

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

In the Matter of the Application of Union Electric )  
Company d/b/a Ameren Missouri and Boone County ) **File No. EO-2016-0087**  
Electric Cooperative for Authority to Transfer )  
Customers Between Electric Suppliers )

## STAFF RECOMMENDATION

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through undersigned counsel, and, for its *Staff Recommendation*, states as follows:

## Procedural Posture

1. On October 8, 2015, Union Electric Company d/b/a Ameren Missouri and Boone Electric Cooperative (“BEC”) filed a joint application requesting the Commission approve a change of electric service providers to structures on a 155 acre parcel of real property located at 16100 South Hagans Road, Ashland, Missouri, currently serviced by BEC to Ameren Missouri (collectively hereinafter, the “Applicants”).
2. On October 9, 2015, the Commission issued its *Order Directing Notice and Setting Deadline for Filing of Staff Recommendation*.
3. On November 13, 2015, the Applicants filed a motion seeking leave to amend errors within the Joint Application.
4. On November 16, 2015, the Commission issued its *Order Granting Motion to Amend Application, Setting Deadline for Staff Recommendation*.
5. On November 16, 2015, the Commission accepted as filed the Applicants’ Amended Joint Application. The Amended Joint Application included an affidavit of Ms. Laverne Garrett, the sole trustee of the Bade Raymond-Anna Trust, which owns the

subject real property (hereinafter, the “Garrett Property”), a requirement of 4 CSR 240-3.140(H).<sup>1</sup>

### Jurisdiction

6. Although the Commission has limited jurisdiction over rural electric cooperatives, BEC is subject to the jurisdiction of the Commission in this case under § 394.315.2 RSMo, which grants jurisdiction to the Commission for change of service applications.<sup>2</sup>

7. Ameren Missouri is an electrical corporation subject to the jurisdiction of the Commission under Chapters 386 and 393 RSMo. The Commission has jurisdiction over this matter pursuant to § 393.106.2 RSMo.

### Relevant Facts and Staff Conclusions

8. The Garrett Property is subject to a territorial agreement (“TA”) between Ameren Missouri and BEC that grandfathers BEC’s electrical service to the structures on the Garrett Property, which is located within Ameren Missouri’s exclusive service area.

9. BEC currently uses 13 poles and 12 spans (the “distribution line”) approximately 0.75 miles long to provide service to the Garrett Property.

10. The distribution line provides no other service.

11. Properties adjacent to the north of the Garrett Property are subdivided for residential development, but have not yet been developed.

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<sup>1</sup> All Missouri code references are to the most recent Code of State Regulations publication.

<sup>2</sup> All Missouri statutory references are to the most recent cumulative supplement to Missouri Revised Statutes 2000 unless otherwise stated.

12. Because of the TA, the proposed residential developments may only receive service from Ameren Missouri, which does not have distribution infrastructure immediately available.

13. The Applicants have agreed to transfer the distribution line from BEC to Ameren Missouri as a part of the change of service to the structures on the Garrett Property.

14. In consideration of the above facts, Staff concludes the change of service providers to structures on the Garrett property is in the public interest because, due to the TA, BEC cannot serve any other customers from the distribution line being transferred from BEC to Ameren Missouri, while Ameren Missouri can; and, transfer of the distribution line from BEC to Ameren Missouri:

- a. allows Ameren Missouri to avoid building duplicative facilities;
- b. creates more efficient use of the existing infrastructure;
- c. allows for residential development of the adjacent properties to the Garrett Property; and
- d. rids BEC of a stranded asset and the associated maintenance costs.

15. As a result, Staff concludes that the change of electric service providers to structures on the Garrett property is in the public interest for the following reasons other than a rate differential, pursuant to §§ 393.106.2 and 394.315.2 RSMo, 4 CSR 240-2.060, and 4 CSR 240-3.140.

16. BEC is not required to file annual reports or pay assessment fees to the Commission. Ameren is current on its filed report and fees. Further, Ameren Missouri and BEC have no pending or final unsatisfied judgments against them from any state or

federal court involving customer service or rates within three years of the date of filing this Application.

17. Therefore, Staff recommends that the Commission should approve the Amended Joint Application of Ameren Missouri and BEC.

18. Staff's Memorandum states the details of its investigation, and is attached as Appendix A.

**WHEREFORE**, Staff recommends the Commission grant the Amended Joint Application for Change of Service between Electric Suppliers Ameren Missouri and Boone Electric Cooperative, find that the Application is in the public interest for reasons other than a rate differential, and order the change of electric service from Boone Electric Cooperative to Ameren Missouri.

Respectfully Submitted,

**/s/ Jacob T. Westen**

Jacob T. Westen  
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Missouri Public Service Commission  
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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record this 20th day of November, 2015.

**/s/ Jacob T. Westen**

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2016-0087 – In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri and Boone County Electric Cooperative for Authority to Transfer Customers Between Electric Suppliers

FROM: Alan J. Bax – Operations Analysis Department / Engineering Analysis

<u>/s/ Daniel I. Beck    11/20/15</u> Engineering Analysis / Date	<u>/s/ Jacob T. Westen    11/20/15</u> Staff Counsel's Office / Date
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SUBJECT: Staff Memorandum Recommending Approval of Application

DATE: November 20, 2015

### **STAFF RECOMMENDATION**

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the Joint Amended Application (“Amended Application”) of the Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) and Boone Electric Cooperative (“Boone Electric”), collectively referenced as “the Applicants”, requesting to change electric service providers for structures located on a 155 acre tract of land at 16100 South Hagans Road in Boone County, Missouri. This change of electric service providers from Boone Electric to Ameren Missouri is in the public interest for reasons other than a rate differential, pursuant to Section 393.106.2 and 394.315.2 RSMo (2000), 4 CSR 240-2.060, and 4 CSR 240-3.140. Approval of the Amended Application will not only improve the utilization of existing facilities but also limit the need for additional facilities as this property lies within an area that is to be exclusively served by Ameren Missouri per the terms of a Territorial Agreement. Staff recommends that the Commission order the Applicants file a copy of the bill of sale between Ameren Missouri and Boone Electric upon completion of the asset transfer. Staff further recommends the Commission include in its Order that no rate-making

treatment is being requested or analyzed in approving this transaction and that any affect this transaction may have on rates will be considered within the context of the next general rate case proceeding.

### **OVERVIEW**

On October 8, 2015, the Applicants filed a Joint Application requesting the Commission approve a change in electric service providers that would allow Ameren Missouri to provide electric service to structures located on a 155 acre tract of land at 16100 South Hagans Road<sup>1</sup> in Boone County (“the Garrett Property”).<sup>2</sup> The Applicants filed an Amended Application on November 16, 2015, to correct a typing error in the physical address of the Garrett property and to identify the Bade Raymond-Anna Trust as the property owner with Ms. Laverne Garrett as its trustee. Boone Electric is the current electric service provider to the Garrett Property. In a letter dated June 11, 2015, included with the Application, Boone Electric, Ameren Missouri and Ms. Laverne Garrett, the trustee of the Garrett Property, agreed to have Ameren Missouri provide electric service to this property in lieu of Boone Electric. An “Affidavit of Consent”, dated October 14, 2015, was received from Ms. Garrett confirming her concurrence to such an agreement. The Applicants state that their request is in the public interest for at least three reasons. The Garrett Property is within the area Ameren Missouri is obligated to serve under the terms of its Territorial Agreement (“TA”) with Boone Electric. Approval of this request will allow Boone Electric to remove an approximately .75 mile distribution line that it cannot use to serve other customers thus relieving Boone Electric of future associated maintenance costs. Removal of this distribution line will also promote the development of two nearby properties

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<sup>1</sup> The Boone County Commission has recently approved a request to rename the road to “Bentlage Drive”. The map included in the Joint Amended Application reflects this revision.

<sup>2</sup> Ms. Laverne Garrett is the sole trustee of the Bade Raymond-Anna Trust, which owns the property.

