

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET  
ST. LOUIS, MISSOURI

DONALD F. SCHNELL  
VICE PRESIDENT

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MISSOURI 63166

August 11, 1982

Mr. Argil Toalston, Acting Chief  
Antitrust and Economic Analysis Branch  
Division of Engineering  
Office of Nuclear Reactor Regulation  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

ULNRC- 573

Dear Mr. Toalston:

DOCKET NUMBER-50-483  
CALLAWAY PLANT, UNIT NO. 1  
ANTITRUST REVIEW

References: 1) Your letter to J. K. Bryan Dated 5/13/82  
2) ULNRC-563 dated June 23, 1982

This letter is in response to your request in Reference 1 for additional information concerning the operating license anti-trust review in connection with Callaway Plant, Unit 1. Reference 2 set forth our mutual understanding of the information to be provided. We have provided below the statement of our understanding from Reference 2 followed by our response:

"1) Any documentation relative to a series of informal requests made from the mid 1970's to the present for various services to the City of Kirkwood. We will review our files and provide any relevant information."

Response:

The following correspondence is provided as the result of the search of our files. Some of this information was submitted at the time of our construction permit review, and may be duplicative:

- 1a - July 30, 1974 letter from Mayor Philip Hallof, Jr. to Mr. Charles J. Dougherty
- 1b - August 22, 1974 letter from Mr. Charles J. Dougherty to The Honorable Philip Hallof, Jr.

- lc - August 30, 1974 letter from Mayor Philip Hallof, Jr. to Mr. Charles J. Dougherty.
- ld - January 4, 1977 letter from B. F. Barnes to Mr. E. Noel Pfeiffer.
- le - January 7, 1977 memo from H. Wuentenbracher to Messrs. H. C. Allen, L. A. Esswein, and G. J. Haven.
- lf - January 13, 1977 memo from C. W. Mueller to Mr. E. N. Pfeiffer.
- lg - January 14, 1977 memo from John F. Watson to Mr. J. H. Ochsner.
- lh - January 17, 1977 memo from J. P. Woodward to E. N. Pfeiffer.
- li - January 17, 1977 letter from E. Noel Pfeiffer to Mr. Robert D. Rothermal.
- lk - January 19, 1977 memo from E. Noel Pfeiffer to Mr. Bruce Barnes.
- ll - January 19, 1977 memo from E. Noel Pfeiffer to H. C. Allen.
- lm - January 21, 1977 memo from C. W. Mueller to Mr. E. N. Pfeiffer.
- ln - February 1, 1977 letter from E. Noel Pfeiffer to Mr. Bruce Barnes.
- lo - February 3, 1977 letter from E. Noel Pfeiffer to Mr. Randal B. Thomas.

"2) The Union Electric response to a formal request by the Missouri Association of Municipal Utilities for wheeling rates and an interchange agreement. As of the date of this letter, we have not received this request."

Response:

This request has not been received.

"3) Union Electric's response to a request by the City of Kirkwood reportedly adopted as a resolution by the City on May 13. As of the date of this letter, no such request has been received."

Response:

This request has not been received.

"4) Any correspondence relative to meetings in August or September, 1978 between the City of Jackson and Missouri Utilities on the use of Missouri Utilities lines for transmission of excess power from the City of Kennett. In order to expedite the NRC review, we will request the subject correspondence from Missouri Utilities Company."

Responses:

Missouri Utilities has provided the following response:

"Missouri Utilities Company has furnished power to the City of Jackson under contract since approximately May 1956. During the period May, 1956 to and including March, 1970, the Company delivered power to the City of Jackson on a firm/nonfirm basis, Jackson having contractual ability to schedule its own generation. By mutual agreement, on March 2, 1970, a different contract was entered into under the terms of which Missouri Utilities Company provided firm/nonfirm power to the city of Jackson at the cities sole discretion. The Company obligated itself to provide Jackson any power and energy requirements it had up to its full capacity."

"Service began to the City of Kennett in 1974, pursuant to the mutual application of Missouri Utilities Company and the City of Kennett for an interconnection, which application was approved by the Federal Energy Regulation Commission. The Contract between Kennett and Missouri Utilities Company generally provides that Missouri Utilities Company will provide the City of Kennett all requirements to the extent that the City chooses to take same."

"On August 23, 1978, the City of Jackson was apparently unable to operate one of its 6800 KVA units, and either on that day or subsequently, also one of its 1000 KVA units. As a result, the City Manager called Clyde Wilson, Vice President of Missouri Utilities Company, and requested that Missouri Utilities Company instantly supply Jackson's deficiency, not with its own power, but by transmitting power from the City of Kennett. The Jackson deficiency on August 25 was about 5500 kW. On the date of the request, Missouri Utilities Company responded that it was unable to comply with the request because it did not have in place either (a) a contract; nor (b) a rate; nor (c) physical facilities; nor (d) technical and load control capability of providing this wheeling service, nor had arrangements been made for the same between the City of Kennett, Southwest Power Administration, Union Electric Company and Missouri Utilities Company. Power from Kennett to Jackson would require Kennett generation to flow through SWPA to an SWPA-UE interchange at Sikeston, Missouri; thence over Missouri Utilities' lines to Missouri Utilities' Jackson interchange at Jackson, Missouri. Simply stated, the Company had no arrangement made for this com-

plex power flow, and the Company simply did not have the facilities in place to facilitate such a transaction."

"As a result of that series of transactions, oral conversations took place between counsel for the City of Jackson and Missouri Utilities Company. The Company's position was explained by our letter of September 11, 1978, in which the company reemphasized the contradictory nature of the positions being taken by the City of Jackson. Although Jackson was testifying under oath that it was a purely interruptible customer, in fact it is partially firm, partially non-firm, with the decision resting in the hands of the City at any given moment."

"As a result of the differences in opinion, a demand charge resulting from the City's generation problems was paid under protest, as indicated by the letter of September 18, 1978."

"On September 29, Carl Talley responded by requesting a clause in his contract that the city of Jackson 'may purchase peaking power from other sources.' Copy of that letter of September 29, 1978, is attached. A second letter of November 22, 1978, was written by Mr. Talley and we responded by Mr. Lengefeld's letter of December 1, 1978."

"There was a breakfast meeting on October 11, 1978, discussing potential contents of new contractual relationships between the Cities of Malden and Jackson and Missouri Utilities Company."

"We should note that Missouri Utilities Company, in FERC Docket No. ER77-354, indicated its intention not to renew the old 1970 contract in the same form, and that we were in the process at that time of negotiating the contents of new contracts with the Cities of Jackson and Malden, which contracts were ultimately filed in FERC Dockets No. ER81-166 and ER81-175, which have been settled."

"Request No. 4 is, we reiterate, quite limited in view of the fact that, at the time, we had two sets of FERC proceedings pending."

The following correspondence is provided as part of this response:

- 4a - September 11, 1978 letter from John L. Oliver, Jr. to Mr. Kenneth W. Waldron.
- 4b - September 18, 1978 letter from Carl L. Talley to Mr. Clyde Wilson.
- 4c - September 29, 1978 letter from Carl L. Talley to Mr. Clyde Wilson.

- 4d - November 22, 1978 letter from Carl L. Talley to Mr. Clyde Wilson.
- 4e - December 1, 1978 letter from Francis R. Lengefeld to Mr. Carl Talley.

"5) Any documentation relative to a series of negotiations with the cities of Kennett, Jackson and Malden relative to a letter from Charles Wheatley, attorney for the cities, dated July 2, 1979. Again in order to expedite the NRC review, we will request the subject correspondence from Missouri Utilities."

Response:

Missouri Utilities has provided the following response:

"Request No. 5 relates to the series of negotiations involving a letter of July 2, 1979, from Charles Wheatley."

"On July 2, 1979, Charles Wheatley wrote us with respect to the expiration of the Company's contracts with Jackson and Malden on 10-1-79 and 3-2-80 respectively, and requesting negotiations."

"The request related to four (4) items. One, a request for interruptible service; Two, a request for wheeling rate; Three, a request for modification of the existing practices (in two parts) between the Companies. The request for wheeling was a follow-up request the Company had received from William A. Green on February 26, 1979, inquiring as to whether or not we could wheel five megawatts of SWPA power from the Truman Dam to Malden. We had responded to that request by noting that as a practical matter, we could not develop a wheeling rate by the summer of 1979."

"Formal response was made to Mr. Wheatley by letter of August 10, 1979, a copy of which is attached. Thereafter, the Board of Public Works met with Company personnel, and a memoranda of September 7, 1979, was prepared. We heard from Mr. Wheatley again on August 13, 1979, and responded on September 14, 1979. This particular time, the only question involved was the five megawatts SWPA power. The Company had determined that the best bet for Malden was the hook-up to the SWPA 69 kV line, which appeared to be a considerably less expensive alternative than system re-enforcement and other equipment necessary for any alternative Missouri Utilities Company could develop."

"In response to these meetings and correspondence, a meeting was held on October 3, 1979, a memoranda of which meeting is attached."

"At this point in time, contract negotiations shifted to Washington, D.C. We have not included all of our filings, but in

the existing FERC Dockets No. ER81-175 and No. ER81-166, various negotiations were held with respect to the types of service involved, and the Federal Energy Regulatory Commission at this point in time became involved. At the request of Cyril S. Wofsy, Staff Council for the Federal Energy Regulatory Commission, various meetings were held during 1980 in an effort to resolve the multiple, complicated, technical cost problems involved in wheeling. These meetings culminated with a conference on January 14, 1981, in Cape Girardeau. A memoranda of that meeting is attached."

"As the result of that meeting, Missouri Utilities Company again did extensive work and made additional investigations. As the result, we transmitted to Mr. Wheatley contract proposals by letter dated February 9, 1981, a copy of which is attached. We followed that with, as we were able to develop it, response to their other requests. Our letter of March 20th is attached. Ultimately, these matters led to culmination of Dockets No. ER81-166 and No. ER81-175, with voluntary execution by the Cities of Malden and Jackson of new service contracts in a form negotiated by the parties."

The following correspondence, was found in a search of our files and Missouri Utilities search of their files and is provided as part of this response.

- 5a - February 26, 1979 letter from William A. Green to Mr. Clyde Wilson.
- 5b - March 21, 1979 letter from Virgil Chirnside to Mr. Bill Green.
- 5c - July 2, 1979 letter from Charles F. Wheatley, Jr. to Mr. Francis R. Lengefeld.
- 5d - July 2, 1979 letter from Charles F. Wheatley, Jr. to Charles J. Dougherty.
- 5e - August 10, 1979 letter from John L. Oliver, Jr. to Mr. Charles F. Wheatley, Jr.
- 5f - August 13, 1979 letter from Charles F. Wheatley, Jr. to Mr. Francis R. Lengefeld.
- 5g - September 7, 1979 file memorandum from Louie R. Ervin.
- 5h - September 14, 1979 letter from Oliver, Oliver and Jones, P.C. to Charles F. Wheatley, Jr.
- 5i - October 3, 1979 Meeting Minutes.

- 5j - November 5, 1979 letter from Walter M. Bowers to Mr. Francis Lengefeld.
- 5k - December 10, 1979 letter from William A. Green to Mr. Stewart W. Smith, Jr.
- 5l - December 10, 1979 letter from William E. Jaudes to Mr. Charles F. Wheatley, Jr.
- 5m - December 17, 1979 memo from L. A. Esswein to Messrs. J. F. Watson and T. Kennedy.
- 5n - Note from Denis E. Fessler to L. A. Esswein received December 26, 1979.
- 5o - January 23, 1980 letter from William A. Green to Mr. Stewart W. Smith, Jr.
- 5p - February 11, 1980 Federal Register Notice.
- 5q - February 14, 1980 letter from William A. Green to Mr. Francis Lengefeld.
- 5r - February 28, 1980 letter from L. A. Esswein to Mr. William A. Green.
- 5s - March 5, 1980 letter from John L. Oliver, Jr. to William A. Green.
- 5t - March 12, 1980 letter from Herb Preyer, chairman to Mr. Francis R. Lengefeld, President.
- 5u - April 7, 1980 letter from Francis R. Lengefeld to Mr. Herb Preyer, Chairman.
- 5v - April 30, 1980 letter from William A. Green to Mr. L. A. Esswein.
- 5w - April 30, 1980 letter from Herb Preyer to Mr. Francis R. Lengefeld.
- 5x - April 30, 1980 letter from William A. Green to Mr. Walter M. Bowers.
- 5y - May 9, 1980 letter from John L. Oliver, Jr. to Mr. Herb Preyer, Chairman.
- 5z - May 9, 1980 letters from Walter M. Bowers to Mr. William A. Green.
- 5aa - June 6, 1980 letter from William R. Herr to Mr. William A. Green.

- 5bb - June 11, 1980 letter from William A. Green to Mr. William R. Herr.
- 5cc - July 16, 1980 letter from Woodrow D. Wollesen to Mr. William R. Herr and Mr. L. A. Esswein.
- 5dd - July 16, 1980 letter from Woodrow D. Wollesen to Mr. Walter M. Bowers.
- 5ee - July 29, 1980 letter from Walter M. Bowers to Mr. Woodrow D. Wollesen.
- 5ff - July 29, 1980 letter from Cyril S. Wofsy to Missouri Utilities Company.
- 5gg - August 15, 1980 memo to file from W. R. Herr.
- 5hh - August 29, 1980 from William R. Herr to Mr. Cyril Wofsy.
- 5ii - September 16, 1980 letter from William R. Herr to Mr. Walter M. Bowers.
- 5jj - November 3, 1980 letter from Cyril S. Wofsy to parties involved.
- 5kk - November 7, 1980 letter from William R. Herr to Mr. Cyril S. Wofsy.
- 5ll - November 10, 1980 letter from Louie R. Ervin, Manager to Mr. Donald J. Zero.
- 5mm - November 21, 1980 letter from William R. Herr to Mr. Cyril S. Wofsy.
- 5nn - December 15, 1980 memo to file from L. A. Esswein.
- 5oo - December 29, 1980 memo to file from W. R. Herr.
- 5pp - Memo to Missouri Utilities Wheeling File - Conference with the Cities, January 14, 1981.
- 5qq - February 9, 1981 letter from John L. Oliver, Jr. to Mr. Charles F. Wheatley, Jr.
- 5rr - March 20, 1981 letter from John L. Oliver, Jr. to Mr. Woodrow D. Wollessen.

"6) Any meeting minutes from meetings held January 13, and 14, in St. Louis and Cape Girardeau, respectively regarding direct power sales to the cities of Kennett, Jackson, and Malden. We will review our files and also request any relevant information from Missouri Utilities."

Response:

Refer to Item 5, attachment 5pp, Memo to Missouri Utilities Wheeling File - Conference with the Cities, January 14, 1981. The following correspondence is also provided:

6a - January 15, 1981 letter from William R. Herr to Mr. C. F. Wheatley, Jr.

6b - Illinois Service area, Service Classification No. 7(I)\*, Interruptible Power Rate.

6c - February 20, 1981 Federal Register Notices.

"7) Copies of letters from J. Oliver, Attorney for Missouri Utilities Company, to the cities of Jackson, Kennett, and Malden dated February 9, 1981, March 6, 1981, and March 20, 1981 discussing emergency power, interruptible power and transmission services. Again, we will request the relevant correspondence from Missouri Utilities."

Response:

The letters dated February 9, 1981 and March 20, 1981 are included as attachments 5qq and 5rr of Item 5. The March 6, 1981 letter is included as attachment 7a.

"8) Union Electric's response to a letter from Charles Wheatley to William Herr dated March 3, 1981 regarding a transmission agreement. We will review our files for the response."

Response:

The following correspondence is provided in response to this request:

8a - March 3, 1981 letter from Charles F. Wheatley to Mr. William R. Herr.

8b - April 10, 1981 letter from Charles A. Bremer to Charles F. Wheatley, Jr. Esq.

8c - February 16, 1982 letter from Charles A. Bremer to Mr. Charles F. Wheatley, Jr.

"9) Any documentation relative to a January 15, 1981 letter from William Herr to Charles Wheatley stating that Union Electric would require payment for a wheeling service study prior to making the study. We will review our files for related documentation."

Response:

Refer to Item 5, attachment 5l and Item 6, attachment 6a.

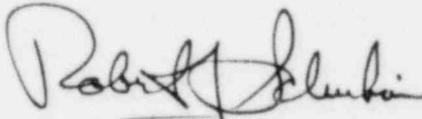
"10) Any documentation regarding requirements for telemetering for transmission services. We will review our files for any related documentation."

Response:

Refer to Attachment II of the November 7, 1980 letter from William R. Herr to Mr. Cyril S. Wofsy which is supplied as Item 5, attachment 5kk of this letter. Also refer the March 6, 1981 letter which is supplied as Item 7, attachment 7a.

If you have additional questions, please contact us by telephone and we will make every effort to provide a prompt response. Please be assured that we will do everything we can to facilitate your expeditious review of this aspect of the licensing process.

Very truly yours,

  
for Donald F. Schnell

Attachments (5 copies)

DS/lw

cc: Glenn L. Koester  
Vice President  
Operations  
Kansas Gas & Electric  
P.O. Box 208  
Wichita, Kansas 67201

John E. Arthur  
Chief Engineer  
Rochester Gas & Electric Company  
89 East Avenue  
Rochester, New York 14649

A. V. Dienhart  
Vice President  
Plant Engineering and Construction  
Northern States Power  
414 Nicollet Mall  
Minneapolis, Minnesota 55401

Donald T. McPhee  
Vice President  
Kansas City Power and Light Company  
1330 Baltimore Avenue  
Kansas City Missouri 64141

Gerald Charnoff, Esq.  
Shaw, Pittman, Potts & Trowbridge  
1800 M. Street, N.W.  
Washington, D.C. 20036

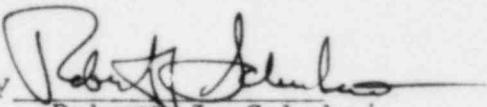
Nicholas A. Petrick  
Executive Director  
SNUPPS  
5 Choke Cherry Road  
Rockville, Maryland 20850

John H. Neisler  
Callaway Resident Office  
U.S. Nuclear Regulatory Commission  
RR#1  
Steedman, Missouri 65077

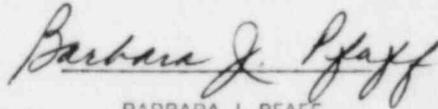
G. Edison

STATE OF MISSOURI )  
                          )    S S  
CITY OF ST. LOUIS )

Robert J. Schukai, of lawful age, being first duly sworn upon oath says that he is General Manager-Engineering (Nuclear) for Union Electric Company; that he has read the foregoing document and knows the content thereof; that he has executed the same for and on behalf of said company with full power and authority to do so; and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

By   
Robert J. Schukai  
General Manager-Engineering  
Nuclear

SUBSCRIBED and sworn to before me this 11th day of August, 1982

  
BARBARA J. PFAFF  
NOTARY PUBLIC, STATE OF MISSOURI  
MY COMMISSION EXPIRES APRIL 22, 1985  
ST. LOUIS COUNTY.

*Stw*  
*JEB*

1a



**City of Kirkwood**  
139 South Kirkwood Road  
Kirkwood, Mo. 63122  
822-8200

July 30, 1974

Mr. Charles J. Dougherty  
President  
Union Electric Co.  
#1 Memorial Drive  
St. Louis, Mo. 63102

Dear Mr. Dougherty:

The City of Kirkwood is interested in obtaining a proposal from Union Electric Company for unit power purchases from your proposed Callaway County nuclear power plant. In connection therewith, we also will need your committment and anticipated service fees for the use of your transmission system to enable us to deliver the bulk power to our distribution system. If other options are available in respect to our obtaining power from your proposed nuclear plant, we would be interested in evaluating them. We would also be interested in determining your fees as set forth for use of the Union Electric transmission system in respect to our purchasing power from other utilities wherein such power would be moved across your system for delivery to us.

For the purpose of finalizing our long range plans, I would like to present your responses to our City Council for their consideration at the first meeting in September. However, it is recognized that you might not be able to have a response to us at that time. If so, would you please let me know if you will be delayed.

Yours truly,

CITY OF KIRKWOOD

*Philip Halloff*  
Mayor Philip Halloff, Jr.

PHJr/ddr

MAYOR - PHILIP HALLOF  
COUNCILMEN - JOSEPH GODI - HERB JONES - FRANCIS SCHEIDEGGER - HAROLD WHITFIELD

16

LAE

CHARLES J. DOUGHERTY  
PRESIDENT

August 22, 1974

MAILING ADDRESS:  
P. O. BOX 67  
ST. LOUIS, MO. 63166

The Honorable Philip Hallof, Jr.  
Mayor, City of Kirkwood  
139 South Kirkwood Road  
Kirkwood, Missouri 63122

Dear Mayor Hallof:

In response to your letter of July 30, 1974, I inform you that we are agreeable to Kirkwood's purchase of unit power from our Callaway Plant. Our charge for such purchase would necessarily cover all operating, maintenance, and general and administrative costs, together with all facility investment costs and a reasonable return on our investment. In short, the charge to the City would be on a fully distributed pro rata cost basis.

At the present time the 2300 megawatt plant is projected to cost \$1.644 billion, excluding transmission. Assuming this to be the actual cost, the City would pay carrying charges based on a cost per kilowatt of purchased power of \$715. The annual costs would depend on the annual carrying charge developed. Obviously, until we can predict with certainty what our actual experience will be in financing the plant, we cannot develop an annual carrying charge factor. However, assuming that a carrying charge of 18% to 20% would exist at that time, the City's annual cost per kilowatt would be approximately \$129 to \$143. On a monthly basis this would be about \$10.70 to \$11.90 per kilowatt-month. We cannot, of course, estimate the total monthly or annual charge because the number of kilowatts the City is interested in purchasing was not specified. An estimated production cost (fuel, operations and maintenance, and other incidental costs) for energy in 1981 dollars of 6.6 mills per kilowatthour was used in our economic studies.

As you know, Kirkwood presently purchases wholesale firm power from Union Electric on our filed FPC W-2 tariff. Such purchases include backup or reserve, and Union Electric provides the operating (spinning) reserve. The purchase of unit power would not include backup or operating reserve which would have to be installed or purchased separately by the City. This means that when the plant is down for refueling or because of forced or scheduled maintenance, the City would continue to pay the monthly demand charge for the unit power purchased irrespective of whether energy was in fact delivered. This point should be kept clearly in mind when evaluating a possible unit purchase.

August 22, 1974

The cost for transmission to bring power from the Callaway Plant to the City's system and associated line losses is not included in the above estimates. The exact routing of the transmission lines for the plant is not yet set so we are unable to provide estimates at this time. However, in determining such estimates we will take into account the actual cost of the new transmission associated with the plant and the embedded cost of existing system transmission which makes possible the installation of a large plant of this nature.

Additionally, as you are no doubt aware, our present wholesale contract with the City provides a cost component to cover transformation to subtransmission voltages. Similarly, some component will have to be included in our charge for delivery of unit power to compensate for transmission facilities.

As I am sure you realize, actual costing and pricing must necessarily await the fact; they cannot be based on conjecture. Thus, at this time only the principles can be expressed with accuracy. We do hope, however, that this reply will provide the desired material for your discussion with the City Council. Be assured that our people are available to work with you and the City Council on this matter.

In the interests of complete honesty and disclosure, we want you to understand that, unfortunately, costs today assure that new construction is more expensive than our existing capacity. For that reason, a unit purchase of new plant capacity will necessarily be more costly than a purchase from a general rate, because the latter integrates all costs, both old and new.

With respect to your inquiry as to the possible use of our transmission system for your power transactions with others, Union Electric always has been willing to work with neighboring utility systems so as to minimize the installation of duplicate transmission. However, such arrangements have been developed only after a detailed study of a specific proposal. Therefore, absent more facts, we are unable to respond specifically. Of course, we are available to meet with you to consider any concrete proposal you desire to make.

If you desire additional information or wish to discuss this matter further after your meeting with the City Council, I suggest that you contact Mr. L. A. Esswein (621-3222, Extension 2517) who regularly handles power contracts for us.

Very truly yours,

Original Signed by CHARLES L. DOUGHERTY

bc: Mr. J. E. Birk  
Mr. L. A. Esswein ✓



1c

City of Kirkwood  
139 South Kirkwood Road  
Kirkwood, Mo. 63122  
822-8200

*File*  
*Kirkwood*

August 30, 1974

Mr. Charles J. Dougherty  
President  
Union Electric Company  
P. O. Box 87  
St. Louis, Mo. 63166

Dear Mr. Dougherty:

We appreciate your prompt response to our letter of July 30th in respect to your planned nuclear power plant. After we have had an opportunity to digest your letter fully we will be back in touch with you.

Yours truly,

CITY OF KIRKWOOD

*Philip Hallof, Jr.*  
Mayor Philip Hallof, Jr.

PHJr/ddr

MAYOR - PHILIP HALLOF

COUNCILMEN - JOSEPH GODI - HERB JONES - FRANCIS SCHEIDEGGER - HAROLD WHITFIELD

1d

BARNES, HENRY, MEISENHEIMER



AND GENDE, INCORPORATED

January 4, 1977

Mr. E. Noel Pfeiffer  
c/o Union Electric Company  
West Division  
Suite 319  
11901 Olive Street Road  
St. Louis, Missouri 63141

Ref: Municipal Electric Utility  
City of Kirkwood, Missouri

Dear Mr. Pfeiffer:

This is to advise that this company has been retained by the City of Kirkwood, Missouri, to prepare and present to them a comprehensive investigation and analysis of their Municipal Electric System operations, and expected future performance.

Your name has been given to us by Mr. Frank Michaels, Superintendent of the Kirkwood Municipal Electric Department, as a reference in order to obtain the information required for this study, from the Union Electric Company.

At the present time, in order for us to proceed with this report, we do respectfully request the following information and/or data:

1. A map or plat of the Union Electric System, that is within the city limits of Kirkwood, but not served by the Kirkwood Municipal System.
2. System maps and one line primary drawings of the 34.5 KV electric system that furnished power to the Kirkwood Municipal System.
3. A copy of the Federal Power Commission Form 1 report, latest issue available, that Union Electric has submitted to the Federal Power Commission.

4. We would like to be advised of the electrical characteristics of the 34.5 KV system that serves the Kirkwood Municipal System.
5. We would also like to have the fault capability of the 34.5 KV system, at each transformer substation, as it serves the Kirkwood Municipal System.
6. We would also like to have, for coordination within the Kirkwood system, the reclosure time settings and trip points of the 34.5 KV feeder system to Kirkwood.
7. We would like to be able to assess Union Electric Company's attitude and rate projection, should Kirkwood proceed with the installation of peak shaving generation.
8. We also are curious of Union Electric Company's attitude on wheeling electricity to Kirkwood from a third party source.
9. We would like to have a typical primary metering connection drawing, as used by Union Electric, for the metering of power to the Kirkwood Municipal System.
10. We would like to have any alternate supply source or scheme, that Union Electric might recommend as compared to the present service to Kirkwood, consisting of three metering points at 34.5 KV to the Kirkwood Municipal System.
11. We would like to receive the updated rate sheets for not only the W-2 wholesale rate, but also for the retail rates presently being charged by Union Electric Company in the Kirkwood area.

In all probability, we will be requesting additional information, as our work on this study progresses. It is also very likely that we might want to get with other people in your technical engineering staff, and would like to make these arrangements through you.

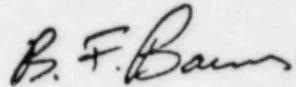
Mr. E. Noel Pfeiffer  
Union Electric Company

January 4, 1977  
Page 3 of 3

Should any further explanation of the foregoing requests be needed, please feel free to let us know.

Yours very truly,

BARNES, HENRY, MEISENHEIMER  
& GENDE, INC.



B. F. Barnes

BFB/sc

cc: Mr. Frank Michaels  
Superintendent of Electric Dept.

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~~KT~~  
~~1975~~  
J.S. - fil - Kirkwood

January 7, 1977

Messrs. H. C. Allen ✓  
L. A. Esswein  
G. J. Haven

We have just received the attached letter from the firm that has been hired by the City of Kirkwood to look at their municipal electric system. It is obvious that some of the items can be furnished quickly and with very little effort on our part. Some of the other items could take some time and possibly some thought should be given to charging for them.

The most important items, however, are ones in which they are asking for our company's long-term philosophy. I believe it would be well if we would all get together as soon as possible to discuss their requests so we can answer all the questions at one time.

I will give you a call Monday, January 10, to set up a time for us to meet.

*fa*  
H. Wuerstenbaeher

cc: Mr. C. T. Heaton

1f

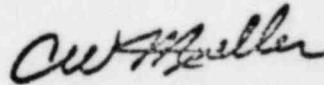
~~WIK~~  
~~J. S.~~  
~~J. S.~~  
J.S. - file - Kirk

January 13, 1977

Mr. E. N. Pfeiffer:

Enclosed is a copy of our draft response to questions 7 and 8 of Mr. B. F. Barnes' letter of January 4, 1977 regarding the City of Kirkwood. This response has been reviewed by H. C. Allen, L. A. Esswein and W. E. Jaudes.

Since this draft has to be integrated into your complete response to Mr. Barnes, please send a draft of your response to me for comment prior to sending the letter to Mr. Barnes. I will see that the others mentioned above also have a chance to review that draft.



C. W. Mueller

CWM/pm  
Enclosure

cc: w/enci. Messrs. H. C. Allen ✓  
L. A. Esswein  
W. E. Jaudes

In response to your question, installation of peak-shaving generation by Kirkwood would necessitate the development of a new type contract between Union Electric and the City. As you know, Kirkwood presently purchases wholesale firm power from Union Electric on our filed FPC W-2 tariff. This filed tariff is structured for total requirements customers only, and for this reason, a new type contract would be needed. We are willing to work with you on the development of such a contract, after you have given us details of your specific proposal.

There are several points we feel you should consider in the analysis of the proposed installation of peak-shaving generating equipment, including the following.

Kirkwood's present W-2 purchases include a backup or reserve, and Union Electric also provides the operating (spinning) reserve. With the installation of generation by Kirkwood, either additional generation would have to be installed by the City for standby purposes, or standby generating capacity would have to be purchased, or the risk would be incurred by the City of setting a new annual peak demand should the peak-shaving generation be out of service during any high load periods.

As I am sure you are aware, construction costs have risen rapidly and continue to do so. This assures that new generation will, of necessity, be more costly than existing generation. Kirkwood presently benefits in purchasing power on a general rate which includes the imbedded cost of generation, both old and new. For this reason, new generation installations are often not as desirable as they appear at first.

Actual projected rates for any new contractual arrangement would depend on the specific proposal you might have. We hope that the thoughts we have expressed are of benefit to you in your analysis, and we are available to meet with you to discuss this matter further.

With respect to your inquiry as to the possible use of our transmission system for your power transactions with others, Union Electric always has been willing to work with neighboring utility systems so as to minimize the installation of duplicate transmission. However, such arrangements have been developed only after a detailed study of a specific proposal. We are unable to respond specifically without additional information. Of course, we are available to meet with you to consider any concrete proposal you desire to make.

Again, it should be recognized that the use of our transmission for the purchase of capacity from others also includes the previously mentioned considerations of backup or reserve and spinning reserve for that capacity, in addition to the transmission and transformation use considerations.

January 14, 1977

19  
Mr. J. H. Ochsner:

KIRKWOOD STUDY

You asked for our comments regarding reply to question 10 of the Jan. 4, 1977, letter written to Noel Pfeiffer by the consultants hired by the City of Kirkwood. Our thoughts follow.

There is no alternate supply source or scheme that we would recommend for serving Kirkwood. There are several reasons why we believe the present scheme is the best.

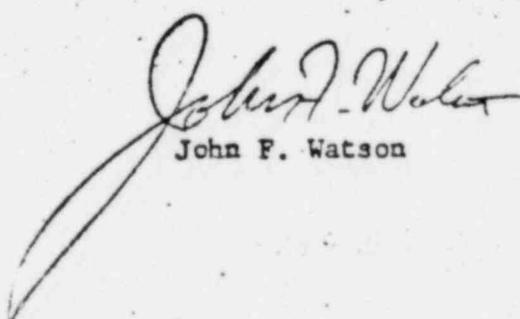
Kirkwood is supplied from Marshall Substation located in Tree Court Industrial Park in the extreme southwest corner of Kirkwood. This station is supplied over two 138 kV transmission lines from each of three independent power sources: Meramec Plant, Tyson and Mason bulk substations. There are three 138 kV - 34 kV, 100 MVA transformers at Marshall with space for a fourth when needed. Thus, the Marshall 34 kV bus is an extremely reliable source of supply.

The 34 kV circuits from Marshall that serve the City of Kirkwood substations also serve UE substations. These circuits are an integral part of Union Electric's radial subtransmission system, and through manual switching they can be connected to other circuits or power sources during emergencies. This increases reliability of the subtransmission supply.

Should Kirkwood need additional substations the present pattern of supply could be augmented to provide 34 kV supply as required by the City. This would probably require additional metering points but this should not be a problem. If totalized data is desired, there are means to provide this feature.

<sup>Any</sup>  
~~only~~ alternate means of supply would be very costly because it would duplicate existing, serviceable facilities, and it would be less reliable unless approached on an unlimited cost basis.

While we suggest a reply to the consultants as outlined above, we would not be opposed to 138 kV supply, provided Kirkwood paid the full cost of the station and necessary modifications to the 138 kV transmission system, and we retained use of our 34 kV circuits through the City. Savings to us would be release of 56 MVA of bulk substation capacity at Marshall, which would defer the fourth transformer now budgeted for 1981. Because of the cost to Kirkwood to provide the necessary station and reserve we cannot in good conscience recommend this approach. However if they elect it, we see no reason to ~~approve~~ it. oppose

  
John F. Watson

JFW/dps

cc: J. P. Woodward  
File - Kirkwood ✓  
SP Chrono

lh

RAW  
File

January 17, 1977

Mr. E. N. Pfeiffer:

City of Kirkwood

There is no alternate supply source or scheme that we would recommend for serving Kirkwood. There are several reasons why we believe the present scheme is the best.

Kirkwood is supplied from Marshall Substation located in Tree Court Industrial Park in the extreme southwest corner of Kirkwood. This station is supplied over two 138 kV transmission lines from each of three independent power sources: Meramec Plant, Tyson and Mason bulk substations. There are three 138 kV - 34 kV, 100 MVA transformers at Marshall with space for a fourth when needed. Thus, the Marshall 34 kV bus is an extremely reliable source of supply.

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Should Kirkwood need additional substations the present pattern of supply could be augmented to provide 34 kV supply as required by the City. This would probably require additional metering points but this should not be a problem. If totalized data is desired, there are means to provide this feature.

In addition to the above, which covers Item 10 in the Consultant's request to you dated January 4, 1977, the following information and/or data has been supplied previously.

- 1) System area maps of the Union Electric 12 kV systems that are within the City Limits of Kirkwood.
- 2) System map of the 34 kV system that serves the three metering points of the Kirkwood Municipal System.
- 3) Electrical characteristics of the 34 kV system serving the Kirkwood Municipal System which includes fault capability at each substation, relay settings for both 34 kV circuits and equivalent impedances at each location.

Mr. E. N. Pfeiffer  
January 17, 1977  
Page -2-

- 4) A typical primary metering connection diagram and construction drawings showing the metering equipment mounting facilities used for metering power at each of the three locations.

If there is any additional information needed, please contact Mr. John H. Ochsner on Station 2731.

*J. P. Woodward*  
J. P. Woodward

JPW:JHO:vy

cc: Messrs: G. J. Haven  
J. L. Nolte  
J. H. Ochsner  
J. F. Watson ✓

li

UNION ELECTRIC COMPANY  
WEST DIVISION

January 17, 1977

11901 CLIVE ST. RD.  
SUITE 319  
ST. LOUIS, MO. 63141  
314-569-0730

Mr. Robert D. Rothermel  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, Missouri 63116

Re: Municipal Electric Service - City of Kirkwood

Dear Bob:

This is to confirm receipt of Bruce Barnes' letter of January 4, 1977. At this time, I am unable to fulfill all requests. However, information is submitted herewith covering most of the items. To simplify matters, I'll refer to them as request number so that you can correlate.

1) A large one-line map of the Union Electric 12 KV distribution system is provided for your review. Our preliminary studies indicate that approximately 9,000 customers are served by Kirkwood and 4,500 customers are served by Union Electric within the city limits of that city.

2) Enclosed is U.E. system map JK89 indicating 34 KV supplies to the three Kirkwood substations, associated tie circuits, and substation diagrams.

3) To follow, pursuant to telephone discussion with you on January 12.

4) The electrical characteristics of 34 KV supplies are:

- Y System
- No neutral carried thru
- Uni-grounded
- Most circuits with static wire or protector tubes  
(for lighting protection)

Station Transformers	Primary 3 w - Delta
	Secondary 4 w - WYE

Typical configurations for 34 KV single and double circuits are attached for reference: Dist. Std. 03-34-01 and 03-34-50.

34 KV source - Marshall Substation, Tree Court Ind. Park  
138 KV source - from Grid System.

January 12, 1977

5 & 6) Mr. John Walsh has reviewed calculations prepared for the City of Kirkwood on February 12, 1975. They have been updated and are enclosed.

7 & 8) A letter written to Mayor Philip Hallof, Jr. on August 22, 1974, is provided for your review. In general, it covers Union Electric's attitude toward peak shaving and wheeling of electricity and securing power from alternate sources. At this date, our management position remains unchanged.

9) Primary metering drawings are enclosed for your reference. If you have any questions covering this particular information, please contact Mr. John H. Ochsner at 621-3222, extension 2731.

10) The request provided is not too clear; please provide more detailed requirements.

11) Enclosed are copies of the F.P.C. electric tariff, the latest residential and commercial Union Electric Rate Syllabi, and the new rates, which became effective on January 1, 1977. Also enclosed are copies of our Pgs. 99(M), 100(M), and 100.1(M) covering calculation of the fuel adjustment factor applied to our residential and commercial customers.

Our records indicate that the fuel adjustment amount for Union Electric residential and commercial customers was .084¢ per KWH for the month of December 1976, and the W-2 fuel adjustment was ~~.814¢~~ <sup>.199¢</sup> per KWH for this same period.

Also included are copies of Exhibit A and Exhibit B of the Wholesale Service Contract, which became effective on June 1, 1960.

As mentioned to you and Bruce, Union Electric does have a new Ten Year Street Lighting Contract covering that portion of the City of Kirkwood outside of the Kirkwood service area. This, also, is enclosed for your reference.

As other information is compiled, it will be forwarded to you.

Sincerely,

  
E. Noel Pfeiffer  
Engineer

ENP/adl

Enclosures

cc: Frank Michaels-City of Kirkwood  
John H. Ochsner - U.E.

1j  
DRAFT  
File Kirk

January 18, 1977

Mr. Bruce Barnes  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, Missouri 63116

RE: Municipal Electric Service - City of Kirkwood

Dear Bruce:

In reply to your recent requests, the following information is submitted to you covering general company policies of Union Electric, in the areas of Peak Shaving, Wheeling of Power and Alternate Supply Arrangements.

Peak Shaving

The installation of peak-shaving generation by Kirkwood would necessitate the development of a new type contract between Union Electric and the City. As you know, Kirkwood presently purchases wholesale firm power from Union Electric on our filed FPC W-2 tariff. This filed tariff is structured for total requirement customers only, and for this reason, a new type contract would be needed. We are willing to work with you on the development of such a contract, after you have given us details of a specific proposal.

There are several points we feel you should consider in the analysis of the proposed installation of peak-shaving generating equipment, including the following.

Kirkwood's present W-2 purchases include a backup or reserve, and Union Electric also provides the operating (spinning) reserve. With the installation of generation by Kirkwood, either additional generation would have to be installed by the City for standby purposes, or standby generating capacity would have to be purchased, or the risk would be incurred by the City of setting a new annual peak demand should the peak-shaving generation be out of service during any high load periods.

Naturally, you are aware that construction costs have risen rapidly and continue to do so. This assures that new generation will, of necessity, be more costly than existing generation. Kirkwood presently benefits in purchasing power on a general rate which includes the imbedded cost of generation, both old and new. For this reason, new generation installations are often not as desirable as they first appear.

Actual projected rates for any new contractual arrangement would depend on the specific proposal.

### Wheeling of Power

With respect to your inquiry as to the possible use of our transmission system for your power transactions with others, Union Electric always has been willing to work with neighboring utility systems so as to minimize the installation of duplicate transmission. However, such arrangements have been developed only after a detailed study of a specific proposal. Therefore, we are unable to respond specifically without additional information.

Again, it should be recognized that the use of our transmission for the purchase of capacity from others also includes the previously mentioned considerations of backup or reserve and spinning reserve for that capacity, in addition to transmission and transformation use considerations.

### Alternate Supply Arrangements

There is no alternate supply source or scheme that we would recommend for serving Kirkwood. There are several reasons why we believe the present scheme is the best.

Kirkwood is supplied from Marshall Substation located in Tree Court Industrial Park in the extreme southwest corner of Kirkwood. This station is supplied over two 138 kV transmission lines from each of three independent power sources: Meramec Plant, Tyson and Mason bulk substations. There are three 138 kV - 34 kV, 100 MVA transformers at Marshall with space for a fourth when needed. Thus, the Marshall 34 kV bus is an extremely reliable source of supply.

The 34 kV circuits from Marshall that serve the City of Kirkwood substations also serve UE substations. These circuits are an integral part of Union Electric's radial subtransmission system, and through manual switching they can be connected to other circuits or power sources during emergencies. This increases reliability of the subtransmission supply.

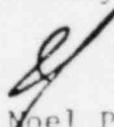
Should Kirkwood need additional substations the present pattern of supply could be augmented to provide 34 kV supply as required by the City. This would probably require additional metering points but this should not be a problem. If totalized data is desired, there are means to provide this feature.

As your study progresses keep in mind that I will be happy to accompany any meetings that you may desire for the purpose of presenting a specific proposal.

It is hoped that the foregoing will provide you with the information requested.

If you have any questions, please call me

Sincerely,

  
E. Noel Pfeiffer, Engineer

1k

UNION ELECTRIC COMPANY  
WEST DIVISION

January 19, 1977

11901 OLIVE ST. RD.  
SUITE 319  
ST. LOUIS, MO. 63141  
569-0730

Mr. Bruce Barnes  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, Missouri 63116

RE: Municipal Electric Service - City of Kirkwood

Dear Bruce:

In reply to your verbal requests at our meeting of January 17, the following information is provided:

Our records indicate that on June 10, 1893, Union Electric entered into a perpetual franchise with the City of Kirkwood. This should be duly recorded in Ordinance Number 168 of that city.

In February 1952, contracts for the mutual sale and purchase of electrical equipment and a street light contract were authorized by Kirkwood under their ordinance numbers 3732, 3733 and 3734. The City's demand for energy requirements were approximately 7.8 MVA at that time.

The symbols of feeder one-line maps are enclosed for your reference. (Union Electric Distribution standards: 01 00 02 04 and 01 00 02 05.)

Within the next several days additional information will follow covering Union Electric's general policy in response to questions 7, 8 and 10 of your letter dated January 4, 1977.

By copy of this letter, I am advising Mr. John Ochsner to assist you in any manner in which he can regarding data provided to you on January 17.

Thank you again.

Sincerely

  
E. Noel Pfeiffer, Engineer

ENP:db

cc: J. H. Ochsner  
C. W. Mueller

~~RIK~~  
~~JMP~~  
~~HOS~~  
J.S. - file Kirkwood

January 19, 1977

- Messrs.: H. C. Allen  
L. A. Esswein  
W. E. Jaudes  
C. W. Mueller  
J. H. Ochsner  
G. J. Haven  
J. P. Woodward  
H. E. Wuertenbaecher

On January 17, 1977 a meeting was held with Mr. Bruce Barnes, Mr. Robert Rothermel and Mr. Randall Thomas of the consulting firm of Barnes, Henry, Meisenheimer & Gende, Inc. at their offices at 4658 Gravois. This meeting covered review of the requests outlined in Mr. Barnes letter of January 4, 1977 and the presentation of the data covering these items.

The group was very receptive of the information provided and extended appreciation of our efforts.

It appears that Mr. Barnes will be seriously considering the recommendation of the installation of capacitor units for power factor improvement and probably will be recommending the preparation of one-line feeder maps and substation monitoring of Kirkwood facilities.

Within the next several weeks, it is expected that he will contact Mr. John Ochsner for discussion of the Kirkwood system, and request review of substation improvements. Also within the next several days, Mr. Barnes stated that he will advise me of the page numbers of FPC Form 1, which he desires.

Upon conclusion of the meeting, I advised Mr. Barnes that a formal reply from Union Electric's position covering Items 7, 8 and 10 (peak shaving, wheeling and alternate supply) will be sent to him. A draft of this letter will be cleared through Mr. C. W. Mueller, prior to reply.

Also enclosed are copies of prior written communications for your reference.

  
E. Noel Pfeiffer

1m

RTK  
File

January 21, 1977

Mr. E. N. Pfeiffer:

REPLY TO CITY OF KIRKWOOD

Enclosed is our suggested redraft of the draft letter to Mr. Barnes which you sent us on January 18, 1977. This redraft incorporates the comments of Messrs. Allen, Esswein, Jaudes and Watson.

Please send us a copy of your final letter to Mr. Barnes for our files.

*C. W. Mueller*

C. W. Mueller

CWM/cbv  
Enclosure

cc Messrs. H. C. Allen ✓  
L. A. Esswein  
W. E. Jaudes  
J. F. Watson

(LETTERHEAD)

January 20, 1977

Mr. Bruce Barnes  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, MO 63116

Dear Bruce:

RE: MUNICIPAL ELECTRIC SERVICE - CITY OF KIRKWOOD

In reply to your recent requests, the following information is submitted to you covering general company policies of Union Electric in the areas of peak shaving, providing transmission service, and alternate supply arrangements. For ease of reference, I'll refer to the requests by number so that you can correlate our response with your letter.

Question #7

The installation of peak-shaving generation by Kirkwood would necessitate the development of a new type contract between Union Electric and the City. As you know, Kirkwood presently purchases wholesale firm power from Union Electric on our filed FPC W-2 tariff. This filed tariff is structured for total requirement customers only, and for this reason, a new type contract would be needed. We are willing to work with you on the development of such a contract, after you have given us details of a specific proposal.

There are several points we feel you should consider in the analysis of the proposed installation of peak-shaving generating equipment, including the following.

Kirkwood's present W-2 purchases include a backup or reserve, and Union Electric also provides the operating (spinning) reserve. With the installation of generation by Kirkwood, either additional generation would have to be installed by the City for standby purposes, or standby generating capacity would have to be purchased.

Naturally, you are aware that construction costs have risen rapidly and continue to do so. This assures that new generation will, of necessity, be more costly than existing generation. Kirkwood presently benefits in purchasing power on a general rate which includes the embedded cost of generation, both old and new. For this reason, new generation installations are often not as desirable as they first appear.

Actual projected rates for any new contractual arrangement would depend on your specific proposal.

Question #8

With respect to your inquiry as to the possible use of our transmission system for your power transactions with others, Union Electric always has been willing to work with neighboring utility systems so as to minimize the installation of duplicate transmission. However, such arrangements have been developed only after a detailed study of a specific proposal. Therefore, we are unable to respond specifically without additional information.

Again, it should be recognized that the use of our transmission for the purchase of capacity from others also includes the previously mentioned considerations of backup or reserve and spinning reserve for that capacity, in addition to transmission and transformation use considerations.

Question #10

There is no alternate supply source or scheme that we would recommend for serving Kirkwood. There are several reasons why we believe the present scheme is the best.

Kirkwood is supplied from Marshall Substation located in Tree Court Industrial Park in the extreme southwest corner of Kirkwood. This station is supplied over two 138 kV transmission lines from each of three independent power sources: Meramec Plant and Tyson and Mason bulk substations. There are three 138/34 kV, 100 MVA transformers at Marshall with space for a fourth when needed. Thus, the Marshall 34 kV bus is an extremely reliable source of supply.

The 34 kV circuits from Marshall that serve the City of Kirkwood substations also serve UE substations. These circuits are an integral part of Union Electric's radial subtransmission system, and through manual switching they can be connected to other circuits or power sources during emergencies. This increases reliability of the subtransmission supply.

Should Kirkwood need additional substations, the present pattern of supply could be augmented to provide 34 kV supply as required by the City. This would probably require additional metering points but this should not be a problem.

As your study progresses, keep in mind that I will be happy to arrange any meetings that you may desire. It is hoped that the foregoing will provide you with the information requested.

If you have any questions, please call me.

Sincerely,

E. Noel Pfeiffer  
Engineer

1m  
UNION ELECTRIC COMPANY  
WEST DIVISION

February 1, 1977

11001 OLIVE ST. RD.  
SUITE 310  
ST. LOUIS, MO. 63141  
314-569-0730

Mr. Bruce Barnes  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, Missouri 63116

MUNICIPAL ELECTRIC SERVICE - CITY OF KIRKWOOD

Dear Bruce:

In reply to your recent requests, the following information is submitted to you covering general company policies of Union Electric in the areas of peak shaving, providing transmission service, and alternate supply arrangements. For ease of reference, I'll refer to the requests by number so that you can correlate our response with your letter.

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As your study progresses, keep in mind that I will be happy to arrange any meetings that you may desire. It is hoped that the foregoing will provide you with the information requested.

If you have any questions, please call me.

Sincerely,

  
E. Noel Pfeiffer, Engineer

ENP/adl

cc: Frank Michaels, City of Kirkwood

10

UNION ELECTRIC COMPANY  
WEST DIVISION

February 3, 1977

11201 OLIVE ST. RD.  
SUITE 312  
ST. LOUIS, MO. 63141  
569-0730

Mr. Randal B. Thomas  
Barnes, Henry, Meisenheimer & Gende, Inc.  
4658 Gravois Avenue  
St. Louis, Missouri 63116

Re: MUNICIPAL ELECTRIC SERVICE - CITY OF KIRKWOOD

Dear Randy:

In compliance with your letter of January 24, 1977, I am enclosing a complete copy of the Federal Power Commission Form No. 1, "Annual Report" for the year 1975.

It is my impression that, with the presentation of this Annual Report, we have complied with all requests of Bruce Barnes' letter dated January 4, 1977.

If I can be of further assistance or if you have any additional questions, please call me.

Sincerely,



E. Noel Pfeiffer  
Engineer

ENP/adl

Enclosure

cc: Frank Michaels - City of Kirkwood

4a

LAW OFFICES

J.E.B. JUN 30 1982

OLIVER, OLIVER & JONES, P. C

400 BROADWAY  
P O BOX 154

CAPE GIRARD AU, MISSOURI 63701

TELEPHONE 314/335-8278

R. N. OLIVER (1950-1934)  
R. B. OLIVER, JR (1980-1976)  
ALLEN L. OLIVER (1986-1970)

JACK L. OLIVER  
RICHARD D. JONES  
JOHN L. OLIVER, JR  
JAMES F. WALTZ  
JACK H. KNOWLAN, JR

September 11, 1978

Mr. Kenneth W. Waldron  
Waldron & Lichtenegger  
Post Office Box 147  
Jackson, MO 63755

Re: Missouri Utilities Company  
Before the Federal Energy Regulatory Commission  
Docket Numbers ER77-354 and ER78-14

Dear Kenneth:

As per your oral request of August 25, 1978, I am attaching certain portions of the testimony of Associated Regulatory Consultants, Inc., and in particular the statements of Edgar Bernstein and Jatinder Kumar, and some oral comments of Woodrow Wollesen, Esquire, of the firm of Wheatley & Miller, with respect to their position taken under oath before the Federal Energy Regulatory Commission in Missouri Utilities Company's existing rate case proceeding, Docket No. ER77-354.

Since this subject came up at the luncheon, probably because of the prior dealings between us with respect to Worthington, I would like to be careful that neither you nor the City misconstrues the circumstances.

Before the Federal Energy Regulatory Commission, on behalf of the City of Jackson, your duly authorized and employed agents and attorney have consistently taken the position that the City of Jackson, Missouri, is a pure interruptible customer of Missouri Utilities Company, so that Missouri Utilities Company can, for a good reason, a bad reason, or no reason at all, interrupt the service to the City at any particular time.

It always has been and still is the position of Missouri Utilities Company that the City of Jackson is a partially firm and partially interruptible customer, with the decision as to what type customer the City is, resting in the hands of the City at any given moment, so that the City can choose to generate, or not to, at its discretion. Missouri Utilities Company,

per Jackie Livens 11-14-78-

She did not make copies of  
enclosures for O's files nor MU's.

through this contract, provides a back up for the City of Jackson, even when the City is generating. We believe that this is the correct interpretation of all the contracts we have had with the City of Jackson since the original firm power contract of 1956 was changed. Indeed, I have personally reviewed the operational history between the two entities since 1960, and find that after the firm power arrangement was terminated, as Jackson increased its own capacity, at least the operating personnel, both the City of Jackson and Missouri Utilities Company, have operated their respective systems consistent with the Company's position. Accordingly, there have been times when the City either, for economic reasons, or generation failure, has not carried its own load when advised of a situation which otherwise would leave the City to generate, and on those occasions, Missouri Utilities Company has supplied the load and a demand charge, as provided in the contract, of \$1.75 per KW has been charged by Missouri Utilities Company and paid by the City of Jackson.

Obviously, the Federal Energy Regulatory Commission will make the ultimate decision as to the nature of this contract. The position taken by the City of Jackson, through its Washington attorneys, was of particular interest to the Company, in view of what transpired on the 24th and 25th. As you may or may not know, the City of Jackson was unable to start or operate one of its 6800 units and one 1000 unit. As the result, on the 25th, the City of Jackson was taking about 5500 KW from us at the time of the integrated system peak. This 5½ megawatts caused Missouri Utilities Company to peak on the U.E. system and set a new annual peak.

Since Jackson, through its Washington lawyers, at least, has taken the position that it is entitled to a rate reduction, the Company, at least in our view, and conclusively from a cashflow point of view, will not recover the cost that the City of Jackson, through its generation failure, imposed on Missouri Utilities Company on August 25, 1978. If the Federal Energy Regulatory Commission decides that the forceful presentation of your Washington counsel is correct, and that you are a pure interruptible customer, the Company of course will not, in spite of its ultimate aim and intent to work hand in hand with the City of Jackson, be able in any future like situation to do anything other than interrupt, at least under the current operating conditions.

Mr. Kenneth Waldron  
September 11, 1978  
Page Three

I certainly do not want either you or the City to misconstrue anything that we said as any kind of threat or any indication on our part that we believe our contract interpretation is not the correct one. However, quite frankly, when paying four-plus dollars per KW for a demand imposed by the City, and receiving only \$1.75 from the City for that demand, the pure interruptible status does, I am sure, you will concede, seem somewhat appealing.

I have attached just a few of the multiple references contained in the seven volumes of the transcript. If you want anymore of this, I will be glad to have you review the entire transcript at your convenience.

Very respectfully,

OLIVER, OLIVER & JONES, P.C.

By

John L. Oliver, Jr.

JLO,Jr./jg

City of Jackson

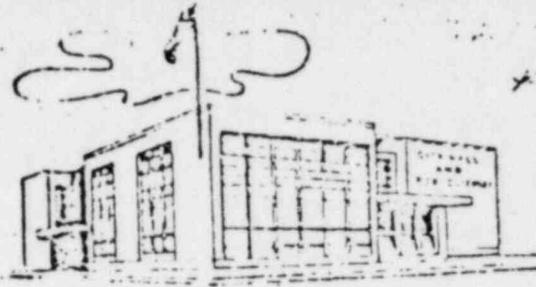
4b

MUNICIPAL OWNED UTILITIES

225 South High Street

JACKSON, MISSOURI 63755

PHONE: (314) 243-3568



COUNTY SEAT OF CAPE GIRARDEAU COUNTY

September 18, 1978

Mr. Clyde Wilson  
Missouri Utilities Co.  
P.O. Box 40  
Cape Girardeau, Mo. 63701

Dear Clyde:

Please find enclosed the City's payment for this past billing dated August, 1978.

The City of Jackson is paying the \$8,732.50 demand charge as billed under protest. This protest is because the City had a source of peaking power and was told that it was not possible to use such a source.

I find it hard to believe that needed power supply is turned down on the spot, but this seems to be the case.

I hope to discuss this problem further with you if we could get together.

Sincerely,

  
Carl L. Talley  
City Administrator

CLT:ls

cc: Charles Wheatly



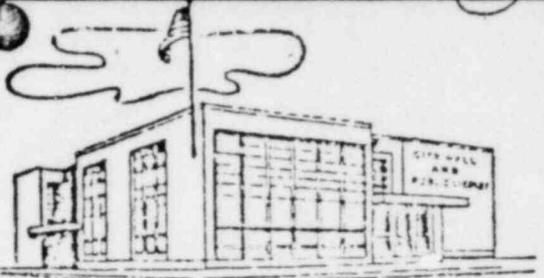
*City of Jackson* 4c

MUNICIPAL OWNED UTILITIES

225 South High Street

JACKSON, MISSOURI 63755

PHONE: (314) 243-3568



COUNTY SEAT OF CAPE GIRARDEAU COUNTY

September 29, 1978

Mr. Clyde Wilson  
Missouri Utilities Co.  
P.O. Box 40  
Cape Girardeau, Mo. 63701

Dear Clyde:

The City of Jackson would like to include in their contract with Missouri Utilities a clause in which the City of Jackson may purchase peaking power from other sources when the power plant becomes non-operable due to mechanical break down. This power could be provided by your company or other sources whichever is the most available.

We have felt for some time that this clause should have been put into our contract but was always informed that it was not possible. We now find that this is not the law and ask that this be corrected.

If no action by your company is taken to make such a contractual change, the City of Jackson will take the appropriate steps to correct the problem through means available to the City.

Sincerely,

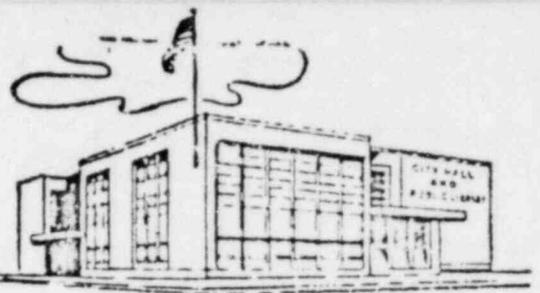
*Carl L. Talley*  
Carl L. Talley  
City Administrator

CLT:ls



# City of Jackson 4d

MUNICIPAL OWNED UTILITIES  
225 South High Street  
JACKSON, MISSOURI 63755  
PHONE: (314) 243-3568



COUNTY SEAT OF CAPE GIRARDEAU COUNTY

November 22, 1978

Mr. Clyde Wilson  
Missouri Utilities Co.  
P.O. Box 40  
Cape Girardeau, Mo. 63701

Dear Clyde:

I have just reviewed my file on requested changes the City of Jackson asked considered in my letter to you September 29, 1978.

The only answer given was at the meeting in Cape at the Ramada Inn which was not satisfactory with myself or the Mayor.

We understood you were not allowed to give the City the opportunity to obtain peaking power from other sources. I feel this must be changed.

The City of Jackson not only paid the first month demand charge of \$8,732.50 under protest as stated in my letter of September 18th but every month thereafter or until this charge is satisfactorily concluded.

Sincerely,

*Carl L. Talley*  
Carl L. Talley  
City Administrator

CLT:ls



4e

MISSOURI UTILITIES COMPANY  
400 BROADWAY  
P.O. BOX 40  
CAPE GIRARDEAU, MISSOURI 63701  
AREA CODE 314/335-9461

FRANCIS R. LENGEFELD,  
PRESIDENT

J. R. LANSMON,  
VICE PRESIDENT & TREASURER

VIRGIL CHIRNSIDE,  
VICE PRESIDENT & SECRETARY

CURTIS LEVAN,  
CONTROLLER & ASS'T. TREASURER

WELDON D. HILPERT,  
ASS'T. SECRETARY

December 1, 1978

C  
O  
P  
Y

Mr. Carl Talley  
City Administrator  
City of Jackson  
225 South High  
Jackson, Missouri 63755

Dear Mr. Talley:

In re Missouri Utilities Company  
Electric Service Agreement

On behalf of the company, I would like to acknowledge your letters of September 29, 1978, and November 22, 1978.

On September 18, 1978, you transmitted a letter to the company stating that you were paying the prior bill under protest, alleging "the City had a source of peaking power and was told it was not possible to use such source." On September 29, you wrote the company a letter which requests a change in the City's contract with Missouri Utilities Company to allow the City of Jackson to purchase peaking power "from other sources." That request seems to have been reiterated in your letter of November 22.

In looking at your letter of November 22, 1978, it is apparent there has been some misunderstanding arising out of our October breakfast meeting.

It was our understanding that you were going to provide us with a detailed outline of precisely what you believe the electric service agreement between Missouri Utilities Company and the City of Jackson should consist of with respect to furnishing power. It was our understanding that you were going to provide us with a specific proposal.

In this regard, I would like to remind you that since 1974 the City has consistently urged the proposition that the City and company

have a specific contract, not subject to unilateral change. From your letters of September and November, it appears that you are no longer taking this position, but believe that you have some right to unilaterally change a specific contract. Quite frankly, we are at a loss to understand this attitude.

In considering the contents of the specific proposal for contractual alteration or change you desire to make, I believe you should keep in mind that Missouri Utilities Company is not a signatory to any interconnection agreement and is not involved in, nor a party to the rules and regulations governing interconnected companies, particularly as the same relate to load control and load control areas. Missouri Utilities Company has no need nor desire to become affiliated with the interconnected system.

We have a specific contract with you which permits the City of Jackson to purchase all of its requirements from Missouri Utilities Company, and our system has been designed and planned with that specific capacity in mind.

Accordingly, we must, in response to your letters, request that you advise us in writing of the following:

1. The "law" referred to in your letter of September 29, 1978 that you believe requires Missouri Utilities Company to furnish you power from other, non-MUCo sources.
2. A detailed outline of precisely what the City thinks the contract should consist of with respect to the furnishing of power.
3. A precise outline of the mechanism through which that power is to be provided.
4. A proposed rate structure or cost recovery structure for that supply.

Upon receipt of this written proposition, the company will be glad to review the matter and provide you thereafter with an appropriate response.

Very truly yours,

MISSOURI UTILITIES COMPANY

Francis R. Lengefeld  
President

FRL:dza

bcc: Messrs. John L. Oliver, Jr.  
Virgil Chirnside  
Louie R. Ervin

5a

NOTE: AFTER CONSIDERABLE DISCUSSION,  
IT APPEARED THE CITY'S DIRECT INTER-  
CONNECTION TO SWPA WOULD BE THE  
MOST DIFFICULT OF THE TWO POSSIBILITIES.  
THE CITY THEREFORE DECIDED TO  
PURSUE WHEELING POWER OVER M.U.  
AS FIRST CHOICE. IF WHEELING  
PROVES UNFEASIBLE, THE CITY  
WILL THEN CHECK POSSIBILITIES OF  
THE DIRECT INTERCONNECT.

February 26, 1979

Mr. Clyde Wilson  
Missouri Utilities Company  
400 Broadway  
Cape Girardeau, Missouri 63701

Dear Clyde:

As per our phone conversation of a few days ago, the City of Malden is planning to interconnect our electrical system to the SPA 69 kv transmission line approximately one mile south of Malden. SPA has agreed to sell Malden 5 mw of peaking power. (See letter attached.)

} SAME  
NOTE  
ABOVE

From an operational standpoint, it would be much better for the City to directly interconnect the SPA line with Missouri Utilities 34.5 kv line serving Malden from the north. We therefore respectfully request that Missouri Utilities participate with SPA in preparing a Power Flow Study over this proposed interconnection to determine the feasibility of, and the sizing of equipment required for, this interconnection.

This interconnection will be of great benefit to the City of Malden, and hopefully, it will also benefit the south end of Missouri Utilities transmission north of Malden.

Also, the City of Malden is trying to obtain a source for peaking power which can be wheeled over the SPA line prior to availability of SPA power. In all probability such peaking power will be available for the summer of 1979. As it will not be possible to complete the interconnection with SPA in time for this year's summer peak, we also request consideration of the following: Would Missouri Utilities agree to wheel up to 5 mw of peaking power to Malden from your Sikeston (or other) interconnection with SPA? If so, what would be the rate for such wheeling? \*

Clyde, as we are now trying to prepare for our summer season, we would appreciate a response on both the Power Flow Study and the possibility of wheeling at your earliest convenience. If you need any additional information from the City, please let us know as soon as possible.

Sincerely,

William A. Green

WAG:ng  
Enclosure

\* THIS IS WHAT THE CITY IS  
TRYING TO OBTAIN, IF IT  
PROVES FEASIBLE FOR M.U.  
TO WHEEL POWER.  
W.A.G.  
6-12-80

56

MISSOURI UTILITIES COMPANY  
400 BROADWAY  
P O BOX 40  
CAPE GIRARDEAU MISSOURI 63701  
AREA CODE 314/335 9451

FRANCIS R. LENGEFELD.  
PRESIDENT  
J. W. LANSMON.  
VICE PRESIDENT & TREASURER  
VIRGIL CHIRNSIDE.  
VICE PRESIDENT & SECRETARY

CURTIS LEVAN.  
CONTROLLER & ASS'T. TREASURER  
WELDON D. HILPERT.  
ASS'T. SECRETARY

March 21, 1979

C  
O  
P  
Y

Mr. Bill Green  
Board of Public Works  
City of Malden  
Malden, MD 63863

Dear Bill:

Mr. Bill Likens, Manager of Electrical Engineering, has called our attention to your telephone call to him and your discussion with him about the possibility of a system interconnection at or near Malden, Missouri, with SPA, the City of Malden, and Missouri Utilities Company. In addition, we have received your letter dated February 26, 1979, with respect to this proposed interconnect.

As I am sure you are aware from our past discussions and other transactions between the City of Malden and Missouri Utilities Company, Missouri Utilities Company is not a party to any interchange agreement and is not involved in the interchange sales-purchases of electrical power. Rather, Missouri Utilities Company is a purchasing utility with a small amount of generating capacity, which lacks area load control capability.

As you are further aware, Missouri Utilities Company has a contractual obligation with Union Electric to buy from Union Electric all of its power requirements, except those internally generated by Missouri Utilities Company, or purchased from Ark-Mo, under the limits and conditions contained in the contract with Union Electric.

I am sure you are also aware that Missouri Utilities Company does not have developed, filed, or approved a wheeling rate, in addition to our lack of physical capacity and capability to provide load control necessary for wheeling.

Mr. Bill Green  
Board of Public Works  
City of Malden  
March 21, 1979  
Page Two

Therefore, without considering the ultimate issue of whether or not wheeling would be beneficial, or even feasible, (given line capacity and the like), it does not appear to us that it is technically possible to effectuate any wheeling, nor is it practically possible to develop the power study and obtain approval of any wheeling rate within the time frame you have indicated.

We would also note that there may be multiple contractual problems between the various utilities which will necessarily be involved.

