

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

In the Matter of the Joint Application of Macon)
Electric Cooperative and the City of Marceline for)
Approval of a Change of Electric Supplier for)
Certain Customers in Linn and Chariton Counties)
for Reasons in the Public Interest)

File No. EO-2018-0111

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through Staff Counsel’s Office, and files its Staff Memorandum Recommendation, Attachment 1, regarding the Joint Application of Macon Electric Cooperative and the City of Marceline for authorization of a change of electric service supplier, pursuant to Sections 91.025 and 394.315 and 4 CSR 240-2.060 and 4 CSR 240-3.140. In support of the Staff Memorandum Recommendation that the Missouri Public Service Commission (“Commission”) should authorize a change of electric supplier for certain legal owners of property/customers in Linn and Chariton Counties on the basis that it is in the public interest for reasons other than a rate differential, the Staff states as follows:

1. On October 30, 2017, the Macon Electric Cooperative (“Macon”), a Chapter 394 rural electric cooperative corporation, and the City of Marceline (“Marceline”), a Missouri third class municipality existing pursuant to Section 77.010 RSMo. 2016, filed a Joint Application For Change Of Electric Supplier. Marceline provides electrical service to customers in its municipal service area.

2. Marceline currently provides electrical service to six (6) properties in Linn County and ten (10) properties in Chariton County. These properties have not been annexed into Marceline and are located in unincorporated rural areas of Linn and Chariton Counties.

3. Macon and Marceline contend that pursuant to Sections 91.025.2¹ and 394.315.2² the requested change in electric suppliers is in the public interest for a reason other than a rate differential.

4. Marceline is requesting that Macon provide service to these properties in order to ensure reliable service now and in the future and to achieve operational efficiencies for the electric suppliers and reduce utility duplication. In order for Macon to provide service to these sixteen (16) properties, Macon will be required to build a 7.2 kV overhead electric line extension that will be approximately one mile in length.

5. Macon and Marceline attached as Appendix B to their Joint Application written consents of the sixteen (16) property owners or tenants. The form of the Customer Account Transfer Consent Form completed by the sixteen (16) property owners or tenants, Appendix B, appears as follows:

Customer Account Transfer Consent Form

Date: _____

I, _____, legal owner or tenant of the property located at (address) _____, by signing below do hereby agree to transfer my electric utility service from CITY OF MARCELINE ELECTRIC to MACON ELECTRIC COOPERATIVE to further define the boundary between said utilities and provide customers with updated electric service.

6. The Service List for the Joint Application includes the sixteen (16) property owners or tenants whose supplier of electrical service is being requested to be

¹ Section 91.025.2 RSMo 2016 states in relevant part: "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."

² Section 394.315.2 RSMo 2016 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 a rate differential, and the commission is hereby given jurisdiction over rural electric cooperatives to accomplish the purpose of this section."

changed. The address shown for Ernestine Welch on the Service List attached to the Joint Application is Route 1, Marceline, MO 64658. The address shown for Ernestine Welch on Appendix B Consent of Legal Owner / Tenant to the Joint Application is Route 1; 10251 Highway 5, Marceline, MO 64658.

7. On November 14, 2017, Macon filed an Amended Certificate of Service which states that a copy of the Joint Application that was to be served on Ernestine Welch, was returned as “Unable to Forward,” and a copy of the Joint Application “was served by U.S. Mail, postage prepaid, this 14th day of November, 2017, upon the following: Ernestine L. Welch, 27002 Pilgrim Rd., Redlands, CA 92373-9781.”³

8. On October 31, 2017, the Commission issued its Order Directing Notice And Order Directing Responses To Application. The Commission directed its Data Center to send notice to the sixteen (16) property owners and tenants/customers as enumerated in Appendix B of the Joint Application and ordered the Staff to file a recommendation or a status report when it will file its recommendation no later than November 30, 2017. On November 13, 2017, the Commission’s Data Center received as “Not Deliverable as Addressed – Unable to Forward” the copy of the Order Directing Notice And Order Directing Responses To Application that it had sent to Ernestine Welch at Route 1, 10251 Highway 5, Marceline, MO 64658.