On October 9, 2015, the Commission issued an *Order Directing Notice and Setting Deadline for Filing of Staff Recommendation*. This *Order* directed Staff to send a notice of this Application to Ms. Laverne Garrett, owner of said property, and also to file a recommendation on the Application by November 9, 2015. A subsequent *Order*, which was issued following the filing of the Amended Application, allowed Staff to delay filing its recommendation until November 30, 2015.

Boone Electric is a rural electric cooperative organized under Chapter 394 RSMo (2000) to provide electric service to its members in all or parts of six Missouri counties, including Boone County. Although the Commission has limited jurisdiction over rural electric cooperatives, Boone Electric is subject to the jurisdiction of the Commission in this case under Section 394.312 (territorial agreements) and 394.315.2 (change of service) RSMo (2000)<sup>3</sup>.

As a rural electric cooperative, Boone Electric is not required to file annual reports or pay assessment fees. Further, Boone Electric does not have pending or final unsatisfied judgments against it from any state or federal court involving customer service or rates within three years of the date of filing this Application.

Ameren Missouri is an electrical corporation subject to the jurisdiction of the Commission as specified, in part, by Chapters 386 and 393, RSMo 2000. Ameren Missouri is authorized to provide electricity in and around the area that is the subject of this Application. Ameren Missouri is subject to the jurisdiction of the Commission in this case pursuant to Section 393.106.2 RSMo 2000.

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<sup>3</sup> Section 394.315.2 states, in relevant part, that "...The public service commission, upon application made by an affected party, may order a change of suppliers on the basis that is in the public interest for a reason other than a rate differential, and the commission is hereby given jurisdiction over rural electric cooperatives to accomplish the purpose of this section... ."

Ameren Missouri is current on all assessment fees and annual report filings. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing; nor is Staff aware of any pending or final unsatisfied decision against Ameren Missouri from any state or federal court involving customer service or rates within the last three years that would affect or is affected by this filing.

### **DISCUSSION**

In Case No. EO-99-267, Ameren Missouri and Boone Electric requested approval of a TA, which the Commission granted in a Report and Order dated March 16, 1999. The terms of this TA included specific areas of Boone County where either Ameren Missouri or Boone Electric held exclusive rights, as between them, to provide electric service, subject to particular conditions. One such condition granted Ameren Missouri or Boone Electric to maintain their respective electric service concurrently provided to an existing structure located in an exclusive service area of the other company when the TA became effective. The Garrett Property is currently and has long been served by Boone Electric despite the fact it lies within the exclusive service territory of Ameren Missouri per the terms of the TA, as illustrated on Schedule AJB-1 (Section 12, Range 46, Township 24).

In a letter dated June 11, 2015, included with the Application, Boone Electric, Ameren Missouri and Ms. Laverne Garrett, agreed to have Ameren Missouri provide electric service to this property in lieu of Boone Electric. This letter also indicates that such an agreement will require a bill of sale. The bill of sale would transfer from Boone Electric to Ameren Missouri a distribution line that Boone Electric is currently utilizing in its provision of service to the Garrett property. This distribution line is approximately .75 miles long and consists of 13 poles and 12 spans, along with other appurtenances.

Highlighted in green, on the attached Schedule AJB-2 are two separate properties adjacent to the north of the Garrett Property. It is anticipated that these two properties will be developed, as these properties have been subdivided into tracts for development purposes, as illustrated on Schedule AJB-3 and Schedule AJB-4 respectively. The aforementioned Boone Electric distribution line, used in Boone Electric's current provision of electric service to the Garrett Property, is shown routed along much of the boundary line between these two properties. Per the terms of the TA, Boone Electric is prohibited from providing service to new structures built in this area. Should this Application be approved, Ameren Missouri will acquire this distribution line from Boone Electric and utilize it in establishing its service to the newly developed area<sup>4</sup>. Using this existing distribution line will prevent Ameren Missouri from installing otherwise necessary duplicative facilities in its provision of service, not only to the anticipated new development but to the Garrett Property as well. Transferring this line to Ameren Missouri is beneficial for Boone Electric as they rid themselves of a stranded asset and associated maintenance costs, an asset only being used to provide service to a minimal load.

