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 August, 1994.

Application of Union Electric Company to sell transformers to St. Mary's Health Center.	))	CASE NO. EM-94-339

ORDER APPROVING SALE OF CERTAIN ASSETS

On May 4, 1994, Union Electric Company (UE) applied to the Missouri Public Service Commission (Commission) for authority to sell certain electrical distribution equipment to St. Mary's Health Center (St. Mary's), pursuant to Section 393.190 RSMo. UE is a Missouri corporation with its principal offices in St. Louis, Missouri, and is a public utility engaged in the operation, transmission, distribution and sale of electrical energy. UE is thus subject to Commission jurisdiction. Section 386.020, RSMo. Supp. 1993. St. Mary's, located in Richmond Heights, Missouri, is a UE customer receiving service under the 3(M) Large General Service Rate.

UE requests authority to sell to St. Mary's one 500 kVA transformer, one 300 kVA transformer and related switchgear described in Exhibit 1 of UE's application. The net book value of the equipment, according to Commission Staff, is $4,500.54, and the agreed sale price is $16,009.74. All of this equipment is located in a utility room on the south side of St. Mary's facility and is used to service St. Mary's exclusively. St. Mary's wishes to make this purchase in conjunction with the expansion of its electrical usage at that facility and conversion of its existing secondary service into one primary connection. After taking ownership of the equipment St. Mary's will assume responsibility for its maintenance. The change in St. Mary's customer status will allow the facility to receive service under the 4(M) rate, resulting in an approximate annual savings of $45,065.

On June 9, 1994, the Staff of the Public Service Commission (Staff) conducted an inspection of St. Mary's facilities in Richmond Heights. At that time all equipment was operational and well maintained and Staff observed no violations of the National Electric Safety Code. Staff filed a memorandum on July 28, 1994, recommending that the sale of equipment be approved. Based on its inspection and field evaluation, Staff concluded that the sale would not be detrimental to UE's other customers. Staff pointed out that, after the sale, the responsibility for safe operation will transfer to St. Mary's, under the oversight of the local governmental authority having jurisdiction. Staff suggested that St. Mary's take note of UE's General Rules and Regulations tariffs, Sheet No. 136 regarding safe operation. Staff also reviewed the proposed "above the line" accounting treatment of the sale and stated that, based on that review, Staff has no objection to the transaction and recommended approval.

Having reviewed UE's application and Staff's recommendation, the Commission finds that a hearing is unnecessary and that the application for authority to sell certain assets should be approved. The Commission is of the opinion that this sale will not be detrimental to other UE customers since the equipment to be sold serves St. Mary's only. The Commission believes the sale will benefit ratepayers in general in that the sale price of the equipment exceeds its net book value and the value of the equipment will be removed from rate base in future rate cases. The Commission finds that the accounting treatment proposed complies with the Uniform System of Accounts for Electric Companies and would have no adverse impact on ratepayers nor be detrimental to the public interest.

IT IS THEREFORE ORDERED:

1. That Union Electric Company be authorized to sell to St. Mary's Health Center the assets described above and listed in Exhibit 1 of its application of May 4, 1994.

2. That Union Electric Company be authorized to enter into, and execute, whatever agreement or contract, and execute whatever documents, as necessary to accomplish the approved transaction.

3. That Union Electric Company submit to the Commission Accounting Staff copies of all documents so executed, and of all journal entries made in connection with this sale.

4. That all gain from this sale accruing to Union Electric Company be given above-the-line treatment and that specific ratemaking treatment related to this transaction be reserved for Union Electric Company's next rate proceeding.

5. That approval of this transaction does not constitute any determination of the ratemaking treatment to be accorded this transaction.

6. That this order shall become effective on August 16, 1994.

BY THE COMMISSION

David L Rauch

David L. Rauch
Executive Secretary

(S E A L)

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