



Citizens Electric Corporation

A Touchstone Energy® Cooperative 

The power of human connections®

November 26, 2018

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

RECEIVED²

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General Counsel
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

*Records
Public Service Commission*

To Whom It May Concern:

Pursuant to the Commission's Order dated October 19, 2004 in Case No. ED-2004-0223, Citizens Electric Corporation is required to provide you with notice of any fundamental change that it intends to effectuate in its operations, including any transactions specified in Section 393.190.1 RSMO. Section 393.190.1 pertains, in part, to the sale, assignment or transfer of any part of an electric corporation that is necessary or useful in the performance of its duties to the public.

Citizens Electric Corporation (Citizens) hereby provides you with notice that it has executed an agreement to sell its 34.5 kV, 69 kV and 138 kV transmission lines and substations to Wabash Valley Power Association, Inc. (WVPA) effective on the closing date of December 31, 2018. WVPA is a generation and transmission cooperative based in Indianapolis, Indiana and serves Citizens and 22 other distribution cooperative members in the states of Missouri, Illinois and Indiana. WVPA ownership of these assets will enable Citizens and its fellow WVPA members to receive MISO network transmission revenues on these assets and any future constructed transmission assets. This financial benefit will offset the increasing cost of transmission and promote rate stability for Citizens. WVPA ownership of these assets will also shift a significant portion of the reliability compliance obligations (NERC, SERC, etc.) from Citizens to WVPA. Citizens will, after the closing date, continue to utilize the transmission assets for its electrical needs and will, pursuant to detailed agreements with WVPA, continue to perform operations, maintenance, planning and design functions for the transmission assets.

We have scheduled a meeting at the offices of the MO PSC on December 12, 2018 at 10:30 a.m. to further discuss this transaction and address any concerns you may have. In the interim, if you have any questions, please contact me at 573.768.3900 or vrobinson@cecmo.com.

Sincerely,



Van Robinson
Chief Executive Officer

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day
of October, 2004.

In the Matter of the Application of Citizens Electric)
Corporation for Cancellation of its Tariff, P.S.C. Mo.) Case No. ED-2004-0223
Nos. 2 and 7.)

ORDER CANCELING TARIFF SHEETS

Syllabus: This order cancels the tariff sheets of Citizens Electric Corporation.

Background:

On November 13, 2003, Citizens Electric Corporation filed an Application for Cancellation of Tariff. Citizens noted that on August 28, 2003, Senate Bill No. 255 went into effect, amending Section 393.110, RSMo. Citizens states that the amendment "effectively limits Missouri Public Service Commission's jurisdiction of Citizens in that it will no longer regulate Citizens' rates, financing, accounting, or management but will continue to regulate the safety and reliability of Citizens' operations." Citizens requested that the Commission issue an order canceling the company's tariff and acknowledging that the company's certificate of convenience and necessity remains in effect.

On November 18, 2003, the Commission issued an order directing its Staff to file a response. Staff complied on December 18, 2003, and recommended that the Commission grant the company's request to cancel its tariffs, but deny the company's request to leave its certificates of convenience and necessity in effect. Instead, Staff recommended that the Commission cancel the company's certificates of convenience and necessity.

Citizens filed its response to Staff's recommendation on January 16, 2004. The company opposed Staff's recommendation that the Commission cancel the company's certificates of public convenience and necessity. On January 26, 2004, Staff filed its Reply to Citizens' Response. Staff no longer recommended that the Commission cancel the company's certificates of convenience and necessity, and instead requested that the Commission direct Citizens to provide further information regarding what Citizens maintains are the powers of the Commission over the company after Senate Bill No. 255, now Section 393.110.2, RSMo Supp. 2003.

Citizens filed a response on April 21, 2004, in which the company addresses the Commission's continued jurisdiction over Citizens pursuant to Sections 386.310.1, 386.800, 393.106 and 394.312, RSMo. The Commission subsequently issued an order directing its Staff to file a response to Citizens' April 21st pleading.

Staff filed its Supplemental Response and Recommendation on June 17, 2004. Staff notes that Citizens, in its April 21st response, discusses the Commission's jurisdiction under Section 393.110.2, RSMo, as follows:

Citizens believes that the Commission will continue to regulate it as to reliability and safety and that Citizens will continue to adhere to the NESC requirements.¹ Citizens agreed to furnish outage information to Staff on an informal basis, but understood that it is no longer required to file an annual report, monthly surveillance reports, or outage reports. Citizens also understood that it would no longer be assessed annual fees. In addition, Citizens requested that any consumer complaints received by the Missouri Public Service Commission be

¹ 4 CSR 240-18.010 Safety Standards for Electric Utilities, Telecommunications Companies and Rural Electric Cooperatives:

PURPOSE: This rule prescribes minimum safety standards relating to the operation of electric and telecommunications companies and rural electric cooperatives....

(1) The commission adopts as its rule and incorporates by reference, Parts 1, 2 and 3 and Sections 1, 2 and 9 of the American National Standard, National Electrical Safety Code (NESC); 2002 Edition as approved by the American National Standards Institute on June 4, 2001....

forwarded directly to Citizens' Chief Executive Officer, currently Tony Campbell.

Staff states that it does not dispute Citizens statements, but that Staff believes that certain provisions of 4 CSR 240-3.190 do apply to Citizens. Staff contends that the provisions addressing safety, which apply to electrical corporations and rural electric cooperatives alike, apply to Citizens. Staff therefore suggests that the Commission (a) cancel Citizens' tariff sheets, (b) not cancel the certificates of convenience and necessity held by Citizens, (c) order Citizens to comply with the relevant provisions of 4 CSR 240-3.190, and (d) order Citizens to provide to the Staff and the Office of the Public Counsel reasonable advance notice of any fundamental change that it intends to effectuate in the operation of Citizens, including any transactions specified in Section 393.190.1, RSMo.

The Commission subsequently directed Citizens to file a supplemental response clarifying whether it believes that 4 CSR 240-3.190 applies to Citizens. Citizens complied on August 10, 2004, stating that it agrees that it is subject to the Commission's safety regulations and noting that it intends to comply fully with the Commission's safety regulations, including 4 CSR 240-3.190(4) and (5).

Discussion:

Citizens is a Missouri not-for-profit electric corporation doing business in Southeast Missouri. Citizens provides electric service to over 24,980 consumers who are also members of the corporation. Citizens notes that as successor to Genevieve Electric Cooperative, Citizens was granted a certificate of service authority by the Commission.

On August 28, 2003, Senate Bill No. 255 went into effect, amending Section 393.110 of the Revised Statutes of Missouri. Section 393.110.2, as amended, provides that:

. . . the public service commission shall not have jurisdiction over the rates, financing, accounting, or management of any electrical corporation which is required by its bylaws to operate on the not-for-profit cooperative business plan, with its consumers who receive service as the stockholders of such corporation, and which holds a certificate of public convenience and necessity to serve a majority of its consumer-owners in counties of the third classification as of August 28, 2003. . . .

Consequently, the Commission no longer has the authority to regulate Citizens' rates, financing, accounting, or management. The Commission will, however, continue to regulate the safety and reliability of Citizens' operations. Citizens, therefore, requests that the Commission cancel its tariffs, P.S.C. Mo. Nos. 2 and 7.

After reviewing Citizens' request and supplemental filings, along with those of Staff, the Commission finds that Citizens' tariffs should be canceled. And as recommended by Staff, the Commission will also direct Citizens to comply with the relevant provisions of 4 CSR 240-3.190, and will order Citizens to provide to Staff and to the Office of the Public Counsel reasonable advance notice of any fundamental change that it intends to effectuate in the operations of Citizens, including any transactions specified in Section 393.190.1, RSMo. The Commission will not cancel Citizens' certificate of convenience and necessity.

IT IS THEREFORE ORDERED:

1. That Citizens Electric Corporation's request for its tariff sheets to be canceled is granted. Citizens Electric Corporation's tariffs P.S.C. Mo. No. 2 and P.S.C. Mo. No. 7, both contained in the Commission's Tariff File No. JE-2002-0296, are hereby canceled.

2. That Citizens Electric Corporation is directed to comply with the relevant provisions of 4 CSR 240-3.190.

3. That Citizens Electric Corporation is directed to provide to the Commission's Staff and to the Office of the Public Counsel reasonable advance notice of any fundamental change that it intends to effectuate in the operations of Citizens.

4. That this order shall become effective on October 29, 2004.

5. That this case may be closed on October 30, 2004.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Gaw, Ch., Murray, Clayton,
Davis, and Appling, CC., concur.

Ruth, Senior Regulatory Law Judge