It will be necessary for Ameren Missouri to build an extension of its existing facilities in order to connect with this Boone Electric distribution line. This extension is highlighted in blue on Schedule AJB-5. This approximate 1630 ft. extension would be routed along the east side of Hagans Road and proceed along the north side of Bentlage Road. This extension would then cross to the south side of Bentlage Road and connect with the aforementioned Boone Electric distribution line, illustrated in Schedule AJB-3.

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<sup>4</sup> In Paragraph 10, on page 4, the Applicants indicate that Boone Electric's distribution line will be removed. This is contrary to the rest of the document, which contemplates a transfer of this distribution line from Boone Electric to Ameren Missouri. Thus, as suggested by the requirement for a bill of sale contained in the letter, Ameren Missouri will utilize this line in its provision of service to the Garrett Property and to the properties being developed as well. It would not be cost effective for Ameren Missouri to provide an alternate means to provide service to the Garrett Property, a necessity if this distribution line is removed.

### **CONCLUSION**

Staff believes that that the Commission should determine that the Amended Application, requesting to change the electric service provider to the Garrett Property from Boone Electric to Ameren Missouri, is in the public interest for reasons other than a rate differential, pursuant to Section 393.106.2, and 394.315.2 RSMo (2000), 4 CSR 240-2.060, and 4 CSR 240-3.140. Thus, Staff recommends that the Commission order that the electric service provider to the Garrett Property be changed from Boone Electric to Ameren Missouri. The Garrett Property is located within the exclusive service territory of Ameren Missouri per the terms of a TA approved by the Commission in a Report and Order dated March 19, 1999, in Case No. EO-99-267. Therefore, Boone Electric is prohibited from serving newly built structures in this area. Boone Electric plans to transfer its distribution line used in its provision of service to the Garrett Property, including 13 poles and 12 spans, to Ameren Missouri per the terms of a future bill of sale. Ameren Missouri will utilize this distribution line in providing service to two separate adjacent properties to the north of the Garrett Property that have been subdivided into development tracts. Staff concludes that the change of service is in the public interest because it will lead to the best use of existing facilities and limit the installation of otherwise necessary duplicative facilities. Staff recommends the Commission order the Applicants to file a copy of the bill of sale upon completion of the transfer. Staff further recommends the Commission include in its Order that no rate-making treatment is being requested or analyzed in approving this transaction and that any affect this transaction may have on rates will be considered within the context of the next general rate case proceeding.

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

In the Matter of the Application of Union )  
Electric Company d/b/a Ameren Missouri )  
and Boone Electric Cooperative for )  
Authority to Transfer Customers Between )  
Electric Suppliers )

Case No. EO-2016-0087

**AFFIDAVIT OF ALAN J. BAX**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

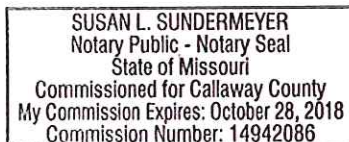
**COMES NOW** Alan J. Bax and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

