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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 2nd
day of July, 1998.

In the Matter of the Application of West)
Elm Place Corporation for Authority to)
Increase an Existing Long-Term Note from)
a Maximum Amount of \$350,000 to a Maximum)
Amount of \$600,000.) Case No. SF-98-162

ORDER DENYING MOTION TO MODIFY ORDER AND
APPLICATION FOR REHEARING

On October 14, 1997, West Elm Place Corporation (West Elm) filed an application for authority to increase an existing long-term loan with Lemay Bank & Trust Company from a maximum amount of \$350,000 to a maximum amount of \$600,000. On October 15, West Elm filed an amended application.

On May 4, 1998, the Staff of the Commission (Staff) filed its memorandum in which it recommended approval subject to the following conditions: (A) that the application be approved for the purposes stated in the application and not for operating expenses; (B) that the applicant not exceed its approved borrowing limit of \$600,000 without prior Commission approval; and (C) that the applicant's total borrowings, including all instruments, not exceed its rate base. On May 7, the Commission issued its order approving financing in which it approved the financing subject to the conditions recommended by Staff.

On May 18, West Elm filed a motion to modify order and application for rehearing, alleging that conditions (B) and (C) could be interpreted

in such a way as to make the Commission's order approving financing arbitrary and capricious, unlawful and unreasonable. West Elm does not object to condition (A). West Elm requests that the Commission grant a rehearing or issue a modified order.

On May 29, Staff filed a response to West Elm's motion. Staff argues that West Elm's objections are not well taken, and recommends that the Commission deny the motion.

West Elm itself concedes that, if condition (B) is read to encompass only matters within the jurisdiction of the Commission, it is not objectionable. Since the Commission's order approving financing in this case should be read to encompass only matters within its jurisdiction, the Commission finds no need to reconsider or modify its order with respect to this condition.

West Elm objects to condition (C) for essentially the same reasons as condition (B), and further states that the term "rate base" is vague and undefined and puts no one on notice of what limit it purports to set. West Elm also states that it may need to borrow additional funds to construct facilities to meet governmentally-imposed environmental standards and fears that this construction may require it to request borrowing approval in excess of rate base in violation of condition (C).

As Staff points out in its response, the construction contemplated by West Elm will result in additional facilities which will become part of West Elm's rate base. Therefore, condition (C) does not operate to preclude West Elm from borrowing to construct additional utility plant. Like condition (B), condition (C) should be read to encompass only matters within the Commission's jurisdiction. Since the Commission's order approving financing in this case should be read to encompass only matters within its jurisdiction, and since the order cannot reasonably

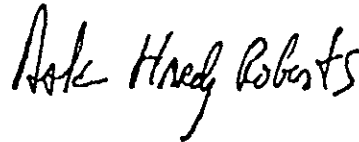
be read to preclude West Elm from borrowing to construct additional facilities, the Commission finds no need to reconsider or modify its order with respect to this condition.

IT IS THEREFORE ORDERED:

1. That the motion to modify order and application for rehearing filed by West Elm Place Corporation is hereby denied.

2. That this order shall become effective on July 14, 1998.

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Mills, Deputy Chief Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

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