

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 30th  
day of October, 1992.

In the matter of the application of Hillshine )  
Community Water & Sanitation Company to transfer ) Case No. WM-92-312  
its water franchise, works, or water system to )  
KMB Utility Corporation. )  
)

ORDER APPROVING SALE OF WATER COMPANY

On June 22, 1992, Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company (Hillshine) and KMB Utility Corporation (KMB) filed a Joint Application pursuant to Section 393.190, R.S.Mo. 1986, seeking an order of the Commission: (1) approving the transfer of all of the franchise, works or system of Hillshine to KMB; (2) authorizing Hillshine to discontinue providing water service in its certified area; (3) authorizing KMB to provide water service in the Hillshine certificated area; and (4) for any other necessary relief as is necessary to complete the transfer. On June 26, 1992 the Commission issued its Order And Notice that each existing customer of Hillshine be notified of the pending sale, that each member of the Missouri General Assembly representing Franklin County, Missouri be notified, that newspapers located within Franklin County, Missouri be notified, and that a copy of the Order And Notice be served on the Franklin County Commission. By the same Order And Notice, the Commission established a 30-day period for interested parties to intervene. No parties have requested intervention, nor has anyone requested a hearing on this matter.

KMB and Hillshine state in the joint application for transfer that KMB will operate the water system in accordance with Hillshine's tariffs, rates and charges presently on file, and in observance of the rules and regulations of the Commission and all other regulatory agencies, including the Missouri Department of Natural Resources and the U.S. Environmental Protection Agency. Hillshine and

KMB are not proposing a transfer of the sewer utility assets. Hillshine will continue to provide sewer service.

KMB is a Missouri corporation organized and existing for the purpose of operating a water corporation and presently provides water service to residents of High Ridge Manor, Crestview Acres, and Lakewood Hills subdivisions. Hillshine is a water corporation and public utility as defined in Section 386.020, R.S.Mo. (1986), and as such is authorized to distribute and sell water in its service area located in Franklin County, Missouri.

On October 23, 1992 the Commission's Staff (Staff) filed its recommendation that the Commission approve the Joint Application subject to several conditions:

- (1) KMB shall provide notification to the Commission upon consummation of the transaction;
- (2) KMB shall file tariffs sheets to include a metes and bounds description and a map of the service area acquired from Hillshine, and a rate sheet containing rates identical to current rates approved for Hillshine, within 10 days after the effective date of the Commission's order authorizing the transfer of assets;
- (3) Upon the approval of the new tariff to be submitted by KMB, the Commission shall grant KMB a Certificate of Convenience and Necessity to provide water service in the area now served by Hillshine, and cancel the Certificate of Convenience and Necessity granted to Hillshine and the current tariff on file for Hillshine;
- (4) Any unpaid Commission assessments from Hillshine shall be paid in full prior to the approval of this application;

- (5) Any former customer of Hillshine with a delinquent account must be given adequate written notice by KMB before the customer's water service is disconnected; and
- (6) The Commission's order shall include language making it clear that approval does not constitute any determination of the rate-making treatment to be accorded this transaction that will occur as a result of approval of the application.

Based upon the verified Joint Application with attached exhibits and its Staff's recommendation, the Commission finds that the proposed transfer of the Hillshine water system to KMB is not detrimental to the public interest and should be approved. Hillshine has been operated by Bill R. Summers, who is unable to adequately address and handle day-to-day operation of the water system. KMB is a regulated water utility which acquired a Certificate of Convenience and Necessity in Case No. WA-91-52. KMB is a corporation which exists for the purpose of being in the utility business and its owner is an experienced engineer in the water field. KMB is acquiring small water systems to be operated as one larger water utility. KMB presently operates water systems in Franklin County, Missouri. KMB has agreed to continue serving the present 23 residential and two commercial customers of Hillshine under current Hillshine rates. The Commission finds that KMB's capital structure will be adequate after the acquisition. Since KMB is a certified water corporation, the Commission finds that there will be no diminution in service to Hillshine customers once the transfer is completed and that KMB has a local operator to handle day-to-day operational matters and arrangements.

**IT IS THEREFORE ORDERED:**

1. That the Joint Application to sell, convey, and transfer all of the franchise, works or water system of Progress Unlimited, Inc., d/b/a Hillshine

Community Water & Sanitation Company, to KMB Utility Corporation, be approved hereby subject to the conditions set out in this order.

2. That KMB Utility Corporation shall provide notification to the Commission upon consummation of the transfer.

3. That KMB Utility Corporation shall file tariff sheets to include a metes and bounds description and a map of the service area acquired from Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, and a rate sheet containing rates identical to current rates approved for Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, within ten (10) days after the effective date of this order.

4. That upon approval of the new tariffs to be submitted by KMB Utility Corporation, a Certificate of Convenience and Necessity will be granted to KMB Utility Corporation to operate and maintain a water utility service in the same service area that was approved for Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company.

5. That the Certificate of Convenience and Necessity to operate a water utility service and all applicable tariffs for Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, shall be canceled upon the approval of the new tariff sheets for KMB Utility Corporation.

6. That any unpaid Commission assessments from Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, be paid in full prior to the Certificate of Convenience and Necessity being granted.

7. That any former customer of Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, with a delinquent account be given adequate notice by KMB Utility Corporation before the customer's water service is disconnected.

8. That nothing in this order shall be considered a finding of the Commission of the reasonableness of the expenditures herein involved, or of the

value for ratemaking purposes of the properties herein involved, or as an acquiescence in the value placed upon said properties by Progress Unlimited, Inc., d/b/a Hillshine Community Water & Sanitation Company, or KMB Utility Corporation; and the Commission reserves the right to consider the ratemaking treatment to be afforded this transaction, and its resulting cost of capital, in any later proceeding.

9. That this order shall become effective on the 10th day of November, 1992.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,  
Perkins and Kincheloe, CC., concur.