

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 2nd
day of October, 1991.

In the matter of the joint application of Arkansas)
Power & Light Company and Union Electric Company)
for an order authorizing the sale, transfer and)
assignment of certain assets, real estate, leased) CASE NO. EM-91-29
property, easements and contractual agreements)
and, in connection herewith, certain other related)
transactions.)

In the matter of the joint application of Arkansas)
Power & Light Company and Sho-Me Power Corporation)
for an order authorizing the sale, transfer and) CASE NO. EM-91-404
assignment of certain assets, real estate, easements)
and licenses from AP&L to Sho-Me and, in connection)
therewith, certain other related transactions.)

SUPPLEMENTAL REPORT AND ORDER
AND ORDER AMENDING REPORT AND ORDER

On September 19, 1991, the Commission issued a Report and Order in the
above-referenced consolidated cases authorizing the transfer of all the franchise,
works and system of Arkansas Power & Light Company (APL) to Union Electric Company
(UE) and Sho-Me Power Corporation (Sho-Me).

On September 26, 1991, UE filed an application for rehearing or for
amendment of the Report and Order in this case requesting that the Commission find
that the consideration paid by UE to APL to purchase and acquire these assets is
reasonable and prudent and that the terms and conditions of the Wholesale Power
Contract between UE and APL, as amended, constitutes a reasonable and prudent
commitment by UE. In addition, UE requests that the Commission amend its Report and
Order to include an ordered section authorizing UE to include in its rate base for
ratemaking purposes the net book value of the assets purchased from APL as well as an
ordered section authorizing, pursuant to Section 393.106, RSMo 1990, as amended, APL
to transfer to UE all its retail customers within the area purchased by UE as a
necessary concomitant to the transaction approved by this Commission.

On September 26, 1991, APL filed a Motion for a supplemental report and order or for a rehearing requesting that the Commission make a supplemental finding that the conditions referred to in the Commission's Report and Order have now been satisfied and declaring through an ordered section that the orders, directives and authorizations contained in Ordered Sections 1 and 2 of the Commission's Report and Order are now unconditional. APL also requests that the Commission authorize the transfer of its customers to UE and Sho-Me pursuant to Section 393.106, RSMo 1990, as amended.

In addition, APL requests that the Commission approve the sale of APL's transmission facilities to Associated Electric Cooperative, Inc. (AECI) to the extent that such facilities are subject to the Commission's jurisdiction rather than to the jurisdiction of the Federal Energy Regulatory Commission (FERC). Finally, APL asks that the Commission authorize APL to cancel its rate schedules and other tariffs, and terminate its retail service as a public utility subject to the jurisdiction of this Commission and explicitly state that APL is relieved of any public utility obligations in the State of Missouri.

On September 27, 1991, the Commission's Staff (Staff) filed a response to the filings of UE and APL stating that it has no objection to the requests of UE as set forth in the wherefore section of UE's filing and no objection to the requests of APL set forth in Appendix A to APL's filing with the exception that Staff suggests alternate wording for the supplemental finding requested by APL to reflect that Sho-Me submitted the documents required to be submitted by September 27, 1991, to the Staff rather than filing such documents with the Commission. Staff notes that Ordered Section 19 in the Commission's Report and Order issued in this case should be modified to reflect the findings and ordered section requested by UE as to the rate base treatment to be afforded the assets purchased from APL and the reasonableness and prudence of UE's expenditures in purchasing these assets and committing itself to the terms and conditions of the Wholesale Power Contract concluded between APL and UE.

Since the Staff does not oppose the requests of UE and APL, and Staff, APL and UE state that these requests are consistent with the stipulation concluded in the consolidated cases, the Commission determines that APL's and UE's requests should be granted as modified by the language recommended by Staff as set forth above.

Accordingly, the Commission finds that, since Sho-Me has submitted to the Staff the documents, forms and other materials required by paragraph 1 of the nonunanimous stipulation concluded in Case No. EM-91-404 and since Staff has found such submissions to be in compliance with the Commission's requirements, the conditions referred to in the Commission's Report and Order issued in this case September 19, 1991, relating to the transactions authorized therein, have been fully satisfied.

The Commission further determines that the consideration paid by UE to APL to purchase and acquire APL's assets is reasonable and prudent and that the net book value of the assets purchased by UE from APL may be included by UE in its rate base for ratemaking purposes. In addition, the Commission determines that the terms and conditions of the Wholesale Power Contract concluded between UE and APL, as amended, constitute a reasonable and prudent commitment by UE.

The Commission finds that the transfer from APL to UE and Sho-Me of all APL's retail customers is a necessary concomitant of the transfer authorized herein and the Commission will authorize this transfer of customers, pursuant to Section 393.106, RSMo 1990, as amended, as being in the public interest for a reason other than a rate differential. The Commission further finds that the sale by APL to AECI of its transmission facilities should be approved to the extent such facilities are subject to the Commission's jurisdiction rather than to the jurisdiction of the FERC.

IT IS THEREFORE ORDERED:

1. That the orders, directives and authorizations contained in Ordered Sections 1 and 2 of the Commission's Report and Order issued in this case September 19, 1991 are rendered hereby unconditional.

2. That Union Electric Company be authorized hereby to include in its rate base for ratemaking purposes the net book value of the assets purchased from Arkansas Power & Light Company.

3. That pursuant to the provisions of Section 393.106, RSMo 1990, as amended, the transfer from Arkansas Power & Light Company to Union Electric Company of the involved Arkansas Power & Light retail customers be authorized hereby as a necessary concomitant to the transactions which have been authorized by this Commission in this case.

4. That pursuant to the provisions of Section 393.106, RSMO 1990, as amended, the transfer from Arkansas Power & Light Company to Sho-Me Power Corporation of the involved Arkansas Power & Light retail customers be authorized hereby as a necessary concomitant to transactions which have been authorized by this Commission in this case.

5. That the sale by Arkansas Power & Light Company to Associated Electric Cooperative, Inc., of its transmission facilities be approved hereby to the extent that such facilities are subject to the Commission's jurisdiction rather than to the jurisdiction of the Federal Energy Regulatory Commission.

6. That upon the closing of the transactions approved herein, Arkansas Power & Light Company be authorized hereby to cancel its rate schedules, rules, regulations and other tariffs on file with the Commission and to terminate its retail service to the public in Missouri as an electrical corporation and public utility subject to the jurisdiction of the Commission and that in conjunction therewith, Arkansas Power & Light Company be relieved hereby of any public utility obligations pursuant to these rate schedules, rules, regulations and other tariffs and certificates of convenience and necessity, and that any other duties, obligations or conditions which have resulted from or have been imposed because of the Commission's jurisdiction over Arkansas Power & Light be terminated hereby.

7. That Ordered Section 19 of the Report and Order issued in this case September 19, 1991, be amended to read as follows: That except as specified herein

and in the stipulation and agreement in Case No. EM-91-29 and the nonunanimous stipulation and agreement in Case No. EM-91-404, nothing in the September 19, 1991 Report and Order or in this Supplemental Report and Order and Order Amending Report and Order issued this date, shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved or of the value for ratemaking purposes of the properties herein involved or as an acquiescence in the value placed upon said properties by the joint applicants. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and the resulting cost of capital, in any later proceeding.

8. That this Supplemental Report and Order and Order Amending Report and Order shall become effective on the 16th day of October, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Rauch, McClure, and
Perkins, CC., Concur.
Steinmeier, Chm., Absent.