

**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     ) **File No. EO-2014-0296**  
A Portion of Its Franchise, Works, or System to     )  
Silgan Plastic Food Containers Corporation     )

**STAFF'S RECOMMENDATION TO AUTHORIZE SALE**

**COMES NOW** the Staff of the Missouri Public Service Commission and recommends that the Commission authorize Union Electric Company d/b/a Ameren Missouri (Ameren Missouri) to sell two 12,470-277/480 volt, three-phase transformers to Silgan Plastic Food Containers Corporation (Silgan), as follows:

1. On April 17, 2014, Ameren Missouri applied to the Commission for authority to sell two transformers to Silgan.<sup>1</sup>

2. On May 1, 2014, the Commission ordered Staff to file its recommendation on Ameren Missouri's application. Accordingly, attached hereto as **Appendix A** is Staff's memorandum in which it explains why it recommends the Commission authorize Ameren Missouri to sell the two transformers.

3. To sell assets that are necessary or useful in the performance of its duties to the public, a utility must obtain Commission authority to sell the assets before the transaction.<sup>2</sup> "The standard governing the Commission's review of an application for sale of assets is [that] ... [t]he Commission may not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest."<sup>3</sup>

---

<sup>1</sup> On April 23, 2014, Ameren Missouri amended its application to include an inadvertently omitted page.

<sup>2</sup> §393.190.1 RSMo.

<sup>3</sup> *Environmental Utilities, LLC v. Public Service Com'n*, 219 S.W.3d 256, 265 (Mo. App. W.D., 2007), citing *Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App., 1980).

4. As explained in Appendix A, Staff recommends the Commission authorize Ameren Missouri to sell to Silgan the two transformers Silgan is renting for \$50,000 “as is,” subject to the terms and conditions set forth in the Bill of Sale, because the sale is not detrimental to the public interest. Staff has verified that \$50,000 is representative of the reproduction cost of the transformers minus associated depreciation reserve and is greater than the calculated book value of \$37,663.37.<sup>4</sup> Ameren Missouri’s proposed journal entries for recording this sale will not reflect a gain (or loss) and will reduce Ameren Missouri’s electric rate base by the proceeds from the sale. This sale should result in little, if any, local tax impacts.

5. Not only will this sale benefit Ameren Missouri and Silgan, it is also advantageous to Ameren Missouri’s rate-paying customers. Both Ameren Missouri and its customers will receive the full benefits of the transfer of the transformers and avoid future costs to remove and dispose of them. Selling these transformers to Silgan will have no effect on Ameren Missouri’s ability to provide safe and adequate service to its other customers.

6. Staff recommends the Commission include in its Order a statement that no rate-making treatment is requested or given by authorizing this sale and that any effect selling these transformers may have on Ameren Missouri’s rates will be considered within the context of its next general electric rate case.

7. Ameren Missouri is current on all Commission annual assessment and annual report filing requirements. Staff is not aware of any other matter before the Commission that affects or is affected by this filing, nor is Staff aware of any pending or final unsatisfied decision against Ameren Missouri from any state or federal court

---

<sup>4</sup> See Appendix C of the amended *Application*.

involving customer service or rates within the last three years that would affect or is affected by this filing.<sup>5</sup>

**WHEREFORE**, Staff recommends that the Commission authorize Ameren Missouri to sell to Silgan the two transformers Silgan is presently renting from Ameren Missouri, state in its order that it is making no ratemaking determination at this time, and grant such other and further relief as is just in the circumstances.

Respectfully,

**/s/ Tim Opitz**

Tim Opitz  
Legal Counsel  
Missouri Bar No. 65082  
Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-4227 (Telephone)  
(573) 751-9285 (Fax)  
timothy.opitz@psc.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 30<sup>th</sup> day of June, 2014.

**/s/ Tim Opitz**

---

<sup>5</sup> In paragraph 2 of its amended *Application*, Ameren Missouri lists its open cases pending before the Commission. Staff's experts do not believe this filing is affected by or affects any of those cases.

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
File No. EO-2014-0296, Application of the Union Electric Company  
d/b/a Ameren Missouri for Authority to Sell or Transfer a Portion of Its  
Franchise, Works, or System to Silgan Plastic Food Containers Corporation.

FROM: Derick Miles, P.E., Engineering & Management Services– Depreciation  
Kofi Agyenim Boateng, Auditor IV– Auditing Unit– Utility Services Department  
Alan J. Bax, Engineering Analysis – Energy Unit

/s/ Derick Miles    06/27/14  
Depreciation / Date

/s/ Kofi Agyenim Boateng    06/27/14  
Auditing / Date

/s/ Alan J. Bax    6/27/14  
Energy Unit / Date

/s/ Timothy Opitz    6/27/14  
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation to Approve Amended Application

DATE: June 27, 2014

### **STAFF RECOMMENDATION TO APPROVE APPLICATION**

The Staff of the Missouri Public Service Commission (“Staff”) recommends that the Missouri Public Service Commission (“Commission”) approve the *Application*, as amended, of the Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) for authority to sell or transfer two 12,470-277/480 volt, three phase transformers to Silgan Plastic Food Containers Corporation (“Silgan”) located at 710 West Park Road, Union, Missouri, 63084, per the terms stated in the Bill of Sale that is included in the Amended Application.

