

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of September, 1992.

In the matter of the application of Kansas City)
Power & Light Company for authority to sell to)
the City of Independence, Missouri, certain) Case No. EM-92-284
electric distribution facilities subject to the)
jurisdiction of the Commission, and located in)
Jackson County, Missouri.)

ORDER AUTHORIZING SALE OF CERTAIN ASSETS

On May 22, 1992, Kansas City Power & Light Company (KCPL or Applicant) filed an application with the Commission requesting authority from and approval of the Commission to sell to the City of Independence, Missouri (City) certain electrical distribution facilities located in Jackson County, Missouri, pursuant to Section 393.190, RSMo Cum. Supp. 1991. Applicant is a corporation duly organized and existing under the laws of the State of Missouri, with its principal office in Kansas City, Missouri, and is an electrical corporation and public utility as defined by Section 396.020, RSMo Cum. Supp. 1991. Applicant is engaged principally in the generation, transmission, distribution and sale of electric energy. The City of Independence, Missouri owns and operates a municipal electric facility within the corporate limits of the City of Independence, Missouri.

The property to be sold is a three-phase electrical distribution line consisting of 5,730 feet of 12 Kv distribution facilities extending from Applicant's Atherton Substation to Switch #14638. Applicant and Staff agree that this line is no longer used and useful to Applicant because the load served by the line is now being served by the City as the result of an annexation by the City in 1960 and 1962 which led to the sale of secondary lines to the City in 1960 and 1964. The primary lines at issue in this sale are therefore no longer needed due to the dismantling and relocation of the Atherton Substation by Applicant.

Attached to KCPL's application are a Sale Agreement dated May 15, 1992, Exhibit 1, including a legal description, map, Bill of Sale and Quit Claim Deed describing the property to be sold and setting out the following consideration:

Cost to reproduce facilities	\$62,405
Less: Accumulated depreciation	42,691
Plus: 15% contingency factor	2,957
Plus: cost to ready for sale	<u>9,462</u>
Sale Price	\$32,133

Staff filed a recommendation on September 10, 1992 on which it recommended approval of the sale with the following caveat. It is Staff's position, based upon the original cost of the plant of \$26,617.30, less accumulated depreciation of \$15,584.84, a \$21,100.54 gain from this transaction will result. Staff believes, for purposes of financial reporting as well as regulatory purposes, this gain should be recognized and should receive above-the-line treatment as an addition to depreciation reserve, thereby reducing rate base to benefit the ratepayers. Staff recommends that the entire \$21,100.54 gain from this sale be realized and treated as an addition to accumulated depreciation, Account 108, in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts, and in accordance with PSC Rule 4 CSR 240-20.030. Further, Staff requests the Applicant to submit to Staff copies of all journal entries made in connection with this sale at the time the physical plant is retired. Applicant has offered no response or objection to Staff's recommendation and has requested the Commission to proceed with its Order.

The Commission, having considered the application to sell assets, with attached exhibits filed by KCPL and the Staff's recommendation filed herein, finds that a hearing in this matter is unnecessary and that the application should be approved. The Commission finds the sale would have no adverse impact on ratepayers, would not be detrimental to the public interest as the assets to

be sold are no longer used and useful as the result of the above-stated annexation.

The Commission also finds that Staff's recommendation in regard to the amount of gain from this transaction, and the accounting treatment thereof, is correct and should be adopted.

IT IS THEREFORE ORDERED:

1. That Kansas City Power & Light Company be hereby authorized to sell those assets described in their application and attached exhibits filed herein, to the City of Independence, Missouri.
2. That Kansas City Power & Light Company and the City of Independence, Missouri be hereby authorized to enter into, execute and perform all acts and things reasonably necessary to accomplish this Order.
3. That the entire \$21,100.54 gain from this sale be realized and treated as an addition to accumulated depreciation, Account 108, in accordance with 4 CSR 240-20.030 of the Public Service Commission rules.
4. That Kansas City Power & Light Company submit to Staff copies of all journal entries made in connection with this sale at the time the physical plant is retired.
5. That this Order shall become effective on the 14th day of October, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

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