

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
day of July, 1994.

Application of Union Electric Company)
to sell substation equipment to Lone) CASE NO. EM-94-291
Star Industries, Inc.)

ORDER APPROVING SALE OF ASSETS

On March 22, 1994, Union Electric Company (UE) filed an application requesting that the Commission approve the sale of certain electric facilities to Lone Star Industries, Inc. (Lone Star) of Cape Girardeau, Missouri, an existing customer which takes service under the 10(M) Interruptible Power rate. The sale consists of two 22 MVA transformers, steel work, switches and related equipment.

In support of its application, UE stated that after the sale, Lone Star would be entitled to receive credits under UE's Rider B, Tariff Sheet No. 99 and that Lone Star would save approximately \$256,000 annually. UE also stated that Lone Star will maintain the electric facilities after Lone Star assumes ownership.

UE indicated that the net book value of the electric facilities to be purchased by Lone Star is \$320,739 and the proposed sale price is \$811,294.25, which reflects the depreciated reproduction cost of the facilities. UE stated that the electric facilities are treated as distributable property for tax purposes and are allocated to and subject to taxation by all Missouri political subdivisions in which it has property.

In accordance with section 393.190, RSMo 1986, UE submitted a statement that the impact from the proposed sale on the tax revenues of the political subdivisions in which it has any facilities will be de minimis. UE stated that this is due to the large number of taxing authorities to which the

property is allocated and the relatively small dollar amount of the facilities being sold.

UE also stated that the sale will not be detrimental to the public interest. UE stated that neither UE nor its customers will be adversely affected as UE will be paid an amount exceeding the net book value of the electric facilities, the facilities will be retired and the net book value of the facilities will be removed from the rate base in future rate proceedings.

On July 5, 1994, the Staff of the Commission (Staff) filed a memorandum recommending that the Commission approve the sale of the electric facilities. Staff stated that the sale does not appear to be detrimental to UE's remaining customers from a service or reliability standpoint.

Upon review of UE's application and Staff's recommendation, the Commission finds that UE's proposed sale of electric facilities to Lone Star is not detrimental to the public interest inasmuch as neither UE nor its customers will be harmed by the transaction. Thus, the Commission determines that the proposed sale of electric facilities should be approved.

IT IS THEREFORE ORDERED:

1. That the sale by Union Electric Company to Lone Star Industries, Inc. of Cape Girardeau, Missouri, of the electric facilities described in this Order is hereby approved.

2. That Union Electric Company may execute such instruments and may undertake such other acts as are necessary to consummate the sale of electric facilities as contemplated by this Order.

3. That any resulting gain accruing to Union Electric Company from the transaction approved in Ordered Paragraph 1 shall be given above-the-line accounting treatment.

4. That Union Electric Company shall provide a copy of the journal entries recording the finalized sale to the Accounting Department of the Commission.

5. That nothing in this Order shall be considered as a finding by the Commission of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said property by Union Electric Company.

6. That the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions in any later proceeding.

7. That this Order shall become effective on August 2, 1994.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

McClure, Perkins, Kincheloe,
and Crumpton, CC., Concur.
Mueller, Chm., Absent.