### **OVERVIEW**

On April 17, 2014, Ameren Missouri filed an application with the Commission seeking approval to sell, transfer, and otherwise dispose of a portion of its franchise, works, or systems to Silgan. Ameren Missouri has agreed to sell two 12,470-277/480 volt, three phase transformers, one platform type and one padmount type, to Silgan for a purchase price of \$50,000 “as is,” subject to the terms and conditions set forth in the Bill of Sale, which is included in the *Application*. Ameren Missouri requests the Commission approve the transaction as not detrimental to the public interest pursuant to 4 CSR 240-3.110, 4 CSR 240-2.060, and Section 393.190.1 RSMo 2000. In support of its application, Ameren Missouri

notes that this transaction will result in both ratepayers and Ameren Missouri receiving full benefits of the assets' transfer as well as avoiding future costs associated with removing these assets. Ameren Missouri and Silgan have requested a prompt decision by the Commission.

In an Order dated April 18, 2014, the Commission issued its *Order to Supplement Application* directing Ameren Missouri to report any effect the *Application* may have on the tax benefits to applicable political subdivisions by April 25, 2014. Ameren Missouri filed its Response to this Commission Order on April 21, 2014.

In an Order issued on April 22, 2014, the Commission set an intervention deadline of May 7, 2014. It also ordered Staff to file a recommendation on the application by May 14, 2014.

On April 23, 2014, Ameren Missouri filed an amended *Application* to include a page that was inadvertently omitted from its initial filing.

On May 1, 2014, Staff requested an extension of time in which to file its recommendation to July 1, 2014. The Commission issued an Order approving Staff's request later that day.

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, nor is Staff aware of any pending or final unsatisfied decision against Ameren Missouri from any state or federal court involving customer service or rates within the last three years that would affect or is affected by this filing.<sup>1</sup> Silgan is not subject to Commission jurisdiction.<sup>2</sup>

### **DISCUSSION**

In its amended *Application*, Ameren Missouri included a Transformer Rental Agreement with Rexam Containers, Inc. ("Rexam"), dated June 14, 1993, for two platform type transformers located at 710 West Park Road, Union, Missouri. Silgan purchased this facility from Rexam in July 2012, and assumed responsibility under the original rental agreement Rexam made with Ameren Missouri. Silgan's parent company, headquartered in

---

<sup>1</sup> In Paragraph 2 of its amended *Application*, Ameren Missouri lists its open cases pending before the Commission. Staff's experts do not believe this filing is affected by or affects any of those cases.

<sup>2</sup> Silgan manufactures plastic containers used to package food and numerous other commercial products.

Stamford, Connecticut, is comprised of numerous manufacturing operations throughout North America that produce metal and plastic containers as well as composite and plastic enclosures for food and other consumer goods.

Edits made to this rental agreement indicate that one of the original platform type transformers has been replaced twice; in May 2000 and again in July 2013. A padmount type transformer was installed in lieu of a platform type in July 2013.

According to a Bill of Sale, attached as Appendix D to the amended *Application*, Ameren Missouri and Silgan have agreed to a transaction price of \$50,000. This price represents a value greater than the calculated book value of \$37,663.37, which is illustrated on Appendix C attached to the amended *Application*. Ameren Missouri has indicated that it will not realize a net gain or loss on the sale of this property. The proposed journal entries for recording the retirement of these assets, and the receipt of proceeds are in conformance with Federal Energy Regulatory Commission (FERC) Uniform System of Accounts (USOA) guidelines. In addition, Ameren Missouri has indicated that this transaction does not constitute the sale of an operating unit or a system. Accordingly, subject to the Commission's approval, Ameren Missouri proposes to reflect the following journal entries to record the proceeds resulting from this transaction on its books and records upon completion of the sale of this property to Silgan:

<b>Debit Cash Account 131001</b>	<b>\$ 50,000.00</b>
Credit – Line Transformers (Salvage) – Account 368	\$(50,000.00)

The proposed entries to record the resulting proceeds from the sale make the ratepayers whole by reflecting a \$50,000.00 increase in overall salvage value. This increases the depreciation reserve, and subsequently reduces Ameren Missouri's overall rate base by the same amount.

Ameren Missouri also proposes to make the following journal entries to record the retirement of the transformers based upon mass asset accounting:

Debit to Reduce Depreciation Reserve – Account 368	\$46,959.18
Credit to Reduce Plant In Service – Account 368	\$46,959.18

Staff does not dispute Ameren Missouri's proposed journal entries used to record this transaction since no gain (or loss) will be recognized as a result of the sale and because Ameren Missouri's customers will be made whole through these journal entries that will reduce rate base by the amount of the proceeds from the sale.