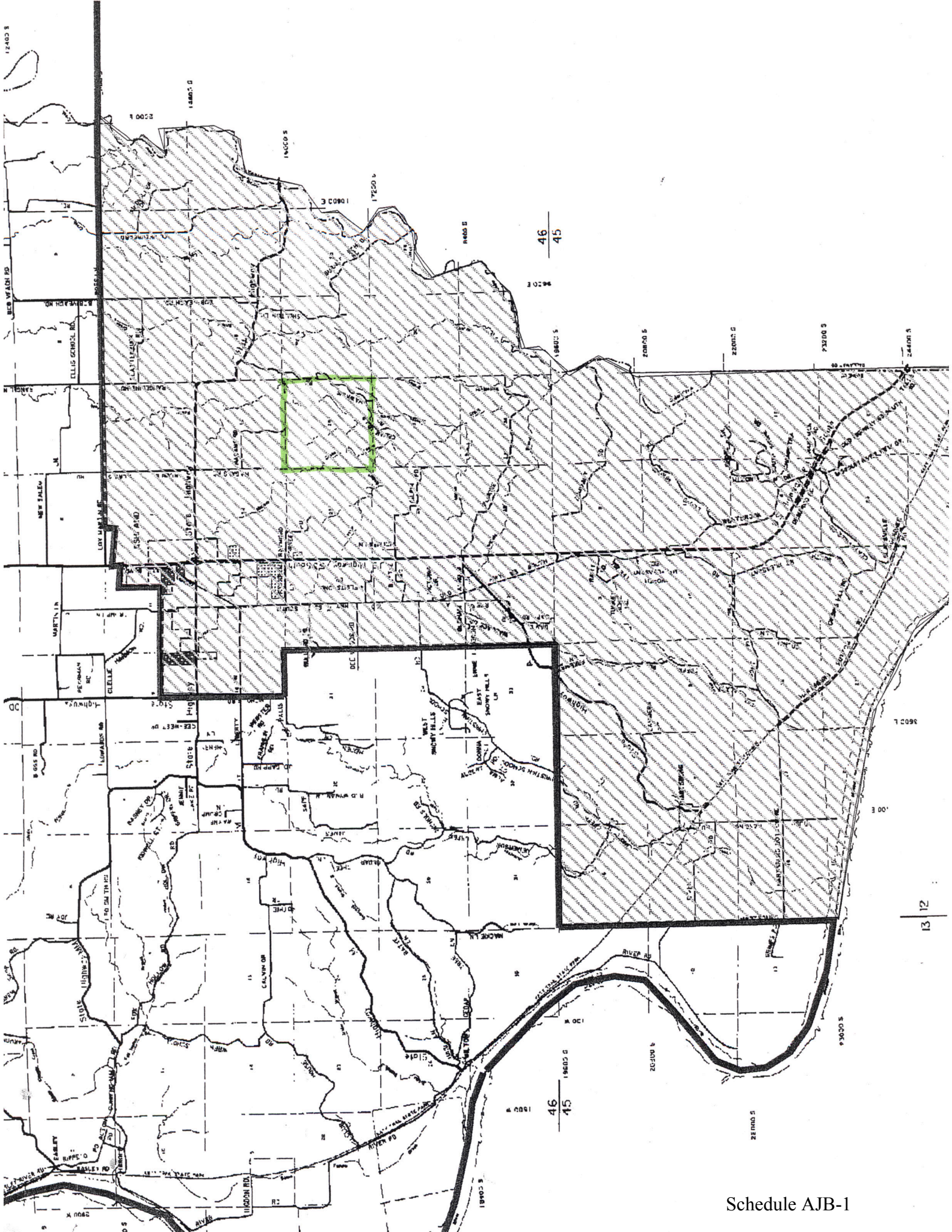


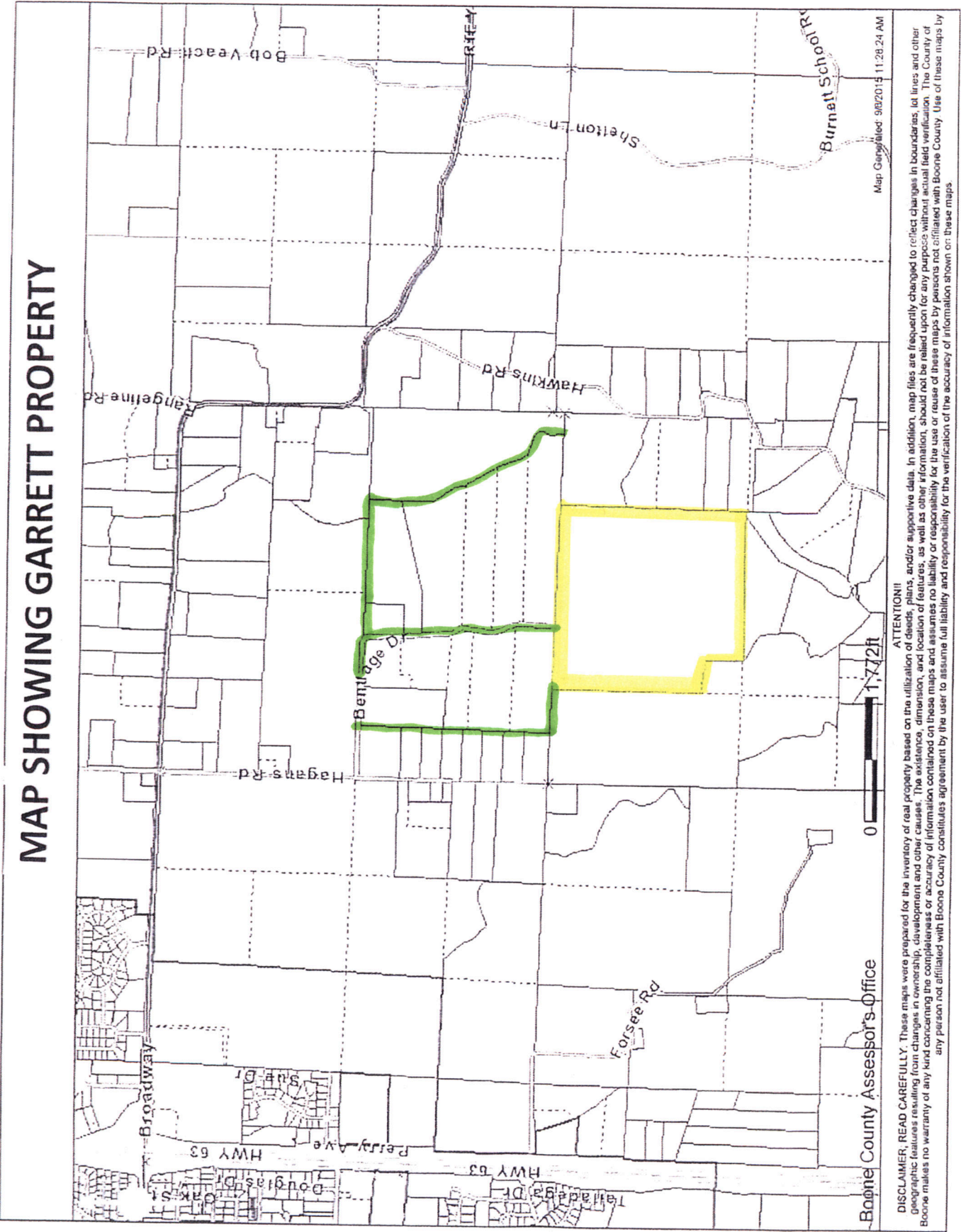
\_\_\_\_\_  
Alan J. Bax

Subscribed and sworn to before me this 20<sup>th</sup> day of November, 2015.

