

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

Application of Union Electric)	
Company d/b/a AmerenUE for)	
Authority to Sell an Asset to Behnen's)	Case No. EO-2005-0369
Container Service.)	

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On April 15, 2005, Union Electric Company d/b/a AmerenUE ("AmerenUE") filed, pursuant to Section 393.190 RSMo 2000, 4 CSR 240-2.060 and 4 CSR 240-3.110, an Application for authority to sell a 750 kV three-phase transformer to Behnen's Container Service ("Behnen's"), an existing customer of AmerenUE. Behnen's currently leases the transformer, which is used in the provision of electric service to a facility owned by Behnen's in Ferguson, Missouri.

2. On May 11, 2005, the Commission issued an Order directing the Staff to file a recommendation or a Status Report no later than June 10, 2005.

3. In the attached Memorandum (Appendix A), the Staff reports the results of its review of the proposed sale and recommends that it be approved as not detrimental to the public interest.

WHEREFORE, the Staff respectfully requests that the Commission issue an Order approving the proposed sale of the subject transformer.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Dennis L. Frey

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 10th day of June 2005.

/s/ Dennis L. Frey

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2005-0369, Application of Union Electric Company d/b/a/
AmerenUE for Authority to Sell an Asset to Behnen's Container Service

FROM: Alan J. Bax, Energy Department – Engineering Analysis

/s/Warren Wood 6/9/05 /s/ Steve Dottheim 6/9/05
Energy Department / Date General Counsel's Office / Date

SUBJECT: Staff Report

DATE: June 3, 2005

On April 15, 2005, Union Electric Company d/b/a/ AmerenUE (AmerenUE or Company) filed an Application with the Missouri Public Service Commission (Commission) requesting authorization to sell a transformer to Behnen's Container Service (Behnen's or BCS). In the Application, AmerenUE says it is willing to sell a 750 kVA, 4160/240 volt transformer to Behnen's for a purchase price of \$5,439.70 "as is" under the terms set forth in the Bill of Sale, included in the Application. The Company requests that the Commission approve the transaction as not detrimental to the public interest pursuant to 4 CSR 240-3.110. In support, AmerenUE notes that no other customers will be impacted by the sale and that it will have little effect on the Company's rate base. Further, the Company asserts that the impact on the tax revenues of the local area will be de minimus.

On April 18, 2005, the Commission issued an Order setting an Intervention deadline of May 10, 2005; no one requested intervention. On May 11, 2005, the Commission issued an Order for the Staff of the Missouri Public Service Commission (Staff) to file a recommendation in this case no later than June 10, 2005.

The property at 355 Paul Avenue, Ferguson, Missouri has long been utilized as an industrial complex. International Match operated on the property in the 1960's and 1970's and Unidynamics and Apex followed in the 1980's. PSM Manufacturing owned the property throughout the 1990's, eventually selling to BCS in April of 2004. The average monthly energy demand of these industrial companies was, at minimum, 350-400 kW.

Unlike its predecessors, Behnen's is not an industrial customer. BCS is a trash container business and its monthly energy demand averages 75 to 80 kW. Upon taking ownership, Behnen's was reportedly surprised to discover that this premise was on a large primary electric service rate. Moreover, the prior occupants owned the distribution facilities at this site beyond the primary meter, with the exception of three transformers, which were owned by the Company and rented by the succession of owners. In January

of 2005, Behnen's returned two of these three transformers, a 500 kVA, 4160-480 volt transformer and a 50 kVA, 2400-120/240 volt transformer, and cancelled the corresponding rental agreements. Simultaneously, BCS began discussing with AmerenUE the possibility of purchasing the remaining transformer, the subject of this Application.

Staff visited Behnen's site on June 6, 2005, confirmed that there is only one transformer remaining at the site and found that the facts are as represented by the Company in its application.

Having completed its review, the Staff recommends that the Commission approve, as not detrimental to the public interest, AmerenUE's request to sell a 750 kVA, 4160/240 volt transformer to Behnen's as presented in the Company's Application. Behnen's has requested to purchase this asset from AmerenUE, a practice that the Company generally has preferred in recent years rather than rental agreements. The proposed selling price for the transformer represents the book value of the asset. No other AmerenUE customers are served off this transformer, nor are any other customers affected by this transaction. By selling the transformer at net book value and crediting the proceeds to the depreciation reserve, the sale will have no impact on the Company's rate base. In addition, Staff agrees with the Company that this transaction will cause little or no change to the tax revenues of the local area.

AmerenUE is current on all assessment fees and annual report filings. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing; however, the following cases are open:

1. EE-2005-0400 – Meter Variance
2. EC-2005-0110 – Spigel Properties vs. AmerenUE
3. EC-2005-0341 – Jewell Turner vs. AmerenUE
4. EC-2005-0313 – Jennie Zbinden vs. AmerenUE
5. EC-2005-0398 – Damon Anderson vs. AmerenUE
6. EF-2003-0514 – Permission to Secure additional debt
7. EM-96-14 – Experimental Alternative Regulation Plan
8. EM-96-149 – Experimental Alternative Regulation Plan
9. EA-2005-0180 – CCN for Noranda
10. EC-2005-0352 – Ed and Patricia Nelson vs. AmerenUE
11. EC-2002-1 – Over Earning Complaint