

FILED

JUL 5 - 1996

MISSOURI
PUBLIC SERVICE COMMISSION

May 6, 1996

Dear Union Electric Customer:

Union Electric Company (UE) and Macon Electric Cooperative (MEC) are discussing a territorial agreement to exchange some facilities and define service areas. The proposed agreement, which would be subject to approval by the Missouri Public Service Commission, would enable both utilities to operate more efficiently by eliminating costly duplication of service. It would benefit customers by helping to keep rates down while improving service.

Under the agreement about 3,000 customers in 18 communities now served by Union Electric would be served by Macon Electric Cooperative, while about 1,000 MEC customers in the Moberly and Brookfield areas would be served by UE. You have an account in one of the areas where electric service would switch from UE to MEC.

We recognize that changing to a new electricity supplier is bound to cause some anxiety. That's why we want to assure you that the quality of your service would be at least as good as the service you have received from your present supplier. In addition, both utilities have comparable rates.

Enclosed is a pamphlet providing information about MEC and answering some of the questions you might have. To aid in answering your questions, representatives of UE and MEC will also be available at the following locations:

Macon-Monday, May 13, Long Branch Restaurant. 1 p.m. - 8 p.m.
Moberly-Tuesday, May 14, Ramada Inn (Mark Twain Room). 1 p.m. - 8 p.m.
Bucklin-Wednesday, May 15, Bucklin School (little gym - N. door). 1 p.m. - 8 p.m.
Shelbyville-Thursday, May 16, Moonshiners Building. 1 p.m. - 8 p.m.

If you have questions and are unable to attend in person, you may call or write as follows:

Union Electric Company
(816) 785-2702

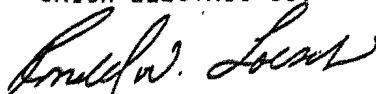
P.O. Box 38
Mexico, Missouri 65265

Macon Electric Cooperative
(816) 385-3157, and ask for
Wayne Hackman or Bill Figg
P.O. Box 157
Macon, Missouri 63552


We hope through this process we can answer all of your questions.

Sincerely,

UNION ELECTRIC CO.


RONALD W. LOESCH
District Manager

MACON ELECTRIC COOPERATIVE


WAYNE HACKMAN
General Manager

UNION ELECTRIC

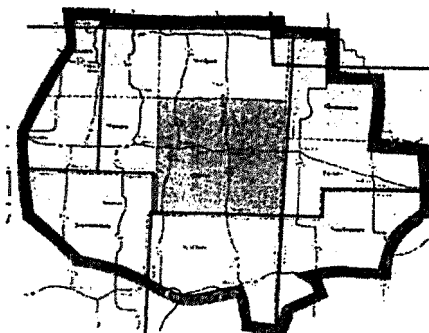
and

MACON ELECTRIC COOPERATIVE

...are discussing a proposed territorial agreement aimed at eliminating costly duplication of service in parts of North Central Missouri. The proposed agreement, which would be subject to approval by the Missouri Public Service Commission, would enable both utilities to operate more efficiently - helping to keep future rates down while improving service. It would involve the transfer of some Union Electric customers to Macon Electric and some Macon Electric customers to Union Electric.

Since you are in one of these service areas that would transfer to Macon Electric Cooperative service, we have prepared this pamphlet to provide information about Macon Electric Cooperative.

MACON ELECTRIC COOPERATIVE



Founded in 1938, Macon Electric Cooperative serves over 8,200 members whose member/owners live on 2,800 miles of electric lines in the counties of: Adair, Chariton, Linn, Knox, Macon, Monroe, Randolph, Shelby and Sullivan. The members of the Board of Directors of the Cooperative are elected by the member/owners. The nine member Board acting as a group, establishes all operating policies and serves without salary. Each Director represents a different geographical area of the Cooperative's service area and are Cooperative members. Three Directors of the Board are elected each year for a three year term at the Annual Meeting held in August.

