

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 24th day of
August, 2022.

In the Matter of the Application of Union)
Electric Company d/b/a Ameren Missouri)
for Permission to Transfer an Interest in)
Transmission Assets under 393.190.1) **File No. EM-2022-0292**

ORDER APPROVING TRANSFER OF ASSETS

Issue Date: August 24, 2022

Effective Date: September 23, 2022

On April 19, 2022, Union Electric Company d/b/a Ameren Missouri filed an application requesting Commission approval to transfer an undivided 49% interest in certain transmission facilities in, around, and near the City of Hannibal, Missouri, to the Missouri Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC is a party to this case. Additionally, Ameren Missouri requested waiver of the Commission’s 60-day notice of case filing requirement.

Ameren Missouri’s project consists of four major transmission components for high voltage transmission lines. These four components can be generally referred to as:

- 1) construction of the new Finn Substation;
- 2) reconstruction of an 11.7 mile section of transmission line from existing Spalding Substation to Finn, and from Finn to existing Marion Substation;
- 3) construction of a short section of transmission line interconnecting to Finn. One circuit, Finn-Oakland, will be owned and operated by Hannibal, and the other circuit, Finn-Marion will be owned and operated by Ameren Missouri with any incremental costs being the responsibility of City of Hannibal Utility (Hannibal); and
- 4) installing a new 161 kV bus and circuit breaker to enable a networked transmission path to Ameren Illinois Company (AIC).

Ameren Missouri does not seek permission to construct any part of the project's four components as all construction is within Ameren Missouri's existing certificated service area, or is a rebuild of a line with an existing line certificate. The four components are scheduled to complete construction by the end of December 2022. Ameren Missouri seeks to transfer a 49% ownership interest in the new Finn Substation and in the Spalding-Finn circuit to MJMEUC, which is the subject of a Joint Ownership Agreement (JOA).

The application states that the transfer of assets will enable Ameren Missouri to decrease its cost to replace aged infrastructure and improve reliability in the Hannibal area and northeast Missouri. Ameren Missouri argues the transfer is a benefit to Ameren Missouri customers as the upgrades will now be at a lower cost due to the collaboration and cost sharing arrangement. The lower cost is as compared to the cost of only Ameren Missouri paying for the upgrades. The cost sharing arrangement is among Ameren Missouri, MJMEUC, Hannibal, and the Associated Electric Cooperative, Inc. (AECI). While there are multiple parties involved, directly and indirectly, the Commission has regulatory jurisdiction only over Ameren Missouri.

Ameren Missouri states that MJMEUC will act as essentially a "passive investor," with no day-to-day operational role. MJMEUC agreed to pay \$7.7 million for the 49% ownership interest. Ameren Missouri stated it will have no interest in or responsibility for this short transmission line, but agreed to construct it at Hannibal's cost, at the same time it was reconstructing another line. The sole question for the Commission in this case is the transfer of an undivided 49% interest in certain transmission facilities. Ameren Missouri requested that the Commission issue its decision by November 1, 2022.

The Commission directed the Staff of the Commission (Staff) to review the application and file its recommendation. The Commission issued notice and set a deadline for intervention requests, but received no requests to intervene. On August 9, 2022, Staff filed its recommendation and memorandum. Staff recommended the Commission grant the transfer of assets subject to certain conditions. Ameren Missouri responded with its acceptance of the recommended conditions. No other party responded.

No party requested a hearing and the requirement for a hearing is met when the opportunity for a hearing has been provided.¹ Thus, the Commission will rule on the unopposed application.

Ameren Missouri is an “electrical corporation” and “public utility” as those terms are defined in Section 386.020, RSMo (Supp. 2021), and is subject to the jurisdiction of the Commission. As a regulated utility, Ameren Missouri must obtain the Commission’s authorization before selling its assets.² The Commission may deny the application only if approval would be detrimental to the public interest.³

Staff stated that the transfer at issue will have no effect on Ameren Missouri’s provision of service to its other customers. Staff noted that the property tax burden for Ameren Missouri will increase as a result of the four construction components, but it will increase \$285 less than without the 49% ownership transfer. Staff’s memorandum also provided a confidential analysis of the benefits to Ameren Missouri (and other entities) as well as an explanation as to the background and need for the projects. Given the confidential nature of the information, it will not be repeated in this order. However, the

¹ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

² Section 393.190.1, RSMo (2016).

³ *State ex rel. City of St. Louis v. Public Service Comm’n of Missouri*, 73 S.W.2d 393, 400 (Mo. 1934).

list of benefits is compelling evidence. Staff states that the proposed transfer of partial ownership of utility assets will not change the Commission's regulatory jurisdiction if approved. Notably, Staff's memorandum listed no detriments. Staff's investigation thus concluded that the transaction is not detrimental to the public interest, subject to five recommended conditions.

The Commission has reviewed Ameren Missouri's application and Staff's recommendation. The Commission finds that the proposed transfer of assets will replace aged infrastructure and improve reliability in the Hannibal area and northeast Missouri at a lower cost to Ameren Missouri than without the transfer. The Commission finds that the benefit of the lower cost of those improvements outweighs the detriments, of which none were identified. Based upon the information provided in the verified application and upon the recommendation and memorandum of Staff, the Commission finds that the proposed transfer of assets is not detrimental to the public interest, subject to the conditions Staff has recommended.

Lastly, the Commission will grant Ameren Missouri's request for waiver of the 60-day case filing notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on Ameren Missouri's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

THE COMMISSION ORDERS THAT:

1. Ameren Missouri's request for waiver from the 60-day notice of case filing requirement is granted for good cause found pursuant to 20 CSR 4240-4.017(1)(D).
2. The application of Ameren Missouri to transfer an undivided 49% interest in certain transmission facilities in, around, and near the City of Hannibal is approved, subject to the conditions proposed by Staff. Those conditions are as follows:

- a) Ameren Missouri shall provide the final bill of sale for the transaction and the final journal entries for the transfer of assets as part of this docket;
 - b) Ameren Missouri shall record the proceeds of the transferred assets and the approximately \$1.23 million contribution from the City of Hannibal as an offset to plant in service and accumulated reserve;
 - c) Ameren Missouri shall record all reimbursed expenses as a contra-expense;
 - d) Ameren Missouri shall maintain its records demonstrating all aspects of the project and transactions (additions, retirements, Operations and Maintenance (O&M), Hannibal Proceeds and asset transfer to MJMEUC) for review in a future rate proceeding; and
 - e) Ameren Missouri shall provide the “official” JOA with the Hannibal Board of Public Works upon gaining FERC approval, and further, to update its Response to Staff Data Request No. 0019 in providing the associated FERC contracts with AEI and AIC regarding the new connections with respective associated substations noted in the application.
- 3. The Commission makes no ratemaking determination as a part of this order.
 - 4. This order shall become effective on September 23, 2022.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and
Kolkmeier CC., concur.

Hatcher, Senior Regulatory Law Judge


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 24th day of August, 2022.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 24, 2022

File/Case No. EM-2022-0292

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.