

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY**

**MAY 14, 1997**

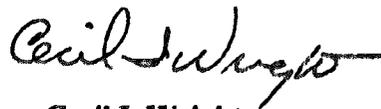
**CASE NO: EM-97-305**

**Susan B. Cunningham, Staff Attorney, Kansas City Power & Light Company,  
P.O. Box 418679, Kansas City, MO 64141-9679**

**Lewis R. Mills, Jr., Deputy Public Counsel, Office of the Public Counsel, P.O. Box 7800,  
Jefferson City, MO 65102**

**Enclosed find certified copy of ORDER in the above-numbered case(s).**

**Sincerely,**



**Cecil I. Wright  
Executive Secretary**

**Uncertified Copy:**

**Steven W. Catron, Vice President - Marketing and Sales, Kansas City Power & Light  
Company, P.O. Box 418679, Kansas City, MO 64141-9679**

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 14th day of May, 1997.

In the Matter of the Application of Kansas City Power & Light Company for Authority to Sell to the City of Kansas City, Missouri, Certain Streetlighting Facilities Subject to the Jurisdiction of the Commission. )  
)  
) **Case No. EM-97-305**  
)  
)  
)

**ORDER APPROVING SALE OF MUNICIPAL LIGHTING SYSTEM**

On February 6, 1997, Kansas City Power & Light Company (KCPL or Company) filed an application for authority from this Commission to sell certain streetlighting facilities to the City of Kansas City, Missouri (City). The authority of this Commission is required under Section 393.190.1.<sup>1</sup> All of the facilities to be sold to the City pursuant to this application are located within its city limits. The City has agreed to pay \$21,500,000 for the facilities.

On April 7, 1997, the Staff of the Missouri Public Service Commission (Staff) filed a memorandum to the official case file. No party has requested a hearing in this case, and the Commission will rule on the application based on the contents of the application, Staff's memorandum and KCPL's tariff. Based on those documents the Commission makes the following findings.

The property to be sold consists of the entire streetlighting system within the City of Kansas City, which system serves only the City.

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<sup>1</sup> All statutory references are to the Revised Statutes of Missouri 1994 or 1996 Supplement.

These streetlighting facilities have been included in KCPL's rate base since 1947. The agreed-upon sales price of \$21.5 million closely approximates the net book value of the plant as of September 30, 1996, which was \$20.6 million. The net book value as of May 31, 1997 is \$19,860,593.14. The Company plans to record the difference between the sales price and the net book value (\$1,639,406.86) by recording it "below the line." If no adjustment is made to this bookkeeping treatment in a future rate proceeding, the gain on the disposition of the property will inure to the benefit of KCPL's stockholders.

Staff states that this accounting treatment is consistent with established Commission policy and the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts, but that this does not preclude future ratemaking alternatives. Staff recommends that the Commission approve the transaction and reserve the right to consider the ratemaking treatment of this transaction in subsequent proceedings.

On April 28, 1997, the Office of the Public Counsel (Public Counsel) stated that it does not oppose approval of the application. Public Counsel advises that after discovery, it found that KCPL might experience a slight decrease in revenues as a net result of the proposed transaction. Public Counsel requests that the Commission approve the application but make clear that no other customer group will be required to make up for any shortfall in revenue in a future proceeding.

KCPL has tariff provisions addressing the purchase of streetlighting facilities by a municipality.<sup>2</sup> The Commission finds that

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<sup>2</sup> KCPL's tariff provides that the purchase price of property to be sold to a municipality shall consist of: (a) the reproduction cost new less depreciation; (b) consequential and severance damages which will result or accrue to the Company from the sale and transfer of said property to the Municipality; (c) an allowance for the loss of a portion of the Company's

the sales price of \$21.5 million is consistent with KCPL's tariff. The Commission finds that the application should be approved because the proposed sale of streetlight facilities to the City is not detrimental to the public interest. The Commission will reserve ratemaking treatment of the sale. The Commission will neither specifically authorize nor prohibit the accounting treatment that KCPL uses with respect to the gain on this sale. The obligation of this Commission is to ensure just and reasonable rates. The bookkeeping treatment used by KCPL does not determine ratemaking treatment. The Commission will consider the effect of this transaction on rates in a subsequent proceeding.

**IT IS THEREFORE ORDERED:**

1. That the application filed by Kansas City Power & Light Company on February 6, 1997 for authority to sell certain streetlighting facilities to the City of Kansas City, Missouri is hereby approved.

2. That Kansas City Power & Light Company is hereby authorized to do all acts reasonably necessary and incidental to implementation of the Streetlight Agreement filed by the Company on February 26, 1997.

3. That nothing in this order shall be considered a finding by the Commission of the reasonableness of the expenditures herein involved, of the value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said properties by Kansas City Power & Light Company. The Commission reserves the right to consider the ratemaking treatment to be afforded this transaction in a later proceeding.

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going concern value; (d) all materials and supplies related uniquely to the property to be sold; (e) all expenses in connection with such sale; and (f) all other damages sustained by the Company by reason of such sale. (Tariff Sheet No. 1.53, Section 15.12).

4. That this order shall become effective on the 28th day of May,  
1997.

**BY THE COMMISSION**



**Cecil I. Wright  
Executive Secretary**

( S E A L )

Zobrist, Chm., Crumpton and  
Drainer, CC., concur.

ALJ: Luckenbill

ALJ/Sec'y: L. Schanbill / Pope

5-7  
Date Circulated

EM-97-305  
CASE NO.

[Signature]  
Chairman

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Commissioner

[Signature]  
Commissioner

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Commissioner

5-14  
Agenda Date

Action taken: 3-0. ALAm.

**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 14 day of MAY, 1997.**

[Signature]  
**Cecil I. Wright**  
**Executive Secretary**