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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 17th  
day of February, 1999.

In the Matter of the Application of Bob Connell )  
d/b/a Woodland Manor Water Company to Sell His )  
Water System in Stone County, Missouri, to ) Case No. WM-99-119  
Stephen T. Fennema and Mona L. Fennema, Husband )  
and Wife. )

ORDER APPROVING SALE AND GRANTING  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On September 28, 1998, Bob Connell d/b/a Woodland Manor Water Company (WMWC) filed an application requesting authority for WMWC to sell and transfer its water system located in Stone County, Missouri to Stephen T. Fennema and Mona L. Fennema. WMWC requested an order authorizing the transfer of WMWC's certificate of public convenience and necessity to Mr. and Mrs. Fennema. WMWC is a regulated public utility which provides water service to the public in a subdivision known as Woodland Manor in Stone County, Missouri. WMWC's principal place of business is located at P.O. Box 151, Kimberling City, Missouri 65611. Mr. and Mrs. Fennema are individuals whose principal address is HCR 1 Box 90A, Blue Eye, Missouri 65611.

WMWC stated in its application that the proposed sale is not detrimental to the public interest because service to the public will not be changed. WMWC stated in its application that Mr. and Mrs. Fennema will begin providing service to the public immediately upon the discontinuance

of service by WMWC and will operate under the name "Woodland Manor Water Company." The applicant stated that there will be no interruption of service to WMWC's customers.

WMWC stated that the proposed transaction should have no impact on the tax revenues of the political subdivision in which the facilities are located. Attached to the application are copies of the applicant's Registration of Fictitious Name, the Contract for Purchase of Water System, and a pro forma income statement of Mr. and Mrs. Fennema showing the results of the proposed acquisition. The applicant stated that Mr. and Mrs. Fennema will register the fictitious name of "Woodland Manor Water Company" with the Missouri Secretary of State on completion of the proposed transaction.

On October 2, 1998, the Commission issued an Order and Notice which directed WMWC to provide notice to its customers of the proposed transfer. The Order and Notice also directed that any party wishing to intervene should file an application to intervene no later than November 2, 1998. On October 19, 1998, WMWC filed a Certificate of Service certifying that notice had been sent to each of its customers. No applications to intervene were filed.

On January 19, 1999, the Staff of the Missouri Public Service Commission (Staff) filed its memorandum in the official case file recommending that the Commission approve the sale and transfer of assets. Staff stated that WMWC provides service to approximately 90 water customers in Stone County and that WMWC was certificated to provide water service in Commission Case No. WA-92-83, effective October 27, 1992.

Staff stated that Mr. and Mrs. Fennema own a business that is a customer of WMWC.

Staff stated that since Mr. and Mrs. Fennema proposed no change in service, they should adopt WMWC's existing tariff by filing an adoption notice with a 30-day effective date; utilize the depreciation rates currently approved for WMWC; and should keep their books and records in accordance with the Uniform System of Accounts. Staff also recommended that authorization for Mr. and Mrs. Fennema to provide water service should become effective on the date the tariff adoption notice becomes effective.

Staff indicated in its recommendation that its Financial Analysis Department had reviewed the financial information submitted. Staff stated that it had some concerns about a recent \$12,000 capital expenditure which will be financed as a personal debt to Mr. and Mrs. Fennema. The Staff also noted that on the pro forma financial information, a \$4,058 expenditure was scheduled to be made to Mr. and Mrs. Fennema as Return on Equity. The Staff recommended that the expenditure for Return on Equity be deferred for at least six months. Staff also recommended that Mr. and Mrs. Fennema be required to submit semiannual financial statements to the Commission's Financial Analysis Department for a period of one year and continuing until further recommendation by the Staff.

Staff recommended that Mr. and Mrs. Fennema be required to submit to the Commission a copy of their application to register their fictitious name with the Missouri Secretary of State's Office within ten days of the closing of the transaction, and to submit evidence of the

actual registration of fictitious name within ten days of such authorization.

Staff stated that in its opinion the transfer of assets as proposed would not be detrimental to the public interest and should be approved. Finally, Staff recommended that the Commission cancel the certificate of Bob Connell d/b/a Woodland Manor Water Company and grant a new certificate to Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company upon the effective date of Mr. and Mrs. Fennema's adoption of WMWC's existing tariffs.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered an opportunity to be heard. If no proper party or governmental entity is granted intervention and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may grant the relief requested based on the verified application. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). No applications to intervene have been filed, and no party has requested a hearing. Therefore, the Commission determines that the relief requested in the verified application may be granted without a hearing.

The Commission has reviewed the verified application with attachments filed by Applicants and the memorandum filed by Staff. The Commission determines that the proposed sale of assets is not detrimental to the public interest. Therefore, the Commission will approve the application and authorize WMWC to sell, transfer and assign its water system to Stephen T. Fennema and Mona L. Fennema pursuant to the terms

and conditions contained in the Contract for Purchase of Water System which is attached to the application as Exhibit B.

The Commission will grant a Certificate of Public Convenience and Necessity to Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company to provide water service as described in the application. Therefore, Stephen T. Fennema and Mona L. Fennema shall file an adoption notice with at least a 30-day effective date adopting the existing tariffs of WMWC. Upon approval of the adoption notice, the Commission will cancel the certificate and tariff of WMWC.

The Commission will order that Mr. and Mrs. Fennema utilize the depreciation rates currently approved for WMWC and that they keep their books and records in accordance with the Uniform System of Accounts. The Commission also determines that the expenditure for Return on Equity should be deferred for a period of six months as recommended by Staff.

The Commission will also order Stephen T. Fennema and Mona L. Fennema to submit financial statements to the Financial Analysis Department semi-annually until further order of the Commission. Finally, the Commission will order that within ten days of the closing of the transaction, Stephen T. Fennema and Mona L. Fennema shall file with the Commission a copy of their application to register the fictitious name "Woodland Manor Water Company" and, within ten days of receiving that authorization from the Missouri Secretary of State, a copy of the registration with the Commission.

**IT IS THEREFORE ORDERED:**

1. That the application filed by Bob Connell d/b/a Woodland Manor Water Company on September 28, 1998, is approved.

2. That Bob Connell d/b/a Woodland Manor Water Company is authorized to sell, transfer and assign its water system and assets to Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company pursuant to the terms and conditions contained in the Contract for Purchase of Water System which is attached as Exhibit B to the application.

3. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company are granted a certificate of public convenience and necessity to own, operate, control, manage and maintain a water utility in a portion of Stone County, Missouri, as described in the application.

4. That the certificate of public convenience and necessity referenced in ordered paragraph 3 shall become effective simultaneously with the effective date of the tariff adoption notice required to be filed and approved pursuant to ordered paragraph 5.

5. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company shall file in Case No. WM-99-119 an adoption notice with at least a 30-day effective date, adopting the tariff of Bob Connell d/b/a Woodland Manor Water Company.

6. That the effective date of the adoption notice shall coincide with the closing date of the transaction.

7. That Bob Connell d/b/a Woodland Manor Water Company and Stephen T. Fennema and Mona L. Fennema are authorized to execute, enter

into, deliver and perform any agreements, and to do any and all other things not contrary to law or the rules and regulations of the Commission incidental, necessary or appropriate to the performance of any and all acts specifically authorized in this order.

8. That the certificate of public convenience and necessity to own, operate, control, manage and maintain a water utility of Bob Connell d/b/a Woodland Manor Water Company shall be canceled on the effective date of the adoption notice of Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company filed pursuant to paragraph number 5.

9. That Stephen T. Fennema and Mona L. Fennema shall file in Case No. WM-99-119 a copy of its application with the Missouri Secretary of State to register the fictitious name "Woodland Manor Water Company" within ten days of the closing of the transaction and shall file a copy of their Fictitious Name Registration within ten days of receiving the registration.

10. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company shall submit financial statements to the Financial Analysis Department of the Missouri Public Service Commission on a semiannual basis until further order of the Commission.

11. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company shall utilize the depreciation rates currently approved for Woodland Manor Water Company.

12. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company shall keep the company's books and records in accordance with the Uniform System of Accounts.

13. That Stephen T. Fennema and Mona L. Fennema d/b/a Woodland Manor Water Company shall defer the planned \$4,058 expenditure for Return on Equity for a period of six months.

14. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the properties, transactions, or expenditures herein involved.

15. That the Commission reserves the right to consider any ratemaking treatment to be afforded the properties, transactions and expenditures involved in a later proceeding.

16. That this order shall become effective on March 2, 1999.

**BY THE COMMISSION**



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

( S E A L )

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

Dippell, Senior Regulatory Law Judge

**RECEIVED**  
**FEB 17 1999**  
**COMMISSION COUNSEL**  
**PUBLIC SERVICE COMMISSION**