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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 26th
day of November, 1997.

In the Matter of the Application of)	
Ascension Resorts, Ltd. for Authority)	
to Acquire, Control and Merge with)	<u>Case No. WM-98-46</u>
Silverleaf Resorts, Inc. and for Other)	
Related Relief.)	

ORDER APPROVING MERGER

This joint application was filed on July 30, 1997, requesting approval from the Commission for the merger of Ascension Resorts, Ltd. (Ascension) with Silverleaf Resorts, Inc. (Silverleaf) and for other related relief. Ascension states it currently has certificates from this Commission to provide certain unincorporated areas of Stone and Taney Counties, Missouri, with sewer and water service. The purpose of this application is to request approval from the Commission to merge Ascension into Silverleaf, with Silverleaf being the surviving entity, cancel the current certificate and issue a new certificate under Silverleaf. The joint applicants also state that the corporate reorganization allows Silverleaf improved access to capital under better terms and conditions and that, otherwise, the corporate reorganization will be transparent to current customers of Ascension.

On November 7 the Staff of the Commission (Staff) filed its recommendation. In that recommendation the Staff stated that Silverleaf and Ascension have common ownership and that the proposed merger is actually a matter of internal corporate restructuring and renaming. The Staff also found that the proposed merger will have no direct effect on the operations of either applicant and that Silverleaf has agreed to operate

under the same tariffs as are currently on file for Ascension. The Staff is of the opinion that no detriment to the public will result from the merger. The Staff also made the following recommendations for approval:

1. Approve certificates for water service and sewer service for SRI concurrent with cancellation of certificates that have been granted to ARL, to be effective upon the effective date of the adoption notice tariff sheets to be filed as addressed herein;
2. Approve water and sewer depreciation accrual rates for SRI identical to those which have been approved for ARL in Case No. WA-94-60;
3. Order SRI to file adoption notice tariff sheets and revised index sheets within seven days after the effective date of an order issued by the Commission approving the merger;
4. Order SRI to keep its books and records in accordance with the Uniform System of Accounts for Class C and D Water Utilities and the Uniform System of Accounts for Class C and D Sewer Utilities, along with appropriate documentation, as was ordered of ARL; and,
5. Make no finding that would preclude the right to consider the ratemaking treatment to be afforded any matters addressed herein, or any future expenditures by the company in any later proceeding.

The Commission has reviewed the application, accompanying documentation and the Staff recommendation and finds that the proposed merger is not detrimental to the public interest and should be approved. The Commission will approve the proposed merger with the conditions as set out in the Staff recommendation. As Silverleaf will be the surviving entity, Silverleaf will file adoption tariffs sheets upon consummation of the merger, adopting the current tariffs of Ascension.

IT IS THEREFORE ORDERED:

1. That the requested merger, as set out in paragraphs a through h in the joint application, is hereby approved and paragraphs a through h are incorporated herein by reference.

2. That certificates of convenience and necessity are hereby approved as set out in Staff condition No. 1 in this order effective upon filing of the tariff adoption notice.

3. That the existing certificate for Ascension Resorts, Ltd. is canceled effective upon filing of the adoption notice tariff sheets for the surviving corporate entity

4. That depreciation rates are hereby adopted for use identical to those rates currently approved for Ascension Resorts, Ltd. in Case No. WA-94-60, and appended to this order as Attachment A.

5. That the joint applicants are hereby ordered to comply with the remainder of Staff conditions Nos. 1 through 5 set out in this order and to file the appropriate tariffs in full compliance with this order concurrent with the completion of the approved merger.

6. That the Commission makes no finding that would preclude the consideration in an appropriate procedure of the ratemaking treatment to be afforded the approved transactions.

7. That this order shall become effective on December 9,
1997.

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur.

Derque, Regulatory Law Judge

SILVERLEAF RESORTS, INC.

DEPRECIATION RATES

(WATER)

Case No. WM-98-46

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	2.5%
314	Wells & Springs	2.0%
316	Supply Mains	2.0%
317	Other Water Source Plant	2.0%
325	Electric Pumping Equipment	10.0%
328	Other Pumping Equipment	5.0%
332	Water Treatment Equipment	2.9%
342	Distribution Reservoirs & Standpipes	2.5%
343	Transmission & Distribution Mains	2.0%
345	Services	2.9%
346.1	Meters - Bronze Chamber (35 yr, +5% salv)	2.7%
346.2	Meters - Plastic Chamber (10 yr, 0 salv)	10.0%
347	Meter Installations (Services Rate)	2.9%
348	Hydrants	2.5%
349	Other Transmission & Distribution Plant	3.3%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	14.3%
392	Transportation Equipment (7 yr, +10% salv)	13.0%
393	Stores Equipment	4.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%

SILVERLEAF RESORTS, INC.

DEPRECIATION RATES

(SEWER)

Case No. WM-98-46

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	3.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
353	Other Collection Plant	4.0%
354	Services to Customers	2.0%
355	Flow Measurement Devices	3.3%
362	Receiving Wells & Pump Pits	5.0%
363	Pumping Equipment	10.0%
373	Treatment & Disposal Facilities	4.5%
374	Plant Sewers	4.5%
375	Outfall Sewers	2.0%
376	Other Treatment & Disposal Plant	5.0%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	14.3%
392	Transportation Equipment	14.2%
393	Other General Equipment	10.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%