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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 23rd  
day of April, 1993.

In the matter of the application of Missouri-American )  
Water Company for approval of its acquisition of the ) CASE NO. WM-93-255  
common stock of Missouri Cities Water Company. )

ORDER DENYING MOTION TO STAY PROCEEDINGS

On March 4, 1993, application was filed by Missouri-American Water Company (MAWC) for approval to perform a stock purchase agreement in which MAWC will acquire 100 percent of the common stock of Missouri Cities Water Company (MCWC). MCWC is an operating public utility subject to regulation by the Commission and currently furnishing water utility services to various communities throughout the State of Missouri including the City of Mexico, Missouri. On April 16, 1993, the Commission issued an order granting intervention in this matter to the City of Mexico, Missouri. Along with the request for intervention the Commission also received from the City of Mexico a motion to stay these proceedings. In support of its motion the City of Mexico stated that an order in condemnation had been issued by the Circuit Court of Audrain County, Missouri, regarding the Mexico division of MCWC and that, therefore, the Commission no longer had the "power to authorize the transfer of the purchase of the common stock of MCWC by MAWC."

Response to the motion of the City of Mexico was filed by Staff on April 16, 1993, and by MAWC on April 20, 1993. In its response Staff states that the request by MAWC does not involve a request for transfer of ownership of MCWC-Mexico division but is, instead, a request to purchase the stock of MCWC. No change of ownership is therefore involved. Staff also maintains that the stock purchase request does not interfere with the condemnation action. In its response, MAWC adds that the stock purchase agreement, filed with its

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application, includes provision for the possible condemnation of one or more of the MCWC assets. It is MAWC's position that the purchase agreement is based on the common equity of MCWC as determined from its financial statement. The stock purchase price does not contemplate any specific asset, nor is it related to the market value of any particular asset. MAWC adds that the City of Mexico may act in condemnation proceedings regardless of who owns the stock in the MCWC-Mexico division and is in no way disadvantaged by the Commission consideration of this transaction.

After full consideration of the application, attached documentation, the motion to stay, and replies to same, the Commission finds that the motion by the City of Mexico to stay these proceedings is denied. As pointed out by both Staff and MAWC, the sale or possible sale of the stock of MCWC is not based on the retention or condemnation of the specific assets in Mexico, Missouri. In addition, the City of Mexico may act independently in this matter regardless of who owns the stock in MCWC and may do so unimpeded. Finally, the ongoing condemnation proceeding is apparently fully contemplated in the stock purchase agreement and has no bearing on the Commission's statutory authority to approve or disapprove that agreement.

IT IS THEREFORE ORDERED:

1. That the motion to stay these proceedings, filed by the City of Mexico, Missouri, is hereby denied.
2. That this order shall become effective on the date hereof.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,  
Perkins and Kincheloe, CC., Concur.