Union Electric &
Macon Electric

PROPOSED TERRITORIAL AGREEMENT



**Macon Electric
Cooperative**

P. O. Box 157
Macon, MO 63552-0157

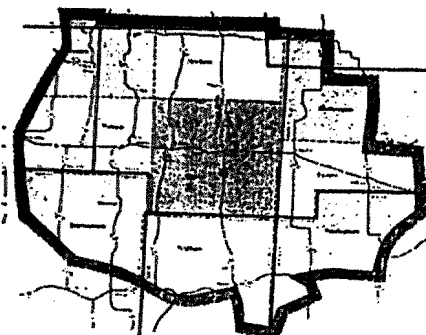
Telephone: (816) 385-3157
1-800-553-6901

UNION ELECTRIC
and
**MACON ELECTRIC
COOPERATIVE**

...are discussing a proposed territorial agreement aimed at eliminating costly duplication of service in parts of North Central Missouri. The proposed agreement, which would be subject to approval by the Missouri Public Service Commission, would enable both utilities to operate more efficiently - helping to keep future rates down while improving service. It would involve the transfer of some Union Electric customers to Macon Electric and some Macon Electric customers to Union Electric.

Since you are in one of these service areas that would transfer to Macon Electric Cooperative service, we have prepared this pamphlet to provide information about Macon Electric Cooperative.

**MACON ELECTRIC
COOPERATIVE**



Founded in 1938, Macon Electric Cooperative serves over 8,200 members whose member/owners live on 2,800 miles of electric lines in the counties of: Adair, Chariton, Linn, Knox, Macon, Monroe, Randolph, Shelby and Sullivan. The members of the Board of Directors of the Cooperative are elected by the member/owners. The nine member Board acting as a group, establishes all operating policies and serves without salary. Each Director represents a different geographical area of the Cooperative's service area and are Cooperative members. Three Directors of the Board are elected each year for a three year term at the Annual Meeting held in August.

**Union Electric &
Macon Electric**

**PROPOSED
TERRITORIAL
AGREEMENT**



**Macon Electric
Cooperative**

P. O. Box 157
Macon, MO 63552-0157

Telephone: (816) 385-3157
1-800-553-6901

Union Electric & Macon Electric

PROPOSED TERRITORIAL AGREEMENT



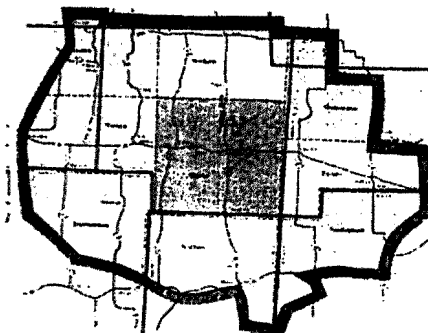
**Macon Electric
Cooperative**

P. O. Box 157
Macon, MO 63552-0157

Telephone: (816) 385-3157
1-800-553-6901

UNION ELECTRIC and MACON ELECTRIC COOPERATIVE

MACON ELECTRIC COOPERATIVE



...are discussing a proposed territorial agreement aimed at eliminating costly duplication of service in parts of North Central Missouri. The proposed agreement, which would be subject to approval by the Missouri Public Service Commission, would enable both utilities to operate more efficiently - helping to keep future rates down while improving service. It would involve the transfer of some Union Electric customers to Macon Electric and some Macon Electric customers to Union Electric.

Since you are in one of these service areas that would transfer to Macon Electric Cooperative service, we have prepared this pamphlet to provide information about Macon Electric Cooperative.

Founded in 1938, Macon Electric Cooperative serves over 8,200 members whose member/owners live on 2,800 miles of electric lines in the counties of: Adair, Chariton, Linn, Knox, Macon, Monroe, Randolph, Shelby and Sullivan. The members of the Board of Directors of the Cooperative are elected by the member/owners. The nine member Board acting as a group, establishes all operating policies and serves without salary. Each Director represents a different geographical area of the Cooperative's service area and are Cooperative members. Three Directors of the Board are elected each year for a three year term at the Annual Meeting held in August.

About the Territorial Agreement

You may wonder what a territorial agreement is and why one is needed. Missouri Law now enables investor-owned companies, cooperatives and municipal utilities to establish territorial agreements which define the areas each serve.

The Electric Cooperatives were created to bring electric service to areas that investor-owned utilities would not serve. However, as Missouri has become increasingly urbanized, cooperatives and investor-owned utilities now find themselves serving many of the same areas. This causes wasteful duplication of power lines and other facilities which result in higher costs for everyone.

Reliable service

Affordable rates

Valuable programs

Electric rates of Macon Electric and Union Electric are very comparable. The electric rates of Macon Electric have been very stable. In fact, in June 1995, a 4% rate decrease was given to all customers.

All customer outage calls are answered locally and service assistance is sent as quickly as possible. Macon Electric's service reliability is built on the strength of being a part of an electrical system that includes a transmission cooperative, Northeast Missouri Power Cooperative, Palmyra; and a generation cooperative, Associated Electric Cooperative, Inc., Springfield serving over 455,000 customers. Mutual Aid agreements

allow Macon Electric to receive assistance from 41 other electric cooperatives in the state. During the ice storms of 1995, such mutual agreements provided Macon Electric with crews from around the state that helped restore service in a timely manner.

Macon Electric is a not-for-profit private enterprise where all revenues over and above the cost of doing business each year is assigned to members in the form of capital credits. Members are paid capital credits as the financial condition of the cooperative allows.

- ❑ **Level Payment Plan:** Level billing allows you to pay the same amount for eleven months with the twelfth month used to balance your account.
- ❑ **Service Extensions:** Macon Electric provides service equipment currently not furnished by Union Electric such as the meter base. Normally there is no cost attributed to new construction.
- ❑ **Home Energy Audits:** A trained utility specialist is available to provide home energy audits at no cost.
- ❑ **Water Heater Program:** The Cooperative offers, a rebate for large capacity, energy efficient electric water heaters purchased through a dealer. The Cooperative will also install a 50 gallon unit purchased from the Cooperative.
- ❑ **Heat Pump Program:** The super efficient geo-thermal heat pumps are available through the Cooperative. Heat pump rebates and 5% loans are available.

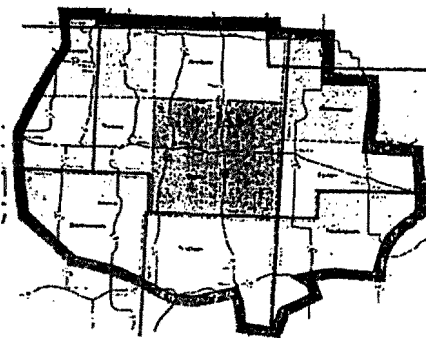
- ❑ **RURAL MISSOURI Magazine:** Members of Macon Electric Cooperative receive a copy each month of the *Rural Missouri*, an award winning magazine that features coop news, editorials and stories that cover the entire state of Missouri.
- ❑ **Rural Development:** Macon Electric Cooperative has invested time and resources for the last 58 years in developing the rural communities of northeastern Missouri. With the addition of the Enterprise Center, which was initiated by the Cooperative, we are committed to the growth and prosperity of the service area. The productive future of the Cooperative is part of the success of rural residents and the communities we serve. This work continues with a strong program which includes:
 - Assistance with community planning through community assessment and aid with grant writing
 - Support of small business start-up and expansion through business planning assistance
 - A revolving loan fund for small business assistance
 - Small business skill training classes and seminars
 - One-on-one business counsel
 - Referrals to a wide variety of resources from state, federal and private sources

UNION ELECTRIC
and
**MACON ELECTRIC
COOPERATIVE**

...are discussing a proposed territorial agreement aimed at eliminating costly duplication of service in parts of North Central Missouri. The proposed agreement, which would be subject to approval by the Missouri Public Service Commission, would enable both utilities to operate more efficiently - helping to keep future rates down while improving service. It would involve the transfer of some Union Electric customers to Macon Electric and some Macon Electric customers to Union Electric.

Since you are in one of these service areas that would transfer to Macon Electric Cooperative service, we have prepared this pamphlet to provide information about Macon Electric Cooperative.

**MACON ELECTRIC
COOPERATIVE**



Founded in 1938, Macon Electric Cooperative serves over 8,200 members whose member/owners live on 2,800 miles of electric lines in the counties of: Adair, Chariton, Linn, Knox, Macon, Monroe, Randolph, Shelby and Sullivan. The members of the Board of Directors of the Cooperative are elected by the member/owners. The nine member Board acting as a group, establishes all operating policies and serves without salary. Each Director represents a different geographical area of the Cooperative's service area and are Cooperative members. Three Directors of the Board are elected each year for a three year term at the Annual Meeting held in August.

**Union Electric &
Macon Electric**

**PROPOSED
TERRITORIAL
AGREEMENT**



**Macon Electric
Cooperative**

P. O. Box 157
Macon, MO 63552-0157

Telephone: (816) 385-3157
1-800-553-6901

About the Territorial Agreement

You may wonder what a territorial agreement is and why one is needed. Missouri Law now enables investor-owned companies, cooperatives and municipal utilities to establish territorial agreements which define the areas each serve.

The Electric Cooperatives were created to bring electric service to areas that investor-owned utilities would not serve. However, as Missouri has become increasingly urbanized, cooperatives and investor-owned utilities now find themselves serving many of the same areas. This causes wasteful duplication of power lines and other facilities which result in higher costs for everyone.

Reliable service

Affordable rates

Valuable programs

Electric rates of Macon Electric and Union Electric are very comparable. The electric rates of Macon Electric have been very stable. In fact, in June 1995, a 4% rate decrease was given to all customers.

All customer outage calls are answered locally and service assistance is sent as quickly as possible. Macon Electric's service reliability is built on the strength of being a part of an electrical system that includes a transmission cooperative, Northeast Missouri Power Cooperative, Palmyra; and a generation cooperative, Associated Electric Cooperative, Inc., Springfield serving over 455,000 customers. Mutual Aid agreements

allow Macon Electric to receive assistance from 41 other electric cooperatives in the state. During the ice storms of 1995, such mutual agreements provided Macon Electric with crews from around the state that helped restore service in a timely manner.

Macon Electric is a not-for-profit private enterprise where all revenues over and above the cost of doing business each year is assigned to members in the form of capital credits. Members are paid capital credits as the financial condition of the cooperative allows.

- ❑ **Level Payment Plan:** Level billing allows you to pay the same amount for eleven months with the twelfth month used to balance your account.
- ❑ **Service Extensions:** Macon Electric provides service equipment currently not furnished by Union Electric such as the meter base. Normally there is no cost attributed to new construction.
- ❑ **Home Energy Audits:** A trained utility specialist is available to provide home energy audits at no cost.
- ❑ **Water Heater Program:** The Cooperative offers, a rebate for large capacity, energy efficient electric water heaters purchased through a dealer. The Cooperative will also install a 50 gallon unit purchased from the Cooperative.
- ❑ **Heat Pump Program:** The super efficient geo-thermal heat pumps are available through the Cooperative. Heat pump rebates and 5% loans are available.

- ❑ **RURAL MISSOURI Magazine:** Members of Macon Electric Cooperative receive a copy each month of the Rural Missouri, an award winning magazine that features coop news, editorials and stories that cover the entire state of Missouri.
- ❑ **Rural Development:** Macon Electric Cooperative has invested time and resources for the last 58 years in developing the rural communities of northeastern Missouri. With the addition of the Enterprise Center, which was initiated by the Cooperative, we are committed to the growth and prosperity of the service area. The productive future of the Cooperative is part of the success of rural residents and the communities we serve. This work continues with a strong program which includes:
 - Assistance with community planning through community assessment and aid with grant writing
 - Support of small business start-up and expansion through business planning assistance
 - A revolving loan fund for small business assistance
 - Small business skill training classes and seminars
 - One-on-one business counsel
 - Referrals to a wide variety of resources from state, federal and private sources