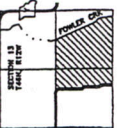


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Notary Public







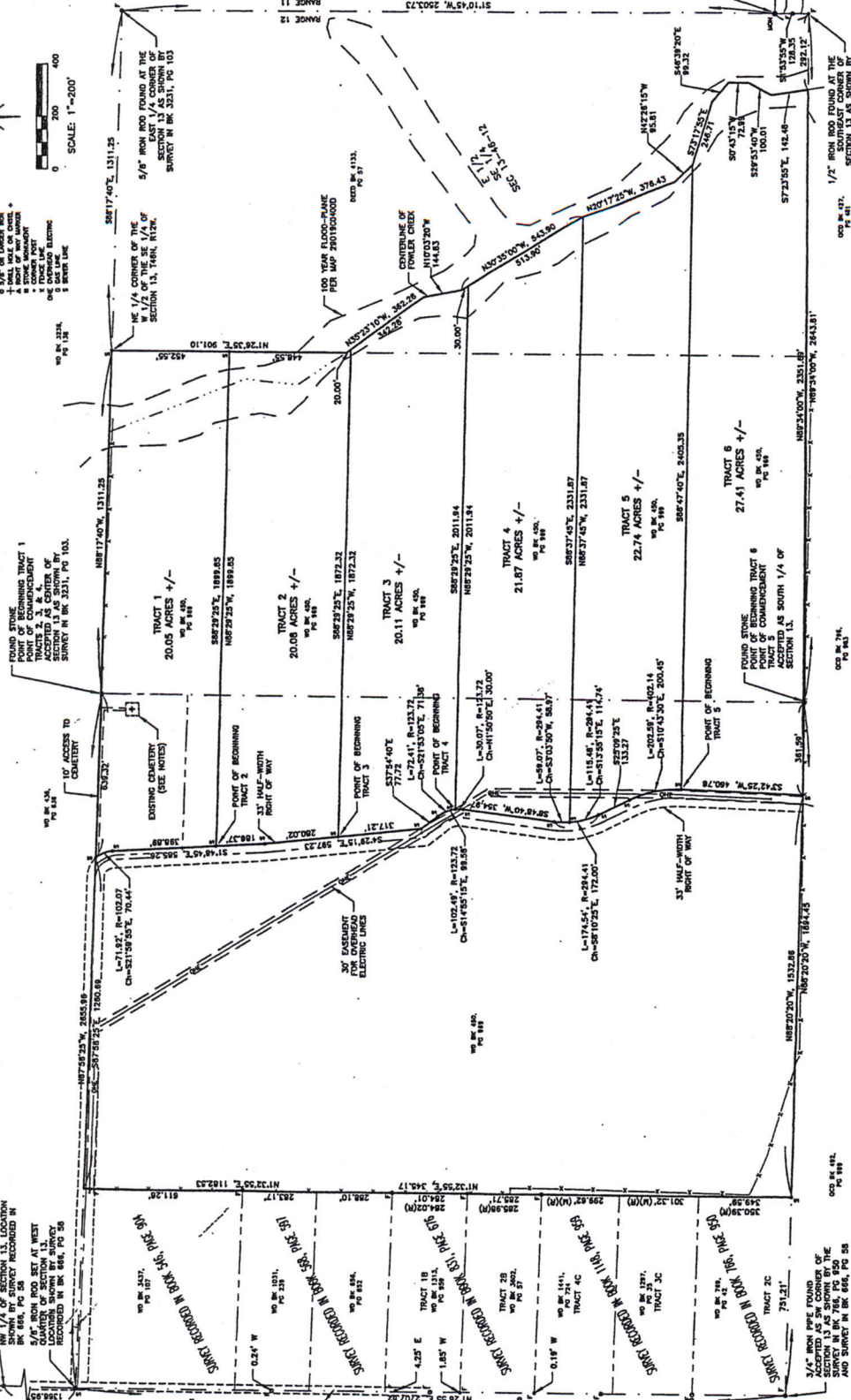


PLAT OF SURVEY FOR  
BRYAN CRUMP  
A PORTION OF THE SOUTH HALF OF SECTION 13,  
TOWNSHIP 46 NORTH, RANGE 12 WEST  
(LYING EAST OF COUNTY ROAD)  
BOONE COUNTY, MISSOURI

LEGEND



SCALE: 1"=200'

[illegible]

**C.C.S.**  
**Central Counties**  
**Surveying.**

APPROVED FOR THE COMMISSION  
STAN SWANER  
COUNTY PLANNER  
10/7/14

THIS IS TO CERTIFY THAT AT THE REQUEST OF BRIAN CHAMP, A SURVEY OF THE LAND DESCRIBED IN DEED BOOK 450, PAGE 168 WAS EXECUTED UNDER MY PERSONAL SUPERVISION AND I HEREBY DECLARE THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, THIS SURVEY WAS EXECUTED IN ACCORDANCE WITH THE CURRENT MISSOURI MINING STANDARD FOR PROPERTY BOUNDARY SURVEYS, AND

SUBSCRIBED AND SWORN BEFORE ME ON THIS 17TH DAY OF OCTOBER, 2014 MY COMMISSION EXPIRES MAY 31, 2017.

**STACEY YOUNG**  
History Public - History Dept  
Campus Number 1380412  
STATE OF MISSOURI  
Boone County  
My Commission Expires: May 21, 2017

DAVID J. RYAN  
DAVID J. RYAN  
NOTARY PUBLIC

STEVEN R. PROCTOR, P.L.S. 2000148446  
OCTOBER 17, 2014

Issued in Bens County, Missouri  
 Serial and Time: 107172014 - 04:10:51 PM  
 Treatment #: 2014011923 Book: 4362 Page: 18  
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 Issued by: *John J. [Signature]*  
 British Columbia, Minister of Health

