

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 27th day
of February, 2013.

In the Matter of Joint Application of Bilyeu Water Co.,)
LLC and Bilyeu Ridge Water Company, LLC for) **File No. WM-2013-0329**
Authority of Bilyeu Water Co, LLC to Sell Assets to)
Bilyeu Ridge Water Company, LLC)

ORDER APPROVING APPLICATION

Issue Date: February 27, 2013

Effective Date: March 9, 2013

Syllabus: This order approves the joint application of Bilyeu Water Co., (“Bilyeu”) and Bilyeu Ridge Water Company (“Bilyeu Ridge”) for Bilyeu to sell its water system to Bilyeu Ridge.

Procedural History

On December 7, 2012, Bilyeu and Bilyeu Ridge filed a joint application. That application requests, among other things, authority from the Commission for Bilyeu to sell its sewer system to Bilyeu Ridge. Bilyeu and Bilyeu Ridge entered into an agreement in August 2012, in which Bilyeu Ridge agreed to purchase Bilyeu’s water system.

The Commission issued notice of this application on December 11, 2012. In that notice, the Commission allowed anyone who wished to intervene until December 31, 2012 to request intervention. The Commission received no intervention requests.

Staff filed its Recommendation on February 1, 2013. Staff recommended that the Commission approve the transaction, with certain conditions. The Office of the Public Counsel (“OPC”) responded on February 11, 2013. OPC stated that while it largely accepted Staff’s Recommendation and conditions, it preferred slightly different language on some conditions that Staff proposed. Staff responded on February 13, 2013, stating that while it still preferred the language from its Recommendation, it did not object to OPC’s suggested language.

Commission Rule 4 CSR 240-2.080(15) gives parties ten days to respond to pleadings unless otherwise ordered by the Commission. The Commission issued no order to the contrary, more than ten days have elapsed since OPC’s pleading, and no party has objected. Thus, the Commission will grant the application with the conditions suggested by Staff, modified by the language requested by OPC.

Discussion

The application is within the Commission’s jurisdiction to decide.¹ Because no party objects to the application, no evidentiary hearing is required.² Thus, the Commission deems the hearing waived,³ and bases its findings on the verified filings, and makes its conclusions as follows.

The Commission issued Bilyeu a certificate of convenience and necessity to provide water service in File No. WA-2007-0270. Bilyeu currently provides water service to approximately 57 customers in Christian County, Missouri. Bilyeu Ridge is a

¹ Section 393.190 RSMo 2000.

² *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Com’n*, 776 S.W.2d 494 (Mo. App. 1989).

³ Section 536.060, RSMo 2000.

new created entity that is wholly owned by Ozark International, Inc. Ozarks also wholly owns four other Commission-regulated water utilities.

The Commission may approve of a sale of a water company if that sale is not detrimental to the public interest.⁴ Based on the verified pleadings, the Commission finds that granting the application for the sale of the sewer company would not be detrimental to the public interest.

The application will be granted, subject to the conditions listed below.

THE COMMISSION ORDERS THAT:

1. The Joint Application is granted.
2. The Commission authorizes the sale and transfer of water utility assets from Bilyeu Water Co. to Bilyeu Ridge Water Company.
3. Bilyeu Water Co. shall transfer all books and records of Bilyeu Water Co. including, but not limited to, purchase orders, invoices, contracts and agreements relating to the Bilyeu Water Co. operations, drawings and blueprints of the water system, plant records, operations records, and expense records and all customer billing records to Bilyeu Ridge Water Company upon closing of the sale of the assets.
4. Bilyeu Ridge Water Company shall adopt the individual plant-in-service, and depreciation reserve utilized by the Audit Staff valued as of December 31, 2012, for purposes of determining the appropriate rate base in this proceeding as a starting point for plant-in-service, and depreciation reserve for Bilyeu Ridge Water Company, to be recorded in the books and records of Bilyeu Ridge Water Company, and Bilyeu Ridge

⁴ See Commission Rule 4 CSR 240-3.605(1)(D).

Water Company is required to maintain and retain proper plant in service, depreciation reserve, cost of removal, and salvage records on a going forward basis.

5. Ozark International, Inc., shall utilize time reporting sheets to ensure utility costs are allocated to all its regulated utilities similar to those discussed with Ozark International Inc., in the Taney County and Valley Woods acquisitions made in 2012.

6. Bilyeu Ridge Water Company shall assume full responsibility for payment of the Commission assessment and filing the annual report with the Commission.

7. The Commission orders no recovery of the identified acquisition premium in this or any future rate case.

8. Bilyeu Ridge Water Company shall notify Staff within five days of the completion of the transfer of the properties upon which the well house and storage tanks are located on land designated as Lots 16 and 17 of the subdivision. This notification is based on the agreement already in place between Bilyeu Ridge Water Company and the current owners of the land to transfer upon Commission approval of this Application. If the transfer does not occur within thirty days of the effective date of the Commission Order, then Bilyeu Ridge Water Company will submit progress reports each thirty days explaining the delay and the proposed remedy. This is required until the transfer is complete.

9. Bilyeu Ridge Water Company shall use the schedule of depreciation rates set out in Attachment A of the Staff Memorandum from the date of transfer forward, until changed by any future order of the Commission.

10. Bilyeu Ridge Water Company shall maintain utility plant records and customer account records as acquired from Bilyeu Water Co., and shall keep all books

and records, including plant property records, in accordance with the Uniform System of Accounts, as described in Staff's Memorandum.

11. Bilyeu Ridge Water Company shall file an adoption notice tariff sheet, and revised title page and index sheets, similar to Attachment B, as a 30-day tariff filing, within five days after closing of the assets, and the Commission authorizes Bilyeu Ridge Water Company, upon closing to provide water service under the existing tariffs of Bilyeu Water Co. on an interim basis until the effective date of such adoption notice tariff sheets.

12. Bilyeu Ridge Water Company shall continue with meter testing or changeouts immediately after closing of the assets.

13. On the effective date of the tariff sheets from paragraph 11, the Commission cancels the certificate of convenience and necessity granted to Bilyeu Water Co. for the provision of water service, and grants a certificate of convenience and necessity to Bilyeu Ridge Water Company for the provision of water service for the described service areas.

14. The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters (except as delineated above), including future expenditures by Bilyeu Ridge Water Company, in any later proceeding.

15. This order shall become effective on March 9, 2013.

BY THE COMMISSION

A handwritten signature in cursive script that reads "Shelley Brueggemann".

Shelley Brueggemann
Acting Secretary

(S E A L)

Gunn, Chm., Jarrett, R. Kenney,
Stoll, and W. Kenney, CC., concur.

Pridgin, Senior Regulatory Law Judge