We do believe, however, that this subject, as with other potential alternatives, is a proper subject for the comprehensive contract negotiations between Missouri Utilities Company and the City of Malden, as comprehended by our meeting in September of 1978.

We do not believe that it is in our best interest, nor is it in the best interest of the City of Malden to consider alternate possibilities piecemeal at various points in time under what might be differing situations.

With this in mind, we recall the City's agreement during September 1978 to provide Missouri Utilities Company with a written outline of what you desire or would consider as potential alternatives in a renegotiated contract between the City and Missouri Utilities Company.

Accordingly, we will give your request, as outlined in the telephone calls and your letter of February 26, 1979, further consideration upon receiving from you the specific written proposals describing what kind of contract the City of Malden desires with Missouri Utilities Company, including an outline of alternative methods suggested by the City of Malden to reach what you consider to be the desirable aim.

We are looking forward to receiving such a detailed proposal from you in the near future.

Very truly yours,

Virgil Chirnside

VC:jbq

cc: Bill Likens  
Louie Ervin

5c

HEATLEY & WOLLESEN

SUITE 1112

WATERGATE OFFICE BUILDING

2600 VIRGINIA AVENUE, N.W.

WASHINGTON, D. C. 20037

202/337-5543

RECEIVED

July 2, 1979

JUL 9 1979

MISSOURI UTILITIES CO.  
EXECUTIVE OFFICES

CHARLES F. WHEATLEY, JR.  
WOODROW D. WOLLESEN  
DON CHARLES UTHUS  
ROBERT A. O'NEIL  
JOE W. INGRAM\*  
PHILIP B. HALTER\*  
ARNE MARTIKKA  
MICHAEL J. MORRISSEY  
JAMES HOWARD

\* NOT ADMITTED IN D. C.

Mr. Francis R. Lengefeld  
President  
Missouri Utilities Company  
400 Broadway  
P.O. Box 40  
Cape Girardeau, Missouri 63703

Dear Mr. Lengefeld:

I am writing you on behalf of the Cities of Jackson, Kennett and Malden, Missouri. As you know, the City of Malden's contract with Missouri Utilities expires October 1, 1979 and the City of Jackson's contract expires on March 2, 1980. Each of these Cities is interested in considering new arrangements for the supply of electric power from either Missouri Utilities Company or other sources of supply. Similarly, the City of Kennett, which has a contract extending into the future, would like to negotiate with Missouri Utilities for an alternate source of supply.

First, the Cities request that Missouri Utilities provide power to the Cities under an interruptible rate. As you are aware, the enactment by Congress of the Public Utility Regulatory Policies Act (PURPA) in 1978 required the development of interruptible rates for customers. While the Cities view the Company's present filed rate schedules and contracts to be in effect an interruptible rate, we are aware that the Company takes the position that the present rates are in reality a firm rate. Accordingly, what we seek from the Company is a new "interruptible rate" in accordance with the requirements of PURPA. 1/

1/ Section 111(d) (16 U.S.C. 2621(d)) provides that: "Each electric utility shall offer each industrial and commercial electric customer an interruptible rate which reflects the cost of providing interruptible service to the class of which such consumer is a member." This federal standard established by PURPA clearly applies to MU for providing service to the Cities.

JLO

The Cities need such interruptible service and rates provided to them as soon as possible so that they can consider this as a supplement to the present existing arrangements for service from Missouri Utilities to the Cities, which are involved in the ongoing proceedings before the Federal Energy Regulatory Commission in FERC Docket No. ER77-354 and ER78-14.

Secondly, the Cities renew their request that Missouri Utilities provide a rate for wheeling services. From time to time, each of the Cities may have an emergency or a need for supplemental power, which can be provided by outside sources or the generating facilities of the other Cities. In most cases, the generation can be transmitted from City to City simply by displacement, i.e., the City requesting the service would take additional power from Missouri Utilities, that would otherwise be delivered by MU to another City which will generate that quantity. In other cases the Cities may have additional SPA power available if it can be delivered over MU's system. In any event, the Cities desire that Missouri Utilities provide transmission service between the Cities. Numerous similar arrangements of this sort have been provided by utility companies to municipalities having generating facilities. We will be pleased to provide you with copies of such arrangements.

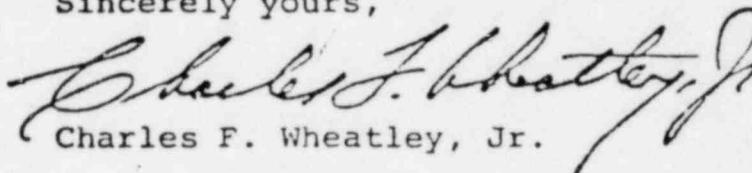
Third, the Cities seek to obtain an improvement in the present procedures relating to purchases of power under their existing contracts from MU. It appears that the Cities are being advised by the MU dispatchers of a need to curtail deliveries of power from MU on a frequent basis. This requires the Cities to operate their generating facilities more than would otherwise be required. The Cities would like to discuss procedures, whereby the notice of a possible peak by MU on its system is kept to a very minimum, so that the Cities' use of their own generating facilities (often using scarce No. 2 oil) can be reduced in the public interest.

Fourth, and related to point 3, the Cities believe that Missouri Utilities should be operating on the basis of the present filed tariff by Union Electric Company which has a 100% ratchet provision which is presently effective. Under that presently effective tariff rate between Union Electric and Missouri Utilities, it would be only necessary for Missouri Utilities to advise the Cities that it was approaching its peak, based on a consideration of the annual peak. It is our understanding, that despite this clear language of the existing tariff now in effect, that Missouri Utilities is curtailing the Cities on the hypothetical basis that there is only an 80%

ratchet in the tariff provision. This has resulted in Missouri Utilities advising the Cities of the need to curtail takes from the Company on a much more extensive basis and has resulted in the Cities generating substantial additional quantities of energy using scarce No. 2 oil. We believe that Missouri Utilities' operations are in violation of the filed tariff now in effect between Union Electric and Missouri Utilities Co. We believe that the Company should cease and desist from this practice, contrary to the existing filed tariff, to avoid the imposition of substantial additional expenses by the Cities in generating on No. 2 oil.

The Cities look forward to receiving a reply to this letter as soon as possible. We would welcome any other suggestions that the Company might have to make, as well as any opportunity for a meeting to discuss matters, if you deem that would be helpful.

Sincerely yours,



Charles F. Wheatley, Jr.

Attorney for the Cities of  
Jackson, Kennett and Malden,  
Missouri

CFW:lt

LAW OFFICES  
**WHEATLEY & WOLLESEN**  
 SUITE 1112  
 WATERGATE OFFICE BUILDING  
 2600 VIRGINIA AVENUE, N.W.  
 WASHINGTON, D. C. 20037  
 202/337-5543

CHARLES F. WHEATLEY, JR.  
 WOODROW D. WOLLESEN  
 DON CHARLES UTHUS  
 ROBERT A. O'NEIL  
 JOE W. INGRAM\*  
 PHILIP B. MALTER\*  
 AARNE HARTIKKA  
 MICHAEL J. MORRISSEY  
 JAMES HOWARD

July 2, 1979

*MALDEN CONTRACT EXPIRES  
 Oct. 1, 1979.*

\* NOT ADMITTED IN D. C.

Charles J. Dougherty  
 President and Chief Executive Officer  
 Union Electric Company  
 1901 Gratiot Street  
 St. Louis, Missouri 63103

Dear Mr. Dougherty:

On behalf of the Cities of Jackson, Kennett and Malden, Missouri we wish to request electric service direct from Union Electric Company. 1/ Each of the Cities presently owns and operates an electric distribution system and generating plant. The Cities' generating facilities utilize No. 2 fuel oil (except when natural gas is available) and it is in the interest of the Cities, as well as the national interest to minimize their use, except when necessary. In recent years it has become increasingly apparent that Missouri Utilities Co., the present supplier of supplemental energy, is not able to provide the quantities of energy the Cities desire for the lowest cost, most effective utilization of their electric systems. In order to evaluate the best arrangement for direct service from Union Electric, the Cities request a service proposal from UE on three alternate bases.

First, the Cities request a contract similar to that which Union Electric has entered with Missouri Utilities Co. and Missouri Power and Light Co. Under this arrangement, UE would provide all of the power requirements of the Cities, but would provide credit to the Cities for their generating capacity which would be available when called upon by UE. The rates would be

1/ All three of the Cities are presently taking service from Missouri Utilities Company. Malden's contract expires October 1, 1979, Jackson's contract on March 2, 1980. Kennett seeks new service which would replace and supercede its current service with Missouri Utilities Company.

determined under the same methodology used by UE to determine the rates for Missouri Utilities Co. and Missouri Power and Light Co., subject to any changes required by the Federal Energy Regulatory Commission.

Second, the Cities request to purchase a block of firm power from UE on a firm basis under the Company's present W-3 rate schedule. The firm power purchase by the Cities would be utilized by them in conjunction with their existing generating plant to provide the total requirements of their distribution system.

*- would consider*

*Arthur  
Wison*

*- ?*

Third, the Cities request to purchase interruptible power from UE based on the Company's filed energy rates and fuel adjustment clause of its W-3 tariff.

Under any of the above three alternatives, the Cities believe that no new transmission facilities would be required in that the power could be transmitted to the Cities as it is presently over existing facilities of Missouri Utilities Co. 1/ Since that Company is a wholly owned subsidiary of UE, we would anticipate that these transmission arrangements could be effectuated by UE.

We would appreciate hearing from you on the availability of purchasing power directly from Union Electric under the three above proposed alternatives. If the Company has other proposals to make for such service, the Cities would also consider them. The purchase of power by the Cities direct from Union Electric obviously could moot many of the matters now in controversy in the proceedings in Missouri Utilities Co., FERC Docket No. ER77-354 and ER78-14. The Cities are willing to have a meeting with the Company to discuss any of these matters.

Sincerely yours,

*Charles F. Wheatley, Jr.*  
Charles F. Wheatley, Jr.

Attorney for the Cities of  
Jackson, Kennett and Malden,  
Missouri

CFW:lt

*Fairly  
point*

1/ Other transmission arrangements might be possible. The City of Kennett receives its power now over a transmission line owned by the Southwestern Power Administration (SPA), which is directly connected to Union Electric at other points. Accordingly, it would appear possible that the City of Kennett could purchase directly from Union Electric without requiring the use of any Missouri Utilities facilities. The City of Malden has a possible option of constructing an interconnection directly to SPA facilities, which are in turn already inter-tied to UE. The City of Jackson could possibly construct a direct line to UE facilities.

August 10, 1979

Mr. Charles F. Wheatley, Jr.  
Wheatley & Wooleson  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue, N.W.  
Washington D.C. 20037

Re: Missouri Utilities Company  
SFR - City Contracts

Dear Mr. Wheatley:

We would like to acknowledge your letter of July 2, 1979, written by you on behalf of your clients, the Municipalities of Jackson, Kennett and Malden Missouri.

As pointed out by you, the Company's contract with the City of Malden expires and will be terminated on October 1, 1979 thereafter in accordance with the terms of the contract, the City of Jackson's contract will expire March 2, 1980.

With specific reference to your letter, Missouri Utilities Company is willing to provide this service on either of two (2) bases. We will provide the cities with power under the existing form of electric service agreement, as executed by the City of Kennett, Missouri, and as a part of our SFR-1 filing and will continue to provide firm-nonfirm power to the cities at the cities' option in accordance with that agreement.

In the alternative, the Company is willing to supply the cities with firm electrical power.

Since Missouri Utilities Company is not primarily a generating customer, an "interruptible rate" is not feasible or cost efficient, as there is no practical methodology of incremental pricing in accordance with a typical interruptible contract. Of course, none of the cities are "industrial and commercial customers" under PURPA and we believe your reference to PURPA in that regard is misplaced.

Missouri Utilities Company has previously corresponded with the Cities that you represent with respect to their request for wheeling services. MUCO is not set up to provide a wheeling or transmission facility service from the point of view of technical requirements of load control and load management, as set forth in greater detail in our prior correspondence.

Since the Company is willing to provide service and has been providing service to the Cities under contract on either a firm or a partially nonfirm basis, and given the many practical and technical difficulties involved, we believe that wheeling service is not feasible at this time.

If, however, appropriate cost arrangements on the technical problems involved could be solved by your clients, the Company would be willing to discuss this possibility on a scheduled capacity basis with appropriate provisions for cost recovery and emergency power charges.

With respect to the other matters raised in your letter, I suggest that you ask your clients' operating personnel to contact Mr. Louie Ervin directly, and if there are any problems from the operational point of view, I am sure that the operating personnel can reach a mutually satisfactory resolution of any problems which may in fact exist.

We are attaching for your clients, Malden and Jackson, copies of the existing SER-1 electric service agreement for their consideration. If, of course, firm power is desired, appropriate contract changes can be made to accommodate that desire.

The Company stands willing to meet with the Cities of Malden and Jackson, and to the extent that they may be interested, the City of Kennett, at any mutually convenient time to discuss the needs of the Cities and of Missouri Utilities Company, and any other matters which might be appropriately discussed with respect to electrical service.

Very respectfully

OLIVER OLIVER & JONES, P.C.

---

John L. Oliver, Jr.

JLOjr:cmd  
Inclosures

cc: Francis R. Lengefeld

5f

WHEATLEY & WOLLESEN

SUITE 1112

WATERGATE OFFICE BUILDING

2600 VIRGINIA AVENUE, N.W.

WASHINGTON, D. C. 20037

202/337-5543

*FHE*

CHARLES F. WHEATLEY, JR.  
WOODROW D. WOLLESEN  
DON CHARLES UTHUS  
ROBERT A. O'NEIL  
JOE W. INGRAM\*  
PHILIP B. MALTER\*  
AARNE HARTIKKA  
MICHAEL J. MORRISSEY  
JAMES HOWARD

August 13, 1979

\* NOT ADMITTED IN D. C.

Mr. Francis R. Lengefeld  
President  
Missouri Utilities Company  
400 Broadway  
P.O. Box 40  
Cape Girardeau, Missouri 63703

Dear Mr. Lengefeld:

Previously on July 2, 1979 I wrote you concerning the interest of the Cities of Malden, Jackson and Kennett in negotiating new contractual arrangements for the supply of power. Recently, the Federal Energy Regulatory Commission has issued a notice of the expiration of the existing contract terms between Missouri Utilities and the City of Malden this fall. This underscores the importance of having a reply from you to our prior letter at an early date.

There are certain additional matters which I would like to bring to your attention. The City of Malden has been advised by the Southwestern Power Administration that the Administration will execute a contract with the City of peaking power next February, when the Truman dam project goes on the line. In order to obtain delivery of this power, the City would need wheeling services by Missouri Utilities to it from SWPA. Would you kindly provide a rate for this wheeling service?

I look forward to hearing from you in the near future.

Sincerely yours,

*Charles F. Wheatley, Jr.*

Charles F. Wheatley, Jr.

CFW:lt

cc: Messrs. Green, Talley, Jones

MEMORANDUM

TO: File

DATE: September 7, 1979

FROM: Louie R. Ervin

SUBJ: Meeting with the Board of Public Works of the City of Malden

A meeting with the Board of Public Works of the City of Malden, MO, was held at the Hickory Log Restaurant in Dexter, MO, at 7:00 p.m., September 4, 1979, at Malden's request.

Attending for the Company: Francis Lengefeld, Clyde Wilson, Bob Robins and Louie Ervin.

Attending for Malden: Amos Santie-Chairman, Herb Preyer, Sparrel Davis-Mayor, John Downing, Ernest Miles.

The Company responded to Malden's request to meet and discuss things in general. The following was discussed:

1. The City asked what rate and by what determination would service be provided after the expiration and termination of their contract on October 1st. The Company advised that the Presiding Law Judge's Initial Decision in FERC Docket numbers ER77-354 and ER78-14 would prohibit Malden from being under the SFR-1 rate until their contract expiration. Also the Company reminded the City of Company's recent FERC filing expressing willingness to serve Malden on the SFR-1 rate after October 1, 1979.
2. The Company reviewed at the City's request how the SFR-1 ratchet or Annual and Temporary Demands worked in relation to U.E.'s demand ratchet to MU. Also the Company responded to how the SFR-1 fuel adjustment clause works.
3. The City requested the Company to make some past actual bill comparisons to what the bills would have been under the SFR-1 rate under the conditions of take no demands, a 3 mW demand or their total demand requirements. The Company agreed to make these calculations, but pointed out that the currently effective SFR-1 rate is subject to refund upon final determination in Company's FERC Docket numbers ER77-354 and ER78-14, as well as in Union Electric Company's Docket No. ER77-614.
4. The Company pointed out that the Townley Malden line capacity is only good for about 14 mW without some additional expense for upgrading which Malden would be responsible for. These costs would be covered under the SFR-1 local facilities charge.

Memo to File

RE: Mtg. w/Bd. of Public Works-Malden

9/7/79

Page two

5. The City asked if the Company would be able to provide a Wheeling service from Southwestern Power Administration (SPA). The Company informed the City that we are not a party to interchange power agreements and all load control is handled by Union Electric because we are in U.E.'s control area. The Company indicated they could foresee some real billing and telemetering problems — even if the expensive equipment installation problems could be worked out. At the Company's recommendation, Sparrel Davis said he would ask Bill Green to check with SPA and U.E. to determine if load control, metering and billing problems could be feasibly solved.
6. Malden said they had rotating outages for 6-days this year, to avoid setting demands on MU since their generation could not cover their demand.
7. Malden wanted to know what October's bill will cost them.

slm

September 14, 1979

Mr. Charles P. Wheatley, Jr.  
Law Office of Wheatley & Wollesen  
Suite 1112 Watergate Office Bldg.  
2600 Virginia Avenue N.W.  
Washington, D.C. 20037

Dear Mr. Wheatley:

I would like to acknowledge your letter of August 13, 1979.

Apparently, our correspondence crossed in the mail. As set forth in our reply to your letter of July 2nd, the Company is willing to meet with the Cities of Malden and Jackson, and with the City of Kennett, if Kennett so desires, at any mutually convenient time to discuss the needs of the cities and of Missouri Utilities Company, as well as any other matters which might be appropriately discussed.

Our expression of willingness to include the City of Kennett should not be in any way construed as any intimation or intimation that the company is willing to renegotiate its contract with the City of Kennett.

Your letter of August 13th deals primarily with a request for a "wheeling" service, apparently from the Southwestern Power Administration.

This matter has been the subject of correspondence and discussions between the operating personnel of the company, and William L. Green of the Board of Public Works of the City of Malden which culminated in a letter of March 15, 1979. We would respectfully direct your attention to that prior correspondence with the City of Malden.

As I am sure that you are aware through your firm's participation in Missouri Utilities Company, and recent Union Electric Company Jockey, Missouri Utilities Company is not a party to any interchange agreement and is not involved in the interchange sales-purchases of electrical power. The

Mr. Charles F. Wheatley, Jr.

Page Two

September 14, 1979

Company does not maintain area load control responsibility, and lacks physical facilities and capability to provide a Wheeling service.

Without considering the ultimate issue of whether Wheeling is feasible, given line capacity and power flow studies which have not been made, we do not believe at this juncture that it is either technically possible or practically feasible to attempt to develop the power flow study and the cost of service study necessary to develop a Wheeling rate, much less the engineering studies which would be required as a condition precedent to consider the engineering technicalities of Wheeling and load control. We do, however, understand that Mr. Bill Green is to contact SPA to investigate these technical problems and their potential solutions.

Of course, the Company does stand willing to include this subject in its discussions, and is open for any suggestions along these lines.

With respect to the specific problem of peaking power from SPA, a look at service area maps would indicate that the city's immediate problem could apparently be best served by the City building its own substation and interconnecting with the SPA line immediately adjacent to the City of Malden without the need or any involvement by the Company.

We would suggest if the City of Malden, in particular, and the City of Jackson are ready to negotiate a new electrical service agreement that an early September meeting might be desirable.

Very Respectfully,

OLIVER, OLIVER & JONES, P.C.

For the Firm

JLOjr:skh

October 3, 1979

A meeting was held at the Missouri Utilities Company office, 400 Broadway, Cape Girardeau, MO.

Attending, were representatives of the Cities of Malden, Jackson and Missouri Utilities Company as follows:

Charles T. Wheatley, Jr. and Edgar G. Bernstein, Attorneys - Washington, DC; Jay Kumar, ARC, Washington, DC; William A. Green, Herb Preyer, Amos Santie and Sparrel W. Davis, City of Malden; Frank A. Risler and David J. Bollinger, BRPC - Malden, MO; Carl L. Telley and Carlton G. Meyer, City of Jackson; Francis R. Lengefeld, John L. Oliver, Virgil Chirnside, Louie R. Ervin and Larry D. Quinn, Missouri Utilities Company. <sup>and Kenneth</sup> Larry Jones of Kennett called just prior to the meeting to say he had to cancel.

#### MINUTES

The meeting commenced with notation by Mr. Oliver that he only anticipated meeting with Mr. Wheatley in regard to Malden. Apparently, there was other miscommunication since Mr. Wheatley stated he had expected Union Electric to have representatives at the meeting.

Mr. Wheatley set forth the desires of the parties he represents as:

- (1) MU furnish off peak power under the SFR-1 rate; and
- (2) MU in conjunction with (1), provide wheeling service at least from SPA to Malden and preferably between any combination of the cities of Malden, Jackson and Kennett.

Mr. Oliver responded to Mr. Wheatley for MU as follows:

- (1) The Company will make the SFR-1 contract available to all three cities; OR
- (2) In the alternative, MU would enter into a new contract with any of the cities, but available to all cities, in which the cities purchase a block of firm power from MU in an amount equivalent to that necessary to recover MU's actual allocated costs. In connection with the alternative, MU would sell the cities non-firm power up to their remaining requirements. Mr. Oliver advised further that if a firm power contract could be negotiated, and if the cities would solve technical problems relating to load control and billing and present to MU an agreement between the parties involved, including SPA and UE, resolving these problems; then MU would consider providing a transmission facilities service rate for prescheduled power flows on an annual reserved line capacity basis.
- (3) MU also would offer to supply the cities total requirements under a firm power contract.

When quizzed by the cities on some approximate cost of a transmission service, MU responded that it may be in the neighborhood of \$14.00 per kW per year.

Mr. Oliver also pointed out that MU was not rejecting the possibility of providing a transmission service rate, but did prefer alternate arrangements such as Malden's direct connection to SPA. Mr. Oliver continued that as a distribution Company without facilities, experience or need for this type power venture involving interchange power and load control, MU would consider such an undertaking to be very risky, given the existing regulatory climate.

Mr. Wheatley indicated the cities may seek an appropriate order requiring MU to wheel power for the cities if MU did not voluntarily agree to do so.

Bill Green said that Ed Riggin, who works for Delbert Lyles at SPA, indicated there could be some load flow problems with an interconnection of MU's and SPA's systems at Malden in order to wheel 5mw from SPA to Malden. Mr. Green said after requesting SPA to get with MU and make a load study of this interconnection proposal, he had never received any study results. Bill Likens indicated that SPA had made such a load study and appeared not to be receptive to such an interconnection at Malden. No study has been made as to the ramifications on MU's system of such an interconnection at Malden. Nor has MU made a load study of wheeling 5mw from SPA at Sikeston to Malden. Louie Ervin informed Bill Green it would be his responsibility to coordinate any such studies as to any specific requests Malden may have and not simply ask SPA to get in touch with MU and solve whatever Malden's problems might be.

Bill Green expressed some dissatisfaction as to sometime in the past, MU's dispatchers were vague as to how much power, and when it was necessary for Malden to generate. Bill was informed that such a determination is not exact but is subject to each dispatchers interpretation and is provided to Malden only as a service since MU is not obligated to make this specific determination.

Various scenario calculations for Malden were presented as requested and based on the SPA-1 rate at different load levels. Jackson requested similar scenarios.

Louie R. Ervin  
Rates & Customer Service

LRE:slm

cc: F. R. Lengefeld  
V. Chirnside  
J. W. Likens

10/3/79

- Charles F. Whalley, Jr	Atty Wash. D.C
Edgar H. <sup>Clifford</sup> Bunsford	"
William A. Green	CITY OF MALDEN
Herb Freyer	" " "
Emilio Santia	" " "
Carl S. Zilly	City of JACKSON
Carlton H. Meyer	" " "
Frank A. Rubin	BRPC
Larry D. Quinn	Missouri Utilities Co.
David J. Collinger	BRPC - MALDEN
Harold W. Davis	City, Madison, Mo
Louis R. Ewin	Mo. Utilities Co.
Vigil Chernuside	" " "
John I. Chiles	" " "
Francis H. Longfield	" " "
Jay Kumar	ARC, Washington, D.C.



5j

Department of Energy  
Southwestern Power Administration  
Post Office Drawer 1619  
Tulsa, Oklahoma 74101

November 5, 1979

Mr. Francis Lengefeld  
Executive Vice President  
Missouri Utilities Company  
400 Broadway  
Cape Girardeau, Missouri 63701

Dear Mr. Lengefeld:

Mr. William Green, the City Engineer for the City of Malden, Missouri, has requested that we confirm with you that we foresee no load control or other technical problems relating to supplying 5 MW of peaking power to the City of Malden. We are currently scheduling power to Union Electric for the City of Kennett, Missouri, and we do not anticipate any problems scheduling power to Union Electric for Malden.

If you have any questions or need any additional information, please let me know.

Sincerely,

Walter M. Bowers  
Chief, Division of  
Power Marketing

cc: Mr. William A. Green  
✓ City Engineer  
City of Malden  
115 East Main  
Malden, Missouri 63863

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

Mr. Stewart W. Smith, Jr.  
Union Electric Company  
December 10, 1979  
Page 2

Mr. Smith, I am aware that this is more of an operational question than a legal December 10, 1979. I didn't know who to contact in UE regarding this matter. Therefore, if this is a question that would not normally be answered by the legal department, would you please forward this to the proper UE department and ask that we have a response at the earliest possible date.

Mr. Stewart W. Smith, Jr.  
Vice President and General Counsel  
Union Electric Company  
P. O. Box 149  
St. Louis, Missouri 63166

Dear Mr. Smith:

The City of Malden has received a commitment from Southwestern Power Administration to furnish 5 MW of peaking power for the City-owned electrical system. Southwestern Power Administration has agreed to furnish this power when (1) Truman Dam becomes commercially operable, or (2) No later than January 1, 1984. The status of the Truman Dam project is unclear at this time, but power may be available as early as the summer of 1980.

The City of Malden is at this time trying to arrange for the most feasible method of transmission of this power. The first method considered was to connect the City distribution directly to a Southwestern Power Administration transmission line just south of Malden. This method would be expensive, but it is economically feasible. It would, however, require a new direct interconnection between Southwestern Power Administration and Missouri Utilities' existing 34,500 volt transmission line serving the City of Malden. This method has been temporarily ruled out due to operational problems created by this interconnection.

The second method which is now under consideration would be for Southwestern Power Administration to deliver this power to the Union Electric (Missouri Utilities) transmission system, and then Missouri Utilities wheel this power to the City of Malden. The City has, therefore, requested that Missouri Utilities agree to this type of wheeling arrangement and establish a tariff for same.

Missouri Utilities' response to the City was that they would not consider the possibility nor the feasibility of wheeling power to the City of Malden unless SWPA and UE would both agree that no load contract or other technical problems would be created by such a wheeling agreement. Accordingly, SWPA by letter of November 5, 1979, (copy attached) has stated that they do not anticipate any problems with this wheeling. We now respectfully request Union Electric's concurrence on this matter. Mr. John Oliver, attorney for Missouri Utilities, stated emphatically that MU must have written concurrence from SWPA and UE prior to proceeding.

Mr. Stewart W. Smith, Jr.  
Union Electric Company  
December 10, 1979  
Page 2

Mr. Smith, I am aware that this is more of an operational question than a legal question. However, I didn't know who to contact in UE regarding this matter. Therefore, if this is a question that would not normally be answered by the legal department, would you please forward this to the proper UE department and ask that we have a response at the earliest possible date.

Sincerely,

William A. Green  
City Engineer

WAG:ng  
Attachment

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

52  
②  
UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

December 11, 1979

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

Mr. Charles F. Wheatley, Jr.  
Wheatley & Wollesen  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue N.W.  
Washington, D.C. 20037

RECEIVED  
DEC 13 1979

Dear Mr. Wheatley:

COOP. PLANNING

This is in reply to your letter sent earlier this year to Mr. Dougherty on behalf of the Cities of Jackson, Kennett and Malden, Missouri requesting various proposals for direct electric service from Union Electric (UE).

Initially, I must express some surprise and confusion regarding the nature of your request as, while your letter indicates that the Malden and Jackson contracts with Missouri Utilities Company (MU) have or will soon expire, it is my understanding that the MU contract with Kennett does not expire until the mid-1990's. You also stated that MU is not able to provide for the quantities and most effective needs of these cities' electrical systems. We are not aware of MU's inability to serve such customer's needs and, in fact, believed that the contrary was true on the basis of MU's testimony and exhibits in our current FERC rate case, Docket No. ER-77-614.

While we are willing to discuss the supply of power to any utility, we do not offer to supply such power without investigating the availability and feasibility in each case. The reasons for this are the many concerns we face today in having power available for the customers we are already obligated to serve. Some of these concerns are: the various environmental regulations; difficulty in obtaining permits for the installation of additional generating and transmission facilities; the ever increasing difficulty in obtaining reasonable financing; governmental restrictions on our use of existing facilities; and the current regulatory complications under which any arrangement of this sort requires a great expenditure of company manhours and attract intervention in opposition to and contentions of precedent setting obligations on us.

Regarding your inquiry as to the Cities' three alternative methods of their purchasing power from UE, there are a number of matters to be studied and determined before a decision could be made on the availability and feasibility of such service.

First, as I am sure you are aware, our wholesale service is normally provided within or at the border of UE's authorized service areas or at suitable points on our interconnected trans-

mission system. These three cities are not situated at such locations. Second, your assumption that transmission arrangements could be effectuated with MU may be erroneous. Although MU is a subsidiary, it has the responsibility for planning, constructing, operating and maintaining its own transmission system. At this time we do not know the specific capacity, availability, need, etc., or even what MU transmission facilities may be involved. UE cannot commit the use of MU's transmission facilities to provide any service. For UE to provide service of any type, the Cities must construct the necessary facilities to reach mutually agreed upon points on the UE transmission system or make their own arrangements with other parties (including MU) to effect delivery of power from UE's transmission system.

Specific problems associated with your proposing that UE serve the Cities on a MPL/MU type contract include, but are not necessarily limited to, the following requirements and commitments by the Cities and UE:

- a) Complete coordination of the daily operations of the generating and transmission facilities of the parties;
- b) As the parallel operation of the generation facilities of the parties can be contemplated, provisions for the proportionate generation of reactive supply will be required;
- c) Complete coordination of maintenance scheduling of generation equipment;
- d) Operation and control of the parties' generating plants as scheduled by the UE load dispatcher;
- e) Parallel operation of the Cities' & UE's transmission and distribution supply lines and equipment including the balancing of three phase loads and the control over such loads so as not to exceed specified capacity limits at each point of delivery;
- f) Provision of sufficient reactive supply to insure a power factor of 95% lagging or higher at each delivery point at the time of peak billing demand and the switching of such supply during light load conditions;
- g) Reductions of voltage and/or load in proportion to reductions being made by UE, when necessary.

Many of these requirements are also applicable to your second and third proposals. However, there are additional problems associated with the development of your second and third proposals, firm partial requirements or interruptible service to

Mr. Charles F. Wheatley, Jr.

December 11, 1979

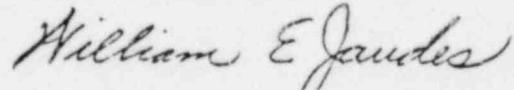
Page 3

the cities under the W-3 rate, since the W-3 rate is for firm (not interruptible) service and for "all or substantially all of Purchaser's electric service requirements for its own use and for distribution and resale to its customers, citizens, or members, within all or a segregated portion of its service area."

While the service you are requesting can be studied, this cannot be done without additional information from the Cities in reference to such items as the specification of delivery point locations, voltage levels, load requirements, metering, loss correction factors, transmission availabilities and capabilities, monthly load data on a 60 minute integrated basis at each delivery point on both a coincident and non-coincident basis, generation capabilities, unit performance test results, fuel supplies, availabilities and costs, pollution restricted capacity, reserve levels, other power sources, etc.

We receive such inquiries as yours from time to time, and the complexities of our operation would require varying amounts of time of several UE departments to develop a specific response to each request of this nature. Additionally, the personnel responsible for such matters are finding it more difficult to adequately respond to such requests because of an ever increasing work load. Therefore, if the Cities are sincerely interested in pursuing this inquiry and are willing to provide the information indicated herein, we would be willing to meet with representatives of the Cities for the purpose of discussing your proposals for the supply of power. If the Cities decide to request that detailed studies be made by UE for the purpose of quoting specific rate proposals, we will require reimbursement for the cost associated with such work. We currently estimate such costs to be on the order of \$20,000.

Very truly yours,



William E. Jaudes  
General Attorney

wej/p

bcc: Messrs. W. E. Cornelius  
E. K. Dille  
L. A. Esswein ✓  
R. J. Kovach  
H. N. McCoy  
R. F. Schlafly

5m

December 17, 1979

Messrs. J. F. Watson ✓  
T. Kennedy

Attached is a letter from the City of Malden. For background information you should know that Malden is in the UE load control area. Malden apparently is pursuing the receipt of power and energy from SPA and has requested concurrence from UE that the proposed arrangement presents no problems.

