

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY**

**JULY 9, 1996**

**CASE NO: WF-96-403**

W.R. England, III, Sondra B. Morgan, Brydon, Swearengen & England, P.O. Box 456,  
312 E. Capitol Ave., Jefferson City, MO 65102-0456

**Enclosed find certified copy of ORDER in the above-numbered case(s).**

**Sincerely,**

A handwritten signature in cursive script that reads "David L. Rauch".

**David L. Rauch  
Executive Secretary**

**Uncertified Copy:**

Office of Public Counsel, P.O. Box 7800, Jefferson City, MO 65102  
Gary W. Snadon, President, Emerald Pointe Utility Company, 102 S. Commercial,  
Branson, MO 65616

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 9th  
day of July, 1996.

In the matter of the Application of )  
Emerald Pointe Utility Company for )  
authority to borrow an amount not to )  
exceed \$600,000 from Gary W. Snadon )  
and Patsy A. Snadon and in connection )  
therewith to execute a promissory )  
note. )

Case No. WF-96-403

**ORDER APPROVING FINANCING**

On May 22, 1996, Emerald Pointe Utility Company (Emerald Pointe or Applicant) filed an Application for authority to borrow an amount not to exceed \$600,000 pursuant to S 393.200, RSMo 1994, and 4 CSR 240-2.060(8). Emerald Pointe's Application, generally, requests permission and authority to borrow up to \$600,000 from Gary W. Snadon and Patsy A. Snadon (Lenders) in order to finance the development and construction of the water and sewer system recently certificated by the Commission in Case No. WA-96-96.

On June 20, 1996, the Financial Analysis Department Staff of the Public Service Commission (Staff) filed a Memorandum in which it recommended approval of the Application for authority to issue a Promissory Note for up to \$600,000. The Commission has reviewed the Application, the Staff Memorandum, and the entirety of the file and makes the following findings of fact. The Commission finds that Emerald Pointe is a Missouri corporation duly organized and existing under the laws of the state of Missouri with its principal office and place of business located at 102 South Commercial, Branson, Missouri 65616. Emerald Pointe is a newly

certificated public utility rendering water and sewer service to the public in Taney County, Missouri. Emerald Pointe proposes to invest a total of \$1.2 million to complete the water and sewer project now underway. Emerald Pointe's proposed Promissory Note for \$600,000 represents the long-term debt portion (50 percent) of the planned capital structure for the company. The other 50 percent of the capital dollars is in the form of common equity. Emerald Pointe proposes to issue a note to finance its water and sewer operations. This note, not to exceed \$600,000, will be to Gary W. Snadon and Patsy A. Snadon (Lenders) in order to finance the development and construction of its water and sewer system. Specifically, the proceeds of the loan would be used to construct the water and sewer system, to purchase and install equipment, to finance the operating needs of the Applicant, and for any other appropriate purposes.

The proposed note requested a stated interest rate of 12 percent per annum for 10 years with a monthly payment of \$8,608. Staff has recommended an interest rate of 10.25 percent and further recommended that the Commission conditionally approve the financing request with an interest rate of 10.25 percent. Staff's Memorandum indicated company counsel's willingness to accept this condition. In the 10 days following the filing of Staff's Memorandum, the Applicant did not file any opposition to the Staff recommendation nor did it contest Staff's assertion that the interest rate of 10.25 percent was acceptable to Emerald Pointe. Therefore, the Commission finds it just and reasonable to approve the Promissory Note with a stated maturity date of 10 years from the date of issue with an interest rate of 10.25 percent per annum.

The Commission finds that the proposed terms and conditions of the financing are reasonable. The use of the proceeds to finance construction and maintenance of the water and sewer system is reasonable

and will enure to the benefit of Emerald Pointe's customers as a whole. Thus, the Commission finds that the contemplated financing is reasonably required for the purposes as specified in this order and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

**IT IS THEREFORE ORDERED:**

1. That the Application filed by Emerald Pointe Utility Company is hereby approved, subject to modification of the requested interest rate from 12 percent to 10.25 percent.

2. That Emerald Pointe Utility Company is hereby authorized to borrow from Gary W. Snadon and Patsy A. Snadon an amount not to exceed \$600,000.

3. That Emerald Pointe Utility Company may execute and deliver a Promissory Note evidencing the loan and may do and perform, or cause to be done and performed, all such other acts and things, as well as to make, execute, and deliver any and all documents as may be necessary, advisable, or proper to the end that the intent and purposes of this financing may be fully effectuated.

4. That the money, property, and labor to be procured by said transaction is reasonably required for the purposes specified above and that no part of the proceeds shall be reasonably chargeable to operating expenses or to income.

5. That Emerald Pointe Utility Company shall file with the Commission a copy of the final Promissory Note within 15 days from the date upon which it is executed.

6. That nothing in this order shall be considered a finding of the Commission's value for ratemaking purposes of any properties herein

involved, or as an acquiescence in the value placed upon said properties by Emerald Pointe Utility Company. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions and the resulting costs of capital in any later proceeding.

7. That this order shall become effective on July 19, 1996.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

David L. Rauch  
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,  
Crumpton, and Drainer, CC., Concur.

ALJ: Roberts

*Salvatore / Anthony*

CASE NO. WF-96-403

Chairman

*h3*

Commissioner

*h3*

Commissioner

*h3*

Commissioner

*h3*

Commissioner

3-1584c

*50.115*

*7/9/96*

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 9 day of JULY, 1996.

*David L Rauch*

David L. Rauch  
Executive Secretary