

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 26th  
day of March, 1991.

In the matter of the application of Royal Oaks                    )  
Water Co., to sell and transfer its franchise,                    )     CASE NO. WM-91-263  
works and system to the City of O'Fallon, Missouri.            )

ORDER AUTHORIZING MERGER

On January 23, 1991, Royal Oaks Water Co., (Applicant) filed an application which seeks Commission approval to sell and transfer to the City of O'Fallon, Missouri, all of the franchise, works and system necessary and useful in the provision of water service; authorization to discontinue providing water service in its certificated area; and authorization to distribute the proceeds of the subject sale to the Applicant's shareholders.

By order issued February 8, 1991, the Commission gave notice of the pending application to potentially interested parties. The order, which also established an intervention deadline, stated that if no proper person intervened and neither Public Counsel nor Commission Staff requested a hearing, Applicant would be allowed to submit its evidence by verified statement. There have been no applications for intervention or a request for a hearing.

The Commission Staff has filed a written recommendation of approval of the instant application. Upon consideration of the verified application, the exhibits attached thereto and the recommendation of its Staff, the Commission determines that a hearing is unnecessary and finds and concludes as follows:

Applicant is a Missouri corporation with its principal office and place of business at 10709 Highway 366, St. Louis, Missouri 63127. The Applicant is

authorized by this Commission to operate a water system as a public utility as defined in Section 386.020, RSMo 1986.

The Staff's recommendation states that the Applicant operates a water system in a small subdivision with a single well. The Staff also reports that the water system has experienced contamination problems and the well is one of several in the state that has some radioactivity problems. Although there will be a rate increase if the Applicant's customers receive service from the City of O'Fallon, the Staff expresses the opinion that it is desirable to abandon the Applicant's well and connect the system to that of the City of O'Fallon to increase water quality and reliability of service.

In an annex to the application it is acknowledged that the city water rates presently exceed the Applicant's rates, however, benefits to the customers by the instant application will exceed the additional cost of water. It is believed that the Applicant's rates will have to be increased substantially in order to achieve compliance with state and federal drinking water requirements pertaining to radioactive elements.

The Commission has jurisdiction over this matter pursuant to Section 393.190, RSMo 1986, and 4 CSR 240-2.060(3). The Commission is of the opinion and concludes that the proposed sale and transfer of assets are not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the application to sell and transfer the franchise, works and system of Royal Oaks Water Co., to the City of O'Fallon, Missouri, filed herein on January 23, 1991, be granted.
2. That Royal Oaks Water Co., be authorized to perform in accordance with the terms of the contract and agreement accompanying the application as Amended Annex B.

3. That Royal Oaks Water Co., be authorized to perform all action reasonable and necessary to execute the application approved herein.

4. That Royal Oaks Water Co., shall inform the Commission of the date on which the transfer herein authorized is effected and on which service is assumed by the City of O'Fallon.

5. That this Order shall become effective on April 25, 1991.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

Steinmeier, Chm., Mueller, McClure,  
and Letsch, Roderique, CC., Concur.  
Rauch, C., Absent.