

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 5th
day of January, 1993.

Application of Union Electric Company to sell)
certain electric equipment to Southeast) CASE NO. EM-93-19
Hospital.)

ORDER APPROVING SALE OF ASSETS

On July 22, 1992, Union Electric Company (UE) filed an application requesting that the Commission approve the sale of certain electric facilities to Southeast Hospital of Cape Girardeau, Missouri (Hospital), an existing customer which takes service under the 4(M) Primary Service rate. The sale consists of one 112 KVA padmount transformer, one primary enclosure, three primary junctions, twelve cable terminals and 240 feet of 15 KV cable.

In support of its application, UE stated that the sale would not affect the rate under which the Hospital is served and that there would be no loss of revenue to UE as a result of the sale. UE also stated that the Hospital will maintain the electric facilities after the Hospital assumes ownership.

UE indicated that the net book value of the electric facilities to be purchased by the Hospital is \$9,989 and the proposed sale price is \$20,937, which reflects the depreciated reproduction cost of the facilities. UE stated that the electric facilities are treated as distributable property for tax purposes and are allocated to and subject to taxation by all Missouri political subdivisions in which it has property.

In accordance with Section 393.190, RSMo 1986, UE submitted a statement showing that the impact from the proposed sale on the tax revenues of the political subdivisions in which it has any facilities will be de minimus. UE stated that this is due to the large number of taxing authorities to which the

property is allocated and the relatively small dollar amount of the facilities being sold.

UE also stated that the sale will not be detrimental to the public interest. UE stated that neither UE nor its customers will be adversely affected as UE will be paid an amount exceeding the net book value of the electric facilities, the facilities will be retired and the net book value of the facilities will be removed from the rate base in future rate proceedings.

On December 16, 1992, the Staff of the Commission (Staff) filed a memorandum recommending that the Commission approve the sale of the electric facilities subject to the following conditions: (1) that any resulting gain accruing to UE from this transaction be given above-the-line accounting treatment; (2) that specific ratemaking treatment related to this transaction be reserved for UE's next rate proceeding; (3) that UE provide a copy of the journal entries recording the finalized sale to the Accounting Department of the Commission; and (4) that the Commission's Order include language making it clear that approval does not constitute any determination of the ratemaking treatment to be accorded this transaction.

Upon review of UE's application and Staff's recommendation, the Commission finds that UE's proposed sale of electric facilities to the Hospital is not detrimental to the public interest inasmuch as neither UE nor its customers will be harmed by the transaction. The Commission also 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 sale by Union Electric Company to Southeast Hospital of Cape Girardeau, Missouri, of the electric facilities described in this Order is hereby approved.

2. That the sale approved in Ordered Paragraph 1 shall be subject to the conditions specified in this Order.

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

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

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

6. That this Order shall become effective on January 15, 1993.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

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