

FILED

June 4, 2007

**Missouri Public
Service Commission**

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2007-0325, In the Matter of the Application of Aquila, Inc.,
d/b/a Aquila Networks-MPS, and Platte-Clay Cooperative for Approval of
a Written Territorial Agreement Designating the Boundaries of Exclusive
Service Areas for Each Applicant within Platte and Clay County, Missouri

FROM: James L. Ketter, Energy Department – Engineering Analysis.

/s/ Lena M. Mantle 04/12/07
Energy Department / Date

/s/ Blane Baker 04/12/07
General Counsel's Office / Date

Subject: Staff Report and Recommendation

Date: April 12, 2007

OVERVIEW

On March 7, 2007, Aquila, Inc., d/b/a Aquila Networks-MPS (Aquila) and Platte-Clay Electric Cooperative (Platte-Clay) (collectively, Applicants) filed a Joint Application for approval of a Territorial Agreement (Agreement). This Agreement specifically designates boundaries, as between the Applicants, of exclusive service areas within portions of Platte and Clay Counties, Missouri for all new structures. Each Applicant will continue to have service responsibilities beyond the boundaries of the Agreement.

DISCUSSION

The Agreement proposes to establish exclusive service areas as to Aquila and Platte-Clay within portions of Platte and Clay Counties. Under terms of the Agreement, Aquila would be the exclusive supplier in Platte and Clay Counties, as identified in Exhibit B and Exhibit D of the Agreement. The exclusive territory of Platte-Clay is identified in Exhibit A and Exhibit C. The terms apply to new structures in the designated territories after the effective date of an order by the Commission approving this Agreement. No existing customers will be transferred as a result of the Agreement.

Duplication of facilities has occurred as Aquila and Platte-Clay sought new customers. The establishment of exclusive service territories will prevent future duplication and will allow electric service customers within these areas to know with certainty the supplier of their electric service. This will also assist emergency responders to identify which electric service provider to notify if accidents involve electric facilities. Duplication of electric facilities exposes workmen and the public to more facilities than is necessary as compared to areas where electric providers serve in exclusive territories.



PSC Exhibit No. 2
Case No(s). EO-2007-0325
Date 5/22/07 Rptr pk

Exclusive service territories will aid Aquila and Platte-Clay in the long range planning of electric facilities. Each supplier will be able to plan for the electric needs of geographic areas where it is the exclusive supplier of electric service. Economic benefits are apparent because the supplier will have all the new customers and the density of the load will be maximized because the other provider in the agreement is not authorized to serve in that exclusive service territory.

STAFF INVESTIGATION

Aquila and Platte-Clay have distribution facilities to serve customers in their exclusive territories as defined by the Agreement. The territories were outlined based upon the presence of existing facilities so that economic benefits could be maximized. Each utility has existing capacity to serve their exclusive service areas and are making plans for the load growth expected in the future. The establishment of exclusive service territories will help each electric utility in its ability to anticipate the electric needs of its customers.

Approval by the Commission of this territorial agreement should also include a requirement to file revised tariff sheets to identify the areas subject to territorial agreements in Platte and Clay Counties.

STAFF RECOMMENDATION

The Staff recommends that the Commission approve the Joint Application for the Territorial Agreement between Aquila and Platte-Clay, as being in the public interest. Staff further recommends that, if the Commission approves the Agreement, Aquila be directed to file revised tariff sheets identifying its exclusive territory pursuant to this territorial agreement.

With an approved agreement, each electric utility will be better able to plan for the future needs of its customers in each exclusive service territory. Duplication of electric facilities can be avoided which will reduce the public and worker exposure to additional overhead electric facilities.

Aquila states that it has no pending or final unsatisfied judgments or decisions against it from any state or federal agency which involve customer service or rates. Aquila has no overdue Commission annual reports or assessment fees. Platte-Clay is a rural electric cooperative and no annual reports or assessments are required from the Commission. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

In the Matter of the Application of)
Aquila, Inc., d/b/a Aquila Networks-)
MPS, and Platte-Clay Electric)
Cooperative, Inc. for Approval of a)
Written Territorial Agreement)
Designating the Boundaries of Exclusive)
Service Areas within Platte and Clay)
County, Missouri)

Case No. EO-2007-0325

AFFIDAVIT OF JAMES L. KETTER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James L. Ketter, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Report and Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Report and Investigation was given by him; that he has knowledge of the matters set forth in such Staff Report and Investigation; and that such matters are true to the best of his knowledge and belief.


James L. Ketter

Subscribed and sworn to before me this 12th day of April, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

My commission expires 9-21-10