5. On November 30, 2017, the Staff filed a Staff Request for Additional Time to File Recommendation in which the Staff asked for additional time to submit several data requests to Macon and Marceline and to follow-up on those data requests, if

³ The Customer Account Transfer Consent Form in Appendix B to the Joint Application for Ernestine Welch is dated 8/15/17, is shown as signed for her, apparently by her daughter Tina Welch who has evidently written in parentheses the words “Power of Attorney.”

necessary. The Commission on December 1, 2017, issued an Order Extending Time for the Staff to file its recommendation.

6. The Staff Data Requests encompassed the costs of change of suppliers and who would cover those costs, the time needed to make the change of suppliers, and the information provided to the customers, if any, about costs and rates. Macon promptly responded to the Staff's Data Requests on December 5, 2017, and Marceline promptly responded to the Staff's Data Requests on December 6, 2017. No follow-up Staff Data Requests were necessary.

7. Macon indicated that its costs to construct the new lines would be covered by it and not the customers. Marceline indicated that it would cover its expenses of taking out existing Marceline lines and not the customers. Macon estimated that the time needed for construction is three (3) weeks and the actual downtime of customers is anticipated to be less than 30 minutes by coordinating with Marceline. Macon indicated that the 16 prospective members were contacted to discuss easement procurement in order to construct the new lines needed for Macon to provide service. At least fifteen (15) of the sixteen (16) properties take residential service. The class of service taken by the sixteenth property is not known to the Staff. Using the average amount of electricity each month of an average U.S. residential customer, the Staff determined by its own calculations using Marceline's and Macon's rates that a residential customer would be better off paying Macon's rate than Marceline's rate assuming equivalent service.

WHEREFORE the Staff recommends that the Commission should authorize the Joint Application of Macon Electric Cooperative and the City of Marceline for a change

of electric service supplier for certain legal owners of property/customers in Linn and Chariton Counties on the basis that it is in the public interest for reasons other than a rate differential, pursuant to Sections 91.025 and 394.315 and 4 CSR 240-2.060 and 4 CSR 240-3.140.

Respectfully submitted,

/s/ Steven Dottheim

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**Attorney for the Staff of the
Missouri Public Service Commission**

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 19th day of December, 2017.

/s/ Steven Dottheim

Memorandum

TO: Missouri Public Service Commission Official Case File
File No. E0-2018-0111 – Joint Application of Macon Electric Cooperative and the
City of Marceline for Approval of a Change of Electric Supplier for Certain
Customers in Linn and Chariton Counties for Reasons in the Public Interest Other
Than a Rate Differential

FROM: Cedric E. Cunigan – Operational Analysis Department / Engineering Analysis
Unit

/s/ Dan Beck / 12/19/2017 /s/ Steven Dottheim / 12/19/2017
Engineering Analysis Unit / Date Staff Counsel’s Office / Date

SUBJECT: Staff Memorandum Recommending that the Commission Approve the
Application

DATE: December 19, 2017

STAFF RECOMMENDATION

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the Joint Application of Macon Electric Cooperative (“Macon”) and the City of Marceline (“Marceline”) for Change of Electric Supplier for Certain Customers in Linn and Chariton Counties. The Applicants state at paragraph 5 of their Application the reason for the Change of Supplier request is “to ensure reliable electric service now and in the future as well as achieve operational efficiencies for the electric suppliers and reduce utility duplication in this area.” They relate that these 16 (sixteen) properties are outside the municipal boundaries and extend “into an area that makes service thereto economically infeasible for Marceline due to their distance to Marceline’s other electric facilities.” In order for Macon to provide service to these properties, Macon will be required to build a 7.2 kV overhead electric line extension that will be approximately one mile in length. Staff reviewed the Application and attachments, and submitted six (6) Data Requests (four (4) to Macon and two (2) to Marceline). All affected landowners or tenants appear to benefit from the

change of supplier or have consented to the change. Staff finds the request to be reasonable and in the public interest for a reason other than a rate differential pursuant to Sections 91.025.2 and 394.315.2 RSMo. 2016.

PROCEDURAL HISTORY

On October 30, 2017, Macon and Marceline filed a Joint Application requesting a change of electric service providers from Marceline to Macon for 16 (sixteen) properties. On October 31, 2017, the Commission issued its Order Directing Notice And Order Directing Responses To Application with a response date of no later than November 30, 2017. Staff reviewed the application and attachments. The attachments contained consent forms from the 16 (sixteen) property owners and a map detailing the properties and the electric facilities servicing them. Staff noted that the properties are not within the city limits of Marceline and are in an area largely served by Macon.

Staff also noted that the consent form for the property at 10251 HWY 5, Marceline, MO 64658 which shows that Ernestine Welch is the legal owner or tenant, was signed instead by Tina Welch. Tina Welch claimed to have power of attorney and be the daughter of Ernestine Welch. On November 13, 2017, the Commission's Data Center received as "Not Deliverable as Addressed - Unable to Forward" the copy of the Order Directing Notice And Order Directing Responses To Application that was sent to Ernestine Welch at Route 1, 10251 Highway 5, Marceline, MO 64658. On November 14, 2017, Macon filed an Amended Certificate of Service which states that a copy of the Joint Application that was served on Ernestine Welch, was returned as "Unable to Forward," and a copy of the Joint Application "was served by U.S. Mail, postage prepaid, this 14th day of November, 2017, upon the following: Ernestine L. Welch, 27002 Pilgrim Rd., Redlands, CA 92373-9781."

On November 30, 2017, Staff submitted Staff Request for Additional Time to File Recommendation requesting an extension until January 19, 2018. On December 1, 2017, the Commission ordered an extension until January 19, 2018. Staff submitted 6 (six) Data Requests to the Applicants on December 1, 2017. The Data Requests encompassed the costs of change of suppliers and who would cover those costs, the time needed to make the change of suppliers, and the information provided to the customers, if any, about costs and rates. Macon and Marceline provided responses via email on December 5, 2017, and December 6, 2017, respectively.

Macon indicated it will incur an estimated \$80,000 in expenses to construct the new lines that will be covered by Macon and not the individual customers. Marceline related that this cost is not yet known but was originally estimated not to exceed \$10,000 in expenses that will be covered by Marceline and not the individual customers. Macon estimated that the time needed for construction is 3 (three) weeks and the actual downtime of customers is anticipated to be less than 30 (thirty) minutes. Macon indicated that the 16 (sixteen) prospective members were contacted to discuss easement procurement in order to construct the new lines needed for Macon to provide service. Staff determined by its own calculations using Marceline's and Macon's rates that a residential customer using the average amount of electricity each month of an average U.S. residential customer would be better off paying Macon's rate than Marceline's rate assuming equivalent service.¹

¹ Average usage for a U.S. residential utility customer was 897 kWh per month in 2016 according to the U.S. Energy Information Administration. Macon's rates are lower than Marceline's rates for customers in this range.

Conclusion

For the reasons stated in the first paragraph on pages 1 and 2 above, Staff is of the opinion that changing electric service providers from Marceline to Macon is in the public interest for a reason other than a rate differential. Therefore, Staff recommends that the Commission approve Macon and Marceline's Joint Application for Change of Electric Supplier.

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Macon Electric Cooperative and the City of Marceline for)
Approval of a Change of Electric Supplier for Certain)
Customers in Linn and Chariton Counties for Reasons in)
The Public Interest)

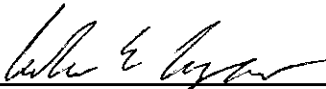
File No. EO-2018-0111

AFFIDAVIT OF CEDRIC E. CUNIGAN

State of Missouri)
) ss.
County of Cole)

COMES NOW Cedric E. Cunigan, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Memorandum; and that the same is true and correct according to his best knowledge and belief.


Further the Affiant sayeth not.



Cedric E. Cunigan

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 19th day of December, 2017.



NOTARY PUBLIC

