

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE 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**

ORDER APPROVING APPLICATION TO SELL REAL PROPERTY

Issue Date December 22, 2008

Effective Date: December 31, 2008

Background

On October 21, 2008, KCP&L Greater Missouri Operations (Company) filed an application to sell its service centers in Platte City and Liberty, Missouri. The Company is the surviving corporation of the recent merger of Aquila, Inc., and Gregory Acquisition Corp.¹ This application to sell the service centers in Platte City and Liberty was contemplated during the merger case as a way to improve efficiency. The Platte City service center is under contract to be sold. Although the Company intends to eventually sell the Liberty service center, there is no buyer. Initially, the Company requested that the Commission expedite approval of the application to be effective no later than November 3, 2008, later extending the requested effective date to December 31.

Commission jurisdiction

Missouri law requires the Company to secure Commission approval prior to selling the service centers.²

¹ See Commission Case No. EM-2007-0374.

² Section 393.190.1 RSMo 2000.

Staff's recommendation

The Staff of the Commission initially opposed the Company's request for expedited treatment. However, on December 18, Staff filed its recommendation to approve only the sale of the Platte City service center. Staff states that the sale is not detrimental to the public interest. With regard to the Liberty service center, Staff states that the Commission should withhold approving the Company's request because the service center is not under contract to be sold. Staff recommends that the sale of the Platte City service center be subject to the following conditions:

- That no rate making 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 Company rate case.
- The Company 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.
- The Company 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 residential 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 in 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.
- For a period of three years following the completion of the sale of the Company's Platte City service center, the Company 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 Service Departments.

Staff further notes that its recommended conditions are based on certain representations made by the Company. Those representations are as follows:

- The Company will not discontinue providing Northland service center functions listed in Staff's recommendation to the Company without prior Commission approval.
- The Company will provide 24/7 coverage to the Company's service territory formerly covered by the Platte City service center.
- There are no on-going issues or liabilities at the Platte City service center to the Company after the sale to the third party. Any and all outstanding issues will have been resolved by the time of the sale.
- The Company will supplement its service to rural areas north of Platte City, including the City of Weston, with two resident local representatives with assigned trucks that will be dispatched from their homes for after-hours response.
- The Company agrees to seek Commission approval for future service center sales.
- The Company will not need access to the Platte City service center for provision of electrical generation or substation activities other than the easement contained in the Purchase Agreement.
- The Company does not expect any ratemaking decision or treatment to be determined in this case.
- The Platte City service center contract specifically provides for all the right of way requirements needed if the Company wants to expand the substation at the property.

Responses to Staff's recommendation

On December 19, the Company filed a pleading stating that it concurs with Staff's recommendation that the Commission issue an order approving the sale of the Platte City service center subject to the conditions set out therein and the representations and commitments of the Company. Thereafter, the Office of the Public Counsel filed a statement that it has no objection to the sale and concurs with Staff's recommendation.

Decision

The Commission may approve the sale of an asset if it is not detrimental to the public interest.³ In its application, the Company avers that the sale is not detrimental to the public interest because the sale will result in more efficient operations and a savings that will be passed on to customers. No party has suggested that the proposed sale of the Platte City service will be detrimental to the public interest. Thus, with regard to the Platte City service center, the Commission will grant the requested relief subject to the conditions set out by Staff and the representations made by the Company. Consistent with Staff's recommendation and the Company's acquiescence thereto, the Commission will not approve the sale of the Liberty service center.

THE COMMISSION ORDERS THAT:

1. With regard to the sale of its Platte City service center, KCP&L Greater Missouri Operations Company's application is approved.
2. The sale of the Platte City service center shall be subject to the conditions proposed by the Staff of the Commission as set out in the body of this order.
3. The sale of the Platte City service center shall be subject to the representations made by KCP&L Greater Missouri Operation Company as set out in the body of this order.
4. With regard to the sale of its Liberty service center, KCP&L Greater Missouri Operations Company's application is denied.

³ See, e.g., *In re WorldCom*, 5 Mo. P.S.C.3d 312, 315 (1996); *In re Computer Network Technology Corporation*, Commission Case No. XM-2005-0283 (Order Approving Merger and Directing Filing, March 29, 2005).

5. This order shall become effective on December 31, 2008.
6. This case shall be closed on January 1, 2009.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Kennard L. Jones, Senior Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 22nd day of December, 2008.