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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 7th
day of May, 1998.

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

ORDER APPROVING FINANCING

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 its first amended application. West Elm states that the proceeds from this note will be used for the acquisition of property and the construction, completion, extension, or improvement of its current plant and system; for the improvement or maintenance of the applicant's service to its customers; for the lawful discharge or lawful refunding of applicant's obligations; or for the reimbursement of monies actually expended from income or from any other monies in the treasury of applicant not secured or obtained from the issuance of stocks, bonds, notes, or other evidences of indebtedness within five years prior to the filing of the instant application. Specifically, the applicant will use \$65,319 of the proceeds to pay off an existing short-term debt, and the balance to: (1) reimburse applicant for expenditures made in early 1997 for the construction of a main sewer line to eliminate lagoons on the Pomme Creek portion of West Elm's system; and

(2) begin substantial capital improvements on the Black Creek portion of West Elm's system that will be necessary to meet new discharge limits on that portion of the system.

The Commission's authorization for the transaction is required under Sections 393.180, 393.200, 393.210, and 393.220, RSMo.¹ West Elm is a public utility whose principal office is located at P.O. Box 456, Arnold, Missouri 63010. Applicant is subject to the jurisdiction of the Missouri Public Service Commission pursuant to Chapters 386 and 393.

On May 4, 1998, the Staff of the Commission (Staff) filed its memorandum. Staff stated that it initially had concerns that the proceeds would improperly be used to pay property taxes. Upon further investigation, however, Staff verified that this was not the case. Staff also verified that the applicant had not exceeded its borrowing authority. Staff recommends approval subject to the following conditions: (1) that the application be approved for the purposes stated in the application and not for operating expenses; (2) that the applicant not exceed its approved borrowing limit of \$600,000 without prior Commission approval; and (3) that the applicant's total borrowings, including all instruments, not exceed its rate base.

The Commission has reviewed the verified application, the attached information, and the Staff memorandum, and determines the proposed transaction to be reasonable and not detrimental to the public interest. The Commission will approve the requested financing with the conditions recommended by the Staff.

¹All statutory references are to the Revised Statutes of Missouri 1994 or 1996 Supplement.

IT IS THEREFORE ORDERED:

1. That West Elm Place Corporation is hereby authorized to execute and deliver to Lemay Bank and Trust Company a note substantially in the form as set out in the attachments to the application, execute and deliver to Lemay Bank and Trust Company deeds of trust, mortgage modifications, and disclosures, subject its utility property to a lien of security interests as set out in Appendix 1 of the application, and to do such other acts as are necessary to consummate the transaction contemplated in the application, with the following conditions: (A) the proceeds are to be used for the purposes stated in the application and not for operating expenses; (B) the applicant is not to exceed its approved borrowing limit of \$600,000 without prior Commission approval; and (C) the applicant's total borrowings, including all instruments, are not to exceed its rate base.

2. That West Elm Place Corporation will submit all pertinent information to the Staff of the Commission within 10 days of completion of the above transaction.

3. That nothing in this order shall be considered as a finding of the Commission as to the reasonableness of the expenditures herein involved. The Commission reserves the right to consider the ratemaking treatment to be afforded these transactions and the resulting cost of capital in any later proceedings.

4. That this order shall become effective on May 19, 1998.

BY THE COMMISSION

Dale Hardy Roberts

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