6th, 2021. The results of that election are attached hereto as **Appendix C**.

7. **Change of Supplier.** The Agreement establishes exclusive service territory for Grundy in Galt, withdraws and replaces Galt electric utility services to its citizens, and displaces competition for a period of years as between Grundy and Galt. It requires transfer of all Galt facilities and customers from Galt to Grundy. A list of all affected customers is attached as Exhibit A to the Agreement and is incorporated herein by reference. Galt's current wholesale power purchase contract will be terminated on August 26, 2021. Galt, through negotiations and a vote of the Board of Aldermen, has committed to have its electric service provided by Grundy.

8. **Other Electric Suppliers.** To Applicants' knowledge and belief, there are no other electric suppliers serving in the areas covered by this Agreement.

9. **Public Interest.** The Agreement is not detrimental to the public interest. It is affirmatively in the public interest because it will ensure reliable electric service for Galt residents. The change also achieves operational efficiencies and reduces utility duplication. Thus, the proposed change of supplier is in the public interest for reasons other than a rate differential.

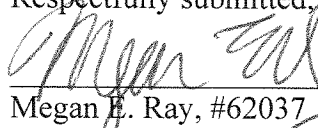
10. **Scope of Agreement.** Grundy will continue to have service responsibilities beyond the boundaries of the Agreement unaffected by the terms of the Agreement. This Agreement does not bind or detrimentally affect non-parties.

11. **Application Fee.** The Commission's fee required by 4 CSR 240-3.130 is submitted herewith.

WHEREFORE, Applicants respectfully request that the Commission issue its report and order:

- (a) Finding that the designation of electric service areas is not detrimental to the public interest and approving the Applicants' Contract for Purchase and Sale of Distribution Facilities to the extent that it stands as a Territorial Agreement;
- (b) Approving the change of supplier for customers from Galt to Grundy, pursuant to the Agreement for reasons in the public interest other than rate differential;
- (c) Granting Applicants' full administrative authority to perform in accordance with all of the terms and conditions of their Agreement, presented as **Appendix A** to this Joint Application; and
- (d) Ordering all further relief and actions as necessary or convenient to implement said Agreement.

Respectfully submitted,



Megan E. Ray, #62037
Andreck, Evans, Lewis, Figg & Battagler, LLC
3816 S. Greystone Ct., Ste. B
Springfield, MO 65804
(417) 864-6401 (telephone)
(417) 864-4967 (fax)
Email: mray@lawofficemo.com
ATTORNEYS FOR GRUNDY
ELECTRIC COOPERATIVE



Brandon F. Greer
Cleaveland, Macoubrie & Cox, LLC
515 Washington St., #2
Chillicothe, MO 64601
660-646-4522 (telephone)

e-mail: greerbrandon@yahoo.com
ATTORNEY FOR THE CITY OF GALT

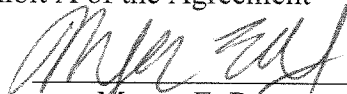
Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Joint Application was served by electronic mail or U.S. Mail, postage prepaid, this 1st day of October, 2021 upon the following:

Office of the Public Counsel
Hampton Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, Missouri 65102
opcservice@ded.mo.gov

Missouri Public Service Commission
Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, Missouri 65102
staffcounsel@psc.mo.gov

All customers listed on Exhibit A of the Agreement



Megan E. Ray


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 22nd day of December, 2021.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 22, 2021

File/Case No. EO-2022-0098

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@opc.mo.gov

City of Galt, Missouri

Brandon F Greer
515 Washington St., #2
Chillicothe, MO 64601
greerbrandon@yahoo.com

**Grundy Electric Cooperative,
Inc.**

Megan E Ray
3816 S Greystone Ct., Suite B
Springfield, MO 65804
mray@lawofficemo.com

**Missouri Public Service
Commission**

Curtis Stokes
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
curtis.stokes@psc.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.