

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 18th day
of January, 2012.

In the Matter of the Application of Union Electric)
Company d/b/a Ameren Missouri for Authority to)
Sell or Transfer a Portion of its Franchise, Works,)
or System to Missouri Baptist Medical Center)

File No. EO-2012-0180

ORDER APPROVING APPLICATION

Issue Date: January 18, 2012

Effective Date: January 28, 2012

Background

On December 6, 2011, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) submitted an application seeking authority from the Missouri Public Service Commission (“Commission”) to sell certain existing underground 12kV supply cables to Missouri Baptist Medical Center (“Missouri Baptist”) in connection with an expansion of Missouri Baptist’s campus that requires Ameren Missouri to relocate the metering point and construct a new substation to provide 34kV service to the campus.

The Commission directed notice, set a deadline for intervention, and set a deadline for a recommendation from its Staff. On January 10, 2012, Staff filed a recommendation that the Commission approve the application. No persons requested to intervene or opposed Staff’s recommendation.

Jurisdiction and Discretionary Authority

Ameren Missouri’s application involves a transfer of assets, so it is within the Commission’s jurisdiction to approve or deny the application pursuant to Section 393.190,

RSMo 2000. Since no law requires a hearing on this application, this is a non-contested case.¹

Legal Standard for Approval

Section 393.190.1 provides, in pertinent part:

No . . . , electrical corporation, . . . shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do.

Section 393.190.1 does not set a standard for the approval of a proposed transfer of assets; however, the Missouri Supreme Court in *State ex rel. City of St. Louis v. Public Service Commission of Missouri*, 73 S.W.2d 393, 395 (Mo. 1934) determined the standard for the Commission's approval was whether the transfer “would be detrimental to the public.”² This standard does not require the demonstration of the transaction benefiting the public, only that the transaction is not a detriment to the public.³ This standard is also codified in Commission Rule 4 CSR 240-3.310(1)(D), which requires that applicants seeking approval to transfer assets include in their applications “[t]he reasons the proposed sale of assets is not detrimental to the public interest.”

Analysis

Ameren Missouri is seeking to sell and transfer a portion of its works and systems to Missouri Baptist. Missouri Baptist receives electric service at its medical center located in St. Louis County, Missouri. Ameren states in its verified application that as part of a

¹ Section 536.010(4), RSMo Supp. 2010, defines a “contested case” as “a proceeding before an agency in which legal rights, duties or privileges of specific parties are required by law to be determined after hearing.”

² *City of St. Louis*, 73 S.W.2d at 395 and 400. This case involved a merger subject to approval by the PSC under § 5195, RSMo 1929, a predecessor to § 393.190. See also *State ex rel. AG Processing, Inc. v. Public Service Comm'n of State*, 120 S.W.3d 732, 735 (Mo. banc 2003) and *State ex rel. Fee Fee Trunk Sewer v. Litz*, 596 S.W.2d 466, 468 (Mo. App. 1980).

³ *Id.*

planned expansion of the medical center, Ameren intends to build a new substation for meeting the increased demand for electricity by Missouri Baptist. Construction of the substation will require moving the metering point from Missouri Baptist's medical center campus to the new substation. Missouri Baptist will assume responsibility for providing supply cables and other facilities necessary to transport electricity from the new substation metering point to the medical center. Ameren and Missouri Baptist propose that Missouri Baptist purchase from Ameren the supply cables that are currently used to provide electric service from Ameren's distribution facilities to the existing metering point.

The proposed sale of the existing supply cables will result in cost savings to both parties compared to the alternate method of providing increased electric power to the new substation, which would involve Ameren Missouri removing the existing cables and Missouri Baptist installing almost identical new distribution cables. Ameren Missouri and Missouri Baptist have agreed on a sale price of \$46,678.79, which represents the depreciated net book value of the existing supply cables. The transaction is on an "as is" basis without any warranties with respect to those supply cables. The full depreciated net book value of the supply cables will be removed from the rate base. The impact of the transaction on property taxes to St. Louis County, if any, would be negligible.

Staff states in its recommendation that the proposed transaction is necessary to accommodate Missouri Baptist's increased demand for electricity, is the most economical option for both parties, would have no impact on the rate base, and will not impact local tax revenues.

Decision

Based on the Commission's independent and impartial review of the filings, the Commission determines that Ameren Missouri's proposed sale of its existing electrical

supply cables to Missouri Baptist is not detrimental to the public interest and the Commission will approve it. Since Ameren Missouri requests prompt approval of its application and because that application is not opposed by any party, the Commission will make this order effective in ten days.

THE COMMISSION ORDERS THAT:

1. Union Electric Company d/b/a Ameren Missouri's Application for Authority to Sell or Transfer a Portion of Its Franchise, Works, or System to Missouri Baptist Medical Center is approved.
2. Union Electric Company d/b/a Ameren Missouri is authorized to take all actions necessary and proper to consummate the transaction proposed in the application.
3. This order shall become effective on January 28, 2012.
4. This file may be closed on January 29, 2012.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett, Kenney,
and Stoll, CC., concur.

Bushmann, Regulatory Law Judge