

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 6th  
day of March, 1991.

In the matter of the application of Missouri Public Service, )  
a division of UtiliCorp United Inc., for authority to sell )  
certain electric distribution assets located within the city ) Case No. EM-91-145  
of Independence to the municipal utility operated by the city )  
of Independence, Missouri. )  
)

ORDER APPROVING SALE

On October 9, 1990, Missouri Public Service, a division of UtiliCorp United Inc., (MPS) filed an application seeking authority to sell certain distribution assets located within the corporate limits of Independence, Missouri, and associated property rights to the municipal utility owned and operated by Independence. Notice of the proposed sale was given by order issued October 17, 1990 and no person filed an application to intervene.

On January 2, 1991, Commission Staff filed a memorandum in which it recommended approval of the sale subject to two conditions. On January 9, 1991, MPS filed a response to Staff's recommendation in which it opposed the conditions recommended by Staff. On January 18, 1991, Public Counsel filed a motion requesting the Commission set the matter for hearing.

On February 7, 1991, Commission Staff filed a supplemental memorandum. In the supplemental memorandum Staff states that based upon additional information obtained from MPS and in order to not further delay this matter, it is removing its previously recommended conditions from its recommendation. Staff states that upon consideration of franchise taxes paid by MPS and the historical fuel cost adjustment of Independence, which has been negative, customers switched to Independence after the sale would probably pay lower rates. Staff supplied a comparison of the rates of MPS and Independence.

Staff states that its second condition can be resolved if the Commission will defer consideration of the ratemaking treatment of the anticipated gain from the sale to MPS's next general rate case. Staff requests, though, that the Commission order MPS to file (1) the final sale price of the property; (2) a listing of the units of property retired; (3) the unit prices of the properties retired; (4) the depreciation reserve associated with the units of property retired; and (5) a copy of all accounting entries made to record the sale. Staff states that the information requested is necessary to allow proper consideration of the rate-making treatment of the anticipated gain from the sale.

On February 15, 1991, Public Counsel filed a response to Staff's supplementary recommendation. Public Counsel states that it supports Staff's position as stated in the supplementary recommendation but recommends additionally that the gain from the sale be recorded in Account 253, Other Deferred Debits. MPS filed a response opposing the inclusion of the gain in Account 253. MPS suggests that the gain will be approximately \$200,000 and this amount is not of sufficient magnitude to warrant special accounting treatment.

The Commission has considered this matter and the series of pleadings filed herein. The Commission has determined that a hearing is unnecessary to resolve any issue in this case. Staff, MPS and Public Counsel have indicated a hearing is no longer necessary.

The Commission will adopt Staff's recommendation concerning the sale of facilities by MPS to Independence. Customers shifted to service from Independence should continue to receive adequate service under similar conditions and may even have lower rates. Additional notice need not be given under these circumstances.

The Commission will defer ratemaking treatment of the anticipated gain from the sale until MPS's next general ratemaking proceeding. The Commission finds that the five conditions proposed by Staff will be adopted so the information is available for consideration during the next general ratemaking proceeding.

The Commission finds that Staff's recommendations are sufficient to assure proper accounting of the sale and therefore will not adopt Public Counsel's proposal to record the gain in Account 253. The Commission does not believe that special accounting treatment is warranted in this instance.

IT IS THEREFORE ORDERED:

1. That Missouri Public Service, a division of UtiliCorp United Inc., be hereby granted authority to sell certain distribution assets and associated property rights to the city of Independence, Missouri, in accordance with the terms of the agreement attached as Schedule 1 to the application in this matter.
2. That Missouri Public Service shall provide the information as required by the five conditions recommended by Commission Staff.
3. That the approval of the sale in this case is not approval of any ratemaking treatment of the anticipated gain from the sale of the assets by Missouri Public Service, and ratemaking treatment of the sale shall be considered in Missouri Public Service's next general ratemaking proceeding.
4. That this order shall become effective on the 19th day of March, 1991.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,  
McClure and Letsch-Roderique, CC.,  
concur.