

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of March, 1996.

In re the application of Perry County Land)
Company, Inc. for approval of stock sale) CASE NO. WM-96-127
pursuant to Section 393.190 RSMo.)

ORDER APPROVING STOCK PURCHASE

On October 24, 1995, Perry County Land Company, Inc. (County Land Company) and Port Perry Service Company (Port Perry), (collectively referenced as Applicants), filed an application seeking authorization for the sale of 100 percent of Port Perry's stock to County Land Company. County Land Company is a Missouri corporation in good standing and Port Perry is a water and sewer corporation providing service to approximately 107 water customers and 56 sewer customers in Perry County, Missouri under the jurisdiction of the Commission. The sole shareholder of Port Perry is Nadine McKay, a resident of Arizona.

Applicants state that the acquisition of Port Perry's stock by County Land Company will not be detrimental to the public because of the increased financial viability of the owner. As the regulated entity in question, Port Perry will remain in existence and because no asset transfers will take place, there will be no tax consequences from the stock sale. In addition, Applicants anticipate no changes in Port Perry's current tariff rules and rates or in Port Perry's day-to-day operation and management. Applicants indicate that County Land Company will retain the licensed operator who currently works for Port Perry and will continue to

have the accounts receivable function handled by the accounting firm that currently performs this function for Port Perry.

On March 7, 1996, the Staff of the Commission (Staff) filed a memorandum concerning Applicants' application. Staff recommends the Commission approve the application on the condition that the Commission reserve the right to determine the ratemaking treatment to be applied to this transaction in the future. Staff indicates that County Land Company's pro forma capital structure after the stock purchase would consist of 52.81 percent common equity and 47.19 percent long-term debt. Staff considers such capital ratios reasonable and appropriate at this time. Furthermore, Staff states that, since the proposed transaction is only a stock transfer, the acquisition of Port Perry by County Land Company should not be detrimental to Port Perry's ratepayers.

The Commission finds that County Land Company's resultant capital structure is reasonable and would not be detrimental to Port Perry's continued operations. The Commission also finds that County Land Company's acquisition of Port Perry will have a minimal impact on Port Perry's day-to-day operations. Thus, the Commission finds that the purchase of Port Perry's stock by County Land Company is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That Perry County Land Company, Inc. is hereby authorized to acquire, take, and hold all of the issued and outstanding capital stock of Port Perry Service Company in accordance with the application and this Order.

2. That Perry County Land Company, Inc. and Port Perry Service Company are hereby authorized to take any and all other actions necessary to effectuate the stock purchase authorized in Ordered Paragraph 1.

3. That nothing in this Order shall be considered as a finding by the Commission of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said property by Perry County Land Company, Inc. and Port Perry Service Company.

4. That the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions in any later proceeding.

5. That this Order shall become effective on March 26, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

McClure, Kincheloe, and
Drainer, CC., Concur.
Zobrist, Chm., and Crumpton, CC.,
Absent.