

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 12th day  
of August, 2008.

In the Matter of the Application of J & J Equities, LLC,	)	
and McB Investments, LLC, to Acquire Ten Percent	)	
(10%) or More of the Outstanding Capital Stock of	)	<b><u>Case No. WF-2009-0018</u></b>
Tri-States Utility, Inc.	)	

**ORDER APPROVING SALE OF STOCK**

Issue Date: August 12, 2008

Effective Date: August 22, 2008

On July 7, 2008, J & J Equities, LLC ("J & J Equities"), and McB Investments, LLC ("McB Investments") (together, "Applicants"), filed an application with the Commission to acquire ten percent or more of the outstanding capital stock of Tri-States Utility, Inc. Applicants requested expedited consideration. The Staff of the Commission filed its recommendation on August 7, 2008, recommending approval of the application.

**Discussion**

J & J Equities and McB Investments are Kansas limited liability companies authorized to do business in the state of Missouri as foreign corporations. Tri-States is a Missouri chartered corporation and water utility operating under the jurisdiction of the Public Service Commission. Tri-States provides water service to customers in Branson, Missouri.

Tri-State's stock, in the form of 30,000 shares, is presently owned by Harold I. Epps and Sharon R. Epps. Subject to the Commission's approval, 10,000 shares will be transferred to J & J Equities and 10,000 shares will be transferred to

McB Investments. Harold and Sharon Epps will continue to own 10,000 shares of the capital stock of Tri-States after the closing of the proposed transaction. Staff states that representatives of J & J Equities and McB Investments have indicated that they will initially each take a one-third equity ownership position, and eventually buy the remaining one-third from Harold and Sharon Epps.

The equity capital will be used to build additional, and upgrade existing, Tri-States water utility infrastructure. Tri-States is currently capitalized with 98 percent debt. Staff states that after the transaction, Total Debt/Total Capital credit metrics will be significantly improved, as will Funds Flow/Debt and Funds Flow/Interest.

Staff believes that the addition of J & J Equities and McB Investments will be a positive move for Tri-States. The new investors plan to put more workers into the field to locate and repair potential problems in a more timely manner, which should enhance the quality of service to the customers. In addition, the cash infusion brought by the new owners will allow the Tri-States to make needed capital improvements.

Staff recommends that the Commission approve the transaction but that it reserve any decisions regarding ratemaking treatment for the company:

There were no other responses to the application.

### **Decision**

The Commission has considered the application and the recommendation of its Staff. The Commission finds and concludes that the proposed transaction is not detrimental to the public interest, and shall approve the application as recommended by Staff.

**IT IS ORDERED THAT:**

1. The application of J & J Equities, LLC, and McB Investments, LLC, to acquire ten percent or more of the outstanding capital stock of Tri-States Utility, Inc., is granted.
2. J & J Equities, LLC, McB Investments, LLC, and Tri-States Utility, Inc., are authorized to take all lawful actions necessary to consummate the transaction proposed in this application.
3. Nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for ratemaking purposes, which includes, but is not limited to the capital structure, and the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their effect on cost of capital, in any later proceeding.
4. J & J Equities, LLC, and McB Investments, LLC, shall file a notice in this case within ten days of the completion of the authorized transactions.
5. If the authorized transactions have not been completed by October 20, 2008, J & J Equities, LLC, and McB Investments, LLC, shall file a status report with the Commission and shall continue to file a status report no later than the 20th day of each month until the transactions have been completed.

6. This order shall become effective on August 22, 2008.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a faint rectangular stamp.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Clayton,  
Jarrett, and Gunn, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge