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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 25th
day of February, 1999.

In the Matter of the Transfer of Certain)
Assets by Missouri Gas Energy, a)
Division of Southern Union Company,) Case No. GM-99-281
to Union Electric Company d/b/a AmerenUE)

ORDER APPROVING SALE OF ASSETS

Missouri Gas Energy (MGE) and Union Electric Company d/b/a AmerenUE (UE) filed a Joint Application on December 22, 1998, requesting permission for MGE to sell to UE a 1¼ inch bare steel service line, regulator and meter.

The joint applicants state that the assets are presently used by MGE to provide gas service off of Panhandle Eastern Pipeline Company's system to one customer. This customer is the only customer served by MGE in City of Mexico, County of Audrain, State of Missouri, and is situated approximately 50 highway miles to the northeast of MGE's easternmost distribution system in Fayette, Missouri. The proposed sale price of the equipment is \$1 and the net book value is \$0. The proposed sale price of the facilities represents a negotiated price. The applicant states that if the sale is consummated, MGE will file a revised tariff sheet proposing to delete from its service territory the one section in Audrain County where MGE is presently authorized to provide service. UE will be the service provider to the one customer now served by MGE if the

Commission authorizes the transfer of the assets currently used by MGE to provide such service.

MGE and UE also state that due to the small size of this proposed asset transfer and its immateriality in relationship to the overall operations of UE, they request a waiver of provisions of: 1) 4 CSR 240-2.060(5)(E) which would otherwise require the provision of an income statement and a balance sheet showing the results of the acquisition of the property; and 2) 4 CSR 240-2.060(5)(G) which would otherwise require a statement of the impact the sale of assets will have on the tax revenues of the political subdivision in which the facilities are located.

On February 16, 1999, the Staff of the Commission (Staff) filed its recommendation. Staff states that the proposed transaction will not be detrimental to the public interest and recommended that the Commission approve the sale. Staff recommended that MGE should file a revised tariff deleting the appropriate section from its index of certificated areas. Staff further stated that a tariff filing by UE will not be necessary to transfer this customer and related equipment.

The Commission has reviewed the application, Company documentation and Staff recommendation and determines that the sale is not detrimental to the public interest. The Commission will approve the sale as set out in the application, with the condition recommended in the Staff memorandum.

IT IS THEREFORE ORDERED:

1. That the proposed sale of the 1¼ inch bare steel service line, regulator and meter, as set out in detail in the joint application of Missouri Gas Energy and Union Electric Company d/b/a AmerenUE filed on December 22, 1998, is hereby approved.

2. That Missouri Gas Energy is ordered to file revised tariffs deleting the appropriate section from its Index of Certificated Areas.

3. That the Commission reserves the right to afford ratemaking treatment to the revenues associated with this sale for a future proceeding.

4. That this order shall become effective on March 9, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Hopkins, Senior Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION