

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 10th  
day of September, 1993.

In the matter of the application of Union Electric )  
Company to sell distribution facilities to Cuivre )  
River Electric Cooperative and for approval of a ) CASE NO. EM-93-341  
change in supplier for reasons in the public )  
interest. )

ORDER APPROVING SALE OF ASSETS AND CHANGE OF SUPPLIER

On June 18, 1993, Union Electric Company (UE) filed an application pursuant to Section 393.190, RSMo 1986, and Sections 393.106 and 394.315, RSMo Supp. 1992, requesting approval for the sale of certain distribution facilities and a change of supplier to 53 structures in Timberlaine Trails subdivision which is located in an unincorporated portion of St. Charles County near Lake St. Louis, Missouri from UE to Cuivre River Electric Cooperative (Cuivre River).

In support of its application, UE stated that it has been requested to relocate and place underground an overhead distribution line which serves the Timberlaine Trails subdivision and runs through Lake St. Louis, Missouri, to accommodate additional development within Lake St. Louis. UE also stated that it has agreed to sell its electric distribution facilities within Timberlaine Trails subdivision to Cuivre River for a mutually agreeable property or price to be determined by June 1, 1995.

UE indicated that the structures for which a change of supplier is sought are located in St. Charles County within an area exclusively set aside to Cuivre River pursuant to a territorial agreement between UE and Cuivre River approved by the Commission in Case No. EO-93-166. UE also indicated that Cuivre River can connect to the facilities in question from its existing facilities without difficulty or substantial expense.

UE argued that without approval of its application, it would be forced to relocate a portion of its electric distribution facilities at the developer's expense with no future prospect of additional service from the line. UE also argued that through the requested sale of facilities and change of supplier, the relocation of facilities can be avoided and its line simply retired and removed from service. UE stated that retirement of the line would reduce line duplication in the area and avoid unnecessary damage to the yards and trees of residences. UE indicated that it would receive in return property more compatible with its existing and future service authority pursuant to its territorial agreement with Cuivre River.

In accordance with Section 393.190, RSMo 1986, UE submitted a statement that the tax impact of the proposed sale amounts to an estimated \$5,161.76 reduction in its tax liability from the amount of its tax liability without the proposed sale. The \$5,161.76 would be distributed between 10 distinct taxing districts, with the various school districts in St. Charles County receiving the largest portion, \$3,588.39 or 70 percent.

On August 27, 1993, the Staff of the Commission (Staff) filed a memorandum recommending that the Commission approve the sale of facilities and change of supplier subject to the following conditions: (1) that UE provide a copy of journal entries recording the finalized sale and retirement of the distribution facilities to the Accounting Department of the Commission; (2) that specific ratemaking treatment of this transaction be reserved for UE's next rate proceeding; and (3) that the Commission's Order include language making it clear that approval does not constitute any determination of ratemaking treatment to be accorded this transaction.

Upon review of UE's application and Staff's recommendation, the Commission finds that it is not feasible for UE to provide service to Timberlaine Trails subdivision inasmuch as the subdivision is located within Cuivre River's

exclusive service territory pursuant to the territorial agreement between UE and Cuivre River and UE would have no future prospect of expansion in that area. The Commission also finds that the territorial agreement is the basis for the change of supplier requested in this case and that said change of supplier is in the public interest for a reason other than a rate differential. Thus, the Commission determines that the change of supplier requested by UE should be approved.

The Commission also finds that UE's proposed sale of facilities to Cuivre River is not detrimental to the public interest inasmuch as the customers served by the facilities in question will continue to receive electric service. Also, UE and its customers will avoid the inconvenience of relocating a distribution line and the retirement of that line will reduce line duplication. Furthermore, the Commission finds that Staff's recommended conditions are reasonably designed to protect the public interest. Thus, the Commission determines that the sale should be approved subject to Staff's conditions.

IT IS THEREFORE ORDERED:

1. That the change of electric supplier from Union Electric Company to Cuivre River Electric Cooperative as contemplated by this Order is hereby approved.

2. That the sale by Union Electric Company to Cuivre River Electric Cooperative of certain electric distribution facilities as contemplated by this Order is hereby approved.

3. That the sale approved in Ordered Paragraph 2 shall be subject to the conditions specified in this Order.

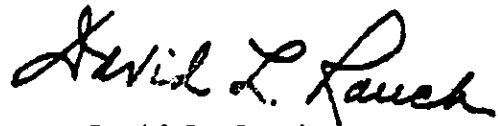
4. That Union Electric Company may execute such instruments and undertake such other acts as are necessary to consummate the sale of electric facilities as contemplated by this Order.

5. That nothing in this Order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor of the value for ratemaking purposes of the properties herein included, nor as an acquiescence in the value placed on said properties by Union Electric Company.

6. That the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions in any later proceeding.

7. That this Order shall become effective on September 21, 1993.

BY THE COMMISSION



David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,  
Kincheloe and Crumpton, CC., Concur.