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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 9th
day of September, 1998.

In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE for the) Case No. EM-98-483
Authority to Sell Assets to the City of)
Kahoka, Missouri.)

ORDER APPROVING SALE OF ASSETS

Union Electric Company d/b/a AmerenUE (AmerenUE) filed an Application on April 28, 1998, requesting permission to sell a 34 kV to 4 kV substation and 0.4 miles of a 34 kV radial distribution line to the City of Kahoka, Missouri (City).

The applicant states that the City is an existing wholesale customer of the Company. The City wishes to avail itself of the same power rates offered to the Company's other wholesale customers by taking delivery service at 34.5 kV. The parties have entered into an agreement for the sale of the 34/4 kV substation and 0.4 miles of the 34 kV radial distribution line "as is" under the terms and conditions set forth in the Bill of Sale, attached to the application and referenced as Appendix 2. The proposed sale price of the equipment is \$25,000 and the net book value is approximately \$20,304.55. The proposed sale price of the facilities represents a negotiated price. The applicant states that if the sale is consummated, AmerenUE would provide electric service to the City at 34.5 kV at a 34 kV pole-mounted meter installed where the radial distribution line proposed to be purchased by the City connects to the

Company's Wayland-71 line. In all other respects, electric service to the City would continue as before. The Application included a tax impact statement which states: "due to the large number of taxing authorities to which this property is allocated and the relatively small dollar amount of the property proposed to be sold, any such tax impacts would be de minimis."

On August 13, the Staff of the Commission (Staff) filed its recommendation. Staff described the equipment to be sold as a 34 kV to 4 kV substation equipment and a certain portion of the existing 34 kV distribution system. In its recommendation, Staff notes that it has conducted a field inspection of the equipment and found that the equipment consists of three pad-mounted transformers, two regulators, three switches, supporting structural steel, fifteen poles and approximately 9,000 feet of wire. Staff states that all equipment was operational and appeared to be well maintained. Staff observed no violations of the National Electric Safety Code.

In its recommendation, Staff noted that upon completion of this sale, the City will have responsibility for maintenance and continued safe operation of the City owned facilities. Oversight responsibility will transfer to the local government authority.

Staff states that the method used to calculate the value of the equipment is reasonable and concludes that the proposed transaction will not be detrimental to the public interest. Staff recommends that the Commission approve the sale. Staff recommends further that the Commission reserve the right to consider the ratemaking treatment to be afforded the revenues associated with this sale, specify that the

accounting treatment to be afforded this sale be in conformance with the Uniform System of Accounts, and order AmerenUE to file a copy of all journal entries made in connection with this sale, upon completion.

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 in this case, with the conditions recommended in the Staff memorandum.

IT IS THEREFORE ORDERED:

1. That the proposed sale of the 34 kV to 4 kV substation equipment and certain portion of the existing 34 kV distribution system to the City of Kahoka, Missouri, as set out in detail in the application of Union Electric Company d/b/a AmerenUE filed on April 28, 1998, is hereby approved.

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

3. That Union Electric Company d/b/a AmerenUE will conform with the Uniform System of Accounts for electric utilities in accounting for the proceeds of this sale and will file with the Director of Utility Services a copy of all journal entries made in connection with this transaction within 30 days following the completion of this sale.

4. That this order shall become effective on September 22, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Register, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION