

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 12th
day of July, 1996.

In the Matter of the Application of Little Water Company)
to Sell All Its Assets to Midland Water Company, Inc.) Case No. WM-96-327
)

ORDER APPROVING TRANSFER OF ASSETS

On April 1, 1996, Little Water Company (Little) filed an application seeking Commission authorization for Little to sell all of its assets to Midland Water Company, Inc. (Midland). The application also seeks authority for Little to discontinue providing water service in its certificated area, and for Midland to provide water service in the certificated area.

Little was granted a certificate of convenience and necessity on September 15, 1992 in Case No. WA-92-177. Little serves approximately 50 customers in an unincorporated area of Christian County, Missouri.

Midland is a new company created for the purpose of operating Little's water system. Midland's owners are also involved with Riverfork Water Company (Riverfork), an existing regulated water utility, and Riverfork's licensed operator will be the operator for Midland.

On April 5, 1996, the Commission issued an Order and Notice directing those wishing to intervene to do so by May 6, 1996. Since no one intervened and neither the Staff of the Commission (Staff) nor the Office of the Public Counsel requested a hearing, Little was allowed to submit evidence in support of its application by affidavit.

On June 27, 1996, Staff filed a memorandum recommending that the Commission approve the application. Staff states that the system is adequate to serve the current number of customers and that it is not aware of any service

problems. Staff also states that the purchase price of \$5,000 does not appear to be excessive for a utility of Little's size. Staff indicates that Midland intends to continue operating under the same rates and rules as have been approved for Little. Staff further states that Midland is capable of providing good utility service to the customers on this system, and that it believes this sale is not detrimental to the public interest. In addition, Staff recommends that the depreciation rates approved for Little be approved for use by Midland and that Midland revise Little's tariff by updating the disconnection procedure to comply with current regulations.

Upon review of Little's application and Staff's recommendation, the Commission finds that Midland is capable of effectively handling the operation of Little's water system, and of providing safe and adequate water service. Thus, the Commission finds that the proposed sale is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the sale and transfer of the assets of Little Water Company to Midland Water Company, Inc. is hereby approved.

2. That Little Water Company is hereby authorized to take any and all other actions necessary to effectuate the sale contemplated by the application and this Order.

3. That, upon the closing of the sale authorized in Ordered Paragraph 1, Midland Water Company, Inc. shall file either a proposed tariff adoption notice for approval by the Commission, to be placed in the front of the current tariff of Little Water Company, or a new complete tariff reflecting the merger.

4. That, notwithstanding Ordered Paragraph 3, Midland Water Company, Inc. shall file a revision of Little Water Company's current tariff sheet No. 16 to update the disconnection procedure to comply with current regulations.

5. That, upon the effective date of the tariffs directed in Ordered Paragraph 3, Little Water Company's certificate of convenience and necessity shall be canceled and Midland Water Company, Inc. shall be granted a certificate of convenience and necessity.


6. That the depreciation rates attached hereto as Attachment A are hereby approved for use by Midland Water Company, Inc.

7. 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 Midland Water Company, Inc. or Little Water Company.

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

9. That this Order shall become effective on the 23rd day of July, 1996.

BY THE COMMISSION



**David L. Rauch
Executive Secretary**

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crompton and Drainer, CC., concur.

ALJ: Grothoff

**MIDLAND WATER COMPANY
DEPRECIATION RATES
Case No. WM-96-327
(WATER)**

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
304	Structures & Improvements	2.5%
307	Wells & Springs	2.0%
309	Supply Mains	2.0%
310	Power Production Equipment	4.0%
311	Electric Pumping Equipment (20 yr, -5% salv)	5.3%
	Diesel Pumping Equipment (35 yr, +5% salv)	2.7%
327	Hydraulic Pumping Equipment	2.5%
328	Other Pumping Equipment	5.0%
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
341	Structures & Improvements	2.5%
342	Distribution Reservoirs & Standpipes	2.5%
343	Transmission & Distribution Mains	2.0%
344	Fire Mains	2.0%
345	Services	2.9%
346	Meters - Bronze Chamber (35 yr, +5% salv)	2.7%
347	Meters - Plastic Chamber	10.0%
348	Hydrants	2.5%
349	Other Transmission & Distribution Plant	3.3%
390	Structures & Improvements	2.9%
391	Office Furniture & Equipment	5.0%
393	Stores Equipment	4.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
398	Miscellaneous Equipment	5.0%

Attachment