

BV  
WLT  
RO  
W

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service Commission held at its office in Jefferson City on the 19th day of March, 1998.

In the Matter of the Application of )  
St. Louis County Water Company for )  
Authority to Issue and Sell \$40,000,000 )  
Aggregate Principal Amount of its First ) Case No. WF-98-310  
Mortgage Bonds, Series X, Due 2028 to the )  
EIERA, at an Interest Rate and Discount )  
to be Negotiated. )

**ORDER APPROVING FINANCING**

On January 26, 1998, St. Louis County Water Company (County Water) filed an application with the Commission seeking Commission authorization to sell up to and including \$40,000,000 in secured tax-exempt water facility revenue bonds. County Water states that the proceeds of the proposed sale will be used to retire its Series R EIERA bonds and make additions, extensions, and improvements to its current water plant and distribution system.

On February 24, 1998, the Staff of the Commission (Staff) filed its recommendation. In that recommendation, the Staff states that in regard to County Water's resulting capital structure, the percentage of long-term debt to total capital will increase from 54.39 percent to 55.90 percent and the percentage of common equity to total capital will decrease from 45.61 percent to 44.10 percent. The Staff states that these percentages are consistent with an investment grade water utility as defined by Standard & Poor's Corporation. The Staff further states that pre-tax interest coverage will increase from 3.00x to 3.26x.

Based upon its review, the Staff recommends that the Commission approve the proposed financing with the following requirements:

1. That County Water be required to file the final terms and conditions of the financing in the official case file;
2. That the interest rate on the proposed bonds not exceed 6.5 percent; and
3. That the Commission reserve the right to consider ratemaking treatment for the proposed financing in an appropriate rate proceeding.

No objection to the Staff recommendation was tendered by any party.

The Commission has reviewed the proposed financing application, attached documentation, and the Staff recommendation. The Commission finds the proposed financing to be reasonable and in the public interest. The Commission will approve the financing for the purposes stated in the application and this order.

**IT IS THEREFORE ORDERED:**

1. That St. Louis County Water Company is hereby authorized to issue and deliver in a privately negotiated transaction Forty Million Dollars (\$40,000,000) aggregate principal amount of its First Mortgage Bonds, Series X, due 2028, to the following purchaser or its related or affiliated nominees:

<u>Name of Purchaser</u>	<u>Amount of Bonds to be Purchased in Denominations to be Determined</u>
State Environmental Improvement and Energy Resources Authority (or its assignees)	\$40,000,000

said Bonds to be issued, delivered, received and held subject to the terms and conditions of the Indenture of Mortgage and Deed of Trust dated as of December 1, 1942, and Supplemental Indentures thereto dated as of June 1, 1946; June 1, 1950; December 1, 1952; January 1, 1954; June 1, 1955; December 1, 1957; December 1, 1961; December 1, 1964; June 1, 1967; June 1, 1971; December 1, 1977; January 15, 1983; December 1, 1984; October 1,

1985; January 1, 1988; November 1, 1988; November 1, 1989; December 1, 1989; February 1, 1991; February 1, 1992; February 1, 1993; May 1, 1995; November 1, 1996; and May 1, 1997, and a Series X Supplemental Indenture to be dated upon authentication and delivery of the Series X Bonds no later than May 31, 1998; said Bonds to be substantially in the form as provided in said Series X Supplemental Indenture; and said Bonds to be issued for the purpose of retiring Applicant's 6.9 percent Series R EI ERA indebtedness of \$25,000,000, redeemable on or after February 1, 1998, and for the acquisition of property, the construction, extension, and improvement of its plant and distribution system, and other capital investment all of which shall be necessary and proper for the rendition of public water supply, and to reimburse its treasury for any such costs heretofore incurred subsequent to July 1, 1997; and further authorizing Applicant to execute and deliver the Supplemental Indenture to be dated as of authentication and delivery of said Series X Bonds in substantially the form as provided in said Supplemental Indenture to be late filed in this proceeding which said Series X Supplemental Indenture will substantially comply with the terms described herein.

2. That St. Louis County Water Company is hereby authorized to make payments for those expenses incurred in connection with the issuance and delivery of said First Mortgage Bonds, Series X.

3. That the interest rate incurred by St. Louis County Water Company for the said Series X Mortgage Bonds shall not exceed 6.5 percent.

4. That the final terms and conditions of the sale of the Series X Mortgage Bonds will be filed in this case.

5. That the Commission reserves ratemaking treatment of the approved financial transaction and may consider the prudence and treatment of the approved transaction in any subsequent rate proceeding.

6. That this order shall become effective on March 31, 1998.

BY THE COMMISSION

*Dale Hardy Roberts*

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

(S E A L)

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

Derque, Regulatory Law Judge

RECEIVED

MAR 19 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION