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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 20th
day of October, 1998.

In the Matter of the Application of Citizens)
Electric Corporation for an Order Approving)
a Tariff and Authorizing, for Reasons in the) Case No. ET-99-113
Public Interest, the Contract for Service) (Tariff File 9900230)
Agreement of Citizens Electric Corporation)
and Proctor and Gamble Paper Products Company.)

ORDER APPROVING TARIFF AND APPROVING
AN ELECTRIC POWER SERVICE AGREEMENT

On September 21, 1998, Citizens Electric Corporation (Citizens) filed an application with the Missouri Public Service Commission for an order approving a tariff sheet and approving the Electric Power Service Agreement (Contract) between Citizens and Proctor and Gamble Paper Products Company (Proctor & Gamble). Citizens requested expedited treatment of this matter by the Commission because the start date of the Contract is September 1, 1998, although Proctor & Gamble does not expect to begin taking power for another 30 to 60 days after September 1.

On October 3, 1998, the Commission issued an Order and Notice setting October 15 as the deadline for any interested party wishing to intervene to file an application to do so. The requirement for a hearing is met when the opportunity for a hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has asked permission

to intervene or requested a hearing, the Commission may grant the relief requested based on the verified application.

The proposed tariff sheet has an effective date of October 22. It would establish a Confidential Contracts - Schedule CCS for the purpose of listing by case number highly confidential contracts filed under seal that have been approved by the Commission. The Contract requires Citizens to construct new facilities able to efficiently supply the requisite power to Proctor & Gamble. The power required by Proctor & Gamble will be supplied by Union Electric Company, d/b/a AmerenUE, under a wholesale power Economic Development Rate to Citizens.

The Staff of the Commission (Staff) filed a recommendation on October 16. In that recommendation, the Staff states that approval of this Contract will not impair Citizens' ability to serve and provide electric service to its current and future customers, and that there is no potential for Citizens' customers to pay higher rates now or in the future as a result of this Contract. Staff also notes that although it is not stated in the application, the Staff is aware from previous discussions with Mr. Todd Decker, General Manager of Citizens, that Proctor & Gamble's decision to locate this new production facility in Missouri was influenced significantly by the economic development efforts over an extended period of time by the Missouri Department of Economic Development and Union Electric Company. Staff indicates that significant economic development benefits are expected to result for the State of Missouri and its citizens.

The recommendation also notes that on December 16, 1997, the Commission granted Union Electric Company a certificate of public convenience and necessity to reroute and construct the Cape-Wedekind 2

161 kv transmission line for the Proctor and Gamble Paper Products Company plant expansion. Staff states that it is not aware of any other matter before the Commission that affects or is affected by this filing.

The Staff recommended approval of Citizens' application, and recommended that the Commission issue an order that (1) authorizes Citizens to perform in accordance with the Electric Power Service Agreement as described in Exhibit 2 (filed under seal) of the application; and (2) approves the following proposed tariff sheet to become effective on October 22, 1998:

P.S.C. Mo. No. 7
Original Sheet No. 20

The Commission has reviewed the application, the filed tariff sheet, and the Contract and finds that the public interest would be served by the Commission's approval of Citizens' application in this matter. The Commission will approve the proposed tariff sheet to become effective October 22, 1998, and will approve the Electric Power Service Agreement to become effective on the same date.

IT IS THEREFORE ORDERED:

1. That the following tariff sheet, filed September 21, 1998, by Citizens Electric Corporation, is hereby approved for service effective October 22, 1998:

P.S.C. Mo. No. 7
Original Sheet No. 20

2. That the Electric Power Service Agreement as described in Exhibit 2 of the application, between Citizens Electric Corporation and Proctor and Gamble Paper Products Company is approved.

3. That this order shall become effective on October 22, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray and Schemenauer, CC.,
concur.

Ruth, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION