

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 15th  
day of December, 1998.

In the Matter of the Application of Union Electric )  
Company to Sell Electric Distribution Facilities, ) Case No. EM-98-391  
Related Equipment and Easements to the City of )  
Rolla, Missouri. )

**ORDER WAIVING PROCEDURAL SCHEDULE**  
**AND ORDER APPROVING SALE OF ASSETS**

Union Electric Company, d/b/a AmerenUE (AmerenUE) filed an application on March 13, 1998, requesting approval to sell certain portions of existing 34.5 kV distribution lines and related equipment (facilities) to the City of Rolla. The location and details of these facilities, which consist of electrical wire, lightning arrester, disconnect switch, wood power poles and supporting hardware, are included in the applicant's Bill of Sale.

The applicant states that the City of Rolla (City) is currently an existing wholesale customer of AmerenUE. As such, AmerenUE currently supplies wholesale electric service to the City via three 34.5 kV distribution lines, which are owned by AmerenUE, referred to as Phelps-Rolla-1, Phelps-Rolla-2, and Phelps-Rolla-3 (hereinafter collectively referred to as the "Phelps-Rolla lines"). In connection with the installation of a SCADA system, the City has asked to purchase approximately 2.5 miles of the Phelps-Rolla lines and related equipment from AmerenUE and AmerenUE is agreeable to sell such equipment "as is," subject

to any necessary regulatory approvals. The City would operate and maintain the equipment after taking ownership of it.

The book value of the equipment to be purchased by the City is approximately \$36,052.14. The proposed sale price of the equipment is approximately \$96,108.86, which reflects the reproduction cost depreciated of that equipment.

The proposed sale would not affect the rate under which the City is served. AmerenUE noted that there will be no loss of revenue to AmerenUE by reason of the sale and no impact from this transaction on the sales or gross receipts taxes of any governmental authority. Therefore, AmerenUE's application suggested that there is no need to notify these authorities of the proposed sale, as has been done in past cases involving a loss of revenue.

On May 20, 1998, the Commission issued an Order and Notice which stated that the Commission had reviewed AmerenUE's application and noted that the application does not comply with 4 CSR 240-2.060(5)(G), which requires a statement of the tax impact, if any, the sale, assignment, lease or transfer of assets will have on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the companies involved in the proposed sale are located. AmerenUE states in its application that such notice is not required because its facilities are located in many jurisdictions and the tax impacts on any particular jurisdiction will be "*de minimis*." However, there is no "*de minimis*" exception to 4 CSR 240-2.060(5)(G). The Commission determined that AmerenUE should be required to supplement its application with

the required information. AmerenUE was directed to file the tax impact information required under 4 CSR 240-2.060(5)(G); on June 1, AmerenUE filed a tax impact statement as required.

On July 14, the Staff filed its recommendation. In its recommendation, Staff noted that upon completion of this sale, the City will be responsible for the safe operation and maintenance of the customer-owned facilities. Oversight responsibility will transfer to the local governmental authority. Staff conducted a field inspection of these facilities. At the time of the inspection, the facilities were operational and appeared to be well maintained, and no violation of the National Electric Safety Code was observed.

The Staff indicated that it has reviewed AmerenUE's method of calculating net book value and the 34.5 kV distribution facilities subject to the proposed sale, and that it believes that the method used by AmerenUE is reasonable. AmerenUE's accounting for this transaction is consistent with the Uniform System of Accounts for Electric Utilities and previous sales applications of this type. The Staff concluded that the proposed sale of facilities will not be detrimental to the public interest or existing AmerenUE customers, and that no other AmerenUE customer is affected by the proposed transaction. Staff recommended that this application for sale of facilities be approved. Staff also recommended that the Commission reserve for a future proceeding the right to consider the ratemaking treatment to be afforded this transaction and any jurisdictional forgone revenues associated with the sale. In addition, Staff recommended that AmerenUE file a copy of all journal entries made

in connection with this sale no later than 90 days after the completion of the sale; Staff requested that this filing be made with the official case papers and submitted to the Accounting Staff.

The Commission has reviewed the application, AmerenUE 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 34.5 kV distribution lines and related equipment to the City of Rolla, Missouri, as set out in detail in the application of Union Electric Company, d/b/a AmerenUE, filed on March 13, 1998, is hereby approved.

2. That the Commission reserves for a future proceeding the right to consider the ratemaking treatment to be afforded to the revenues associated with the sale.

3. That Union Electric Company, d/b/a AmerenUE, shall file a copy of all journal entries made in connection with this transaction within 90 days following the completion of this sale.

4. That this order shall become effective on December 29, 1998.

BY THE COMMISSION

A handwritten signature in cursive script that reads "Dale Hardy Roberts".

Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

( S E A L )

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

Ruth, Regulatory Law Judge

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