Reference is made in the correspondence to the arrangement with the City of Kennett. In that case the flow to Kennett was from the Sikeston Substation out to SPA transmission and was for new loads of Missouri Utilities at Kennett. In the case of Malden, the flow would be from SPA's system into our system at Sikeston. If there are any interconnection flow considerations and incremental loading aspects on facilities and the ability to make interchange transactions, this should be factored in with the answer requested by the City. I do not know the reason for the statement in the second paragraph of the letter that a 34 kV tie with SPA "has been temporarily ruled out due to operational problems created by this interconnection".

*(One distribution system supplied by two separate 34 kV sources. Transmission in switching)*

Also, while the letter contends that the arrangement would be similar to the City of Kennett, we should know what additional administrative work would be incurred by our people with this arrangement. While we had not thought to include any administrative charge for load dispatch involvement with the City of Kennett, it occurs to me that some costs are incurred. It might be that there should be some administrative billing charge akin to that paid to UE by IP and CIPS for the service we provide them relative to the TVA arrangement. Additionally, it would appear that if this is the case, we should discuss with the City of Kennett the fact that such an administrative charge was overlooked initially.

Please let me have your comments on this as soon as practicable.

*L. A. Esswein*  
L. A. Esswein

LAE/cbv

Attachment

2/17/79  
Jett  
Lisson

RECEIVED  
DEC 26 1979  
CORP. PLANNING

LAE -

COMMENTS ON 12/17/79 LETTER

- ① Effect on interconnection flows is minimal. If anything, purchase of power by Malden from SPA would reduce loading on MA's Cape-Kelso-Stoddard line thus delaying reconductoring.
- ② Present supply to Malden @ 34kV is marginal. Reinforcement may be needed soon, especially if load grows. Wheeling for SPA through MA may mean the installation of new facilities to supply wheeled power.
- ③ Incremental losses on peak power wheeled over MA's 34kV lines is 10-15%.
- ④ "Operational problems" created by 69/34 tie to SPA @ Malden seem to be metering and

load-control rather than load flow  
related. I'm not sure we want a  
normally closed 34kV interconnection  
with SPA but it shouldn't be ruled  
out yet.

Denis & Fisher

January 23, 1980

Mr. Stewart W. Smith, Jr.  
Vice President and General Counsel  
Union Electric Company  
P. O. Box 149  
St. Louis, Missouri 63166

Dear Mr. Smith:

On December 10, 1979, I wrote to you regarding the possibility of wheeling Southwestern Power Administration power to the City of Malden via Union Electric and Missouri Utilities. (See copy of letter enclosed.) To date I have not received a response to this request.

Could you please check into this and respond at the earliest possible date.

Sincerely,

William A. Green  
City Engineer

WAG:ng  
Enclosure

cc: Charles Wheatley

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

VII of the Stipulation and Agreement at Docket No. RP78-77, and

(7) A revision to Mississippi's last previous "reduced PGA" rate, reflecting revised projected incremental pricing surcharges ("MSAC") for the period March 1, 1980 through August 31, 1980.

Mississippi states that the base tariff rates set forth on Seventy-Fifth Revised Sheet No. 3A are based upon the provisions of the Stipulation and Agreement at Docket No. RP78-77, which was approved by Commission letter order dated December 11, 1979.

Mississippi has informed the Commission that the pipeline supplier rate refunds credited to its unrecovered purchased gas cost, referred to in (2) above, represent the entire jurisdictional portion of refunds received by Mississippi since the date of Mississippi's last previous semi-annual PGA filing. Mississippi's filing recognizes that some portion of such credited amounts may be subject to the provisions of Section 282.506 of the Commission's Regulations dealing with the making of lump sum payments with respect to certain refund amounts attributable to non-exempt industrial boiler fuel facilities served by Mississippi's sale-for-resale customers. Mississippi states that it has requested its sale-for-resale customers serving non-exempt industrial boiler fuel facilities to provide the information necessary to determine the amount of such lump sum payments which may be due, but that it has not received such information as of the date of the instant filing. Mississippi proposes to make such lump sum payments when its sale-for-resale customers provide the necessary data and to debit its unrecovered purchased gas cost account for the amount of such payments when they are made. Mississippi states that these procedures will permit sale-for-resale customers to obtain lump sum payments as they provide the necessary information, while avoiding the necessity for delaying the flow through of refund monies not attributable to non-exempt boiler fuel facilities pending the receipt of such information. Mississippi has requested waiver of the Commission's Regulations as well as any provisions of its tariff to the extent necessary to permit the implementation of such procedures.

Mississippi states that copies of its filing have been served on all jurisdictional customers and interested state commissions.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Energy Regulatory Commission, 825 North Capitol Street NE., Washington,

D.C. 20426, in accordance with Section 1.8 and 1.10 of the Commission's Rules of Practice and Procedure (18 CFR 1.8, 1.10). All such petitions or protests should be filed on or before February 20, 1980. Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Kenneth F. Plumb,  
Secretary.

[FR Doc. 80-4392 Filed 2-8-80; 8:45 am]  
BILLING CODE 6450-01-M

**[Dockets Nos. ER80-124 and ER80-125]**

**Missouri Utilities Co.; Order Accepting for Filing and Suspending Proposed Service Agreement, Severing and Consolidating Dockets and Establishing Procedures**

Issued: February 5, 1980.

On April 29, 1977, in Docket No. ER77-354, Missouri Utilities Company (MU) tendered for filing a proposed increase in its SFR-1 rate for the cities of Kennett, Jackson and Malden, Missouri. By order of June 1, 1977, the Commission<sup>1</sup> accepted and suspended the proposed rate applicable to Kennett; however, it interpreted MU's contracts with Jackson and Malden as requiring the existence of a negotiation impasse before MU could unilaterally request an investigation of the existing rate under Section 206 of the Federal Power Act. After finding that such an impasse existed, the rate as it relates to Jackson was set for investigation, with any rate increase to that customer to become effective at the conclusion of Docket No. ER77-354.

On October 5, 1977, MU resubmitted the proposed rate increase to Malden, designated Docket No. ER78-14. After finding that an impasse in negotiations existed between MU and Malden, we conditionally accepted the rate for filing and deferred its use pending the determination of the rate's lawfulness under Section 206 of the Federal Power Act. Docket No. ER78-14 was consolidated with Docket No. ER77-354.<sup>2</sup>

Jackson, Malden and Kennett intervened and actively participated in the Commission's investigation of the

<sup>1</sup> The term "Commission" refers to the Federal Power Commission regarding actions taken prior to October 1, 1977, and otherwise to the Federal Energy Regulatory Commission.

<sup>2</sup> Order issued November 4, 1977.

SFR-1 rate. The rate, as modified after hearing, was found to be just, reasonable and otherwise lawful. The initial decision also held that Malden and Jackson would be served under the SFR-1 rate after their respective fixed-rate contracts expire.<sup>3</sup> Presently, the consolidated dockets are pending final Commission action.

On September 9, 1979, MU tendered for filing an unexecuted service agreement, under its filed SFR-1 tariff, to apply to Malden, after the expiration of Malden's fixed-rate contract on October 1, 1979. The filing was duly noticed and Malden filed comments, but chose not to intervene. On November 5, 1979, we accepted the service agreement for filing, suspended it for one day, and made the filing subject to the outcome of litigation on the SFR-1 tariff in Docket Nos. ER77-354 and ER78-14, into which the proceeding was consolidated. We ordered that both Malden and Kennett's service agreements be modified by removal of a resale restriction found to be unduly restrictive and anticompetitive.

**Present Filing:** On December 7, 1979, MU tendered for filing a notice of termination and cancellation of its fixed rate contract with Jackson which will expire by its own terms on March 2, 1980.<sup>4</sup> Also tendered is an unexecuted service agreement.<sup>5</sup> The tendered service agreement is essentially identical to that filed for MU's service to Malden. Docket No. ER79-642. It provides for service to Jackson under MU's SFR-1 rate schedule, includes provisions for compensation to MU for decreased or curtailed deliveries and specifies the purchaser's load factor.<sup>6</sup>

Section 35.15 of the Commission's Regulations requires the filing of a

<sup>1</sup> Missouri Utilities Company, Docket Nos. ER77-354 and ER78-14, initial decision issued February 26, 1979.

<sup>2</sup> Docket No. ER80-125.

<sup>3</sup> Docket No. ER80-124.

<sup>4</sup> Section 7.1 *Decreased or Curtailed Deliveries*.

In the event improvements to Purchaser's Municipal Electrical Generating Plant would decrease the quantity of actual previously established level of deliveries of power and energy by the Company to Purchaser's system then Purchaser agrees to compensate the Company in some mutually agreeable method consistent with industry practice for financial liabilities in connection with transmission facilities and generation and/or purchased power costs, necessitated by the previously established level of deliveries.

**Section 7.2 Load Factor.**

It is agreed that Company will deliver and Purchaser will accept off-peak energy greater than but not less than Purchaser's system load factor.

In the event Purchaser takes firm or on-peak power and energy, it is agreed that Company will deliver and Purchaser will accept deliveries greater than but not less than Purchaser's system load factor.

notice of cancellation where no new rate schedule is to be filed in its place. MU's filing of its superseding service agreement makes the tender of a notice of cancellation unnecessary.

In response to notice issued December 17, 1979, Jackson has petitioned to intervene and has requested a hearing. The city alleges that the service agreement is both discriminatory and non-competitive. Specifically, the city alleges that Section 1 of the agreement illegally restricts the end use of power and results in an exclusive dealing restriction.<sup>7</sup> Section 7.1 is challenged as a guarantee of use restriction inconsistent with the interruptible power provided. Section 7.2 is alleged to be an effective guarantee of load factor. Jackson contends that the twenty year term provision contained in Section 8, is unnecessary and burdensome.

MU's proposed service agreement with the city of Jackson has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory, preferential or otherwise unlawful. The tendered filing should be accepted for filing and suspended for one day, to become effective as of March 3, 1980, subject to the outcome of a hearing in this docket and final Commission action in consolidated Docket Nos. ER77-354 and ER78-14. We shall not interfere with the course of litigation on the SFR-1 rate level which has been decided by an administrative law judge and is now before us on exceptions. Therefore, we shall order that a hearing be held only regarding the allegedly restrictive terms and conditions in the unexecuted service agreement governing service to Jackson (and Malden for the reasons described below). We shall direct that a prehearing conference be convened within 30 days so that all issues regarding the unexecuted service agreement may be clearly delineated.

Malden has petitioned to intervene and suggests that Docket No. ER79-642 be consolidated with a hearing on Jackson's service agreement. We shall permit Malden to pursue its allegations regarding the terms and conditions of its service agreement. We shall sever Docket ER79-642 from the consolidated Docket Nos. ER79-354 and ER78-14 and consolidate it with the instant filing.

**The Commission Orders:**

(A) MU's proposed service agreement with Jackson is hereby accepted for filing and suspended for one day to

<sup>7</sup> Jackson notes that a similar provision was expressly rejected by our order of November 5, 1979 in Docket No. ER79-642. Jackson fails to note that MU did not include the offending provision in Jackson's service agreement which was tendered for filing after issuance of the November 5, 1979, order.

become effective as of March 3, 1980, subject to refund.

(B) Docket No. ER79-642 is hereby severed from Docket Nos. ER77-354 and ER78-14.

(C) Docket No. ER79-642 is hereby consolidated with Docket No. ER80-124.

(D) The rate levels contained in the filings in Docket Nos. ER79-642 and ER80-124 shall be subject to the outcome of Docket Nos. ER77-354 and ER78-14.

(E) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, and pursuant to the Commission's Rules of Practice and Procedure and the Regulations under the Federal Power Act (18 CFR, Chapter I), a public hearing shall be held concerning the justness and reasonableness of the service agreements proposed by MU in Docket Nos. ER80-124 and ER79-642.

(F) The Cities of Jackson and Malden shall be permitted to intervene in this proceeding pursuant to Section 1.8(a) of the Commission's Rules, subject to the Rules and Regulations of the Commission; *Provided, however*, that participation of the intervenors shall be limited to their allegations as set forth above; and *Provided further*, that the admission of the intervenors shall not be construed as recognition by the Commission that they might be aggrieved because of any order or orders entered by the Commission in this proceeding.

(G) A presiding administrative law judge, to be designated by the Chief Administrative Law Judge pursuant to 18 CFR 3.5(d), shall convene a conference to delineate issues within 30 days after issuance of this order in a hearing room of the Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426. The presiding administrative law judge is hereby authorized to establish all procedural dates and to rule upon all motions (except petitions to intervene, motions to consolidate and sever and motions to dismiss), as provided for in the Rules of Practice and Procedure.

(H) The Secretary shall cause the prompt publication of this order to be made in the Federal Register.

By the Commission,  
Kenneth F. Plumb,

Secretary.

[FR Doc. 80-4393 Filed 2-8-80; 8:45 am]

BILLING CODE 6450-01-M

[Docket No. TA80-1-20 (PGA80-2, IPR80-2, AP80-1, T80-1)]

**Algonquin Gas Transmission Co.; Rate Change Pursuant to Purchased Gas Cost Adjustment Provision**

February 5, 1980.

Take notice that Algonquin Gas Transmission Company ("Algonquin Gas") on January 17, 1980, tendered for filing 51st Revised Sheet No. 10 and 1st Revised Sheet No. 10-B to its FERC Gas Tariff, First Revised Volume No. 1.

Algonquin Gas states that this sheet is being filed pursuant to Algonquin Gas' Purchased Gas Cost Adjustment Provision set forth in Section 17 of the General Terms and Conditions of its FERC Gas Tariff, First Revised Volume No. 1. Such rates reflect the following: (i) an adjustment to amortize the December 31, 1979 balance in Algonquin Gas' Unrecovered Purchased Gas Cost Account (Account 191), (ii) a change in the cost of purchased gas from its supplier, Texas Eastern Transmission Corporation, proposed to be effective February 1, 1980, and (iii) the projected Incremental Pricing Surcharges for the period March through August 1980.

Algonquin Gas requests that the proposed effective date of the revised tariff sheets as prescribed by Section 17 be as of March 1, 1980.

Algonquin Gas notes that a copy of this filing is being served upon each affected party and interested State commission.

Any person desiring to be heard or to protest said filing should file a petition to intervene or protest with the Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, DC 20426, in accordance with §§ 1.8 and 1.10 of the Commission's Rules of Practice and Procedure (18 CFR 1.8, 1.10). All such petitions or protests, should be filed on or before February 19, 1980. Protests will be considered by the Commission in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a petition to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Kenneth F. Plumb,  
Secretary.

[FR Doc. 80-4384 Filed 2-8-80; 8:45 am]

BILLING CODE 6450-01-M

February 14, 1980

Mr. Francis Lengefeld  
Missouri Utilities Company  
400 Broadway  
Cape Girardeau, Missouri 63701

Dear Mr. Lengefeld:

At our meeting in Cape Girardeau in October, 1979, we discussed the possibilities of Missouri Utilities wheeling power to the City of Malden. At that time Missouri Utilities requested that we obtain statements from Southwestern Power Administration and Union Electric that dispatching or other load control problems would not prohibit such wheeling.

We requested and obtained a statement to this effect from Southwestern Power Administration. (Copy enclosed.) On December 10, 1979, and again on January 23, 1980, we wrote to Mr. Stewart W. Smith, Jr., at Union Electric requesting their opinion on same. To date we have received no response from Union Electric.

At our meeting in October you said that if we were unable to obtain the information we desired to let you know and you would then advise us on how to proceed.

Sincerely,

William A. Green

WAG:ng  
Enclosure

cc: Charles Wheatley

5 r

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

February 28, 1980

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

Mr. William A. Green  
City Engineer  
City of Malden  
115 East Main  
Malden, Missouri 63863

Dear Mr. Green:

Your letter of December 10, 1979 to Mr. Stewart Smith concerning power deliveries from SPA's hydro sources to Malden has been referred to me for response.

Union Electric is willing to work with other utilities, and specifically Malden in this case, to resolve load control or other technical problems relating to the scheduling of power with other utilities like SPA. However, it must be recognized that there are a number of issues which must be addressed and resolved in establishing an interconnection. I am sure that if you talk to Mr. Larry Jones of the City of Kennett, he can fill you in on the details of some of the considerations which had to be resolved in working out an arrangement for Kennett. (Union Electric, and I personally, met twice with the City of Kennett and their consultant and had numerous telephone conversations and exchanges of correspondence among representatives of SPA, Kennett and its consultant, and Missouri Utilities so that Kennett could schedule power from SPA hydro projects while at the same time receiving deliveries from Missouri Utilities to augment Kennett's internal generation.)

Based on our experience with SPA and the City of Kennett, I find it difficult to say "that we foresee no load control or other technical problems relating to supplying 5 MW of peaking power to the City of Malden" as Mr. Walter Bowers stated in his letter of November 5, 1979 to Mr. Francis Lengefeld (attached to your letter of December 10, 1979 to Mr. Smith). I, as well as Walt, know that there are problems which have to be worked out, however, I believe they are manageable. Further, it is necessary to analyze the costs associated with such a project, including installation costs, continuing operating costs, consulting costs, etc., so that no utility, including Union Electric, is required to incur costs without receiving appropriate compensation.

(Received from Bill Green, City of Malden, via his letter of 6/11/80)



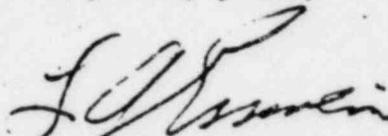
Mr. William A. Green  
Page Two  
February 28, 1980

Should the City of Malden wish to pursue this further, I feel it would be appropriate for all affected parties to meet and fully analyze the impact any such action would have on their systems as well as on the interconnected system.

Since I note from Mr. Bower's November 5, 1979 letter that you requested that SPA respond directly to Mr. Francis Lengefeld, I am sending him a copy of this letter.

If I can be of further help, please let me know.

Very truly yours,



L. A. Esswein  
Director  
Corporate Planning

LAE/pm

cc Mr. F. R. Lengefeld (MU)

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

LAW OFFICES

OLIVER, OLIVER & JONES, P. C.

400 BROADWAY

P. O. BOX 559

CAPE GIRARDEAU, MISSOURI 63701

TELEPHONE 314/335-8278

JOHN L. OLIVER  
JAMES F. WALTZ  
REBECCA McDOWELL COOK

R.B. OLIVER (1850-1934)  
R.B. OLIVER, JR. (1880-1971)  
ALLEN L. OLIVER (1886-1970)  
JACK L. OLIVER (1916-1978)

March 5, 1980

RICHARD D. JONES  
OF COUNSEL

Mr. William A. Green  
City Engineer  
City of Malden  
115 East Main  
Malden, MO 63863

Dear Bill:

I'd like to acknowledge your letter of February 14, 1980.

I'm afraid that your letter of February 14th misstates our understanding of the meeting of October 3, 1979.

We indicated to you at that time that we saw no point in proceeding further with the study of the potential of wheeling, a study which would be very expensive for us to make and would include not only a complete review of our own technical problems, but also a cost of service study, unless we were first assured that the other utilities necessarily involved, to-wit, Southwestern Power Administration and Union Electric, could effectively deal with the problem.

We did receive the original of the letter of November 5th from Walter M. Bowers in which he states that the Southwestern Power Administration did not "foresee" a load control problem. The letter is far short of what we had anticipated in terms of assurance that the technical problems were resolved as between Union Electric and Southwestern Power Administration.

We are extremely disappointed to see for the first time the contents of your letter of December 10, 1979, directed to Stewart W. Smith, Jr. In the second paragraph of the letter, you indicate that the direct interconnection "has been temporarily ruled out due to operational problems created by this interconnection." We would appreciate an explanation of that as no such operational problems were revealed or discussed with us. We also take exception to your characterization of our response as set forth in the fourth paragraph of the letter of December 10th. This is an inaccurate, incomplete and, in fact, misleading statement.

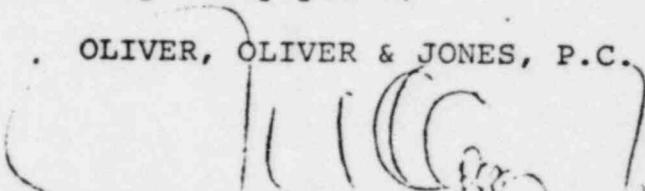
(Received from Bill Green, City of Malden, via his letter of 6/11/80)

Mr. William A. Green  
Page Two  
March 5, 1980

As I am sure you know, we are a separate and distinct operating company with our own management and do not operate under the control of Union Electric Company. We note that Union Electric has responded by its letter of February 28, 1980, and you should be in a position to proceed.

Very truly yours,

OLIVER, OLIVER & JONES, P.C.

  
John L. Oliver, Jr.  
General Counsel for  
Missouri Utilities Company

JLO,Jr./jg

(Received from Bill Green, City of Malden, via his letter

~~CONFIDENTIAL~~  
MOU

March 12, 1980

Mr. Francis R. Lengefeld, President  
Missouri Utilities Company  
400 Broadway  
Cape Girardeau, Missouri 63701

Dear Mr. Lengefeld:

Since our meeting in Cape Girardeau last October, we have contacted both Southwestern Power Administration and Union Electric regarding Missouri Utilities wheeling power to the City of Malden from SWPA. You have been furnished with copies of all correspondence. Mr. Walt Bowers, Southwestern Power Administration stated in part, ". . . that we foresee no load control or other technical problems relating to supplying 5 MW of peaking power to the City of Malden." Mr. L. A. Esswein, Director, Corporate Planning, Union Electric, stated in part, ". . . there are problems which have to be worked out, however, I believe they are manageable. Further, it is necessary to analyze the costs associated with such a project . . .".

Mr. Lengefeld, it now appears to me that we must have the answer to two specific questions from Missouri Utilities in order to proceed.

1. Will Missouri Utilities work with the City of Malden in determining the specific requirements, including cost of services, for MU to wheel 5 MW of power to the City of Malden?
2. If it is determined to be both operationally and economically feasible for MU to wheel power to the City of Malden, will MU enter into a wheeling agreement with the City?

Mr. Lengefeld, in order that we may begin making plans for handling our future electric loads, we would appreciate hearing from you at your earliest convenience. As suggested by Mr. Esswein in his letter of February 28, we agree that it would be appropriate for all affected parties to meet and discuss this proposal. The City of Malden will meet at a time and place mutually acceptable to Missouri Utilities and Union Electric.

Sincerely,

Herb Preyer, Chairman

cc: Charles Wheatley

MISSOURI UTILITIES COMPANY

400 BROADWAY

P.O. BOX 40

CAPE GIRARDEAU, MISSOURI 53701

AREA CODE 314/335-9461

FRANCIS R. LENGEFELD,  
PRESIDENT

J. R. LANSMON,  
VICE PRESIDENT & TREASURER

VIRGIL CHIRNSIDE,  
VICE PRESIDENT & SECRETARY

April 7, 1980

CURTIS LEVAN,  
CONTROLLER & ASS'T. TREASURER

WELDON D. HILPERT,  
ASS'T. SECRETARY

Mr. Herb Preyer, Chairman  
Board of Public Works  
111 East Laclede Street  
Malden, MO 63863

Dear Herb:

I would like to acknowledge your letter of March 12, 1980, which, for some reason, was not received in this office until March 18, 1980.

Herb, in 1976, Missouri Utilities Company began trying to negotiate a new contract with the City of Malden on a comprehensive basis, in order to be able to reinforce our system to carry your anticipated future loads. We were, however, repeatedly rebuffed in those efforts. Finally, in September of 1978, a meeting was arranged, at which time the Board of Public Works promised to transmit to us the prospective needs of the City of Malden, and the City's desires as to alternate forms of the contract. Again, we did not hear from the City, and on March 21, 1979, Mr. Chirnside wrote the Board and again requested a specific delineation of contractual arrangement that the City of Malden would like to have with Missouri Utilities Company. On April 17, 1979, Mr. Bill Green acknowledged that letter and indicated that we would have a specific proposal in two to three weeks. No such proposal was forthcoming. We did get a letter from Mr. Wheatley, your lawyer, requesting rate information, but the fact of the matter is that for almost four years, we have been trying to deal with the contract on a comprehensive basis, and have been frustrated at every such attempt, either by litigation or a request for rate information.

Indeed, the history of this entire matter demonstrates conclusively that Missouri Utilities Company has been attempting, in good faith, to avoid approaching the future contractual relationship between Missouri Utilities and the City on a piece meal basis. This is not a matter which can, in fact,

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

Mr. Herb Preyer, Chairman  
Board of Public Works, Malden  
April 7, 1980  
Page Two

be dealt with on a piece meal basis. The differing rates and differing types of service, which are theoretically possible are dependent on entirely differing contractual relationships, as indicated by the many variations of contracts presented before the Federal Energy Regulatory Commission.

For instance, under the existing tariffs, which include the unexecuted contract, the Company will not, and is not in a position to wheel electrical power to the City of Malden. However, we have not foreclosed that possibility. But you must also recognize that we cannot develop a rate, or perform a cost of service study, without knowing what type of contractual arrangement, future anticipated load requirements, and covering what term, etc., the City and the Company can agree.

It has been our experience, and the experience of the electrical industry that you cannot effectively plan and operate the system on a piece meal basis, but that the plan must be comprehensive and envision all of the facets of the inter-relationship between the Company and the receiving utility, the City of Malden, and must also deal with the Company's internal operations and area supply capabilities, as it is, or may in future be affected by a resale situation.

We find ourselves in the position where, with the accumulation of litigation in Dockets No. ER77-354 and ER80-124 and ER80-125, we do not know what the relationship is between Missouri Utilities Company and the City of Malden, although from the last decision of the Federal Energy Regulatory Commission, it appears that you are taking service under the tariffs which contain the existing contractual conditions.

We have indicated to you that under the existing unexecuted contract, which constitutes and forms the basis of the rules, regulations and conditions under which the City is taking power and energy at this time, we are not in a position to wheel, and that no wheeling can be accommodated under that particular contractual arrangement.

Quite frankly, under the situation that now exists, with the litigation and multiple treats of litigation, which we have directly and indirectly received, it is difficult, if not impossible, for us to precisely answer your two questions.

Therefore, we would reiterate the requests we have been making constantly since 1976, and specifically since September of 1978, that we deal with this contractual relationship only on a comprehensive, as opposed to a piece meal basis.

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

Mr. Herb Preyer, Chairman  
Board of Public Works, Malden  
April 7, 1980  
Page Three

In our October meeting, we advised the City of Malden that when, and only when, the City of Malden had worked out the operational problems with Southwestern Power Administration and Union Electric, would we devote our limited personnel and financial resources to the problems presented by wheeling, and that if wheeling then appeared feasible, given the severe internal problems it could create, that wheeling would be considered only as a part of a separate and distinct contractual arrangement, other than SFR-1 rate and tariff provisions.

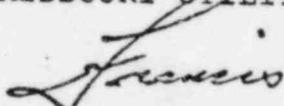
It is obvious from your letter of March 12, 1980, that the external problems of the Union Electric - SPA Load Control Areas have not been worked out. You know, and have been repeatedly advised that we do not have load control capability, and do not operate a load control area. Until the load control has been worked out in the load control area of the companies involved with the interchange, and until we are advised of how those problems have been resolved, we are not even in a position to evaluate the potential affect of wheeling upon our internal operations. You must keep in mind that the operations of Missouri Utilities Company and Union Electric are separate, distinct and independent, as are the problems presented to the various entities involved.

Appropriate personnel from Missouri Utilities Company will, of course, meet with the City of Malden, SPA and Union Electric Company at any mutually agreeable time. However, such a meeting will be of little benefit to us, as a company, until Union Electric and SPA have worked out their problems, and indicated the cost of such service to you.

We have spent a tremendous amount of effort and substantial funds trying to accommodate the City of Malden, without any good faith reciprocal response or proposed commitment. If the City of Malden desires some contractual arrangements other than the SFR-1, we will consider it upon receipt of a comprehensive outline of the proposed terms and commitments of such an arrangement.

Very respectfully,

MISSOURI UTILITIES COMPANY

  
Francis R. Lengefeld

FRL/jmg

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

City Light and Water  
*Board of Public Works*

111 E. LACLEDE ST.  
314-276-2238

MALDEN, MO. 63863  
314-276-2419

AMOS SANTIÉ, ~~CHAIRMAN~~  
HERB PREYER, ~~CHAIRMAN~~

OFFICE MGR., JACKIE ANDERSON

ERNEST MILES, SECRETARY  
JOHN DOWNING

April 30, 1980

Mr. L. A. Esswein  
Director, Corporate Planning  
Union Electric Company  
1901 Gratiot Street  
P. O. Box 149  
St. Louis, Missouri 63166

Dear Mr. Esswein:

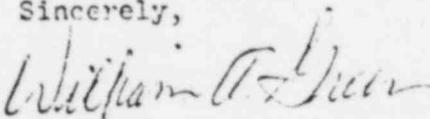
Today I talked to Mr. Richard Baudenistel concerning information we need regarding negotiations with Missouri Utilities wheeling power to the City of Malden from SWPA.

We have your letter of February 28, 1980 in which you stated in part "... there are problems which have to be worked out, however I believe they are manageable". Could you please write us another letter stating:

1. The problems or type of problems that you foresee.
2. The information or data U.E. would require in order to work out problem areas, and from whom this information would be requested.
3. The meeting(s) you would anticipate necessary to properly coordinate planning for the proposed wheeling.
4. Any other steps you feel applicable in determining the technical and economic feasibility of wheeling power from SWPA lines to M.U. lines to the City of Malden.

Mr. Esswein, thanks in advance for your cooperation in this matter. We are requesting a similar letter from SWPA. If you need any additional information or have any questions, please give me a call. The City of Malden would be willing to offer any assistance possible in obtaining necessary information from SWPA and Missouri Utilities.

Sincerely,



William A. Green  
City Engineer

*Owned and Operated For The Benefit of The Citizens of Malden*

City Light and Water

*Board of Public Works*111 E. LACLEDE ST.  
314-276-2238MALDEN, MO. 63863  
314-276-2419AMOS SANTIE, CHAIRMAN  
HERB PREYER, VICE CHAIRMAN

OFFICE MGR., JACKIE ANDERSON

ERNEST MILES, SECRETARY  
JOHN DOWNING

April 30, 1980

Mr. Francis R. Lengefeld  
Missouri Utilities  
400 Broadway  
P. O. Box 40  
Cape Girardeau, Missouri 63701

Dear Mr. Lengefeld:

I am writing in response to your letter of April 7, 1980.

Mr. Lengefeld, I assure you that the City of Malden is equally concerned regarding our contract negotiations. Our past contract discussions have always included proposed rates from Missouri Utilities to the City of Malden. As our rate issue has been placed before the FERC for a determination, we could see no way of arriving at a mutually agreeable contract until the rate issue was settled. It now appears that our rate issue is nearing a final decision.

Upon expiration of our existing contract on October 1, 1979, Missouri Utilities filed an unexecuted service agreement with the FERC. It was our understanding that this filing was to establish the rates that would apply to Malden until the rate issue was settled. We later learned that the City would be bound by the terms of this agreement as filed unless we filed with the FERC requesting specific changes. Mr. Lengefeld, we have stated on numerous occasions that portions of that contract are not acceptable to the City of Malden. We, therefore, did file before the FERC, and it is my understanding that hearings will be held in July to settle the contract terminology.

It is our opinion that discussions regarding MU wheeling SWPA power to the City of Malden is a distinct and separate issue from the contract issues presently pending before the FERC. I therefore repeat the two questions in my letter of March 12, 1980; that is:

1. Will Missouri Utilities work with the City of Malden in determining the specific requirements, including cost of services, for MU to wheel 5 MW of power to the City of Malden?

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(Received from Bill Green, City of Malden, via his letter of 6/11/80)

Mr. Francis R. Lengefeld  
April 30, 1980  
Page 2

2. If it is determined to be both operationally and economically feasible for MU to wheel power to the City of Malden, will MU enter into a wheeling agreement with the City?

Mr. Lengefeld, our discussions regarding the wheeling of SWPA power, as well as the need for a wheeling rate whereby the City of Jackson, Malden, and Kennett can provide mutual protection during emergencies, have been going on for more than two years. To date no meaningful decisions have been made. We must, therefore, request an answer concerning this wheeling issue at the earliest possible date. Based on the letter from SWPA dated November 5, 1979, and the letter from UE dated February 28, 1980, we see no reason why MU should be unwilling to pursue this matter to a timely conclusion. As we have stated on numerous occasions, the City of Malden is approaching a load condition for the summer of 1980 whereby an emergency in our city power plant could have a disastrous effect on our city electric rates. We have standby power available to protect such an emergency but must have a wheeling agreement with MU in order to get this power. Under these conditions, we can see no justification for further delay.

Sincerely,

Herb Preyer  
Chairman

5x

# City of Malden

118 E. MAIN

MALDEN, MISSOURI 63863

PHONES: 276-4502  
276-3837



1878 - 1978

SPARREL W. DAVIS  
MAYOR

ROSCOE E. THORNTON  
CITY CLERK

W. M. JOHNSON  
DEPUTY CITY CLERK

April 30, 1980

Mr. Walter M. Bowers  
Chief, Division of Power Marketing  
Southwestern Power Administration  
P. O. Drawer 1619  
Tulsa, Oklahoma 74101

Dear Mr. Bowers:

In a phone conversation today with Mr. Van Horton of your office we discussed some problems the City of Malden is having in obtaining a wheeling agreement with Missouri Utilities. We have your letter of November 5, 1979, in which you state that you "foresee no load control or other technical problems", and we have a similar letter from Union Electric (copy enclosed) wherein they state that "there are problems which have to be worked out, however I believe they are manageable."

We have asked Missouri Utilities to work with us to determine if it is technically and economically feasible for them to wheel power to the City of Malden, and if so, to publish a wheeling rate for our use. With the above letters in hand, we have still been unable to get meaningful discussions underway with MU regarding wheeling. We now need another letter from SWPA with somewhat more specific information. Could you please provide us with a letter stating as specifically as possible:

1. The specific data or type of data that would be required by SWPA and who would provide this information (MU, UE, the City of Malden, or others) in order for SWPA to make a firm statement regarding technical feasibility for wheeling and also to estimate the equipment that would be required.
2. The meetings that would be required to properly analyze load control, dispatching, etc., including which personnel (by department) should be in attendance from each interested party.
3. Where you would propose such meetings be held.

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

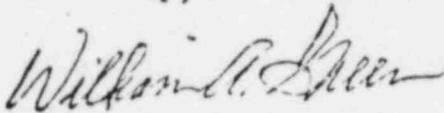
Mr. Walter M. Bowers  
April 30, 1980  
Page 2

4. Any other steps you feel applicable in determining the technical and economic feasibility of wheeling power from SWPA lines to Ma lines to the City of Malden.

Missouri Utilities has asked that both SWPA and UE state unequivocally that there will be no load control or dispatching problems in wheeling power from the SWPA transmission system to the City of Malden prior to Missouri Utilities making a decision as to whether they are agreeable to actually entering into a wheeling agreement. Would you please state in your letter your preference as to whether SWPA conducts the necessary investigations to make positive statements regarding load control and dispatching problems before or after MU makes this decision.

Mr. Bowers, I apologize for the necessity of requesting this letter, and would like to say thanks in advance for your cooperation. We are requesting a similar letter from Union Electric. If you have any questions or need any additional information, please give me a call.

Sincerely,



William A. Green  
City Engineer

WAG:ng  
Enclosure

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

5y

LAW OFFICES

OLIVER, OLIVER & JONES, P. C.

400 BROADWAY

P. O. BOX 559

CAPE GIRARDEAU, MISSOURI 63701

TELEPHONE 314/335-8278

R.B. OLIVER (1850-1934)  
R.B. OLIVER, JR. (1880-1971)  
ALLEN L. OLIVER (1898-1970)  
JACK L. OLIVER (1918-1978)

OLIVER, JR.  
S.F. WALTZ  
ECCAMC DOWELL COOK

May 8, 1980

RICHARD D. JONES  
OF COUNSEL

Mr. Herb Preyer, Chairman  
Board of Public Works  
111 E. Laclede St.  
Malden, MO 63863

Dear Mr. Preyer:

This will acknowledge your letter of April 30, 1980.

I see no reason for you to continue to write these letters, particularly the ones you have been writing which are obviously being suggested by the law firm of Wheatley & Wollesen in an effort to establish some type of advantage in what we can only assume to be a threatened legal proceeding based on Mr. Wheatley's totally unwarranted statements in our October meeting.

Quite frankly, Herb, I am also tired of receiving letters which indicate that we have been less than timely, or in any way dilatory, in our responses or dealings with you.

I would note the following statements in your letter of April 30. You state, "We have standby power available to protect such an emergency...." In answer to data requests in Case No. ER80-124, the City of Malden has denied the existence of any such agreements. If you have such agreements, we would appreciate honest answers to our data requests. If you have no such agreement, then I suggest that such statements not be made in the letters.

Your letter of April 30 further makes reference to the contract and portions of the contract not acceptable to the City of Malden. Herb, you could have told us about that as early as 1974 when you first got a copy of this "Form of Contract," and you could have given us those objections at any time prior to the filing, and we could have, under those circumstances, worked for a negotiated language. In fact, after we made the filing, we provided alternative language suggestions.

The fact of the matter is that you have never provided one single alternative, nor have you ever told us anything

Mr. Herb Preyer

-2-

May 8, 1980

other than you don't like what we have offered. If we offer something different, your lawyers then get employed by the City of Kennett and claim that Kennett is somehow being discriminated against, or, as I am sure the case will be in the future, you and Jackson will get your lawyers and claim that your are being discriminated against vis-a-vis Kennett.

You were present at the meeting in October. You know what our position is. We have advised you of our position. We cannot make determination of what our internal engineering problems are, what our internal technical problems are, what our internal management problems are, nor can we make a cost of service study without knowing in fact how Southwest Power Administration and UE propose to handle the load control problems. As we have continually told you, when we are told those specifics, then we will take a look at the matter. We cannot deal with our potential problems based on generalities. We need to know precisely how it is proposed to be done.

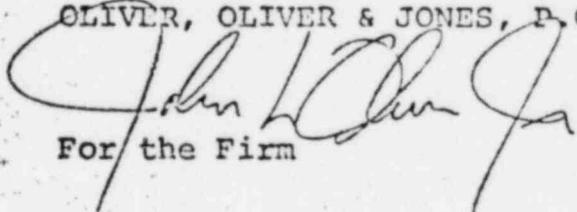
If you would like another form of contract we would be glad to sit down and negotiate a firm power or partial firm power contract with you. Under those circumstances, or other mutually agreeable circumstances, we would be glad to discuss wheeling, but there is no point in discussing wheeling or in us expending our limited resources on a futile investigation into wheeling without the precise knowledge we have heretofore indicated is required.

We are not refusing to wheel, but we refuse to be bound to wheel until we have enough technological and engineering data from Southwest Power Administration and Union Electric to: (a) determine our problems, (b) determine the feasibility of dealing with those problems, and (c) determine the economic realities posed by those problems.

Get the information that we requested in October, and we will work with the City.

Very respectfully,

OLIVER, OLIVER & JONES, P.C.

  
For the Firm

JLOjr:skh

cc: Francis R. Lengefeld

(Received from Bill Green, City of Malden, via his letter of 6/11/80)



52

Department of Energy  
Southwestern Power Administration  
Post Office Box 1619  
Tulsa, Oklahoma 74101

May 9, 1980

Mr. William A. Green  
City Engineer  
City of Malden  
115 East Main  
Malden, Missouri 63863

Dear Mr. Green:

This refers to your letter to me of April 30, 1980, concerning wheeling of SWPA power and energy over the system of Missouri Utilities or Union Electric to Malden.

I have reviewed correspondence and internal memorandums relating to this matter from its inception. In perspective, the statement in my November 5, 1979, letter to Mr. Francis Lengefeld is true; i.e., "we foresee no load control or other technical problems relating to supplying 5 MW of peaking power to the City of Malden." However, the statement must be read in light of others we have made; e.g., as indicated by our letter to you of October 5, 1979, that the area appears to be marginal in the capacity to meet loads, both in transmission and transformation. And during earlier discussions, problems were highlighted relating to the city interconnecting directly with the SWPA transmission system, the SWPA system to MU's system at Malden, etc. In other words, all systems involved must be physically capable of allowing the SWPA power to be transmitted, without unduly burdening a given system, and at a fair price.

We believe that further statements will be meaningless until all concerned parties can, as you suggest, meet and discuss the matter in full. We will be glad to participate and/or host a meeting for this purpose, and will appreciate your suggestion on a place and time.

Sincerely,

Walter M. Bowers  
Chief, Division of  
Power Marketing

(Received from Bill Green, City of Malden, via his letter of 6/11/80)

5aa

*Y.M.*

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

June 6, 1980

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

Mr. William A. Green  
City Engineer  
City of Malden  
115 East Main Street  
Malden, MO 63863

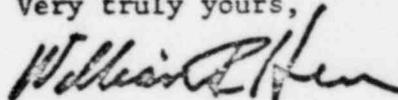
Dear Mr. Green:

Your recent letter to Mr. L. A. Esswein regarding potential SPA power deliveries to the City of Malden has been referred to me for response, as Mr. Esswein is currently quite involved with the Missouri Public Service Commission.

In attempting to respond to your inquiry, I find some confusion as to the time frame involved. Earlier correspondence from you to Mr. Stewart Smith, Jr. indicates that 5 MW of SPA peaking power may be available to the City of Malden by the summer of 1980. In reviewing my SPA file, I discovered that SPA's final power allocation for 1980 through 1988, as published in the Federal Register of March 24, 1980 (Volume 45, No. 58), does not provide for any power deliveries to Malden during the period 1980 through 1983.

The question of timing is, of course, very important inasmuch as system conditions change over time. In order to properly respond to your inquiry, I believe the matter of timing should first be resolved. Accordingly, I would appreciate your sending me the latest information you have regarding SPA power deliveries to the City of Malden. This information will then allow me to respond to your inquiry in the proper context.

Very truly yours,



William R. Herr  
Supervising Engineer-  
Capacity Planning Coordination  
and Special Studies

WRH/cbv

cc Mr. L. A. Esswein

BCC Messrs. S. W. Smith  
E. K. Dille  
W. E. Jaudes  
C. A. Bremer  
R. J. Kovach  
T. Kennedy  
H. N. McCoy

566

# City of Malden

119 E. MAIN  
MALDEN, MISSOURI 63863

PHONES: 276-4502  
276-3837



1878 - 1978

SPARREL W. DAVIS  
MAYOR

ROSCOE E. THORNTON  
CITY CLERK

W. M. JOHNSON  
DEPUTY CITY CLERK

June 11, 1980

Mr. William R. Herr, Supervising Engineer  
Capacity Planning Coordination and Special Studies  
Union Electric Company  
1901 Gratiot Street  
P. O. Box 149  
St. Louis, Missouri 63166

Dear Mr. Herr:

I am writing in response to your letter of June 6, 1980, regarding potential Southwest Power Administration deliveries to the City of Malden, Missouri. SWPA's agreement with the City of Malden states that Malden will receive power upon commercial operation of the Truman Dam project or January 1, 1984. Due to the unknown completion date of Truman Dam, the only firm date SWPA could publish was January 1, 1984. Also, it is possible that SWPA could wheel surplus or "dump" power or could provide the City of Malden with emergency back-up power prior to 1984.

Also, subject to completion of wheeling agreement with Missouri Utilities as proposed, the City of Malden may be able to obtain emergency back-up power from a source other than SWPA using SWPA and Missouri Utilities lines for transmission.

Finally, at the rate our negotiations have been proceeding with Missouri Utilities, it could well be 1984 prior to obtaining any type of wheeling agreement. So far we have been unable to obtain meaningful information to determine if it is even feasible for MU to wheel power to the City of Malden. Missouri Utilities has requested that both SWPA and Union Electric provide Missouri Utilities with explicit information concerning any known or foreseeable load control or dispatching problems that would be involved in wheeling power. This is the information we requested in our last letter to Mr. Esswein.

It is our opinion that the logical way to resolve this matter would be a meeting between officials of the City of Malden, SWPA, UE, and MU. So far everyone has agreed to this meeting (see Mr. Esswein's letter to us dated 2-28-80 and SWPA letter, copy attached) except MU.

*Handwritten notes:*  
S-11-80  
51  
did not  
"see" letter  
for the  
Clerk's letter  
file

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JUN 13 1980

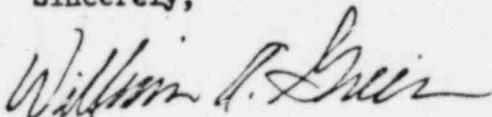
COOP. PLANNING

Mr. William R. Herr  
June 11, 1980  
Page 2

We therefore respectfully request that you furnish the information requested in our last letter to Mr. Esswein, and we further request that UE and SWPA set up the proposed meeting at a mutually agreeable time and place and that the City of Malden and Missouri Utilities be invited to attend this meeting. If you would please contact Mr. Walter Bowers at SWPA, I am sure such a meeting can be arranged.

Mr. Herr, we have been trying to resolve this question of wheeling power for some time now to no avail. Attached are copies of our correspondence with Missouri Utilities regarding this. We will appreciate very much any assistance you can provide us in resolving this matter at the earliest possible date.

Sincerely,



William A. Green  
City Engineer

Enclosures

cc: Walter Bowers  
Charles Wheatley

5 cc

LAW OFFICES  
WHEATLEY & WOLLESEN

SUITE 1112  
WATERGATE OFFICE BUILDING  
2600 VIRGINIA AVENUE, N.W.  
WASHINGTON, D. C. 20037

202/337-5543

CHARLES F. WHEATLEY, JR.  
WOODROW D. WOLLESEN  
DON CHARLES UTHUS  
PHILIP B. MALTER  
MICHAEL J. MORRISSEY  
JAMES HOWARD

July 16, 1980

Mr. William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
And Special Studies  
Union Electric Company  
1901 Gratoit Street  
St. Louis, Missouri 63166

Mr. L. A. Esswein  
Director, Corporate Planning  
Union Electric Company  
1901 Gratiot Street  
P. O. Box 149  
St. Louis, Missouri 63166

Re: Delivery of SWPA Power to Malden, Missouri

Gentlemen:

As you are aware from previous correspondence from Mr. William A. Green, City Engineer, Malden, Missouri, the City has attempted for sometime to arrange a meeting between all affected parties to evaluate, discuss, and implement plans for the delivery of SWPA power to Malden. As a result of discussions with Missouri Utilities Company and the FERC Staff in Washington on July 15, 1980, all parties have agreed to proceed as soon as possible to arrange such a meeting among the parties and to resolve as soon as possible all load control or dispatching problems which might exist.

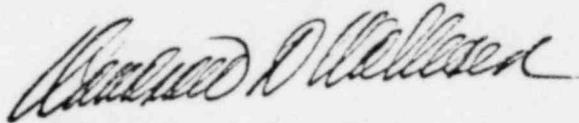
I write this letter on behalf of Malden to solicit your cooperation in this matter and active participation in that meeting which the FERC Staff will be arranging in the next 7 to 10 days.

As a second matter, Missouri Utilities Company has also agreed to enter discussions with respect to technical problems which might exist and their resolution for each of the Cities of Jackson, Malden, and Kennett, Missouri to provide emergency

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back-up peaking power to each other in order to reduce costs to all parties including UE. Your participation on this subject, particularly in view of UE's load control function in the area, is solicited and welcome.

Very truly yours,



Woodrow D. Wollesen

WDW:fdd

cc: Mr. William A. Green  
Cyril S. Wofsy, Esq.  
Mr. Walter M. Bowers  
John L. Oliver, Esq.  
Virgil Chirnside  
Louis R. Ervin

5 dd

LAW OFFICES  
**WHEATLEY & WOLLESEN**

SUITE 1112  
WATERGATE OFFICE BUILDING  
2800 VIRGINIA AVENUE, N.W.  
WASHINGTON, D. C. 20037

CHARLES F. WHEATLEY, JR.  
WOODROW D. WOLLESEN  
DON CHARLES UTHUS  
PHILIP B. MALTER  
MICHAEL J. MORRISSEY  
JAMES HOWARD

202/337-5543

July 16, 1980

Mr. Walter M. Bowers  
Chief, Division of Power Marketing  
Southwestern Power Administration  
P. O. Drawer 1619  
Tulsa, Oklahoma 74101

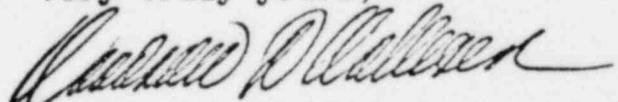
Re: Delivery of SWPA Power to Malden, Missouri

Dear Mr. Bowers:

This firm represents the City of Malden, Missouri in a number of matters including current proceedings before the Federal Energy Regulatory Commission. As a result of discussions held with Missouri Utilities Company and the FERC Staff in Washington on July 16, 1980, Malden anticipates that a meeting between all interested parties, including Union Electric Company, can be effectuated in the very near term to begin and hopefully conclude the resolution of any and all potential technical problems in order to gain delivery of available SWPA power to Malden. I would hope that you would be able to attend the meeting which the FERC Staff will arrange within the next 10 days.

Consistent with Malden's last letter to you of April 30, 1980, I would request an identity of the type of data required by SWPA in order to evaluate technical feasibility of the wheeling being provided beforehand, if possible, in order to allow the other participants (Union Electric and Missouri Utilities) an opportunity to accumulate the information for distribution and discussion at the scheduled meeting.

Very truly yours,



Woodrow D. Wollesen

WDW:fdd

cc: Mr. William A. Green  
Cyril S. Wofsy, Esq.  
William R. Herr  
L. A. Esswein  
John L. Oliver, Esq.  
Virgil Chirnside  
Louis R. Ervin



5 ee

Department of Energy  
Southwestern Power Administration  
Post Office Box 1619  
Tulsa, Oklahoma 74101

July 28, 1980

Mr. Woodrow D. Wollesen  
Wheatley & Wollesen  
Watergate Office Building  
Suite 1112  
2600 Virginia Avenue, N.W.  
Washington, D. C. 20037

Dear Mr. Wollesen:

I have referred the question in your letter of July 16, 1980, regarding the type of data needed by Southwestern Power Administration (SWPA), to our engineering staff. They advise that it would only be a matter of scheduling for SWPA to deliver power to the City of Malden through the system of the Missouri Utilities Company, since we already have an existing 161 kV interconnection at Sikeston, Missouri.

We are pleased to participate in the meeting on August 6 in St. Louis. Ed Riffin, Van Horton and myself will be in attendance.

Sincerely,

WALTER M. BOWERS

Walter M. Bowers  
Chief, Division of  
Power Marketing

cc: Mr. William A. Green  
City Engineer  
City of Malden  
111 East Laclede  
Malden, Missouri 63863

✓ Mr. Larry A. Esswein  
Manager, Corporate Planning  
Union Electric Company  
P. O. Box 149  
St. Louis, Missouri 63166

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JUL 31 1980  
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## FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON 20426

July 29, 1980

Re: Missouri Utilities Company,  
Docket Nos. ER80-124, et. al.

Gentlemen:

As a means of attempting to resolve the issues involved in the above-entitled proceedings, the City of Malden and Missouri Utilities Company agreed to discuss the feasibility of negotiating different types of arrangements to meet Malden's needs for rendering efficient and low-cost service to its customers. Part of such new consideration is the electrical and economic feasibility of wheeling Southwestern Power Authority power over MU's lines to Malden. In order to determine the feasibility of such an arrangement, it was deemed desirable to consult with SPA and Union Electric Company personnel (at least in the first instance) to determine the initial feasibility stage of such an arrangement. Letters to all interested parties were sent by counsel for Malden advising them of my attempt to arrange a conference to discuss the matter. Accordingly, the undersigned has contacted the parties involved and has arranged a meeting to be convened at Union Electric's offices, 1901 Gratiot Street, St Louis, Missouri, on Wednesday, August 6, 1980 at 10:30 a.m. CT.

At this meeting, the agenda will be as follows:

- I. Review of available line diagrams with identification of existing load, switching and/or control facilities.
- II. Identification of potential problems which could affect technical or economic feasibility of delivering peaking power SPA to Malden, Missouri.
- III. Identification of potential problems which could affect technical or economic feasibility of delivering peaking power from each of the cities (Jackson, Malden and Kennett) to each other as required.

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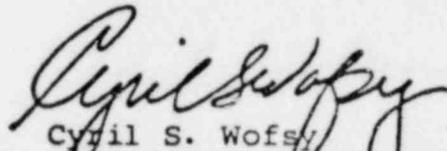
JUL 31 1980

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IV. Delineation of load control responsibilities and operational procedures as may currently exist and contemplated between SPA, UE, MU, and the Cities, and among each other.

Your participation at this meeting is greatly appreciated.

Very truly yours,



Cyril S. Wolf  
Commission Staff Counsel

cc: William R. Herr  
John L. Oliver, Jr.  
Virgil Chirnside  
William A. Green  
L. A. Esswein  
Walter M. Bowers  
Louis R. Ervin  
Woodrow D. Wollesen  
Carl L. Talley  
Larry Jones

August 15, 1980

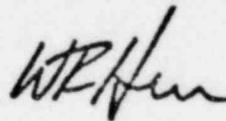
MEMO TO FILE:

DISCUSSION WITH SPA REGARDING CITY OF MALDEN

At the August 6, 1980 FERC-sponsored meeting regarding electric service for Malden-Jackson-Kennett, Union Electric was requested by the FERC to contact SPA regarding the possibility of Malden being placed in SPA's load-control area. Today I telephoned Walter Bowers of SPA to discuss this possibility with him and to solicit any other ideas that Walt may have regarding service to Malden in light of the area load control considerations.

Walt said that he would not rule out SPA's directly serving Malden and that it would be perhaps worthwhile to consider this as an alternative. He noted, however, that a direct connection with SPA would create power thru-flows that could adversely affect the SPA system. Walt emphasized that SPA transmission capability in the area is limited. He noted, however, that if MU were to disconnect from the City of Malden this problem may be alleviated, but Malden would have to be responsible for taking any load swings in excess of the peaking power delivered by SPA.

Walt indicated he would be willing to meet to discuss this possibility in greater detail. I told Walt I would review this matter further in preparation for a UE-SPA meeting in the near future.



W. R. Herr

WRH/cbv

5hh

File - Malden

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

August 29, 1980

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

Mr. Cyril Wofsey  
Federal Energy Regulatory Commission  
Washington, D.C. 20426

Dear Mr. Wofsey:

Last Friday, August 22, you telephoned regarding the status of the work that was agreed to at our August 6, 1980 meeting in St. Louis. At that meeting you requested that Union Electric meet with Southwestern Power Administration (SPA) to discuss the area load control considerations relating to the service of Malden, Jackson and Kennett. You also requested that UE meet with Missouri Utilities (MU) to provide preliminary technical assistance to scope MU's telemetering and related equipment needs with respect to the cities.

Regarding SPA, I have been in contact with Mr. Walter Bowers. A memo of our telephone conversation is attached for your reference. Mr. Bowers was most helpful and cooperative in discussing the SPA-UE interface as it relates to the service of Kennett, and potentially Malden and Jackson. After some discussion Mr. Bowers and I agreed that we should meet to further discuss the problems involved in greater detail. Because of scheduling conflicts, we agreed to meet in mid-September. Upon my return from vacation in early September, I will be contacting Mr. Bowers to select a meeting date and time.

Regarding MU, a technical review meeting was held on August 28 in St. Louis. MU discussed its data requirements for system security and for billing purposes. UE discussed its data requirements for area load control purposes. After a lengthy discussion, it was agreed that a rough "ball park" estimate of the required equipment and costs involved could be put together by mid-September. The appropriate technical personnel are presently working on this assignment.

The status of the other items outlined in Mr. Zero's letter of August 8, 1980 are as follows:

- item 2) Presently being investigated by SPA
- item 3) To date I have not heard from Mr. Bernstein
- item 4) Presently being investigated by MU

Mr. Cyril Wofsey  
August 29, 1980  
Page 2

Cyril, I believe this essentially brings you up to date on my understanding of what has happened since our August 6, 1980 meeting. In as much as UE's involvement in this matter is at the request of the FERC, I would certainly appreciate your letting me know if there is anything I may have overlooked.

If I can be of any further assistance, please do not hesitate to call.

Very truly yours,

*William R. Herr / gar*

William R. Herr  
Supervising Engineer-  
Capacity Planning Coordination  
and Special Studies

WRH/cbv

cc Messrs. Walter Bowers (SPA)  
Louie Ervin (MU)

BCC Messrs. L. A. Esswein  
C. A. Bremer  
T. Kennedy  
H. N. McCoy  
J. F. Watson  
I. H. Landwehr  
M. R. Meagher  
R. A. Kelley

5ii

File - <sup>①</sup>Malden  
~~② SPA~~

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

September 16, 1980

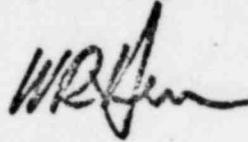
MAILING ADDRESS:  
P.O. BOX 149  
ST. LOUIS, MO. 63166

Mr. Walter M. Bowers  
Chief, Power Marketing  
Southwestern Power Administration  
P.O. Box 1619  
Tulsa, Oklahoma 74101

Dear Walt:

This is to confirm our September 30 meeting in Tulsa.  
I plan to give you a call in the next couple of days to let  
you know what flight Alan Kelley and I will be arriving on.  
Look forward to seeing you then.

Very truly yours,



William R. Herr  
Capacity Planning Coordination  
and Special Studies

WRH/pm

cc Messrs. C. Wofsey (FERC)  
L. Ervin (MU)  
R. A. Kelley (UE)

5jj

*File - Malden*

*HGA 11/6/80  
CAB  
PH*

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON 20426

November 3, 1980

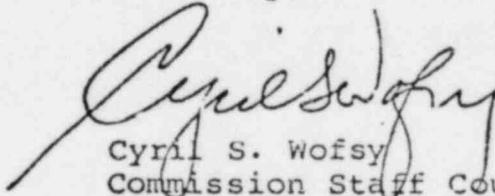
RE: Power Deliveries Among  
Cities of Malden, Kennett,  
and Jackson, Missouri

TO THE PARTY ADDRESSED:

Please be advised that a conference of the parties involved in the above matter will convene in St. Louis, Missouri at Union Electric Company's headquarters on Monday, November 17, 1980, at 10: a.m. Union Electric and Missouri Utilities Company are finalizing a study on the cost estimates of equipment required for power delivery among the municipalities. A copy of that study will be mailed to each party by November 7, 1980.

Your attendance at this conference will be greatly appreciated.

Sincerely,



Cyril S. Wofsy  
Commission Staff Counsel

cc: To the parties listed on  
the attached sheet

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CORP. PLANNING

ATTACHMENT

Mr. William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies  
Union Electric Company  
St. Louis, Mo. 63166

John L. Oliver, Esq.  
Oliver, Oliver & Jones  
400 Broadway  
P. O. Box 559  
Cape Girardeau, Mo. 63701

Mr. Virgil Chirnside  
Vice President-Secretary  
Missouri Utilities Company  
400 Broadway  
P. O. Box 40  
Cape Girardeau, Mo. 63701

Mr. William A. Green  
City Engineer  
City of Malden  
115 East Main  
Malden, Mo. 63863

Mr. Larry Jones  
Superintendent of Utilities  
City of Kennett  
Kennett, Mo. 63857

Woodrow W. Wollesen, Esq.  
Wheatley & Wollesen  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue, N. W.  
Washington, D. C. 20037

Mr. L. A. Esswein  
Director, Corporate Planning  
Union Electric Company  
1901 Gratiot Street  
P. O. Box 149  
St. Louis, Missouri 63166

Mr. Walter M. Bowers  
Chief, Div. of Power Marketing  
Southwestern Power Adm.  
P. O. Drawer 1619  
Tulsa, Oklahoma 74101

Mr. Louis R. Ervin  
Manager, Rates & Customer  
Service  
Missouri Utilities Company  
400 Broadway  
P. O. Box 40  
Cape Girardeau, Mo. 63701

Mr. Carl L. Talley  
City Administrator  
City of Jackson  
225 South High Street  
Jackson, Mo. 63755

Mr. Edgar H. Bernstein  
Associated Regulatory  
Consultants, Inc.  
6153 Executive Boulevard  
Rockville, Maryland 20852

5kk

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

*Malden*  
MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

November 7, 1980

Mr. Cyril S. Wofsy  
Commission Staff Counsel  
Federal Energy Regulatory Commission  
Washington, D.C. 20426

Dear Mr. Wofsy:

RE: POWER DELIVERIES AMONG CITIES OF MALDEN,  
JACKSON AND KENNETT, MISSOURI

On August 6, 1980 representatives from Union Electric Company (UE), Missouri Utilities Company (MU), Federal Energy Regulatory Commission (FERC), Southwestern Power Administration (SPA), Associated Regulatory Consultants, Incorporated (ARC), and the cities of Malden, Jackson and Kennett met in St. Louis, Missouri at your request to discuss the technical aspects of (1) delivering 5 MW of SPA peaking power to the City of Malden, and (2) power deliveries among the cities of Malden, Jackson and Kennett, Missouri. During this meeting you requested, and it was agreed, that various participants would investigate certain technical matters related to power deliveries among Jackson, Malden and Kennett. By letter dated August 8, 1980 (See Attachment I), Mr. Zero summarized the responsibilities agreed upon at the August 6 meeting. Union Electric was charged with the responsibility of (1) reviewing area load control considerations with SPA, and (2) working with MU to scope its telemetering and related equipment needs with respect to the Cities.

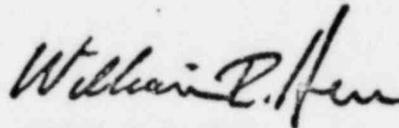
Regarding the review of area load control considerations, a meeting was held between UE and SPA on September 30, 1980 in Tulsa, Oklahoma. A number of issues were discussed during this meeting and it was finally concluded that the responsibility of providing the Cities with power system regulation would place a considerable burden on SPA's generating facilities. Moreover, significant transmission and transformation upgrading on the SPA system appears to be needed if the Cities were placed in SPA's load control area. SPA therefore requested that UE continue to assume the area load control responsibilities for the Cities. Accordingly, no cost estimate was developed for placing the Cities in SPA's load control area. A rough cost estimate was developed, however, for the Cities to remain in UE's load control area with provisions for power deliveries among the Cities. This cost estimate, including a brief summary of the concepts involved, is attached (See Attachment II). You will note from the attached cost estimate that some costs will have to be furnished by the Cities based on their specific equipment arrangement and anticipated system configuration. Perhaps this can be discussed further at our November 17 meeting.

Mr. Cyril S. Wofsy  
Page 2  
November 7, 1980

Regarding MU's telemetering and related equipment needs, Union Electric has provided MU with some technical assistance (as requested by the FERC) to help MU scope its equipment needs. It is my understanding that MU has essentially completed its preliminary study of this situation and is now preparing to send a copy of this study to all participants of our August 6, 1980 meeting.

At this point, I believe Union Electric's responsibilities as set forth in Mr. Zero's August 8, 1980 letter (Attachment I) are fulfilled. I hope the attached information will help put the area load control situation into better perspective and provide a basis for further discussion. We look forward to meeting with you again on November 17, 1980 in St. Louis. Per your request, copies of this letter and attachments will be sent to all addressees listed in Mr. Zero's August 8, 1980 letter.

Sincerely,



William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies

WRH/pm  
Attachments

cc List of Addressees (Attachment I)

BCC Mr. C. A. Bremer  
Mrs. C. P. Handleman  
Mr. T. Kennedy  
Mr. H. N. McCoy

FEDERAL ENERGY REGULATORY COMMISSION

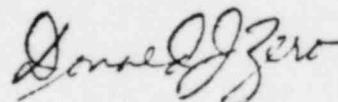
WASHINGTON 20426  
August 8, 1980

Mr. William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies  
Union Electric Company  
St. Louis, MO. 63166

Gentlemen:

At the conference held in St. Louis, Missouri at Union Electric Company's headquarters on August 6, 1980, (various participants agreed to investigate certain technical matters related to the provision of power deliveries to Jackson, Malden and Kennett.) The following is the list of matters being investigated and those involved in the work effort. It is anticipated, for maximum results, that the product of these investigations will be made known to all parties at the earliest possible time.

- 1) Representatives from SPA and UE will discuss among themselves the technical feasibility of either SPA or UE handling load dispatching for the municipalities;
- 2) SPA must examine its transmission system in the vicinity of Malden to determine if it could provide Malden's near term 9MW capacity (SPA 5MW commitment and its largest unit outage). SPA must also examine its future ability to handle Malden's entire future (5 years) load by 1982 or 1983;
- 3) Edgar Bernstein, representing municipalities, will confer with them to determine whether firm TF power wheeled by M.U. with an adequate plant credit would be a useful service to them;
- 4) M.U. will examine its local transmission facilities at Malden and Jackson to determine its ability to wheel 21,500 kW and 17,500 kW, respectively, to Malden and Jackson;
- 5) M.U. will determine the kinds of telemetering equipment needed to monitor power deliveries among the Municipalities intended to be wheeled on M.U.'s system.



Donald J. Zero  
Cyril Wofsy  
FERC Staff

cc: See Attached List of Addressees

RECEIVED  
AUG 18 1980

CORP. PLANNING

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Mr. Edgar H. Bernstein  
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6153 Executor Boulevard  
Rockville, Maryland 20852

ROUGH COST ESTIMATE AND SUMMARY  
OF AREA LOAD CONTROL CONSIDERATIONS FOR  
POWER DELIVERIES AMONG THE CITIES  
OF MALDEN, JACKSON AND KENNETT

At present, the cities of Malden, Jackson and Kennett are within the Union Electric Company (UE) load control area. This summary and rough cost estimate is intended to provide a preliminary assessment of the costs and technical considerations associated with power deliveries among the Cities, assuming the Cities remain within UE's load control area. The information presented herein pertains only to area load control considerations and does not address the transmission system operating considerations or administrative/contractual considerations that may affect Missouri Utilities Company. (These latter considerations are presently being evaluated by Missouri Utilities Company.)

From an operating standpoint it is necessary for UE to be able to monitor all significant amounts of generation within its load control area. This includes generation owned by others, as well as UE's generation, since all generation internal to UE's load control area has an impact on its system operation. The aggregate generating capacity of Malden, Jackson and Kennett is approximately 65 MW which is considered to be significant on the Union Electric system. Moreover, the operating significance of this generating capacity is substantially increased if each city has the ability to enter into hourly import and export power transactions with another city or cities. In order for Union Electric to properly exercise its area load control responsibility, each city would transmit its totalized generation data to UE's Load Dispatch Office (LDO). Transmission of data should be in suitable format so as to be compatible with UE's load dispatch system.

The cost to each city for the installation and/or use of equipment to telemeter its totalized generation to UE's LDO can be broken down into four separate cost components.

1. Cost of Transmitting Equipment. Each city would have to install a remote terminal unit (RTU) capable of receiving inputs from the city's generation metering devices. This RTU would transmit the totalized generation data via a data link (i.e., microwave/telephone system) to UE's LDO. A rough estimate of the installed cost for such an RTU is \$10,000.
2. Cost of Receiving Equipment. Each city would be responsible for the cost of its share of equipment at UE's LDO dedicated to receiving and displaying each city's totalized generation data. A rough estimate of the cost to each city is \$10,000.
3. Cost of Equipment Interface for RTU. Each city would have to install interface equipment between the city's generation metering and its RTU in order to provide proper inputs to the RTU. The interface equipment required would be highly dependent upon each city's specific equipment arrangement. This cost therefore cannot be estimated without specific input from each city. It is anticipated, however, that such costs would probably be less than \$10,000 per city.
4. Cost of Data Link. Each city would have to provide a data link to carry the output of its RTU to UE's LDO. This data link could be

provided for by a number of microwave/telephone system designs. The particular design selected by the city would determine the cost. Generally, a data link is "rented" on a monthly basis, unless it is owned by the user. Although the cost would depend upon the system selected, it is anticipated that the "rental" cost would be less than \$12,000 per year.

ROUGH COST SUMMARY PER CITY

Cost of Transmitting Equipment (RTU)	\$10,000
Cost of Receiving Equipment (LDO)	10,000
Cost of Equipment Interface	10,000 *
	<hr/>
	\$30,000
Cost of Data Link	\$12,000/yr. *

\* Very rough estimates. Information from Cities needed to refine estimates. The cost of equipment interface may be substantially higher (or lower) depending on the specific needs of each city.

WRH  
11/7/80

5 ll

MISSOURI UTILITIES COMPANY  
400 BROADWAY  
P.O. BOX 40  
CAPE GIRARDEAU, MISSOURI 63701  
AREA CODE 314/315-9481

November 10, 1980

Mr. Donald J. Zero  
Federal Energy Regulatory Commission  
825 N. Capitol Street, N.E.  
Washington, DC 20426

Dear Mr. Zero:

As outlined by your letter of August 8, 1980, Missouri Utilities agreed to investigate certain technical matters related to the possibility of Jackson, Malden and Kennett receiving conventional types of service, including wheeling, as an alternative to the SFR-1 rate and associated proposed contract. Specifically we were to:

- (a) examine local transmission facilities at Malden and Jackson to determine our ability to wheel 21,500 kW and 17,500 KW, respectively, to Malden and Jackson;
- (b) determine the kinds of telemetering equipment needed to monitor power deliveries among the Municipalities intended to be wheeled on M.U.'s system.

Enclosed are our preliminary cost estimates for system improvements (Attachment "A") and telemetering equipment (Attachment "B") needed to provide service as set out in your letter. Also enclosed is a discussion of the parameters, considerations, and assumptions upon which the resultant estimates were based.

Copies are being sent to Mr. Cyril Wofsy and the parties listed on the attached sheet taken from your letter.

Sincerely,

*Louie R. Ervin*

Louie R. Ervin, Manager  
Rates & Customer Service

LRE/lmt

Enclosures

copies: See attached list of addressees

RECEIVED  
NOV 12 1980

RSP, PLANNING

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✓ Mr. William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies  
Union Electric Company  
St. Louis, MO. 63166

## 1. Consideration:

Provide system capability and required equipment for the following loads with consideration of wheeling.

- a. Jackson 17.5 MW for the period 1985 to 1990.
- b. Malden 21.5 MW for the period 1985 to 1990.

The following items are to be considered.

- a. Required substation and transmission facilities to provide service without consideration of contingency operation.
- b. Intelligence is required to protect Missouri Utilities' billing demand.
- c. Intelligence is required to determine if generation schedules are being met.
- d. Union Electric has requested on status monitoring of the municipal generating units if they are in Union Electric's control area.
- e. Intelligence is required for proper billing.
- f. Intelligence is required for system operation and load management.
- g. It will be necessary to determine billing procedures and equipment.

## 2. Existing system:

- a. The Cities of Jackson and Malden are an integral portion of Missouri Utilities' system load. Any demand demonstrated by these two cities becomes a portion of Missouri Utilities' peak.

The Cities of Jackson and Malden presently operate on a system by which they are notified when Missouri Utilities is approaching a peaking condition.

- b. The City of Kennett operates in a slightly different mode. They are in Union Electric's control area and also schedule power from SPA. Except for self generation their load in excess of the SPA schedule becomes an integral portion of Missouri Utilities' load. Kennett also operates on a notification system.
- c. Missouri Utilities' hourly load at a point in time becomes the coincidental summation of their various delivery points on the Southeast system Northern division plus Kennett's actual metered take less Kennett's scheduled quantities from SPA.

- d. Missouri Utilities' hourly kWhr loads are obtained through the use of printing demand meters and the hourly schedule to Kennett of SPA quantities.
- e. Data for determining approaching system peaks is obtained as noted.

- 1) Missouri Utilities' system purchased quantities are obtained by telemetering from Wedekind, Stoddard, Richland and Miner. (Oran is being put in service.) Visual readings are taken on two delivery points at Viaduct Substation. Deliveries to the Cities of Jackson and Malden are an integral portion of these readings.
- 2) Kennett - Through hourly integrated demands for Kennett's entire load obtained by telemetering. Operator is required to delete hourly SPA schedules.
- 3) All readings with the exception of the Viaduct are for the previous hour and estimates are required to determine system loads for future hours.
- 4) The system operator does not have a metered indication as to whether the municipals are generating. During peaking conditions phone contact is made with each municipal and printing demands are reviewed at the end of each billing period for the previous month to determine billing data.
- 5) During times of equipment malfunction estimates are made based on previously demonstrated loads for like conditions.

3. Parameters for case considered:

Purchase of system requirements by municipals with the additional ability to wheel power to any deficient municipal from another municipal or outside source over Missouri Utilities' transmission system. There could conceivably be several variations in the methods considered. The actual mode of operation and subsequent costs will be dependent upon the contractual arrangements agreed to. This would also apply to the consideration of additional intelligence gathering equipment.

To establish a point of beginning, the following parameters were utilized.

- a. Municipals will remain in Union Electric's control area.
- b. Additional intelligence will be required.
- c. Wheeling between municipals may be instituted.

- d. Wheeling from an outside entity where contractual paths exist may be a consideration.
- e. Compensation shall be obtained for all services rendered which shall include standby, regulation, operating costs, and system investments.

Attachment A provides cost estimates of transmission facilities that would be required to support the indicated loads.

Approximately \$2,575,000.00 will be required in system investments to provide 21.5 Megawatts of capacity for the City of Malden. This does not include the additional intelligence gathering equipment that will be required as indicated in Attachment B, estimated at \$ 478,500 nor the communication costs estimated at \$ undetermined per month.

**Summary:**

System investments required will amount to an estimated \$ 3,053,500 for this consideration. Actual costs will depend upon final system configurations and the mode of operation that will be utilized. Detailed engineering and type of equipment selected will also vary the final figures. Some of the data and equipment considered may also overlap considerations for area load control.

Additional personnel will also be required for the maintenance and operation of this system.

TRANSMISSION AND SUBTRANSMISSION  
REQUIREMENTS FOR JACKSON AND MALDEN

The attached system improvements are required on the Missouri Utilities' system in order to provide transmission capacity for the following loads:

- A) Jackson 17.5 MW for the period of 1985 to 1990.
- B) Malden 21.5 MW for the period of 1985 to 1990.

A summary of load flows are also attached which indicate the loading on system components for the existing transmission system with and without the above noted loads.

As indicated addition of the Malden load will overload existing facilities in the Dexter-Malden area and increase losses resulting in expenditures of \$2,575,000.00 or more being necessitated for this area.

Jackson area will not necessitate additional line expenditures for the indicated loads, if contingency operation is not provided for.

Discussion:

The effects of supplying 21.5 MW to Malden and 17.5 MW to Jackson during M. U.'s summer peak are summarized by the attached 1980 Load Flow. Since Jackson and Malden are in different parts of the system they are analyzed separately. Contingencies were not specifically studied, but from the data available it is obvious that in the case of Malden that an interruption in the primary source would cause outages to Malden as well as M.U. loads in this area. There is adequate thermal capacity to serve Jackson during an interruption to its primary source providing the proposed Wedekind-Mt. Auburn 34 kV line is in service, manual switching would be required to reconnect all of the load under present system configurations.

Jackson:

The primary feed for Jackson is at present the 18 MVA 34 kV line from Wedekind Substation. During the period from 1985 through 1990, M.U. system capacity is adequate without contingencies to carry 17.5 MW.

Malden:

The primary feeder to Malden is a 30 MVA feeder from Berntie Substation. This feeder will not have the thermal capacity available to provide 21.5 MW for the City of Malden during the 1985 to 1990 period and also provide capacity for the M.U. system in this area. Two major components would overload; namely, the Stoddard 161/115 kV transformer and the Berntie 115 kV/34.5 kV transformer. One of the following plans would be implemented to provide the requested capacity.

- 1) Build 161 kV transmission line from Richland to Townley and build a 161/34 kV stepdown substation at Townley:
  - a. 15 miles 161 kV line \$115,000/mile \$1,725,000

b. Terminal at Richland	\$ 250,000
c. Stepdown station at Townley 161 + bus. bkr. (34 kV is there)	<u>750,000</u>
Total project	\$2,500,000

2) Up-grade the Stoddard-Berntie 115 kV line to 161 kV, up-grade Berntie to 161 kV, and reconductor the Berntie-Townley line from 336 MCM ACSR to 954 MCM AC.

a. Revise Stoddard 115 kV terminal to 161 kV - replace 115 kV OCB with 161 kV OCB	\$ 165,000
b. Up-grade 115 kV line to 161 kV	60,000
c. Up-grade Berntie to 161 kV (2 transformers)	950,000
d. Reconductor Berntie-Townley 34 kV line, 8.5 mi.	<u>400,000</u>
	\$1,575,000

The additional losses of this consideration (2) are excessive. They are estimated to be \$600,000 based on the time period considered. These should be considered as part of the recoverable costs.

The minimum capital expenditures required to up-grade M.U. system to supply Malden with 21.5 MW on peak would be approximately \$1,575,000. This would not provide an alternate feed (which would allow service to Malden in the event of an interruption in the primary feed circuit.) Other options shown may be desirable by M.U. due to the losses involved unless the additional losses were recaptured through the rate design.

The Kelso-Stoddard 161 kV would also require up-grading (reconductoring to 954) since the added load would exceed our commitments for this line.

Reconductor Kelso-Stoddard 954	\$900,000.00
--------------------------------	--------------

The existing 34 kV line section between M.U.-Townley Substation and the Malden Airbase is presently No. 2F Cu. and will also require replacement. This section should be placed on a breaker position in the Townley Substation. Estimated expenditures for this work are \$100,000.

	1985	1986	1988	1990
NORMAL S.F. SYSTEM @ 100 MW	35.749	352.784	388.550	422.682
NORMAL DEXTER AREA LOAD MW	64.53	67.93	74.00	80.92
NORMAL DEXTER AREA LOSSES MW	1.392	1.535	2.006	2.764
DEXTER AREA LOAD WITH 21.5 MW AT 100% POWER FACTOR AT MALDEN	73.68	76.43	82.50	89.42
DEXTER AREA LOSSES WITH 21.5 MW AT 100% POWER FACTOR AT MALDEN	5.453	5.727	6.462	8.265
DEXTER AREA INCREASE IN LOSSES WITH 21.5 MW AT 100% P.F. AT MALDEN	4.061	4.142	4.456	5.501

**% LOADINGS OF DEXTER AREA COMPONENTS:**  
STODDARD 161/115 KV TRFR

MALDEN LOAD 21.5 MW @ 100% P.F.	118%	123%	151%	143%
MALDEN LOAD 21.5 MW @ 85% P.F. *	128%	148%	138%	
NORMAL - MALDEN GEN ON	62%	67%	77%	89%
BERNTIE 115/39 KV TRFR				
MALDEN LOAD 21.5 MW @ 100% P.F.	127%	131%	139%	147%
MALDEN LOAD 21.5 MW @ 85% P.F. *	134%	139%	152%	
NORMAL - MALDEN GEN ON	47%	51%	56%	62%
BERNTIE - TOWNLY 39 KV LINE				
MALDEN LOAD 21.5 MW @ 100% P.F.	96%	98%	102%	104%
MALDEN LOAD 21.5 MW @ 85% P.F. *	102%	123%	110%	
NORMAL - MALDEN GEN ON	28%	31%	35%	39%

**% LOADINGS OF CAPE AREA COMPONENTS:**  
WEDERKIND 11/34 TRFR

NORMAL CAPE AREA LOAD MW	169.16	178.06	195.04	213.62
NORMAL CAPE AREA LOSSES MW	3.121	3.484	4.351	5.472
CAPE AREA LOAD WITH 17.5 MW AT 100% POWER FACTOR JACKSON	164.24	171.96	186.84	203.32
CAPE AREA LOSSES WITH 17.5 MW AT 100% POWER FACTOR JACKSON	3.747	4.086	4.873	6.115
CAPE AREA INCREASE IN LOSSES WITH 17.5 MW AT 100% PF AT JACKSON	0.626	0.602	0.572	0.643
% LOADINGS OF CAPE AREA COMPONENTS:				
WEDERKIND - JACKSON 39 KV LINE				
JACKSON LOAD 17.5 MW @ 100% P.F.	83%	84%	85%	86%
JACKSON LOAD 17.5 MW @ 85% P.F.	95%	94%	94%	96%
NORMAL - JACKSON GEN ON	33%	39%	48%	56%

**% LINE LOADINGS OF 34.5 KV LINES**

MINER-LILBOURN 34 KV LINE  
 MALDEN LOAD 21.5 MW @ 100% P.F. \*  
 MALDEN LOAD 21.5 MW @ 85% P.F. \*  
 NORMAL - MALDEN GEN ON

CHARLESTON-LILBOURN 34 KV LINE  
 MALDEN LOAD 21.5 MW @ 100% P.F.  
 MALDEN LOAD 21.5 MW @ 85% P.F. \*  
 NORMAL - MALDEN GEN ON

LILBOURN-TOWNLY 34 KV LINE  
 MALDEN LOAD 21.5 MW @ 100% P.F.  
 MALDEN LOAD 21.5 MW @ 85% P.F. \*  
 NORMAL - MALDEN GEN ON

38%  
 39%  
 23%

40%  
 43%  
 25%

52%  
 53%  
 41%

45%  
 44%  
 7%

44%  
 50%  
 26%

57%  
 62%  
 46%

48%  
 54%  
 10%

51%  
 31%  
 64%  
 50%  
 54%  
 10%

MT. AUBURN - JACKSON 34 KV LINE  
 JACKSON LOAD 17.5 MW @ 100% P.F.  
 JACKSON LOAD 17.5 MW @ 85% P.F.  
 NORMAL - JACKSON GEN ON

10%  
 15%  
 -8%

10%  
 16%  
 -7%

9%  
 17%  
 -5%

9%  
 17%  
 -5%

HELSO - STODDARD 161 KV LINE  
 MALDEN LOAD 21.5 MW @ 100% P.F.  
 MALDEN LOAD 21.5 MW @ 85% P.F. \*  
 NORMAL - MALDEN GEN ON

62%  
 54%

64%  
 56%

85%  
 76%

91%  
 81%

HELSO - STODDARD 161 KV LINE  
 CONSIDERING CONTRACTUAL COMMITMENTS  
 FOR THIS LINE (70 MW TO SPA)  
 MALDEN LOAD 21.5 MW @ 100% P.F.

121%  
 124%

145%  
 151%

Attachment "B"

The attached system improvements are required to provide billing metering and system operation capability for the following loads with consideration of wheeling.

A. Jackson 17.5 MW for the period 1985 to 1990.

B. Malden 21.5 MW for the period 1985 to 1990.

Present System:

Jackson - The following data is available at Jackson:

- 1) Total generation recorded by P. D.
- 2) Totalization of outlying substation and incoming kW at the power plant recorded by P.D.
- 3) Outgoing kW at the power plant in excess of plant sub. load recorded by P.D.
- 4) KWh meters at each substation.
- 5) KWh meters in and out at the power plant.

Total load is obtained by addition of the total generation added to the total incoming kW less outgoing kW.

Malden - The following data is available at Malden:

- 1) Total load obtained by totalizing all outlying substations plus generation less outgoing kW recorded by P.D.
- 2) Total generation recorded by P.D.
- 3) KWh meters at each substation.
- 4) KWh meters in and out at the power plant.

M. U. data available:

- 1) Demand quantities are telemetered into the M. U. dispatch center located at the Viaduct Substation for each of the M. U. purchase points including Kennett.
- 2) P. D. meters at each purchase point record demand quantities.
- 3) KW h meters at each purchase point.

Kennett - data available:

- 1) Demand quantities of total incoming kW are recorded on P. D. tapes and telemetered to M. U., U. E. and SPA.

- 2) Schedule of SPA power obtained by mail or telephone.

## 2. Discussion:

The advent of wheeling will actuate the necessity for additional intelligence gathering or changes in the existing system. The growth of municipals loads, the increased number of generators, and consideration of wheeling have created the following conditions.

- 1) Losses on the M.U. system are becoming excessive and are not being fully recovered.
- 2) Inadvertent has increased resulting in misunderstandings on load and generation schedules.
- 3) Consideration of wheeling may create misunderstanding unless quantities are monitored.
- 4) Individual municipal generating units are still relatively small, however, the total of the units may result in system fluctuations which necessitates their quantities being telemetered to control and operating centers.
- 5) The burden of maintaining schedules and load data will require additional equipment and personnel.
- 6) Loading on various system transmission lines has become critical with increased municipal loads.
- 7) Uncertainties of municipal load has created problems in system hourly scheduling.

## 3. Proposal:

- 1) Provide MW and MVAR indicated readings of generation and load.
- 2) Provide integrated MW demand quantities on municipal load and generation.
- 3) Provide MW and MVAR quantities on critical lines.
- 4) Provide voltage at load points.
- 5) Provide breaker status on critical lines.
- 6) Provide metering to eliminate transformer loss multipliers.
- 7) Provide MW/MVAR readings of M.U. purchase points.
- 8) Provide MW demand quantities of M.U. purchase points.
- 9) Provide translation equipment.

The above quantities are to be provided for Missouri Utilities dispatch center with municipal generation also taken to the Union Electric dispatch center.

Location

<b>Kennett</b>		
Transmitting RTU		\$ 10,000
Metering		5,000
Communication link		
		<u>\$ 15,000</u>
<b>Jackson</b>		
Transmitting RTU		10,000
Metering		53,000
Communication link		
		<u>\$ 63,000</u>
<b>Malden</b>		
Transmitting RTU		\$ 10,000
Metering		28,000
Communication link		
		<u>\$ 38,000</u>
<b>M.U.</b>		
Master control with translator		\$200,000
Transmitting RTU		55,000
Metering		4,000
Recorders		6,000
Communication link		
		<u>\$265,000</u>
<b>U.E.</b>		
Receiving RTU's		\$ 30,000
Recorders		7,500
Communication link		
		<u>\$ 37,500</u>
<b>Total equipment</b>		<b>\$418,500</b>
Engineering labor and miscellaneous materials		60,000
<b>Total installed cost</b>		<u><b>\$478,500</b></u>

The above figures are rough estimates and do not include cost figures for communication links to the various control points.

5mm

*File - Malden/Jackson/Kennett*

UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

November 21, 1980

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO 63166

Mr. Cyril S. Wofsy  
Commission Staff Counsel  
Federal Energy Regulatory Commission  
Washington, D.C. 20426

Dear Mr. Wofsy:

RE: FERC MEETING - NOVEMBER 17, 1980  
DISCUSSIONS WITH CITIES OF MALDEN,  
JACKSON AND KENNETT, MISSOURI

At our meeting of November 17, 1980 the general consensus was that a separate caucus involving Ed Bernstein, Gene Hail, and representatives from Union Electric and the cities of Malden, Jackson and Kennett would be helpful with respect to the Cities' evaluation of alternatives for supplying their electrical needs. I thought it might be helpful for me to briefly summarize the discussion that took place during this caucus.

The discussion began with Mr. Bernstein requesting if direct service to the cities of Malden, Jackson and Kennett could be obtained from Union Electric. I explained to Mr. Bernstein that this question had been posed to Union Electric in Mr. C. F. Wheatley's letter of July 2, 1979 and was subsequently answered in Mr. W. E. Jaudes' letter of December 11, 1979. I indicated that Union Electric is agreeable to discussing any proposal that the Cities may have, but that before any significant time is spent by Union Electric, I would like to have some assurance that the Cities are making a serious proposal upon which they would act after Union Electric's study is completed. The cost of such a study would be the responsibility of the Cities, but would be credited to the Cities if the studies resulted in the Cities taking service from Union Electric.

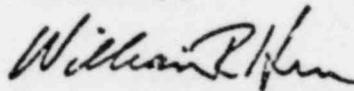
Initially Mr. Bernstein indicated the Cities are interested in evaluating two types of direct electric service from Union Electric: (1) electric service similar to that provided to Missouri Utilities wherein capacity credits are provided by Union Electric, and (2) a firm block of power under a W-3 type contract. After some discussion about study requirements and applicability of these types of service, Mr. Bernstein indicated that the Cities would not pursue the request for a review of the first type of service mentioned above at this point, but that the Cities were still interested in a firm block of power under a W-3 type contract, assuming each city would have its own generation and the ability to import peaking power as well as exchange peaking power among themselves.

Mr. Cyril S. Wofsy  
Page 2  
November 21, 1980

I explained that the Cities were not within Union Electric's service area nor adjacent to major transmission facilities of Union Electric and therefore would not fall within the general rules and regulations of the W-3 tariff. Also, in the event that Union Electric determines that the W-3 tariff could be appropriately modified to accommodate the cities of Malden, Jackson and Kennett, it would be necessary for Union Electric's Rates Department to determine if the W-3 rate is appropriate for the type of service being requested by the Cities. I indicated to Mr. Bernstein that although Union Electric is willing to undertake a review of this matter, I feel it is necessary for the Cities to first make a determination of their needs and make a decision as to whether or not they would purchase a block of firm power under the W-3 type approach from Union Electric. To facilitate such a review I distributed copies of the most recent W-3 rate information (attached) to Mr. Bernstein, Mr. Hail and the representatives from the Cities. Mr. Bernstein agreed to evaluate this information and contact me if it was decided that the Cities want this type of service. I also pointed out that any type of direct service from Union Electric to the Cities would require that the Cities arrange for appropriate transmission service with others since Union Electric's transmission system does not connect to the Cities. For example, in the case of Jackson and Malden, this would probably require negotiations between the Cities and Missouri Utilities since Malden and Jackson are physically connected to Missouri Utilities' transmission system. Such negotiations would, of course, be beyond the control of Union Electric.

The caucus was adjourned with the understanding that Mr. Bernstein would be in contact with me in the near future regarding this matter. If you would like to discuss this further, please let me know.

Sincerely,



William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies

WRH/pm  
Attachments

cc w/o att. Mr. Edgar H. Bernstein

BCC w/o att. Mrs. C. P. Handleman  
Messrs. L. A. Esswein  
H. C. Allen  
T. Kennedy  
H. N. McCoy

December 15, 1980

MEMO TO FILE:

DISCUSSION WITH CLYDE WILSON

At the General Executive Staff dinner last Friday evening, I happened to be sitting with Clyde Wilson of Missouri Utilities. In response to my general question as to how things were going in Southeast Missouri he indicated that last week, apparently Monday, December 8, Missouri Utilities filed with FERC a petition to withdraw their Malden and Jackson contracts, since those cities had never signed them. Additionally, he mentioned something to the effect that their petition included a provision for those contracts to stay in effect for either 30 or 90 days, at which time some new tariff will take effect. Apparently the new tariff is a revision of their existing wholesale tariff and has some type of provision for a demand charge. I presume that in future meetings with the Cities, Missouri Utilities and Union Electric, as dictated by Mr. Woofsy of the FERC Staff, more information on these filings will become available.

*L. A. Esswein*  
L. A. Esswein

LAE/cbv

- cc W. R. Herr
- C. P. Handleman

December 29, 1980

MEMO TO FILE:

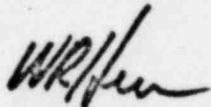
CITIES OF MALDEN, JACKSON & KENNETT

On December 16, 1980 Mr. W. D. Wollesen called to set up a meeting concerning potential power deliveries directly from Union Electric to the cities of Malden, Jackson and Kennett. A meeting was scheduled for January 13, 1981 at 1:00 PM in Union Electric's General Office Building in St. Louis. Attending the meeting will be representatives from UE's Corporate Planning function and the cities of Malden, Jackson and Kennett, and Messrs. W. D. Wollesen, C. F. Wheatley and E. Bernstein.

Wollesen indicated to me that the principal areas of interest to the Cities for discussion purposes would be (1) the applicability of a W-3 type firm wholesale service to the Cities, (2) a capacity credit to the Cities like the type of service we have with MU and MP&L, and (3) any other type of electric service which could possibly result in a zero or reduced demand charge to the Cities in connection with UE power deliveries.

I explained to Wollesen that in the past I felt there was a certain lack of direction on the part of the Cities as to what they actually wanted and if the January 13 meeting is to be productive, it will be necessary for the Cities to have a list of alternatives developed and analyzed to the extent possible so that the meeting would have some direction. Wollesen agreed with this, stating that Ed Bernstein was in the process of developing such a list of alternatives and that he anticipated that this would serve as a focal point for the discussion.

I indicated to Wollesen that I had given Bernstein our general wholesale tariff rates at our last meeting and I inquired as to whether or not Bernstein had finished his analysis using this data. Wollesen indicated that this had not yet been done, but that Bernstein was presently working on this and would have his analysis completed by the time we met on the 13th. From today's discussion with Wollesen it appears that the January 13 discussion will center around the Cities' desire to obtain some type of direct electric service from Union Electric that will have a zero or reduced demand charge in recognition of the Cities' generation.



W. R. Herr

WRH/cbv

cc Mr. L. A. Esswein

5 FF

MEMO TO MISSOURI UTILITIES WHEELING FILE

RE: Conference with the Cities  
January 14, 1981

The meeting commenced at about 9:30 in the Boardroom of Missouri Utilities Company. The following individuals were present: Charles F. Wheatley, Woodrow D. Wollesen, Edgar H. Bernstein and Eugene Hail, attorneys and consultants; Carlton Meyer and Carl L. Talley from Jackson; Herby Preyor, Ray Lyons and W. A. Green from Malden; and Larry Jones from Kennett. Present for the Company were Francis Lengefeld, Virgil Chirnside, John Oliver, Jr., Louie R. Ervin, Paul Rice, and John W. Likens.

At the conclusion of the meeting the Company indicated it would, in due course, giving consideration to time considerations, provide the following figures:

- (a) The Company would price to the City of Malden the property from Townley south.
- (b) With respect to types of service, the Company would provide the following:
  - (1) Transmission facilities rate on the assumption that the Cities wheeled all their capacity;
  - (2) A firm power rate and assuming blocks of firm power of 4 megawatts to Malden and 5 megawatts to Jackson;
  - (3) Rates for 4 megawatts firm, transmission or wheeling of 10 to Malden, and a 5 firm for Jackson, and a 15 megawatts wheeled for Jackson.

Wollesen indicated the Cities desired to talk about wheeling 5 megawatts Malden, S.W.P.A.; secondly was service to the City of the options, alternate services, wheeling and the like; and lastly, the rate case and the conditions of service. The last item was never discussed.

Basically, the matter was an attempt by the City to pin Missouri Utilities into a corner in terms of our willingness to provide certain types of services.

Wollesen started with a proposition that there were no technical barriers to wheel S.W.P.A. power and asked if we would do that for Malden only. The Company stated its position generally as follows:

- 1) The Company would not voluntarily wheel or consider voluntarily wheeling in conjunction with the SFR-1 rate.
- 2) On certain conditions, primarily the advanced contribution for equipment and for any additional capacity the Company would consider wheeling or transmission facilities.
- 3) That the Company had firm power available for sale, and we would resell firm power. The Company also took the position that it would consider doing both wheeling and sales of firm power.

Wheatley and Wollesen kept coming back around in circles to try to separate Malden from the other cities. The Company countered that we would not engage in wheeling or transmission facilities on a piece-meal basis, if we wheeled to Malden we would require contractual commitments from Jackson and Kennett that they would:

- (a) Not seek the wheeling service;
- (b) That they would not use it in any way in any anti-trust case or claim of discrimination.

It should be noted that we also, in terms of capacity indicated that we would not provide service above the existing physical capacity of our facility unless an appropriate arrangement was made to deal with that subject. We stated that that could be dealt with either by a contractual agreement that they would not seek additional capacity or, if they desired to seek additional capacity, that we provide the mechanism by which they paid for the same. It was Wollesen's position that the money would go into rate base and we would earn that way; it was our position that a different arrangement would have to be made and that the Cities would have to make a contribution in aid of construction, primarily for the full amount of additional capacity desired.

Discussion was also had about the term of the contract. The Company indicated that it would work with the City on the term and that we thought that they would have to make the decisions since they were making the contribution in aid of construction for increased capacity and the full cost of the tele-metering equipment for wheeling and that they would propose the term and we would then deal with it.

The issue was raised with respect to facilities for which a contribution was made as to who would own the same. The Company's position was that with respect to the tele-metering equipment the Cities would own that which was in the Cities, the Company would own the rest of it. With respect to increased capacity, the position was the Company would own the entire amount.

Some discussion was had about billing and the period of billing and the Cities' objections to the proposed contract terms with respect to that matter. It was agreed that that was something that could be worked out in separate contacts.

Wollesen also stated with respect to the existing contract dockets, to-wit, ER79-642, that he intended to file a document indicating that the Cities agreed we should be allowed to withdraw the filed contracts.

Wheatley also asked if we would look into supplying emergency power, which we agreed to do so.

Wheatley also asked if we would consider a block of firm power and then giving the Cities the right to buy "off peak power above that block during the eight non-peak months, at average energy prices." The Company objected strenuously because of a lack of operating costs recovery and lack of return in that pricing system. However, the Company stated that if Wollesen and Wheatley would send the copies of documents they would examine the same and that the Company was not foreclosing any alternate pricing mechanisms, only that we had previously asked for the same data and had not received it from Cities.

Wollesen also wanted to know what other terms and conditions would be contained in the wheeling agreement. We continually reiterated the wheeling contract would have to handle the prepayment of equipment costs, the provision for the prepayment or disposition of increased capacity, suggested that perhaps it would have to be something like the Columbia contract or the Ark-Mo wheeling contracts. We indicated that we would provide copies sometime in the future.

The Company also emphasized that whatever did result would have to, in its opinion, fit one of the predetermined FERC service categories in order to avoid difficulties.

At specific question Wollesen stated that the meeting was private and everything in it was strictly confidential and that nothing said in the meeting would be used or held against the Company. He stated this in response to a statement by the Company that it, through its counsel, that the Company felt that it was being set up.

General Conclusion: We really are not progressing. The end result will be that they will sign the SFR contracts with some modification after they realize from a dollar and cents point of view that those are the cheapest rates available.

pdh

502

LAW OFFICES

# OLIVER, OLIVER & JONES, P. C.

400 BROADWAY  
P. O. BOX 559

CAPE GIRARDEAU, MISSOURI 63701

TELEPHONE 314/335-8278

February 9, 1981

JOHN L. OLIVER, JR.  
JAMES F. WALTZ  
REBECCA MCDOWELL COOK

R B OLIVER (1850)  
R B OLIVER, JR (1884)  
ALLEN L. OLIVER (1884)  
JACK L. OLIVER (1918)

RICHARD JONES  
OF COUNSEL

Mr. Charles F. Wheatley, Jr.  
Mr. Woodrow D. Wollesen  
Wheatley & Wollesen  
2600 Virginia Avenue, N.W.  
Washington, D. C. 20037

Re: MISSOURI UTILITIES COMPANY - CITIES - CONTRACTS

Gentlemen:

At your request, as per our agreement following the meeting on the 14th of January, our Rate Department is, as expeditiously as it can, attempting to develop fairly decent estimates of rates on the following bases:

1. A Transmission Facilities Rate, assuming any extra costs, equipment costs, are paid for in advance, or appropriate arrangements made therefor, and further assuming uses as in the test year, up to and including the existing capacities.
2. Development of a firm rate for a block of firm power at four (4) megawatts for Malden and five (5) megawatts for Jackson.
3. Rates providing for Malden four (4) megawatts firm, and a transmission facility rate for ten (10) megawatts; and the same for Jackson, with five (5) firm and fifteen (15) transmission facility.

We are also attempting to develop an emergency pricing power situation.

As a part of our discussion, we indicated that we had looked at an approved FERC contract in ER79-435. A portion of that which we have looked at is "Schedule E - Transmission Service," and that Transmission Service Schedule, which is "Schedule E," is attached, as per our agreement.

The other matter that we indicated that we had looked at is the ARK-MO rate. We looked at the ARK-MO rate and their tariff and contract, which is Tariff Sheet W-1 in Docket No. ER78489.

For some reason, I cannot lay my hands on neither the tariff nor the contract relating thereto. I apologize, therefore, for not being able to provide that data.

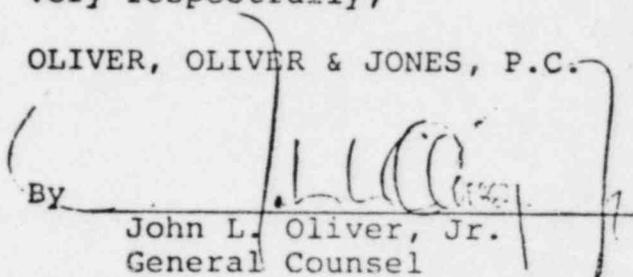
We also indicated to you that we would give you a basic outline of what we thought the terms of the contract and tariff would have to contain. That outline is attached.

We are looking forward to receiving from you alternate forms of contracts that you have suggested.

Very respectfully,

OLIVER, OLIVER & JONES, P.C.

By

  
John L. Oliver, Jr.  
General Counsel  
Missouri Utilities Company

JLO, Jr./jg

Enclosures

GENERAL OUTLINE OF  
POTENTIAL TERMS AND CONDITIONS

We believe, as a general matter, the contract must generally provide as follows:

1. Description of contract purpose and availability of services there under.
2. For an effective date and term of the contract.
3. For points of connection, points of delivery and points of metering.
4. For maintenance, ownership and operation of the respective equipment and facilities.
5. For establishing a Coordinating Committee and defining its responsibilities relative to effectuating the control schedule and operating procedures between Union Electric, the Cities, and Missouri Utilities Company.
6. For defining Area Load Control Responsibilities, including control of power and reactive kilovolt amperes and voltage and frequency regulation.
7. Standard provisions for force majeure.
8. Equipment and metering for billing and load management purposes.
9. Billing and payment (late payment provisions) provisions, including compensation for losses.
10. Limitations of liability.
11. Provisions for a change of rates.
12. Definition of firm service and/or any other services provided for.
13. Provisions for when service will not require construction or installation of new facilities.
14. Specification of contract capacity and agreement that, for increased capacity and/or any equipment necessary to provide for the development of this type of service, the participating City compensate Missouri Utilities Company for the cost of such facilities.

SERVICE SCHEDULE E

TRANSMISSION SERVICE

This Service Schedule E is agreed to be effective under, and a part of, the Interconnection Contract effective September 1, 1979, between Union Electric Company (Company) and the City of Columbia, Missouri (City) hereinafter referred to as the "Contract".

Section E-1 - Purpose

1.1 The purpose of this Service Schedule E is to provide for Transmission Service and compensation therefor if the parties agree to the use of the transmission facilities of Company by City to deliver power and associated energy to City from the system of a third party which is interconnected with Company. This Service Schedule and specific transactions hereunder shall not constitute a dedication of any facilities to common carrier status by Company.

Section E-2 - Term

2.1 The term of this Service Schedule E shall be concurrent with and identical to the term stipulated in Section 1.1 of the Contract, except for modification and cancellation provisions as defined in the Contract.

Section E-3 - Obligations

3.1 This Service Schedule provides for the use of the

transmission system of Company for transmitting power and associated energy to or from the system of City for specific transactions consistent with the terms and conditions of this Service Schedule and the rates, terms, and conditions negotiated for each transaction. City shall keep Company fully informed, as far in advance as practically possible, of its anticipated requirements for such Transmission Service hereunder and shall in all events give Company written notice of such requirements not later than November 1 of any year for each annual reservation which shall begin on June 1 of the following year. Such notice shall include details of the location of Company's interconnection with the third party which will be the proposed origin or destination of such Transmission Service, and the proposed quantities of power and associated energy, including proposed delivery schedules, for the specific transaction for which Transmission Service is being requested. City shall also provide such other information requested by Company to enable Company to determine its ability to provide the requested Transmission Service in accordance with the terms, conditions and standards of this Service Schedule.

3.2 In the event load flow studies or analyses, or other engineering studies or analyses, are reasonably required by Company for it to determine the availability of facilities within the standards provided herein, Company shall within

thirty (30) days after receipt of notice from City give written notice to City of such need for studies or analyses and the estimated cost thereof. If City thereafter elects to proceed, it shall within fifteen (15) days after the date of Company's notice so advise Company in writing and at that time pay to Company such costs, in which case a copy of the study or analyses when completed will be made available to City for its further planning. If City does not elect to so proceed or does not give timely notice of its intent to proceed, then Company shall treat such election or failure to timely notify Company as a withdrawal of the request for such service.

3.3 Upon determining, in accordance with the standards provided herein, the availability or non-availability, in whole or in part, of the requested Transmission Service, Company shall so notify City in writing of its determination. To the extent Company determines it can provide such Transmission Service in whole or in part, such notice shall include the rates (or the basis thereof), terms, and conditions under which Company is willing to provide such service. From the date Company notifies City that Company is able to provide all or any part of the requested Transmission Service, City shall have 15 days, unless some lesser period is specified by Company, to notify Company in writing of its intention to enter into a written contract for such service; provided, the giving of such notice by City shall not restrict City's right to seek modification

of the rates, terms, and conditions offered by Company prior to the execution of a written contract as set forth in Section 3.4. In the event Company does not receive timely written notification from City, Company shall treat such lack of notice as a withdrawal of the request for service.

3.4 Should City notify Company of its intent to enter into a written contract for such Transmission Service, the parties shall meet to agree on the rates (or the basis thereof), terms, and conditions under which such service shall be rendered. Nothing herein shall be interpreted as placing an affirmative duty on Company to supply Transmission Service absent the negotiation of rates, terms, and conditions satisfactory to Company. Should such a written contract covering such Transmission Service not be consummated by City and Company within 45 days of the date City notifies Company of its intention to enter into a written contract for such service as provided in Section 3.3, Company may contract for any other interchange transaction with a third party even if such contracting would, from a system standpoint as determined by Company, preclude the possibility of Company providing the requested Transmission Service to City, and in such instance Company shall notify City of any change in its ability to provide Transmission Service as earlier offered. Further, if at any time prior to the execution of a written contract, conditions change such that they are not in accord with Section E-4 such that the

service cannot be provided, then notification between City and Company under Section 3.3 will be null and void.

3.5 Nothing contained herein shall be interpreted as placing an affirmative duty on Company to supply Transmission Service absent the negotiation of rates, terms, and conditions satisfactory to Company, including the determination by Company that adequate transmission capacity is available without the construction of new facilities or modification or replacement of existing facilities or operation of the facilities of Company in a manner unacceptable to or burdensome to Company.

Section E-4 - Supply and Scheduling of Transmission Service

4.1 Company will furnish Transmission Service to the system of City in accordance with this Service Schedule provided such service can be furnished under sound engineering and operating practices and subject to the following standards:

- a. Such service will neither impair the ability of Company to render adequate service to its customers nor impair or reduce the reliability of electric service by Company to its customers or the reliability of the interconnected system below standards consistent with those established by, or considered reasonable by, other utilities in the Regional Reliability Councils in the area.
- b. Such service will not endanger, impair or create unsafe conditions on the interconnected system or

on any of the facilities of Company, or its customers, or parties with which it is either directly or indirectly connected.

- c. Such service shall not require Company to construct or install any new facilities; nor modify or replace any existing facilities; or operate the facilities of Company in a manner unacceptable to or burdensome to Company.
  
- d. The purchase of power and associated energy by City from a third party, for which Transmission Service is being provided by Company, shall not violate or be inconsistent with and shall not cause Company to violate, directly or indirectly, or become a party to violation of any applicable statute, order, ordinance, governmental or agency rule, regulation, or other applicable federal, state or local law; and without limiting the scope of the foregoing, the purchase and receipt of the power and associated energy by City from the third party over facilities of Company must in all events be lawful, duly authorized, and approved or accepted for filing by all regulatory agencies, if any, which then have jurisdiction over such transaction, and the Transmission Service shall not cause Company to be dis-

criminatory or preferential in any service, rate or charge to any customers of Company within the meaning of any applicable law.

- e. In the event, under an agreed to transaction, the source of generation for the supply of power and associated energy to the City is unable for any reason to supply power and associated energy for transmission by Company, Company shall have no responsibility under this Service Schedule to deliver power and associated energy from any other source.
  
- f. The determination of the availability of existing transmission capacity of Company during the proposed scheduled period shall be made on the basis of existing load, future contracted or projected new load beyond normal load growth, pending requests from others for Transmission Service, previously scheduled transactions (both hereunder and otherwise), projected or anticipated transactions of power and energy on the interconnected system, and normal load growth of Company and other connected utilities, all as available to Company from credible sources or as estimated by Company on the basis of its customary engineering planning practice.

- g. City and the third party shall be responsible for maintaining adequate voltage and reactive support for the power and energy scheduled over Company's transmission so as not to impose any reactive requirements on Company.

4.2 In order for Company to perform maintenance on its facilities, maintain reliability, and meet the requirements of its system and customers, the transmission of all power and associated energy under this Service Schedule shall be scheduled by City with Company on or before Friday of each week. Such schedule shall set forth the estimated hourly use of Transmission Service during the following week. The schedule may be changed by City at any time on reasonable advance notice to Company. Company has the right to determine when maintenance shall be conducted on its system and has no obligation to delay maintenance, which in Company's judgment is necessary, to maintain continuity of delivery of power and associated energy to City; provided, however, that Company shall, in good faith, seek to coordinate any such maintenance with City so as to maximize continuity of service.

Section E-5 - Payment for Transmission Service

5.1 The rate, term, and other conditions for Transmission Service transactions shall be negotiated by the parties for each 12-month transaction in accord with Section 3.4, and attached hereto as part of Service Schedule E.

5.2 Anything to the contrary in the Contract or this Service Schedule notwithstanding, it is agreed that Company is not obligated to interrupt its firm customers or adversely affect customer service in order to maintain a scheduled Transmission Service. Company may curtail or interrupt, in whole or in part, any Transmission Service provided hereunder upon ten (10) minutes notice (given by telephone or any other manner to the City System Operator or other appropriate individual) if conditions, as determined by Company, are such that the Transmission Service adversely affects, beyond accepted standards, the loading on facilities or if Company determines that any of the standards in Section 4.1 are not or will not be met, and may in all events interrupt any Transmission Service instantaneously and without notice if Company deems it necessary to protect system reliability. All contracts by City for purchase of power and associated energy involving Transmission Service by Company hereunder shall be subject to all of the conditions of this Service Schedule and City hereby explicitly recognizes such rights to curtail and interrupt Transmission Service.

5.3 In the event it should at any time be determined by Company, either by audit, metering or otherwise, that actual power and associated energy transmitted exceeds the power or associated energy contracted and scheduled, then in addition to the charge for the contracted Transmission Service, Company,

for each such event, shall be entitled to bill and receive from City an amount equal to the annual rate for Transmission Service applied to the amount of power and associated energy actually transmitted in excess of the amount for which City contracted. In no event shall this Section 5.3 imply an obligation on the part of Company to provide Transmission Service beyond that actually contracted for and scheduled, nor shall the payment for such excess delivery be interpreted to give City the right to continue to schedule excess deliveries. Should such violations continue, Company shall have the right to discontinue providing Transmission Service in its entirety.

Section E-6 - Changes in Rates: Nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Energy Regulatory Commission for a change in rates under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

<sup>5</sup> ~~OFF~~  
OLIVER, OLIVER, WALTZ & COOK, P.C.

401 PEEBLEDWAY  
P. O. BOX 856

CAPE GIRARD, MISSOURI 63701

TELEPHONE 314/335-8278

P. H. OLIVER (1870-1914)  
H. B. OLIVER, JR. (1871-1971)  
ALLEN L. OLIVER (1876-1971)  
JACK L. OLIVER (1878-1978)

JOHN L. OLIVER, JR.  
JAMES F. WALTZ  
HEBERT A. WELCH  
RICHARD K. KUNTZE

March 20, 1981

Mr. Woodrow D. Wollesen  
Wheatley & Wollesen  
1112 Watergate Office Bldg.  
2600 Virginia Avenue, N.W.  
Washington, D.C. 20037

Re: MISSOURI UTILITIES COMPANY

Dear Woody:

By our letter dated March 6, 1981, we transmitted to you our comments with respect to emergency power and transmission service, or wheeling rate.

The Company Staff has now completed its review with respect to the other two alternatives requested by you in the meeting of January 14, 1981.

In our January meeting, you asked us to look at the potential for interruptible power. We have done so. As for the case of emergency power, the Company does not have interruptible power available for sale, because we do not purchase interruptible power and do not really have the facilities to generate interruptible power; as a very realistic matter, we do not have that type of service available.

This leaves firm power, as we have discussed with you.

We have available firm power in two forms. The first of these would be the total requirements type service, or an all requirements type service. Based on year ending June 30, 1980, data (financial information available to you in ER81-175-000), the price for total requirements power would be \$7.36 per kW per month applied to the monthly peak, plus an energy charge, which currently would be 1.392¢ per kWh, plus a customer charge of \$2538.00 per year, billed at \$211.51 a month, and the fuel adjustment charge. The fuel adjustment base is 1.431¢ per kWh with loss modification factor exactly as set out in ER81-175.

Alternatively, we could provide you with a block of firm power, based on a 100% load factor. The cost would be \$63.91 per kW of "contract capacity" per year, billed at \$5.326 per kW of "contract capacity" per month, plus energy charge of 1.392¢ per kWh, plus customer charge of \$2,538 per year, billed at \$211.51 per month, plus fuel adjustment, as set forth in ER81-175-000

With this transmittal, I believe we have complied with all of your requests, except one. We have not yet priced the line from Townley south for Malden. We are in the process of attempting to price this, and hopefully we will have that information to you shortly.

A review of this matter indicates, as we have expressed before, we really have only two types of service that we can legitimately and accurately offer to the Cities. First, a transmission service rate, or a transmission facilities charge on the terms and conditions and at the rate set forth in our letter of March 6, or firm power either in the total requirements mode, or block of firm power mode, priced as set forth herein.

We believe realistically, although we have the SFR-1 rate, that we do not have a conventional service to offer, other than transmission facilities, total requirements firm or block of firm power.

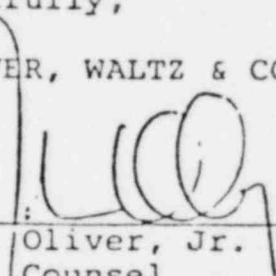
As indicated, on a notice basis, and again in accordance with the conditions set forth in our previous correspondence with respect to transmission facility service, we would consider a combination of a block of firm power, in a minimum amount, for purpose of discussion, four megawatts, plus a transmission facility charge.

Under these bases, with some reasonable variation thereof, we would be pleased to work out the precise details of a service arrangement and agree upon the precise rate.

Very respectfully,

OLIVER, OLIVER, WALTZ & COOK, P.C.

By

  
 John L. Oliver, Jr.  
 General Counsel  
 Missouri Utilities Company

JLO, Jr./jg

bcc: ✓ Mr. Virgil Chirnside

File - Malden

6a

5005 -- Result of 21st meeting with Wheatley

UNION ELECTRIC COMPANY

1901 GRATIOT STREET - ST. LOUIS on 1/13.

January 15, 1981

MAILING ADDRESS:  
P.O. BOX 149  
ST. LOUIS, MO. 63166

RE: Delivery to Malden, Jackson and Kennett.

Mr. C. F. Wheatley, Jr.  
Wheatley & Wollesen  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue, NW  
Washington, DC 20037

Dear Mr. Wheatley:

This letter is in response to our January 13, 1981 meeting in St. Louis concerning the possibility of direct electric service from Union Electric Company to the Cities of Malden, Jackson and Kennett, Missouri. During this meeting you requested, on behalf of the Cities, that Union Electric make a proposal to the Cities for three types of direct electric service from Union Electric as follows:

1. Interruptible service.
2. A firm partial-requirements type of service.
3. Electric service wherein Union Electric would assume the full load responsibility of the Cities, but would credit the Cities for their generating capacity.

As you know, Union Electric has no existing tariffs which could be offered to the Cities for the types of service mentioned above. Furthermore, the Cities are not within Union Electric's service area. For these and other reasons which I explained during our January 13 meeting, any costs incurred by Union Electric in studying these proposals must be paid for by the Cities. These costs would be credited against the Cities' future electric bills from Union Electric if electric service is taken from Union Electric.

If it is desired that Union Electric proceed with an evaluation of the above types of service, the Cities should make a written request to Union Electric for such an evaluation. The request should specify (1) the exact nature of each type of service as perceived by the Cities, and (2) what specific information is being requested by the Cities for each type of service. The request must also make it clear that the Cities are in agreement to reimburse Union Electric for all costs incurred in making such an evaluation.

RECEIVED

JAN 22 1981

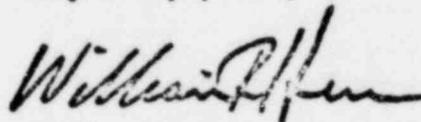
CORP. PLANNING

Mr. C. F. Wheatley, Jr.  
Page 2  
January 15, 1981

As you know, Union Electric is not directly interconnected with the Cities of Malden, Jackson and Kennett and, as we have already discussed, any service from Union Electric to the Cities would be received via transmission facilities other than Union Electric's. At our January 13 meeting you requested that Union Electric make the necessary arrangements with Missouri Utilities for any required transmission service. As I pointed out during the meeting, Union Electric is willing to work out any technical matters regarding transmission service as may be required. It should be clearly understood, however, that Missouri Utilities is a separate operating entity distinct from Union Electric and any arrangements for transmission service from Missouri Utilities or others must be arrived at through negotiations between the Cities and the particular utility providing the transmission service. Accordingly, if the Cities desire transmission service from another utility, including Missouri Utilities, the Cities should establish direct contact with the particular utility involved. If, on a technical basis, Union Electric's assistance is necessary, we would be glad to answer any specific questions.

Please advise how we are to proceed on this matter.

Very truly yours,



William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies

WRH/pm

cc Mr. W. A. Green  
Mr. L. Jones  
Mr. C. L. Talley  
Mr. W. W. Wollesen  
Mr. E. H. Bernstein

bcc Mr. H. C. Allen  
Mr. L. A. Esswein  
Mr. W. E. Jaudes  
Mr. C. A. Bremer  
Ms. C. P. Handleman  
Mr. H. N. McCoy  
Mr. T. Kennedy

66

TRANSMITTAL SLIP

DATE

1-15-21

one  
Malde

TO:

Mr. J. C. [unclear] TC

FROM:

Mr. J. C. [unclear] TC

ACTION

- |   |   |
|---|---|
| <input type="checkbox"/> NOTE AND FILE              | <input type="checkbox"/> PREPARE REPLY FOR MY SIGNATURE |
| <input type="checkbox"/> NOTE AND RETURN TO ME      | <input type="checkbox"/> TAKE APPROPRIATE ACTION        |
| <input type="checkbox"/> RETURN WITH MORE DETAILS   | <input type="checkbox"/> PER YOUR REQUEST               |
| <input type="checkbox"/> NOTE AND SEE ME ABOUT THIS | <input type="checkbox"/> SIGNATURE                      |
| <input type="checkbox"/> PLEASE ANSWER              | <input type="checkbox"/> FOR YOUR INFORMATION           |
| <input type="checkbox"/> FOR YOUR APPROVAL          | <input type="checkbox"/> INVESTIGATE AND REPORT         |

COMMENTS:

Attached please find  
 2 copy of the currently  
 proposed Interruptible rate  
 for Illinois and 1 copy of  
 the current VE-City of Chicago  
 (Contract #) [unclear]

FORM 3293

APPLYING TO ILLINOIS SERVICE AREA

SERVICE CLASSIFICATION NO. 7(I)\*  
INTERRUPTIBLE POWER RATE

1. General. Interruptible Power is available, subject to the conditions of this Service Classification, for the exclusive supply of loads whose individual power requirements exceed 25,000 kilowatts and have operating characteristics which permit, without delay, interruption of the supply of service for indefinite periods of time. Company shall have the right to limit the aggregate amount of Interruptible Power available to an amount appropriate to its operating requirements. Initially this limitation is 100,000 kW.

Where customer's operation requires an amount of power during periods of curtailment of Interruptible Power, customer may contract for an amount of power in kilowatts to be known as Assurance Power.

Service will be furnished in the form of three phase, 60 Hz current, to be delivered and metered at a suitable point near the boundary of customer's property.

2. Transmission Line, Equipment, Etc. Customer shall pay the total cost installed of any transmission or distribution circuits utilized for the delivery of electric service to said customer. In the case of distribution circuits such cost shall include the entire circuit from the point of delivery back to its substation source (either 34 kV or 14 kV) on Company's system. In the case of transmission circuits such cost shall include the entire circuit from the point of delivery back to its point of connection to Company's interconnected transmission grid. In any event the total cost installed of such circuits shall include labor, materials easements, rights-of-way and other expenditures incident to the installation of facilities for the delivery of electric service to customer's premises including any applicable overheads. Customer shall also pay each month an amount equal to 0.4% of the total installed cost of such lines to cover property taxes and operating and maintenance expenses. Ownership of such line, including easements and rights-of-way, will be vested permanently in the Company. If circuits utilized have capacity in excess of that necessary to supply customer's initial contract requirements, Company may utilize the excess capacity for other purposes and in such event the cost and charges specified above shall be prorated.

\*Indicates change.

P.S.C. NO.	DATE OF ISSUE _____	DATE EFFECTIVE _____
ILL. C.C.	DATE OF ISSUE <u>May 22, 1980</u>	DATE EFFECTIVE <u>June 21, 1980</u>
IA. ST. C.C.	DATE OF ISSUE _____	DATE EFFECTIVE _____
ISSUED BY	<u>Charles J. Dougherty</u>	<u>Chairman</u>
	<u>St. Louis, Missouri</u>	
	NAME OF OFFICER	TITLE ADDRESS

APPLYING TO

ILLINOIS SERVICE AREA

SERVICE CLASSIFICATION NO. 7(I)\*  
INTERRUPTIBLE POWER RATE - (CONTINUED)

2. Transmission Line, Equipment, Etc.-(Continued)

Customer will, at its own expense, install and maintain, on its own premises, all line, substation and utilization equipment for the proper use and control of the electric service supplied by the Company and will also, if requested by Company, at its own expense, provide suitable relays and signal system on its premises to operate the circuit breakers on the circuits supplying the Interruptible Power, such relays and signals to be arranged for automatic or remote control by Company's Load Dispatcher. Company will supply the control circuits to customer's premises to effect energizing of the relay system. Equipment installed for this purpose by customer shall be approved by Company's engineers and Company shall at all reasonable times be permitted free access to customer's premises for inspection of equipment and checking its operation.

3. Rate Based on Monthly Meter Readings.

Customer Charge	\$225.00 per month
Energy Charge	1.40¢ per kWh (1)
Demand Charge - Assurance Power	\$6.45 per kW (2)
- Interruptible Power	\$2.75 per kW (3)
Fuel Rider (Rider A) - Applicable to all kWh.	

- (1) When the customer's average monthly power factor falls below 0.95, the base rate energy charge specified above will be multiplied by the factor determined by dividing 0.95 by the monthly power factor. Alternatively, customer may, subject to approval by Company, reimburse Company for the installed cost of any equipment necessary to meet the above power factor requirements, which charge is not subject to refund.
- (2) The kilowatts to be billed as Assurance Power will be the higher of a) the Assurance Power previously established by contract, or b) the maximum demand in kilowatts during any period in which Company has notified customer to curtail load.

\*Indicates change.

P.S.C. NO. DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ILL. C.C. DATE OF ISSUE May 22, 1980DATE EFFECTIVE June 21, 1980

IA. ST. C.C. DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY

Charles J. DoughertyChairmanSt. Louis, Missouri

NAME OF OFFICER

TITLE

ADDRESS

ILLINOIS SERVICE AREA

SERVICE CLASSIFICATION NO. 7(I)\*  
INTERRUPTIBLE POWER RATE - (CONTINUED)

3. Rate Based on Monthly Meter Readings. - (Continued)

(3) The kilowatts to be billed as Interruptible Power will be the highest demand established at any time less the currently applicable kilowatts of Assurance Power.

4. Minimum Monthly Charge. The minimum monthly charge hereunder will be the sum of the Customer Charge, the applicable Energy and Rider A Charge for all kilowatthours consumed, the Assurance Power Charge and the charge for 25,000 kilowatts of Interruptible Power.

5. Curtailement of Service. Interruptible Power may be curtailed or interrupted when it is anticipated that a new Company system peak will be established or whenever, in Company's sole judgment, such power is required to supply firm power to customers of Company and its affiliates or to meet firm obligations to deliver power to other utilities under agreements to which Company or any of its affiliates are parties, or to maintain lake levels at system hydro plants consistent with system requirements and to prevent jeopardizing system capacity.

Company may curtail or interrupt service in either of two ways:

- a) Where the need for curtailment of Interruptible Power may be anticipated in advance, Company will notify customers by telephone of the time such curtailment shall be effected.
- b) Where an emergency occurs in the operation of Company's system which requires immediate disconnection of Interruptible Power to meet its obligations to others, Company may effect such disconnection by telephone notice, or by initiating operation of automatic signals and relays referred to in paragraph 2 hereof.

Where in Company's judgment the period of curtailment of Interruptible Power may exceed one week, Company will, upon request of customer, endeavor to obtain from other sources temporary power equivalent in capacity to the amount of Interruptible Power curtailed. If such temporary power is obtainable, Company will advise customer of the cost thereof and the terms and conditions under which it will be supplied. If such offer is acceptable to customer, Company will permit

\*Indicates change.

P.S.C. NO.	DATE OF ISSUE _____	DATE EFFECTIVE _____
ILL. C.C.	DATE OF ISSUE <u>May 22, 1980</u>	DATE EFFECTIVE <u>June 21, 1980</u>
IA. ST. C.C.	DATE OF ISSUE _____	DATE EFFECTIVE _____
ISSUED BY	<u>Charles J. Dougherty</u>	<u>Chairman</u>
	NAME OF OFFICER	TITLE
		<u>St. Louis, Missouri</u>
		ADDRESS

APPLYING TO ILLINOIS SERVICE AREA

SERVICE CLASSIFICATION NO. 7(I)\*  
INTERRUPTIBLE POWER RATE - (CONTINUED)

5. Curtailment of Service. - (Continued)

customer to resume use of power under such terms and conditions in lieu of the rate for Interruptible Power provided in paragraph 3 hereof. Company will determine in its sole judgment when use of Interruptible Power at the rate provided in Paragraph 3 hereof may be resumed.

Assurance Power shall be exempt from customer's obligation to curtail or completely interrupt operations.

6. Resale of Service. Customer may not sell or otherwise dispose of all or any part of the electric service supplied.

7. Relief of Liability. Customer will assume responsibility for, and will save Company harmless from all actions, causes of action, suits, claims and demands whatsoever in law or equity, for injuries to persons (including employees of customer), damages to property, or losses, directly or indirectly caused or claimed to be caused by the acts of negligence of customer, its licensees, invitees, agents, servants, or others, or by the use, interruption or imperfection of electric service supplied by Company, or by the curtailment or disconnection of electric service or by any mistake in judgment or act or omission by Company, or from any other cause, occurring or sustained on property owned or controlled by customer.

8. Term of Contract. Initial term of 5 years with subsequent extensions of one year each, subject to cancellation by either party by advance notice given six months prior to the end of the initial term or any extension thereof.

9. General Rules and Regulations. Except as provided by the above specific rules and regulations, all of Company's General Rules and Regulations shall apply to service supplied under this rate.

\*Indicates change.

P.S.C. NO. DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ILL. C.C. DATE OF ISSUE May 22, 1980DATE EFFECTIVE June 21, 1980

IA. ST. C.C. DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY Charles J. Dougherty

Chairman

St. Louis, Missouri

NAME OF OFFICER

TITLE

ADDRESS

and any states concerning the allocation of Niagara Project power.

#### Intervenors' Comments

Comments on the complaint were filed May 9, 1980 by MEUA, whose main concern was that in-state preference customers had not received their proper entitlement. MEUA submits that out-of-state preference power can be allocated only if the current and reasonably foreseeable needs of in-state preference customers are first satisfied. This issue is inextricably tied to the issue of whether 145 megawatts is a reasonable amount up to ten percent to be allocated to out-of-state preference entities. As such, the hearing to be convened by the presiding administrative law judge shall also address this issue.

Allegheny also filed comments on May 9, 1980. In its filing Allegheny asserts that the legislative history of the Niagara Act establishes that only the states of Pennsylvania and Ohio were intended by Congress to receive Niagara Project out-of-state preference power. Allegheny's contention is without merit. The Commission has already determined that states other than Pennsylvania and Ohio can be "neighboring states" within the terms of the Niagara Redevelopment Act. Docket No. E-8746, *State of Vermont Public Service Board, supra*. Thus we today hold, in conformance with our decision in *Vermont Public Service Board*, that Massachusetts and Connecticut are "neighboring states" within the scope of the Niagara Act.

The New York State Electric and Gas Corporation (NYSEG) also filed comments on the complaints on May 9, 1980. Among other matters, NYSEG asserted that the Commission is without jurisdiction to take any action based upon the complaints which would affect or abrogate provisions of NYSEG's contract with PASNY for Niagara Project power.

NYSEG's argument concerning the Commission's jurisdiction is without merit. Under the clear terms of the Niagara Act, the Commission is granted jurisdiction to resolve disputes between applicants in neighboring states and PASNY over allocation of Niagara Project preference power. Whether or not NYSEG's contract must be reformed is a question not now before the Commission. The fact that the Commission has jurisdiction to require PASNY to allocate Niagara Project preference power in accordance with the Niagara Act cannot be denied. No contracts already in existence among the parties in this proceeding can in any way oust the Commission of its

authority to resolve the dispute before us.

NYSEG also commented that any project power that may be allocated by this Commission to neighboring states in addition to the power currently allocated should not be diverted from any power currently under contract to NYSEG. Rather, such additional power should be diverted from 160 MW of power allegedly set aside by PASNY for this purpose and from 60 MW of firm power made possible by diversity in the loads of New York and municipal and cooperative customers. This question addresses a hypothetical issue that may never be reached. The Niagara Act gives authority to the Commission, in the event of disagreement, to determine and fix the portion of power to be made available to the out-of-state preference entities and leaves, at least in the first instance, to PASNY the responsibility for accommodating the Commission's determination.

The State of Vermont Public Service Board also filed comments on May 30, 1980. Among other matters Vermont asserted that any linkage of the Niagara Project No. 2216 and PASNY's St. Lawrence Project No. 2000 for purposes of allocating power from both is improper. It is not clear to what extent, if any, the Niagara and St. Lawrence projects should be considered together in determining the amount of power subject to the preference provisions of the Niagara Act and in determining the reasonableness of PASNY's allocation to out-of-state entities. This issue shall also be addressed at the evidentiary hearing.

#### Conclusion

We will leave the specific procedures most effectively and fairly expediting the resolution of the complaints and the other issues raised in the pleadings to the discretion of the presiding administrative law judge, who is directed to convene a prehearing conference within 30 days of this order.

#### The Commission orders:

(A) Pursuant to the authority contained in the Department of Energy Organization Act, the Federal Power Act, the Niagara Redevelopment Act and the license for Project No. 2216, this matter shall be set for hearing in conformance with the Commission's Rules of Practice and Procedure to consider all matters of fact and law, consistent with the provision of this order, concerning those issues in Docket Nos. EL60-19 and EL80-24 not decided in this order.

(B) A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge, shall preside

at the hearing in this proceeding. The Presiding Judge shall convene a prehearing conference in this proceeding within 30 days of the issuance date of this order.

(C) The Secretary shall cause prompt publication of this order in the Federal Register.

By the Commission,  
Kenneth F. Plumb,  
Secretary.

[FR Doc. 81-5615 Filed 2-19-81; 8:40 am]

BILLING CODE 6450-85-M

[Docket Nos. ER81-175-000, ER79-642, ER80-124, and ER81-166-000]

#### Missouri Utilities Co.; Order Accepting for Filing and Suspending Proposed Rates, Granting Summary Disposition in Part, Granting Intervention, Consolidating Dockets, and Establishing Procedures

Issued February 13, 1981.

On December 15, 1980, Missouri Utilities Company (MU) tendered for filing revised rates for service to the Cities of Kennett, Jackson and Malden, Missouri (Cities), which provide for increases in jurisdictional revenues of approximately \$201,600 based on the twelve month period ending June 30, 1980.<sup>1</sup> The company has also proposed revisions to its tariff terms and conditions.<sup>2</sup>

Notice of the filing was issued December 19, 1980, with responses due on or before January 9, 1981. On January 9, 1981, the Cities filed a motion to reject, request for summary disposition, protest, and petition to intervene. In their pleading, the Cities further request that price squeeze procedures be established and that the maximum five month suspension period be imposed. On January 29, 1981, MU filed a motion to strike. The motion states that Cities' allegations are inaccurate and may be intended to mislead the Commission. We have treated this motion as an answer to the Cities' pleading.<sup>3</sup>

#### Discussion

Initially, we find that participation in this proceeding by each of the

<sup>1</sup> See attachment A for rate schedule designations.

<sup>2</sup> The currently effective service agreements for Jackson and Malden are under investigation in Docket No. ER81-166-000; those service agreements were submitted by MU on December 11, 1980, with an application to terminate Docket Nos. ER80-124 and ER79-642, which involve the service agreements previously applicable to Jackson and Malden. By order issued February 6, 1981, in Docket No. ER81-175-000, the Commission, *inter alia*, suspended the proposed service agreements for one day and consolidated Docket No. ER81-175-000 with Docket Nos. ER79-124 and ER79-642.

<sup>3</sup> See section 1.12 of the Commission's regulations.

petitioners is in the public interest. Consequently, we shall grant the petitions to intervene.

The Cities have requested rejection of MU's filing on the grounds that the company has not submitted appropriate support or adequate explanation of its filing as required by the Commission's regulations. We find that MU's filing substantially complies with § 35.13 of our regulations and, therefore, we shall deny the motion to reject the filing.<sup>4</sup>

Our analysis indicated that the rates, terms, and conditions filed by MU have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory, preferential, or otherwise unlawful. Indeed, our preliminary review indicates that the underlying rate may not be just and reasonable. Accordingly, we shall accept the rates, terms, and conditions for filing, as modified by this order, and suspend them as directed below.

In a number of suspension orders,<sup>5</sup> we have addressed the considerations underlying the Commission's policy regarding rate suspensions. For the reasons given there, we have concluded that rate filings should generally be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust and unreasonable or that it may run afoul of other statutory standards. We have acknowledged, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. Such circumstances have not been presented here. We shall therefore accept the proposed rate schedules and tariff sheets for filing, as modified below, and suspend them for five months to become effective thereafter on July 13, 1981, subject to refund.

The Cities object to MU's use of a charge for purchased power which does not reflect Union Electric Company's (UE)<sup>6</sup> filing in compliance with *Union Electric Company*, Opinion No. 94, Docket No. EP77-614 (September 2, 1980). Cities request that MU be directed to incorporate in its rate the revised rates filed by UE in compliance with Opinion No. 94 or, in the alternative,

that MU be directed to (1) flow through all refunds as they are received by MU, and (2) reduce its rates to the Cities when the lower rates charged by UE become effective. We note that the rates filed by UE and referred to by Cities have not yet been accepted for filing. Therefore, we shall deny the Cities request for an order directing use of the rate submitted by UE in compliance with Opinion No. 94, but shall require MU to flow through all refunds (with interest) as they are received by MU and to reduce its rates to Cities when the UE rates become effective.

The Cities also state that MU has failed to flow through a credit which MU receives for its generation pursuant to UE's tariff rate for service to MU.<sup>7</sup> They seek a Commission directive requiring MU to revise its charges to the Cities to "match an exact flow through from the UE Tariff." Our analysis indicates that MU receives a generation credit from UE and that such credit may already be reflected in MU's stated cost of purchased power. This generation credit, in turn, would be reflected in MU's charges to the Cities. Because the Cities' concern appears to be misplaced, we shall deny their request for summary disposition of this issue, subject to renewal of the motion when the pertinent facts are developed at hearing.

In addition, the Cities move that the Commission summarily reject MU's attempt to recover contributions to EPRI in its rates. Our review of the company's study reveals that the EPRI contributions were eliminated from MU's expenses before such expenses were allocated to the Cities. Therefore, we shall deny the Cities' request for summary disposition on this issue.

The Commission will grant the Cities' motion for summary disposition with respect to one of the issues raised in their pleading. The Cities have challenged the "Billing and Payment" provisions (Section 5) of MU's proposed tariff sheets. In part, this section provides that any bill will be due and payable within ten days from its date; delinquent bills would bear interest at the then-current interest rate. The Cities object to these requirements, stating that the designated payment period is unreasonably short. We believe that these questions should properly be

addressed at the hearing designated below. However, the billing provisions further provide as follows: "If the bill shall remain delinquent for (15) fifteen days, the Company shall have the right to forthwith terminate service without notice." MU proposed an identical provision in its service agreements filed in Docket No. ER81-166-000. We summarily rejected that provision by order issued February 6, 1981. For the reasons given in that order, we shall direct MU to strike the last sentence of Section 5 of its currently proposed tariff sheets and to refrain from applying any such unilateral cancellation provision.

The Cities also request summary disposition of a number of other issues, including, *inter alia*, (1) MU's use of a non-coincident peak method of allocating demand-related costs, and (2) MU's proposed tariff provisions which provide that the company shall not be required to increase the capacity of its facilities to provide service to the Cities without contractual provisions acceptable to the company for recovery of associated costs. Furthermore, the Cities object to a variety of cost of service matters without requesting specific Commission action. These remaining issues may be pursued most appropriately at the hearing ordered below.

In accordance with the Commission's policy established in *Arkansas Power and Light Company*, Docket No. ER79-339, order issued August 6, 1979, we shall phase the price squeeze issue raised by the Cities. As we have noted in previous orders, this procedure will allow a decision first to be reached on the cost of service, capitalization, and rate of return issues. If, in the view of the intervenors or staff, a price squeeze persists, a second phase of the proceeding may follow.

The Commission finds that Docket Nos. ER80-124, ER79-462, ER81-166-000, and ER81-175-000 may present common questions of law and fact. Accordingly, we shall consolidate these dockets, subject to severance at a later date in the event that action on Missouri's pending motion to terminate Docket Nos. ER80-124 and ER79-462 so warrants.

*The Commission orders:*

(A) The Cities' motion to reject MU's filing is hereby denied.

(B) MU's proposed rate schedules and tariff sheets tendered for filing on December 15, 1980, are accepted for filing, as modified by this order, and are suspended for five months from sixty days after filing to become effective on July 13, 1981, subject to refund pending hearing and decision thereon.

<sup>4</sup> See *Municipal Light Boards of Reading and Wakefield, Massachusetts v. FPC*, 450 F.2d 1341 (D.C. Cir. 1971).

<sup>5</sup> E.g., *Boston Edison Company*, Docket No. ER60-508 (August 29, 1960) (five month suspension); *Alabama Power Company*, Docket Nos. ER60-506 et al. (August 29, 1960) (one day suspension); *Cleveland Electric Illuminating Company*, Docket No. ER60-488 (August 22, 1960) (one-day suspension).

<sup>6</sup> MU is a subsidiary of UE and purchases virtually all of its power requirements from its parent.

<sup>7</sup> MU purchases virtually all of its power and energy from UE under a rate schedule (UE FPC No. 80) which provides that the monthly billing demand shall be MU's maximum monthly system measured hourly load plus 15% for reserves less the Net Generating Capability of MU, but not less than 100% of the maximum billing demand occurring during the months of June, July, August and September in the 12-month period ending with and including the current month. The Net Generating Capability of MU is 28,300 kW.

(C) The Cities' motions for summary disposition are hereby denied except as provided in this paragraph and paragraph (D) below. Missouri is hereby directed to strike from its proposed service agreements the last full sentence of Section 5, and to refrain from applying any such unilateral cancellation provision. Within thirty (30) days from the date of this order, Missouri shall refile its proposed tariff sheets with the designated sentence deleted.

(D) Cities' request for an order directing immediate use of the rates submitted by UE in compliance with Opinion No. 94 is denied. However, MU is hereby directed to flow through all related refunds (with interest) to the Cities, as they are received by MU, and to reduce its rates to the Cities when the lower UE rates become effective.

(E) The Cities' petition to intervene is hereby granted subject to the rules and regulations of the Commission, provided, however, that participation by the intervenors shall be limited to matters set forth in their petition to intervene, and provided, further, that the admission of the intervenors shall not be construed as recognition by the Commission that they might be aggrieved because of any order or orders by the Commission entered in this proceeding.

(F) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the DOE Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 CFR, Chapter I (1980)), a public hearing shall be held concerning the justness and reasonableness of MU's rates.

(G) The Commission staff shall serve top sheets in this proceeding on or before May 1, 1981.

(H) A presiding administrative law judge, to be designated by the Chief Administrative Law Judge, shall convene a conference in this proceeding to be held within approximately fifteen (15) days of the service of top sheets in a hearing room of the Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington D.C. 20426. The designated law judge is authorized to establish procedural dates and to rule on all motions (except motions to consolidate or sever and motions to dismiss), as provided for in the Commission's Rules of Practice and Procedure.

(I) Docket No. ER81-175-000 is hereby consolidated with Docket Nos. ER80-

124, ER79-642, and ER81-166-000, for purposes of hearing and decision, pending appropriate subsequent action on Missouri's December 8, 1980 motion to terminate Docket Nos. ER80-124 and ER79-642.

(J) We hereby order the initiation of price squeeze procedures in Docket No. ER81-175-000 and further order that the price squeeze phase of the proceeding begin after issuance of a Commission opinion establishing the rate which, but for a consideration of price squeeze, would be just and reasonable. The presiding judge may order a change in this schedule for good cause. The price squeeze portion of this case shall be governed by the procedures set forth in section 2.17 of the Commission's regulations as they may be modified prior to the evaluation of the price squeeze phase of this proceeding.

(K) The Secretary shall promptly publish this order in the Federal Register.

By the Commission, Acting Chairman  
Sheldon dissenting.  
Kenneth F. Plumb,  
Secretary.

Attachment A.—Missouri Utilities  
Company, Docket No. ER81-175-000

Item: Revised Tariff Sheets/Rate  
Increase

Dated: Undated

Filed: December 15, 1980

Effective: July 13, 1981, subject to refund  
and the outcome of hearings.

#### Designation and Description

- (1) First Revised Sheets Nos. 1, 6, 8, 11 and 12 (Supersedes Original Sheet Nos. 1, 6, 8, 11 and 12)—Table of Contents and Rules
- (2) Original Sheet No. 8A—Rules continued (Billing and Payment)
- (3) Fifth Revised Sheet Nos. 3, 4 and 5 (Supersedes Fourth Revised Sheet Nos. 3, 4 and 5)—SFR-1 Rates
- (4) Third Revised Sheet No. 5A (Supersedes Second Revised Sheet No. 5A)—SFR-1 General Terms
- (5) First Revised Sheet No. 13 (Supersedes Original Sheet Nos. 13, 14, 15, 16 and 17)—Deletes Form of Standard Service Agreement

[FR Doc. 81-3619 Filed 2-19-81; 8:45 am]

BILLING CODE 6150-25-M

[Project No. 3736-000]

Mitchell Energy Company, Inc.;  
Application for Preliminary Permit

February 17, 1981.

Take notice that Mitchell Energy Company, Inc. (Applicant) filed on November 12, 1980, an application for

preliminary permit (pursuant to the Federal Power Act, 16 U.S.C. §§ 791(a)-825(r)) for proposed Project No. 3736 to be known as the Horseshoe Dam Project located on the Verde River in Maricopa County, Arizona. The proposed project would utilize Federal lands and a Federal dam under the jurisdiction of the United States Water and Power Resources Service. The application is on file with the Commission and is available for public inspection.

Correspondence with the Applicant should be directed to: Mr. Mitchell S. Dong, President, Mitchell Energy Company, Inc., 173 Commonwealth Avenue, Boston, Massachusetts 02116.

*Project Description*—The proposed project would utilize the United States Water and Power Resources Service's existing Horseshoe Dam and Reservoir and would consist of: (1) a proposed powerhouse located just below the dam on the east bank of the Verde River, having units with a total installed capacity of approximately 3,500 kW; and (2) appurtenant works.

The Applicant estimates that the average annual energy output would be 17,000,000 kWh.

*Purpose of Project*—Project energy would be sold to local public utilities.

*Proposed Scope and Cost of Studies Under Permit*—Applicant seeks issuance of a preliminary permit for a period of two years, during which time it would prepare studies of the hydraulic, construction, economic, environmental, historic, and recreational aspects of the project. Depending upon the outcome of the studies, the Applicant would prepare an application for a FERC license. Applicant estimates the cost of studies under the permit would be \$50,000.

*Purpose of Preliminary Permit*—A preliminary permit does not authorize construction. A permit, if issued, gives the Permittee, during the term of the permit, the right of priority of application for license while the Permittee undertakes the necessary studies and examinations to determine the engineering, economic, and environmental feasibility of the proposed project, the market for power, and all other information necessary for inclusion in an application for a license.

*Agency Comments*—Federal, State, and local agencies that receive this notice through direct mailing from the Commission are invited to submit comments on the described application for preliminary permit. (A copy of the application may be obtained directly from the Applicant.) Comments should be confined to substantive issues relevant to the issuance of a permit and consistent with the purpose of a permit as described in this notice. No other

March 6, 1981

Mr. Woodrow D. Wollesen  
Wheatley & Wollesen  
1112 Watergate Office Bldg.  
2600 Virginia Avenue, N.W.  
Washington, D. C. 20037

Re: MISSOURI UTILITIES COMPANY

Dear Woody:

At the January meeting, you asked for, and we have been attempting to prepare certain rates for you.

One of the requests that you made was that we prepare a rate for "Emergency Power." We have been attempting to price emergency power. As a practical matter, we do not believe that we can do so.

Obviously, if we are providing you with full or all requirements firm power, or with a block of firm power, we could sell you some additional power on a spot basis; but that would have to be priced on a ratchet basis from Union Electric, and I do not believe that that is what you had in mind.

If, of course, you are an all requirements customers, there would be no need for firm power.

Otherwise, if we are providing you with the transmission service, we, of course, could wheel up to our contract capacity any emergency power that you would acquire from other sources.

We would be glad to discuss this particular element with you further, but right now do not see how we can accommodate.

The other rate which we have developed is a transmission service rate. The rate that we have devised based on year ending 1980 data, would be the following:

- (a) A capacity charge of \$15.468 per year per KW of contract capacity, which would be billed at \$1.289 per month per KW of contract capacity; plus

MR. WOODROW D. WOLLESEN  
MARCH 6, 1981  
Page Two

(b) An energy charge of \$.001 per KW received into the Company's system for redelivery; plus

(c) A local facilities charge of .0173 times the original installed cost of local facilities per month.

The minimum bill would be the sum of (a), (b) and (c).

In addition, of course, this rate would be subject to the general conditions, most of which were listed in my letter to you of February 9, 1981. In reviewing the matter, we believe there would be one other special condition, which would require that the customer be responsible for delivery into the Company system of an amount of power and energy greater than the amount to be re-delivered, sufficient to compensate for losses. We assume, for current calculation purposes, we could estimate the use to be equivalent to that of Kennett, which is Five Percent (5%), which Kennett supplies to SWPA.

We would be glad to confer with you about how this rate is derived, if you desire.

Very respectfully,

OLIVER, OLIVER, WALTZ & COOK, P.C.

By

---

John L. Oliver, Jr.  
General Counsel to  
Missouri Utilities Company

JLO, Jr./jq

bc: Virgil Chirnside  
Louie Ervin

8a

cc: ~~DAE~~  
~~WAT~~  
~~HCA~~  
~~CAB~~  
X-tra for WRH

LAW OFFICES  
**WHEATLEY & WOLLESEN**  
SUITE 1112  
WATERGATE OFFICE BUILDING  
2600 VIRGINIA AVENUE, N.W.  
WASHINGTON, D. C. 20037

CHARLES F. WHEATLEY, JR.  
WOODROW D. WOLLESEN  
DON CHARLES UTHUS  
PHILIP B. MALTER  
MICHAEL J. MORRISSEY  
JAMES HOWARD  
PETER A. GOLDSMITH

202/337-5543

March 3, 1981

Mr. William R. Herr  
Supervising Engineer  
Capacity Planning Coordination  
and Special Studies  
Union Electric Company  
1091 Gratiot Street  
P. O. Box 149  
St. Louis, Missouri 63166

Dear Mr. Herr:

This is in reply to your letter of January 15, 1981 which apparently represents the response of Union Electric Company to the inquiries to the Company that were made by representatives of the Cities of Malden, Jackson, and Kennett, Missouri at a meeting held on January 23, 1981 at the Company offices in St. Louis, Missouri.

At the meeting on January 13, the Cities indicated their interest in purchasing power directly from Union Electric Company. As you know, the Cities are now supplied with power by Union Electric but indirectly through the facilities of Missouri Utilities, a subsidiary company of UE. As stated at the meeting, the Cities confirm their interest, and ask if the Company would agree to sell them power, and if so, on what terms and conditions, so that the economics of such an acquisition could be evaluated by them. The Cities stated that they would be interested in considering a direct purchase of power from Union Electric under three possible different types of sales. First, the Cities indicated that they would be interested in considering a purchase of energy from Union Electric on an interruptible basis, i.e., the Company could curtail deliveries when capacity was needed for its other firm loads. At the meeting, Company personnel indicated that they did have interruptible service to customers presently.

Second, the Cities indicated their willingness to consider a purchase of a block of firm power from Union Electric. For analysis purposes here, it was suggested that the City of

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Mr. William R. Herr

March 3, 1981

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Malden would consider the purchase of a block of three megawatts, while the City of Jackson would consider the purchase of five megawatts of firm power. The Cities indicated they would be willing to purchase such power under the Company's existing W-3 rate schedules for firm power service. The Company indicated at the meeting that the firm power W-3 proved wholesale rate was not available, but that the Company had another rate, under which it sold power to the City of Columbia which might be available. The Cities also suggested consideration by UE of an arrangement which is presently being offered by Illinois Power Company to its municipalities wherein in the off-peak months of the year, the Cities can utilize up to twice the peak period capacity without incurring additional demand charges.

The third possible arrangement for purchase of power that could be of interest to the Cities would be an arrangement similar to that which Union Electric currently offers to its wholly owned subsidiary, Missouri Utilities. Under this arrangement, UE provides all of the power requirements of the purchaser under a fixed rate schedule with a credit for the purchaser's existing generation. The FERC has recently affirmed a set schedule of rates for this type of service between UE and MU.

Fourth, with respect to the issue of wheeling, for the Cities to acquire any type of power service from UE, would require the transmission of that power to the Cities. The Cities are presently being served by Union Electric power, purchased from UE's subsidiary, Missouri Utilities. For the Cities to purchase power directly from UE, should involve no new facilities than those presently existing, and it is the Cities' position that UE would be in the best position to arrange for the transmission to the Cities of such a direct acquisition. With respect to the question of wheeling, the City of Malden has acquired five megawatts of SPA power which is anticipated to be available no later than January, 1984 by the Southwestern Power Administration and requires to have this power wheeled to it. It is my understanding that at the conference it was agreed that there were no technical problems involved with getting the five megawatts of SPA power to Malden from SPA. The Company has asserted that telemetering equipment should be installed at the Cities' cost, but the Cities have questioned whether such telemetering is necessary.

Mr. William R. Herr

March 3, 1981

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In your letter of January 15, 1981, you state: "Union Electric has no existing tariffs which could be offered to the Cities for the types of service mentioned above." For the reasons that we have set forth above, as well as the reasons set forth in my letter to President Dougherty of July 2, 1979, we see no reason why the Cities' interest in acquiring power from UE cannot be satisfied by reference to established rate tariffs filed by UE and approved by the Federal Energy Regulatory Commission. It is our view that the established tariffs, both at the FERC and for interruptible service by the Company to other retail customers, provide a basis for service to the Cities with few, if any, modifications required.

Your letter of January 15 states that:

"Furthermore, the Cities are not within Union Electric's service area."

This appears to imply an assumption that UE will not supply wholesale bulk power to any entity to which it is not presently serving such power. In fact, Union Electric is supplying power to the Cities of Malden, Kennett and Jackson through its wholly owned subsidiary, Missouri Utilities. Even apart from this fact, there appears to be no valid legal basis for Union Electric to refuse to deal in bulk power sales to proposed wholesale customers such as the Cities of Jackson, Malden and Kennett, Missouri. UE has contracts for the sale of power with a number of utility systems that are farther away than the Cities, i.e., with Central Illinois Public Service Company and Illinois Power Company under which it makes regular sales of firm power. Accordingly, for UE to refuse to offer power to the Cities on this basis is, in our view, totally unwarranted.

As you know, the Cities have been requesting to purchase power direct from Union Electric for a long time. The requests made at the meeting on January 13, 1981 by the Cities are not substantially different from that which we had specifically requested in writing in my letter of July 2, 1979 to President Dougherty. At the meeting on January 13, 1981 as we provided any additional data requested by the Company, we thought we were making some progress to the point where the Company would provide us with a response. However, your letter of January 15 states as follows:

"...any costs incurred by Union Electric in studying these proposals must be paid for by the Cities."

Mr. William R. Herr  
March 3, 1981  
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At that meeting, UE has indicated that the Cities would have to pay a substantial sum to Union Electric, in order for the Company to even make a proposal to sell power to the Cities. The Cities believe that this proposal is discriminatory and anticompetitive, and results in a refusal to deal. The Cities know of no instance where, as entities interested in the direct purchase of power from a public utility company, they should be required in advance to pay that company for undefined "costs" which the Company deems it will have to incur in offering to sell power. To our knowledge, UE imposes no such restriction on its negotiation with other investor-owned utilities with whom it has entered into agreements for the sale of power. Certainly, the Cities cannot agree in advance to put up money for such studies, before they even know whether UE will agree to sell them power on reasonable terms and conditions that would make such purchase economically feasible for them. UE's position has an adverse impact on competition for bulk power transactions.

The proposal in your letter that the Cities agree in advance "to reimburse Union Electric for all costs incurred in making such an evaluation" as a condition precedent to Union Electric's even undertaking to offer any power to the Cities, is clearly a restrictive device to force the Cities to continue to deal with UE's subsidiary company, Missouri Utilities, rather than directly with Union itself. Any UE cost of seeking new business is fully compensable in rate cases. UE should not attempt to dictate a specific assignment of those costs to specific entities in advance.

The Cities cannot justify the payment of public funds to Union Electric as a condition precedent to obtaining information as to whether Union Electric is willing to sell them power under various alternatives. Its refusal to deal with the municipals in the absence of such an agreement to reimburse Union Electric as set forth in your letter is, in my view, arbitrary and unlawful.

In your letter of January 15, you also discussed the wheeling issue which was discussed at the January 13 meeting. At that meeting, the Cities made clear their desire to purchase power direct from Union Electric, and to have Union Electric arrange all the wheeling arrangements over its system, together with that of its subsidiary company, Missouri Utilities, so that they could be assured delivery of the power purchased, on reasonable terms.

Mr. William R. Herr  
March 3, 1981  
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Your letter declines on behalf of UE to make any transmission arrangements, despite the fact that Missouri Utilities' transmission system is under the operating control of Union Electric's dispatch control system, and the fact that the Cities want to purchase directly from Union Electric as the supplier:

"It should be clearly understood, however, that Missouri Utilities is a separate operating entity distinct from Union Electric and any arrangements for transmission service through Missouri Utilities or others must be arrived at through negotiations between the Cities and the particular utility providing the transmission service."

We interpret this as a refusal to provide wheeling services to the Cities. There is absolutely no reason under the circumstances why the Cities should be subjected to the shell game of having to deal with differing conflicting positions of UE and MU on the wheeling issue. We are convinced that if Union Electric really desired to make a sale of power to the Cities direct, that it could easily work out convenient transmission arrangements at the lowest possible cost with its wholly-owned subsidiary company, whereby Union Electric could make the sale to the Cities.

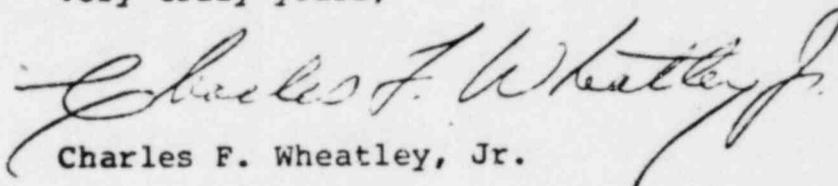
The Cities had hoped through the extensive period of time that has elapsed since they have made their original request, as well as by the extensive colloquies that took place at the meeting on January 13, that the Company would be in a position to offer power to the Cities. Your letter of January 15 is discouraging and indicates to us that the efforts of the Cities to engage in negotiation to obtain a power supply direct from Union Electric are fruitless. We had thought that progress would have resulted, and we welcomed the good offices of the FERC Staff in this effort over the extended negotiations conducted by them. However, the Company's position as set forth in your letter of January 15 is indistinguishable from that which the Company had set forth in its initial response to my letter of July 2, 1979 to Mr. Dougherty. Despite all of the intervening negotiations under the auspices of the FERC Staff, and our own direct attempts to negotiate with Union, the Cities have no alternative but to consider that the Company's bottom line, as set forth in your

Mr. William R. Herr  
March 3, 1981  
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letter of January 13, is a refusal to deal which discriminates against them vis-a-vis the other private investor-owned utility companies with whom the Company has dealt.

We would urge the Company to reconsider, but if not, the Cities are left with the only alternative of pursuing their rights in other ways.

Very truly yours,

A handwritten signature in cursive script that reads "Charles F. Wheatley, Jr." The signature is written in dark ink and is positioned above the typed name.

Charles F. Wheatley, Jr.

CFW:fdd

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*file - Malden*

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WKA*

UNION ELECTRIC COMPANY

1901 GRATIOT STREET - ST. LOUIS

April 10, 1981

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MO. 63166

Charles F. Wheatley, Jr. Esq.  
Wheatley & Wollesen  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue, N.W.  
Washington, DC 20037

Dear Mr. Wheatley:

Your letter of March 3, 1981 to Mr. William R. Herr of Union Electric Company concerning certain dealings with the Cities of Malden, Kennett and Jackson, Missouri (the Cities) has been referred to me for response.

An initial review of your letter and the assertions and charges set forth therein, many of which are erroneous has convinced me that a detailed response is warranted. Such a response will be forthcoming in the near future. However, I want you to clearly understand that Union Electric Company categorically denies that its discussions with the Cities have in any way been conducted in bad faith, at least on Union Electric's part, or that Union Electric has refused to deal with the Cities.

A more complete response to your letter of March 3, 1981 will be forwarded as soon as I have completed my investigation.

Very truly yours,

Original Signed by CHARLES A. BREMER

Charles A. Bremer  
General Attorney

CAB/p

cc: William R. Herr

bcc: W. E. Cornelius  
S. W. Smith, Jr.  
H. C. Allen  
L. A. Esswein ✓  
W. E. Jaudes

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UNION ELECTRIC COMPANY  
1901 GRATIOT STREET - ST. LOUIS

February 16, 1982

MAILING ADDRESS:  
P.O. BOX 149  
ST. LOUIS, MO. 63166

Mr. Charles F. Wheatley, Jr.  
Wheatley & Wollesen  
Suite 1112  
Watergate Office Building  
2600 Virginia Avenue, N.W.  
Washington, D.C. 20037

Dear Mr. Wheatley:

The purpose of this letter is to more completely respond to your March 3, 1981 letter to Mr. Herr concerning the possibility of Union Electric Company supplying power and energy to the Cities of Malden, Jackson and Kennett. While I firmly believe your letter fails to accurately represent the facts, I will attempt to ignore that aspect of the letter and address what I interpret to be the substance of the Cities' requests.

You first indicate that the Cities might be interested in interruptible service. Union Electric does not currently supply interruptible service at wholesale. However, as we did indicate in an earlier meeting with you we do have interruptible service available to retail customers in Illinois and Iowa. While we have serious questions as to the practicality of interruptible service to a customer such as one of the Cities, where retail residential, public health, and emergency service is involved, we would be happy to discuss such an option with the Cities in more detail. As you undoubtedly understand, any supply of interruptible service carries with it the right of the supplier, in this case Union Electric, to interrupt that service on short notice should certain conditions be met. Because of this it would be essential for the Cities to have adequate backup supplies available on equally short notice so as to avoid the necessity of interrupting service to the types of customers mentioned above.

You next indicate that the Cities might be interested in the purchase of a block of firm power from Union Electric. In your letter you tie that type of purchase to Company's existing W-3 rate schedules for Firm Power Service. As you are well aware, Union Electric's Firm Power W-3 Rate is a total requirements rate, and, therefore, the rate level and terms and conditions of service are developed in accordance with that obligation of service. Thus, we do not feel it would be appropriate to sell a block of firm power under that rate schedule. Company would be willing, however, to discuss the sale of a firm block of power and energy to any of the Cities of Jackson, Kennett and Malden under a partial requirements type of transaction at a rate commensurate

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with Union Electric's current costs. We would anticipate such sales to any of the Cities being for a fixed amount of power for a defined period of time.

You state in your letter that the Company indicated that it's Firm Power W-3 Wholesale Rate was not available to the Cities of Jackson, Kennett and Malden. I believe this is a misstatement or at least a misunderstanding of the position taken by Union Electric. While we do not regard the Cities as within Union Electric's normal service area, because of the ongoing discussions which have occurred between the parties the Company would be willing to serve the Cities of Jackson, Kennett and Malden under the terms and conditions of its filed W-3 tariff. It should be recognized, however, that this particular tariff is a total requirements tariff, and it has been our understanding that the Cities were not desirous of this type of arrangement.

In your letter you next suggest a possible arrangement similar to that existing between Union Electric and Missouri Utilities wherein power requirements are provided under a fixed rate schedule with credits being given for the purchaser's existing generation. Under the provisions of the arrangement between Union Electric and Missouri Utilities, Union Electric has the right to dispatch Missouri Utilities' generation and we have had no indication that the Cities desire such an arrangement. Union Electric has serious doubts as to the advisability of continuing this type of arrangement and thus would not be interested in expanding its application at this time.

As you recognize in your letter, for the Cities to acquire any type of power service from Union Electric, the Cities would need to arrange for transmission of that power from the Union Electric system to the Cities. We believe that it is the Cities' obligation to arrange for the availability of such facilities as may be necessary to transmit the power from the Union Electric delivery point to the Cities. We do not think it is appropriate for us to interpose ourselves between the Cities and Missouri Utilities, SPA, or any other utility which may be involved in providing the necessary transmission service to the Cities. You apparently believe we have a duty to dictate policy and operating procedures to Missouri Utilities. We are unaware of any such legal obligation.

At page 3 of your letter you seek to analogize the Cities of Jackson, Kennett and Malden with Central Illinois Public Service Company and Illinois Power Company apparently to suggest that Union Electric has an affirmative obligation to supply power to the Cities on the terms you demand. Regardless of the merits of your position, and we believe it lacks merit, the statements included within the referenced paragraph are factually incorrect.

First, Union Electric does not regularly sell firm power to either Central Illinois Public Service Company or Illinois Power Company. For that matter, except for its sales under the W-3 tariff, and its sales to Missouri Power & Light and Missouri Utilities under special contract, Union Electric does not regularly sell firm power to any of the other privately owned public utilities with which it is interconnected. Rather, sales of non firm power and energy are made in connection with interconnection agreements existing between the various parties. Secondly, both Central Illinois Public Service Company and Illinois Power Company are directly connected to Union Electric at a number of places. Further, they are in fact geographically adjacent to Union Electric's primary service area i.e., the Metropolitan St. Louis Area. Finally, and perhaps most importantly here, Union Electric is not refusing to offer power to the Cities on the basis of their being within or without Union Electric's service area or for that matter on any other basis.

As is indicated above, Union Electric is willing to discuss the viability of a number of options for the supply of power and energy to the Cities. I should state, however, that Union Electric is not actively seeking out new firm loads and does believe it appropriate to evaluate the feasibility and desirability of any new sale of power or energy, especially when such a sale would be outside of its normal service area.

At pages 3 and 4 of your letter you object to Union Electric seeking compensation for costs incurred in studying various proposals made by the Cities. Union Electric has always stood ready to incur reasonable expenses in connection with its evaluation of potential purchases and sales of bulk power and we agree with you that such costs are fully compensable in rate cases. However, Union Electric does not believe that it is appropriate to charge its existing customers with costs associated with an ongoing and seemingly endless investigation of alternatives by a potential customer. Union Electric is not "seeking new business" from the Cities of Jackson, Kennett and Malden. Rather, the Company has in good faith attempted to respond to requests for potential service as structured by the Cities. At some point in time, we believe it is inappropriate for Union Electric to continue, in essence, to provide gratis consulting engineering services for a potential "customer" where there appears to be little likelihood that a contract will result. We continue to stand ready to work with the Cities in an attempt to determine whether or not it is to our mutual interest to enter into some form of contractual agreement. At this point in time we are willing to do so without requesting specific compensation from the Cities. However, we wish to advise you that the point in time for requiring compensation for such services performed for the benefit of Cities is fast approaching.

At pages 4 and 5 of your letter you "interpret" Union Electric's position with respect to its arranging wheeling services for the Cities as a "refusal to provide wheeling services to the Cities". Such an interpretation defies all logic and we totally reject your analysis. As we have stated earlier, Missouri Utilities is a separate operating entity distinct from Union Electric. If the Cities desire to have Union Electric wheel power over its transmission system, it is appropriate for the Cities to discuss that with Union Electric. If, however, the Cities desire to have Missouri Utilities or any other entity wheel power through that entity's system, it is appropriate for the Cities to deal with that entity and not Union Electric. We do not feel it is our obligation or our position to act as agent for the Cities in the acquisition of wheeling services from any third party. Thus, should the Cities need such services it should contact the affected utility directly.

In the closing paragraphs of your letter, you state that "the Cities have no alternative but to consider that the Company's bottom line, as set forth in your letter of January 13, is a refusal to deal which discriminates against them vis-a-vis the other private investor-owned utility company's with whom the Company has dealt." Such an interpretation of the Company's position is totally distorted and does service neither to yourself, your clients, or Union Electric. Union Electric is in no way refusing to deal with the Cities, but rather seeks to have such dealings be on an economically feasible basis and in accordance with the general terms and conditions under which the Company deals with other private and publicly-owned utility companies. The Cities through you have requested that a number of alternatives be addressed. Some of these alternative supply options are not currently available to any other utilities dealing with Union Electric on the interconnected system. Union Electric is willing to deal with the Cities and has set forth in earlier meetings and letters, as well as in this letter, various options which it would be willing to consider. Through your representation of other entities purchasing power from Union Electric, you are well aware of the types of contractual arrangements currently existing between Union Electric and other utilities. Each of those arrangements is designed to meet the specific relationship involved. Union Electric continues to be willing to meet with the Cities to explore whether a meaningful and equitable arrangement can be developed with the Cities. We do so voluntarily and we do not believe this is any change in position for us.

Union Electric is very disturbed with the tenor of your letter of March 3, 1981 and the accusations of unlawful activity and discrimination contained therein. We view that letter as self-serving and one which makes it difficult for us to believe

Charles F. Wheatley, Jr.  
February 16, 1982  
Page 5

that the Cities are truly interested in dealing in a good faith manner with Union Electric. We believe nothing can be accomplished by either side accusing and threatening. If the Cities want to engage in good faith exploration of receiving service from Union Electric, we would be happy to participate in that discussion. If in fact that is the desire of the Cities, please let us know.

Very truly yours,

*Charles A. Bremer*

Charles A. Bremer,  
General Attorney

CAB/jp

bcc: R. O. Piening  
L. A. Esswein  
W. R. Herr ✓  
W. E. Jaudes  
P. A. Agathen  
C. P. Handleman

ROUTE: W. E. Cornelius  
S. W. Smith, Jr.