

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 28th day of
August, 2007.

In The Matter of the Application of Aquila, Inc. for)
Permission and Approval and a Certificate of Public)
Convenience and Necessity Authorizing it to Acquire,)
Construct, Install, Own, Operate, Maintain, and)
Otherwise Control and Manage Electrical Distribution)
Substation and Related Facilities in Benton County,)
Missouri (Near the City Of Cole Camp))

Case No. EA-2007-0245

ORDER DISMISSING APPLICATION

Issue Date: August 28, 2007

Effective Date: September 7, 2007

On December 28, 2006, Aquila, Inc. filed with the Missouri Public Service Commission an application for permission and approval, and a certificate of public convenience and necessity authorizing Aquila to acquire, construct, install, own, operate, maintain, and otherwise control and manage an electrical transmission substation and related facilities located within Benton County, Missouri. In addition to the application, Aquila filed a Motion for Expedited Treatment.

On December 29, 2006, the Commission issued an Order Directing Notice, Setting Date for Intervention, and Directing Filing. Any responses to the Motion for Expedited Treatment were to be filed no later than January 8, 2007. Any party wishing to intervene was directed to do so no later than January 10, 2007. No responses to Aquila's Motion for Expedited Treatment or requests for intervention were filed.

On January 4, 2007, Aquila filed a First Amended Application by Interlineation.

In 1937, Aquila's predecessor in interest, Missouri Public Service Corporation, sought an order from the Commission granting it a Certificate of Convenience and Necessity ("Certificate") to construct, maintain and operate, as a public utility, electric transmission and distribution lines for the purpose of furnishing electric service in several counties, including Benton County. The Report and Order, issued on January 18, 1938 in Case No. 9470, notes that the Applicant sought the Certificate "because of the increasing demand for electric service it is required continuously to extend and expand its transmission and distribution, in that under the procedure it has heretofore followed under the laws of Missouri, it has made an application for each extension, regardless of size, to serve new customers. ... It claims that in some instances the cost of securing the certificate of convenience and necessity has amounted to more than the actual cost of constructing the physical property. By this case it hopes to eliminate that added cost, as well as expedite its procedure in arranging to take care of requests for service."

It is clear from the Report and Order that the single application and Certificate were intended to relieve the utility from filing with the Commission for specific extensions to transmission and distribution facilities, in that the utility would be granted blanket authority to extend, maintain and upgrade those distribution and transmission facilities in the service territory set out in the application, which included Benton County. The Commission's Report and Order granted the authority "to construct, maintain and operate electric transmission lines and distribution systems" in Benton County, exclusive of incorporated areas of municipalities until the municipality gave its permission. The Report and Order established other conditions, which are not relevant to the present application. The Report and Order has not been vacated or superseded and remains in effect.

The substation that Aquila seeks to build constitutes a part of its transmission lines and distribution systems. A substation is “facility equipment that switches, changes or regulates voltage.”¹ The regulation of voltage as electricity is transported from the generation facility to the end user’s location is crucial to the safe and efficient delivery of that electricity to a customer.

Although transmission and distribution are technically different parts of a transmission and distribution system, the transmission side cannot be separated from the distribution side.² As Ms. Warkentin explains,

Transmission and distribution systems are responsible for receiving, transmitting, and then distributing electric power from the power plant [reference omitted]. Unit transformers increase the voltage to transmission level before the electricity passes through a switchyard [reference omitted] and is finally directed to transmission lines. Transmission lines carry high-voltage electricity to substations where the voltage is lowered to levels that can be handled by distribution lines. [...] Distribution lines... carry power to consumer areas [and] deliver power to customers.³

The company requested and received authority for both transmission lines and distribution systems from the Commission. On page 6 of the Commission’s January 18, 1938 Report and Order, the Commission noted that it had attached a certified copy of the order of the county court of Benton County that had “granted the applicant electric transmission and distribution lines along and across the highways of the ... count[y].” As one cannot have both transmission and distribution lines in a county without a substation, it is reasonably inferred that the grant of authority from the county included the authority to construct such substations as are necessary to deliver safe and adequate service to customers in Benton County. The Commission did so in its Order, in which it

¹ *Electric Power Industry*; Warkentin, Denise; (1998) at 191.

² *Id* at 21.

³ *Id* at 21, 22.

granted authority to construct transmission lines and distribution “systems,” which clearly includes substations.

As the Commission has already granted to Aquila all the authority it needs to construct a substation in Benton County, its present application will be dismissed.

IT IS ORDERED THAT:

1. Aquila, Inc.’s Application is dismissed.
2. This order shall become effective on September 7, 2007.
3. This case may be closed on September 8, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Appling, CC., concur;
Gaw, Clayton, CC., dissent.

Dale, Chief Regulatory Law Judge