

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

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**

**STAFF’S RECOMMENDATION TO APPROVE APPLICATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and for its *Recommendation to Approve Application*, states:

1. On December 6, 2011, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) filed an Application with the Missouri Public Service Commission (“Commission”) seeking Commission authority to sell its existing underground 12kV supply cables to Missouri Baptist Medical Center (“Missouri Baptist”) pursuant to Section 393.190.1 RSMo, 4 CSR 240-2.060, and 4 CSR 240-3.110 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.

2. On December 7, 2011, the Commission issued an Order directing Staff to file a recommendation regarding Ameren Missouri’s application by January 10, 2012.

3. Based on Staff’s investigation, the proposed transaction is necessary to accommodate Missouri Baptist’s increased demand for electricity, it is the most economical option for all parties involved, it has no impact on Ameren Missouri’s rate base, and it will not impact local tax revenues. In the attached Memorandum (Appendix A), Staff recommends the Commission find that the sale of Ameren Missouri’s existing 12kV supply cables to Missouri Baptist is not detrimental to the public interest.

4. In making its recommendation to the Commission, Staff considered Section 393.190.1, RSMo. 2000, which provides:

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.

Because the statute lacks an express standard, Staff applied the standard of “not detrimental to the public interest” in evaluating Ameren Missouri’s request, the standard the Commission has used in reviewing similar transactions under this statute. See *State ex rel. City of St. Louis v. Public Service Commission of Missouri*, 73 S.W.2d 393 (1934); *Report and Order from In the Matter of the Application of Aquila, Inc. for Authority to Assign, Transfer, Mortgage or Encumber Its Utility Franchise, Works or System in Order to Secure Revised Bank Financing Arrangements*, Case No. EF-2003-0465, 12 Mo.P.S.C. 3d 375 (Decided February 24, 2004) and *Report and Order from In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Authority to Exchange SO<sub>2</sub> Emissions Allowances for NO<sub>x</sub> Emissions Allowances*, Case No. EO-2012-158 (Decided January 4, 2012).

5. Staff has verified that Ameren Missouri has filed its annual report and is not delinquent on any assessment.

**WHEREFORE**, Staff recommends the Commission issue an order approving the sale of Ameren Missouri’s 12kV supply cables to Missouri Baptist as described in Ameren Missouri’s application and Bill of Sale.

Respectfully submitted,

/s/Goldie Tompkins

Goldie Tompkins

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Missouri Bar No. 58759

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Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been electronically mailed to all counsel of record this 10<sup>th</sup> day of January, 2012.

/s/ Goldie Tompkins

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. EO-2012-0180, 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

FROM: Alan J. Bax, Energy Department – Engineering Analysis

<u>/s/ Lena M. Mantle 01/10/12</u> Energy Department / Date	<u>/s/ Goldie Tompkins 01/10/12</u> Staff Counsel's Office / Date
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SUBJECT: Staff Memorandum Recommending Approval of Application

DATE: January 10, 2012

## **STAFF RECOMMENDATION**

The Staff of the Missouri Public Service Commission (Staff) recommends that the Missouri Public Service Commission (Commission) approve the Application of the Union Electric Company d/b/a Ameren Missouri (Ameren Missouri) requesting to sell or transfer a portion of its franchise, works, or system to Missouri Baptist Medical Center (Missouri Baptist) and find the transaction is not detrimental to the public interest pursuant to Section 393.190.1 RSMo 2000, 4 CSR 240-2.060 and 4 CSR 240-3.110.

## **OVERVIEW**

On December 6, 2011, Ameren Missouri filed an Application with the Commission requesting authorization to sell its 12 kV supply cables within the property bounds of Missouri Baptist's campus to Missouri Baptist for the purchase price of \$46,678.79 "as is" under the terms set forth in the Bill of Sale, included in the Application. Ameren Missouri requests that the Commission approve the transaction as not detrimental to the public interest pursuant to Section 393.190.1 RSMo 2000, 4 CSR 240-2.060 and 4 CSR 240-3.110. In support, Ameren Missouri notes that no other customers will be affected by the sale and that Ameren Missouri, and ultimately its ratepayers, will receive full, depreciated net book value for the facilities. Further, Ameren Missouri asserts that the impact on the tax revenues of the local area, if any, will be negligible. Ameren Missouri also claims that approving the proposed sale of assets is advantageous to Missouri Baptist in that purchasing these existing cables enables

Missouri Baptist to avoid an otherwise necessary installation of a new, essentially identical network in its place at far greater expense.

On December 7, 2011, the Commission issued an Order making Missouri Baptist a party to the case and setting an intervention deadline of December 27, 2011; no one requested intervention. In addition, the Commission also directed the Staff to file a recommendation in this case no later than January 10, 2012.

### **DISCUSSION**

Missouri Baptist is a large hospital complex on a campus located at 3015 North Ballas Road in St. Louis County (see Appendix B). It currently receives electric service via Ameren Missouri owned network of facilities, including 12 kV supply cables, originating from the Ameren Missouri's Ballas Road Substation. Ameren Missouri's 12 kV network currently terminates within Missouri Baptist's campus, which is also the current metering point.

The anticipated additional demand of Missouri Baptist's current expansion project will overload Ameren Missouri's transformer in its Ballas Road Substation. Ameren Missouri determined that it would be necessary to construct a new substation, one energized at 34.5 kV, to provide service to the newly expanded campus. This new substation is currently under construction, as depicted on attached picture (Appendix B). Ameren Missouri's metering point will be moved to this substation upon completion. Therefore, it will become the responsibility of Missouri Baptist to provide the facilities necessary to distribute electricity throughout the campus from the new substation (i.e. beyond the new metering point).

Ameren Missouri and Missouri Baptist discussed two alternatives in regard to supplying the necessary facilities to transport electricity in Missouri Baptist's campus. The first included Ameren Missouri removing its existing supply cables to allow Missouri Baptist to install a new, essentially identical network of facilities. The other alternative included Missouri Baptist purchasing Ameren Missouri's existing network of facilities on the campus.

Both Ameren Missouri and Missouri Baptist favor the option of Missouri Baptist purchasing Ameren Missouri's existing facilities, including the 12 kV cables, an option

that is the least expensive to Missouri Baptist and precludes Ameren Missouri from having to dispose of cables it would not otherwise use. The proposed selling price for the assets represents the net book value of the assets. Proceeds from this sale should be credited to plant and depreciation reserve as appropriate. In addition, this transaction will cause little or no change to the tax revenues of the local area. No other Ameren Missouri customers are affected by this transaction.

### **CONCLUSION**

As previously noted, Staff recommends that the Commission approve Ameren Missouri's request to sell or transfer a portion of its franchise, works, or system to Missouri Baptist and find the transaction is not detrimental to the public interest pursuant to Section 393.190.1 RSMo 2000, 4 CSR 240-2.060 and 4 CSR 240-3.110. The anticipated demand associated with the current expansion project at Missouri Baptist is going to put stress on Ameren Missouri's existing facilities located within its Ballas Road Substation, the source currently used by Ameren Missouri in its provision of service to Missouri Baptist. A new substation is now under construction to accommodate the anticipated increased demand of Missouri Baptist's campus, a substation that will be energized at 34.5 kV. Upon completion, Ameren Missouri will be moving its metering point to this substation from its current location within Missouri Baptist's campus, which will require Missouri Baptist to be responsible for the network of facilities on its campus necessary to distribute electricity throughout its campus. Staff agrees with Ameren Missouri and Missouri Baptist that the best solution is for Ameren Missouri to sell its existing 12 kV network on the campus to Missouri Baptist. This is a more economical solution for both Ameren Missouri and Missouri Baptist. Proceeds from this sale shall be credited to plant and depreciation reserve as appropriate. Furthermore, approving this transaction will not affect any other customer and does not impact local tax revenues.

Ameren Missouri is current on all assessment fees and annual report filings. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.





November 2011



**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

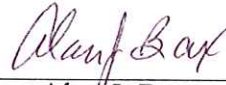
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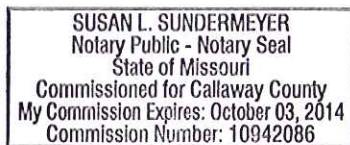
**AFFIDAVIT OF ALAN J. BAX**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Alan J. Bax, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Alan J. Bax

Subscribed and sworn to before me this 10<sup>th</sup> day of January, 2012.



  
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Notary Public