

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY  
February 4, 1999**

**CASE NO: WM-99-238**

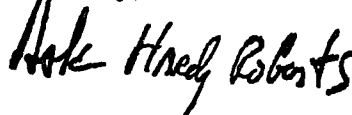
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Missouri Public Service Commission  
P.O. Box 360  
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**Charles Brent Stewart/Jeffrey A. Keevil  
Stewart & Keevil, L.L.C.  
1001 Cherry Street, Suite 302  
Columbia, MO 65201**

**Enclosed find certified copy of ORDER in the above-numbered case(s).**

Sincerely,



**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

**Uncertified Copy:**

**Michael J. Ashfield  
AquaSource, Inc.  
16810 Barker Springs, Suite B 215  
Houston, TX 77084**

**Garah F. Helms  
Capital Utilities, Inc.  
P.O. Box 7017  
Jefferson City, MO 65102**

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 4th  
day of February 1999.

In the Matter of the Joint Application of            )  
Capital Utilities, Inc., Riverside Utility        )  
Company, Inc., and Foxfire Utility Company,    )  
Inc. for Authority to Sell and Transfer          )  
Their Stock and to Transfer Control of          )  
Said Companies to Operating Subsidiaries        )  
of AquaSource, Inc.                                )

Case No. WM-99-238

**ORDER APPROVING SALE AND TRANSFER OF STOCK AND CONTROL**

On November 25, 1998, Capital Utilities, Inc. (CU), Riverside Utility Company, Inc. (RU), Foxfire Utility Company, Inc. (FU) and AquaSource, Inc. (AquaSource), through its wholly-owned subsidiary, AquaSource Utility, Inc., filed a joint Application with the Commission seeking authorization to permit the sale and transfer of the stock of CU, RU and FU to AquaSource. The Application requested expedited consideration by the Commission. At the request of the Applicants, an Order Granting Protective Order was issued on December 3.

An Order and Notice was issued by the Commission on December 9, directing that interested parties be notified of the proposed transaction. The Order and Notice indicated that anyone wishing to intervene in this matter do so no later than December 18. No requests for intervention have been received. No party has requested a hearing. The requirement for a hearing is met when the opportunity for hearing has

been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has requested a hearing, the Commission may grant the relief requested based on the verified application.

The Order and Notice issued on December 9 directed the Staff of the Public Service Commission (Staff) to file a memorandum advising either approval or rejection of the sale and transfer and giving the reasons therefor no later than December 22. On January 5, 1999, in response to a motion filed by Staff, the Commission extended the date for the filing of a Staff recommendation to January 31. On January 29, Staff filed a memorandum recommending that the Commission approve the sale and transfer of stock and control.

The memorandum indicates that CU, RU and FU are Missouri corporations. CU was granted authority to operate in Case Nos. SA-90-224, WM-92-195, WM-98-130 and WM-98-165; RU was granted such authority in Case Nos. WA-81-255, WM-93-43 and WM-94-240; and FU was granted its authority to operate in Case No. WA-95-31. The stock of CU and RU is wholly owned by Mr. and Mrs. Garah F. Helms. Mr. and Mrs. Helms also own a majority of the stock of FU. Mr. and Mrs. Helms manage the operation of CU, RU and FU from their office in Jefferson City. AquaSource is a Texas Corporation and a wholly-owned subsidiary of DQE, Inc., a utility services company headquartered in Pennsylvania.

Until October 16, 1998, Mr. and Mrs. Helms also owned Water Management Services of Missouri, an unregulated company that provides contract operations of water and sewer utility services. On October 16, AquaSource, through its wholly-owned subsidiary AquaSource Services and Technologies, Inc., acquired Water Management Services of Missouri through a stock merger. That transaction was negotiated in conjunction with, and contingent upon, the proposed stock purchase of CU, RU and FU by AquaSource.

Staff's memorandum indicates that AquaSource proposes that CU, RU and FU become three separate AquaSource subsidiaries under the AquaSource subsidiary AquaSource Utility, Inc. The three subsidiaries are to operate under the names AquaSource/CU, Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. The new subsidiaries will continue to be operated by Mr. and Mrs. Helms, who will be employed by AquaSource. AquaSource indicates that no change to the rates, services or service areas currently authorized by CU, RU or FU are contemplated as a direct result of the proposed transaction.

Staff indicates that AquaSource has demonstrated that it has adequate technical, managerial and financial resources to provide utility service in the existing service areas. Staff also indicates that AquaSource's acquisition of CU, RU and FU will not have a negative impact on the ratepayers of those companies, nor will it be detrimental to the public interest. Staff recommends that the Joint Application for Authority to Sell and Transfer Stock and Control be approved.

The Commission has considered the Application along with the recommendation of Staff and concludes that the Joint Application for Authority to Sell and Transfer Stock and Control should be granted.

**IT IS THEREFORE ORDERED:**

1. That Capital Utilities, Inc., Riverside Utility Company, Inc. and Foxfire Utility Company, Inc. are authorized to sell and transfer their stock and control to, and merge with, AquaSource/CU, Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. respectively.

2. That AquaSource/CU, Inc. is granted a certificate to provide water and sewer service in the present service area of Capital Utilities, Inc.

3. That AquaSource/RU, Inc. is granted a certificate to provide water service in the present service area of Riverside Utility Company, Inc.

4. That AquaSource/FU, Inc. is granted a certificate to provide water and sewer service in the present service area of Foxfire Utility Company, Inc.

5. That AquaSource/CU, Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. shall adopt the appropriate existing tariffs of Capital Utilities, Inc., Riverside Utility Company, Inc. and Foxfire Utility Company, Inc. by filing adoption notices and modified index sheets consistent with Staff's discussion of this matter as set out in its memorandum. The tariffs shall have an effective date coinciding with

the date set for completion of the transactions proposed in the Joint Application.

6. That the certificates of AquaSource/CU. Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. shall become effective when their tariffs become effective.

7. That the certificates and tariffs on file for Capital Utilities, Inc., Riverside Utility Company, Inc. and Foxfire Utility Company, Inc. shall be canceled when the tariffs and certificates of AquaSource/CU. Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. become effective.

8. That AquaSource/CU. Inc., AquaSource/RU, Inc. and AquaSource/FU, Inc. are directed to keep their books and records in accordance with the Uniform System of Accounts on an on-going basis.

9. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the transactions herein involved.

10. That the Commission reserves the right to consider any ratemaking treatment to be afforded the transactions herein involved in a later proceeding.

11. That this order shall become effective on February 17, 1999.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

(S E A L)

Lumpe, Ch., Crumpton, Schemenauer  
and Drainer, CC., concur  
Murray, C., absent

Woodruff, Regulatory Law Judge

AL/Sec'y: Woodruff/Boyce

2-1 Date Circulated WM-99-238 CASE NO.

[Signature]  
Lumpe, Chair

[Signature]  
Cruikshank, Commissioner

absent  
Murray, Commissioner

[Signature]  
Schemenauer, Commissioner

[Signature]  
Drainer, Vice-Chair

2-4  
Agenda Date

Action taken: 4-CAS

Must Vote Not Later Than \_\_\_\_\_

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

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 4TH day of FEBRUARY, 1999.

Dale Hardy Roberts

\_\_\_\_\_  
**Dale Hardy Roberts**  
Secretary/Chief Regulatory Law Judge