### **CONCLUSION**

Staff recommends the Commission approve Ameren Missouri's request to sell two 12,470-277/480 volt, three phase transformers, one platform type and one padmount type, to Silgan for a purchase price of \$50,000 "as is," subject to the terms and conditions set forth in the Bill of Sale, as not being detrimental to the public interest per Section 393.190.1 RSMo 2000 and 4 CSR 240-3.110. The amended *Application* meets the filing requirements of 4 CSR 240-2.060 and 4 CSR 240-3.110. The transaction benefits not only Ameren Missouri and Silgan, but is also advantageous to Ameren Missouri's customers. No other Ameren Missouri customers are served by these transformers. Staff has verified that the asking price for the assets of \$50,000 is representative of the reproduction cost minus depreciation reserve. Any proceeds from the sale that are above the calculated book value of the transformers will be credited to the corresponding reserve account. Approval of this transaction should result in little, if any, tax implications on the local area. Selling these transformers to Silgan will have no effect on Ameren Missouri's provision of service to its other customers. Staff further recommends the Commission include in its Order that no rate-making treatment is being requested or analyzed in approving this transaction and that any affect this transaction may have on rates will be considered within the context of the next general rate case proceeding.

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

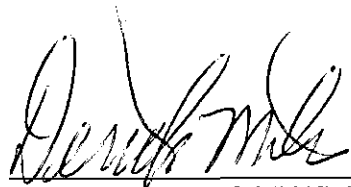
In the Matter of the Application of Union       )  
Electric Company d/b/a Ameren Missouri       )  
for Authority to Sell or Transfer a Portion       )  
of Its Franchise, Works, or System to       )  
Silgan Plastic Food Containers                )  
Corporation.                                        )

File No. EO-2014-0296

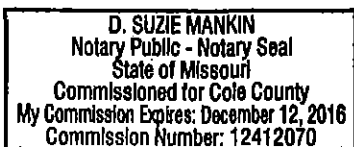
AFFIDAVIT OF DERICK MILES, P.E

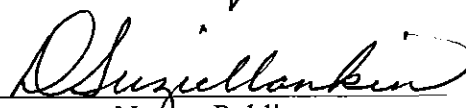
STATE OF MISSOURI       )  
                                      )  
COUNTY OF COLE        )       ss.

Derick Miles, of lawful age, on his oath states: that he has 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 developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
DERICK MILES, P.E.

Subscribed and sworn to before me this 27<sup>th</sup> day of June, 2014.



  
\_\_\_\_\_  
Notary Public



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

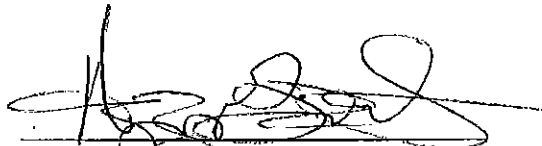
In the Matter of the Application of Union       )  
Electric Company d/b/a Ameren Missouri       )  
for Authority to Sell or Transfer a Portion       )  
of Its Franchise, Works, or System to       )  
Silgan Plastic Food Containers       )  
Corporation..       )

File No. EO-2014-0296

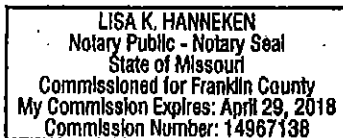
**AFFIDAVIT OF KOFI AGYENIM BOATENG, CPA, CIA**

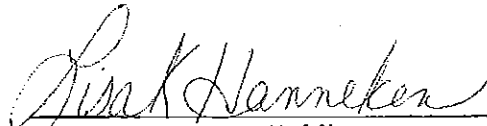
STATE OF MISSOURI       )  
                                      )  
COUNTY OF ST LOUIS       )       ss.

Kofi Agyenim Boateng, of lawful age, on his oath states: that he has 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 developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.

  
KOFI AGYENIM BOATENG

Subscribed and sworn to before me this 25<sup>th</sup> day of June, 2014.



  
Notary Public

**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     )     File No. EO-2014-0296  
for Authority to Sell or Transfer a Portion     )  
of Its Franchise, Works, or System to     )  
Silgan Plastic Food Containers     )  
Corporation.     )

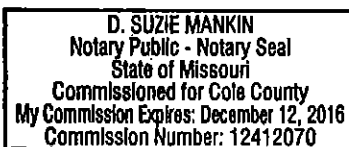
**AFFIDAVIT OF ALAN J. BAX**

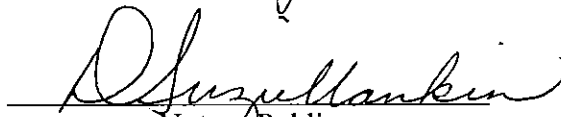
STATE OF MISSOURI     )  
                                      )     ss.  
COUNTY OF COLE     )

Alan J. Bax, of lawful age, on his oath states: that he has 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 developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
ALAN J. BAX

Subscribed and sworn to before me this 27<sup>th</sup> day of June, 2014.



  
\_\_\_\_\_  
Notary Public