

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

In the Matter of the Application of KCP&L Greater Missouri Operations Company for Authority to Sell its Platte City and Liberty Service Centers.)) Case No. EO-2009-0148

**STAFF RECOMMENDATION TO APPROVE SALE
OF APPLICANT’S PLATTE CITY SERVICE CENTER**

Comes now the Staff of the Missouri Public Service Commission (“Staff”) and for its recommendation states:

1. On October 21, 2008, KCP&L Greater Missouri Operations Company (KCP&L-GMO), then Aquila, Inc. d/b/a Greater Missouri Operations Company, filed an application seeking either one or more orders from the Commission disclaiming jurisdiction over the sales, or authorizing KCP&L-GMO to consummate a pending sale of its Platte City Service Center and to sell it Liberty Service Center in the future to an undetermined buyer.

2. Section 393.190.1, RSMo. 2000, provides:

No gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. The permission and approval of the commission to the exercise of a franchise or permit under this chapter, or the sale, assignment, lease, transfer, mortgage or other disposition or encumbrance of a franchise or permit under this section shall not be construed to revive or validate any lapsed or invalid franchise or permit, or to enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or to waive any forfeiture. Any person seeking any order under this subsection authorizing the sale, assignment, lease, transfer, merger, consolidation or other disposition, direct or indirect, of any gas corporation, electrical corporation, water corporation, or sewer corporation, shall, at the time of application for any such order, file with the commission a

statement, in such form, manner and detail as the commission shall require, as to what, if any, impact such sale, assignment, lease, transfer, merger, consolidation, or other disposition will have on the tax revenues of the political subdivisions in which any structures, facilities or equipment of the corporations involved in such disposition are located. The commission shall send a copy of all information obtained by it as to what, if any, impact such sale, assignment, lease, transfer, merger, consolidation or other disposition will have on the tax revenues of various political subdivisions to the county clerk of each county in which any portion of a political subdivision which will be affected by such disposition is located. Nothing in this subsection contained shall be construed to prevent the sale, assignment, lease or other disposition by any corporation, person or public utility of a class designated in this subsection of property which is not necessary or useful in the performance of its duties to the public, and any sale of its property by such corporation, person or public utility shall be conclusively presumed to have been of property which is not useful or necessary in the performance of its duties to the public, as to any purchaser of such property in good faith for value.

Lacking an express standard, the Staff applied the standard of “not detrimental to the public interest” in evaluating KCP&L-GMO’s request, the standard the Commission has used in reviewing transactions under this statute. See e.g. *Report and Order from In the Matter of the Application of Aquila, Inc. for Authority to Assign, Transfer, Mortgage or Encumber Its Utility Franchise, Works or System in Order to Secure Revised Bank Financing Arrangements*, Case No. EF-2003-0465, 12 Mo.P.S.C. 3d 375 (Decided February 24, 2004).

3. In the attached Memorandum (Appendix A), the Staff, based on representations and commitments by KCP&L-GMO stated in Appendix A and restated below, recommends that the Commission issue an Order that authorizes KCP&L-GMO to sell its Platte City Service Center subject to the following conditions:

- 1) The Commission include in its ordered section that no ratemaking decision is being made in this order relative to the sale of the Platte City Service Center and the parties will address the proper ratemaking treatment for this transaction in the pending KCP&L-GMO rate case.
- 2) KCP&L-GMO will submit a report to the Commission’s Energy Department’s Manager in the event that 24/7 continual coverage is discontinued relative to the portion of its service territory historically covered from the Platte City service center.

- 3) KCP&L-GMO will notify the Commission Staff if it determines that it will eliminate providing service to the more rural areas north of Platte City, including the City of Weston by utilization of two (2) resident local representatives with assigned trucks and dispatched from their homes for after-hours response. Such notification will contain information regarding how such a change in service provision will not result reductions in service quality. Nothing in this agreement precludes Commission Staff from taking any action it deems necessary to address service issues caused by such an action.
- 4) For a period of three (3) years following the completion of the sale of Applicant's Platte City service center, KCP&L will submit monthly SAIDI, SAIFI, and CAIDI metrics and any specific customer complaint information regarding service provided in each of the three service areas formerly served by the Northland, Platte City, and Liberty service centers. These submittals will be sent to the Manager of the Commission's Energy and Engineering and Management Services Departments.
4. KCP&L-GMO represents and commits as follows:
 - a. KCP&L will not discontinue providing Northland Service Center functions listed in this recommendation to KCP&L-GMO without receiving Commission approval to do so.
 - b. KCP&L will provide 24/7 coverage to the Applicant's service territory formerly covered by the Platte City service center.
 - c. There are no on-going issues or liabilities at the Platte City service center to KCP&L-GMO after the sale to the third party. Any and all outstanding issues will have been resolved by the time of the sale.
 - d. KCP&L-GMO will supplement its service to rural areas north of Platte City, including the City of Weston, with two (2) resident local representatives with assigned trucks that will be dispatched from their homes for after-hours response.
 - e. KCP&L-GMO agrees to seek Commission approval for future service center sales.
 - f. KCP&L-GMO will not need access or the Platte City Service Center site for provision of electrical generation or substation activities other than the easement contained in the Purchase Agreement.
 - g. KCP&L-GMO does not expect any ratemaking decision or treatment to be determined in this case.

- h. The Platte City Service Contract specifically provides for all the right of way requirements needed if KCP&L-GMO wants to expand the substation at the property.

5. Without knowing the terms of a sale of the Liberty Service Center the Staff is unable to evaluate whether a sale of that property would be not detrimental to the public interest. KCP&L-GMO has no sale of that service center pending. Therefore, the Staff recommends the Commission not authorize KCP&L-GMO to sell that asset.

6. The Staff has verified that KCP&L-GMO has filed its annual report and is not delinquent on any assessment. Aside from a possible impact on KCP&L-GMO's pending rate case, Case No. ER-2009-0090, the Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, the Staff recommends that the Commission issue an order that, subject to the conditions stated above and based on the representations and commitments of KCP&L Greater Missouri Operations Company stated above authorizes KCP&L Greater Missouri Operations Company to close the pending sale of its Platte City Service Center to Platte-Clay Electric Cooperative, Inc. set out in Real Estate Purchase & Sale Agreement dated October 3, 2009 attached to its Application as Attachment No. 2, as amended by Amendment to Real Estate Purchase and Sale Agreement dated October 24, 2008 KCP&L-GMO filed with the Commission on October 24, 2008 as an attachment to its Response to Order Directing Filing and Amended Motion for Expedited Treatment.

Respectfully submitted,

/s/ Nathan Williams
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 18th day of December 2008.

/s/ Nathan Williams