

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 5th
day of February, 1992.

In the matter of the application of Crest View Acres)
Water Company to transfer its franchise, works, or) Case No. WM-92-122
system to KMB Utility Corporation Inc.)
)

ORDER APPROVING SALE OF WATER COMPANY AND FINANCING

On December 6, 1991, Lochmead Enterprises, Inc. d/b/a Crest View Acres Water Company (Crest View) and KMB Utility Corporation, Inc. (KMB) filed a Joint Application seeking an order of the Commission: (1) approving transfer of all of the franchise, works, or system of Crest View to KMB; (2) authorizing Crest View to discontinue providing water service in its certified area; and, (3) authorizing KMB to provide water service in the certified area.

On December 20, 1991, the Commission determined that direct notice by mail of the application was issued to all customers of Crest View by Crest View and KMB; and, ordered notice be given the Franklin County Commission, to newspaper publishers in Franklin County, and to members of the Missouri General Assembly with constituencies in Franklin County. By the same notice, the Commission established a 30-day period for any interested parties to intervene. Said intervention period ended on January 21, 1992 and no one sought to intervene. Staff, Applicant, and Public Counsel have not requested a hearing.

On February 4, 1992, KMB filed an Application For Authority To Issue Note in the amount of \$5,000 and attached a copy of the promissory note to be issued with supporting documents. KMB states that the note is necessary to purchase the facilities of Crest View.

The Commission Staff filed its recommendation on February 4, 1992. Staff recommends that the Commission approve the joint application and financing

arrangements subject to the following conditions to be set out in the new KMB tariffs:

- (1) That before a Crest View customer has water service discontinued by KMB, the customer shall be notified by KMB and given a chance to pay the delinquent bill;
- (2) That the new KMB tariffs include a metes and bounds description and a map of the service area acquired from Crest View;
- (3) That the new KMB tariffs contain a rate sheet with rates identical to those approved for Crest View customers;
- (4) That KMB file an application for authority to issue a note for the purchase, notify the Commission of the sale, and file a statement of the general terms and conditions of the loan instruments upon execution.

The Commission finds that the proposed transfer of the Crest View water system to KMB is not detrimental to the public interest. Crest View was granted a Certificate of Convenience and Necessity from the Commission effective September 13, 1991 in Case No. WA-91-236. Crest View provides service to approximately 54 customers in Franklin County. The owner of Crest View, Mr. John Buckley, died prior to the certificate being approved. His estate is presently responsible for the operation of the water utility and indicates it is unable to adequately handle the day-to-day operations. KMB is a regulated water utility which acquired a Certificate of Convenience and Necessity in Case No. WM-91-52. KMB is a corporation which exists for the purpose of being in the utility business and its owner is an engineer experienced in the water and sewer utility field. KMB is acquiring small water systems to be operated as one larger water utility. KMB presently operates a water system in close proximity to the Crest View water system.

KMB has agreed to continue serving present Crest View customers under current Crest View rates. Since KMB is a certified water corporation, there should be no diminution in service once the transfer is completed.

In addition, the Commission will authorize KMB to enter into a note in the amount of \$5,000 to purchase Crest View. The Commission's Financial Analysis Staff indicates that the terms of the note are favorable given current market conditions. Staff did not indicate that KMB would have any problem repaying the note.

The Commission finds further that the issuance is reasonably required for the purposes specified in this order and such purposes are not, in whole or in part reasonably chargeable to operating expenses or to income.

IT IS THEREFORE ORDERED:

1. That the Joint Application to sell, convey, and transfer the franchise, works, or water system of Lochmead Enterprises, Inc., d/b/a Crest View Acres Water Company, to KMB Utility Corporation, Inc. be hereby approved subject to the conditions set out in this order.

2. That KMB Utility Corporation, Inc., as part of the approved sale herein, is authorized to borrow the sum of Five Thousand Dollars (\$5,000.00) from Danny E. Dowell, and to execute a promissory note with interest thereon at the rate of eight (8) percent per annum and payable in sixty (60) monthly installments of One Hundred One and 38/100 Dollars (\$101.38) and as per the terms and conditions as set out in the promissory note attached to the Application For Authority To Issue Note filed by KMB on February 4, 1992.

3. That KMB Utility Corporation, Inc. shall, within ten (10) days of said transfer, notify the Commission Staff of said transfer and provide any and all final documents of transfer, including a statement of the general terms and conditions contained in the loan instruments.

4. That KMB Utility Corporation, Inc. shall file new tariffs to include a metes and bounds description and a service area map and rates in conformance with this order.

5. That the Certificate of Convenience and Necessity to operate a water utility service and all applicable tariffs for Lochmead Enterprises, Inc., d/b/a Crest View Acres Water Company, approved in Case No. WA-91-236 shall be canceled upon the approval of new tariff sheets by KMB Utility Corporation, Inc.

6. That upon the approval of the new tariffs of KMB Utility Corporation, Inc., a Certificate of Convenience and Necessity will be granted to KMB Utility Corporation, Inc. to operate and maintain a water utility service in the same service area that was approved for Lochmead Enterprises, Inc., d/b/a Crest View Acres Water Company, by the Commission on September 13, 1991 in Case No. WA-91-236.

7. That KMB Utility Corporation, Inc., shall file journal entries showing the booking of the proceeds and the use thereof with the Commission within thirty (30) days of the effective date of this order.

8. That nothing in this order shall be considered a finding of the Commission of the value for ratemaking purposes of the properties herein involved, nor an acquiescence in the value placed upon such properties by Lochmead Enterprises, Inc., d/b/a Crest View Acres Water Company, or KMB Utility Corporation, Inc., and the Commission reserves the right to consider the ratemaking treatment to be afforded the financing transaction, and its resulting cost of capital, in later proceedings.

9. That this order shall become effective on the 19th day of February, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch
and Kincheloe, CC., concur.
Perkins, C., absent.