



FILED²

SEP 28 2006

Missouri Public
Service Commission

September 25 2006

Ms. Cully Dale
Secretary of Commission
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

Attention: Data Center
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

CASE :

APPLICATION OF
WHITE RIVER VALLEY WATER COMPANY
TO SELL FACILITIES AND ASSETS TO
PUBLIC WATER SUPPLY DISTRICT
NO. 2 OF TANEY COUNTY, MISSOURI
WM-2006-0557

NUMBER :

Dear Ms. Dale:

Enclosed are nine copies of (1) the *Facilities Purchase Agreement between White River Valley Water Company And Public Water Supply District No. 2 of Taney County, Missouri*; (2) Exhibit A (consisting of two typewritten pages, a map of the White River Valley Company service area; (3) a map of the PWSD service area; (4) the PWSD resolution authorizing the contract; and (5) *White River Valley Water Company And 's resolution authorizing the contract*.

The Agreement's references to 'Exhibit A' are confusing. On page one, numbered paragraph 1, the Agreement refers to Exhibit A as a map. On page 3, in the last paragraph, the Agreement refers to Exhibit A as a schedule of easements and rights in land. I have enclosed documents that satisfy both requirements.

White River Valley Water Company and the PWSD are in the process of conferring with the title insurance company, preparing easement documents, and preparing warranty deeds to implement the requirements contained in Exhibit A.

I am also sending a copy to Michael Dandino, Esquire, at the Office of Public Counsel.

Thank you for your courtesy.

Very truly yours,

MCCULLAH & LUNA

By 
WILLIAM MCCULLAH

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Post Office Box 360
Jefferson City, Missouri 65102

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Service Commission

CASE :	APPLICATION OF WHITE RIVER VALLEY WATER COMPANY TO SELL FACILITIES AND ASSETS TO PUBLIC WATER SUPPLY DISTRICT NO. 2 OF TANEY COUNTY, MISSOURI
NUMBER :	
PLEASE FILE THE ENCLOSED DOCUMENTS Nine copies of Facilities Purchase Agreement between White River Valley Water Company And Public Water Supply District No. 2 of Taney County, Missouri Exhibit A (consisting of two typewritten pages) Map of White River Valley Company service area; Map of PWSD service area PWSD resolution authorizing the contract White River Valley Water Company's resolution authorizing the contract	

CERTIFICATE OF SERVICE	
I HEREBY CERTIFY THAT TRUE COPIES OF THE FOREGOING DOCUMENTS WERE ON THE ABOVE DATE DEPOSITED PREPAID WITH THE UNITED STATES POSTAL SERVICE AT FORSYTH, MISSOURI, CORRECTLY ADDRESSED TO:	
William A. McCaffree, Esquire Post Office Box 244 Nevada, Missouri 64772	Michael Dandino, Esquire Office of Public Counsel Post Office Box 7800 Jefferson City, Missouri 65102

**McCullah
& Luna**

BY 
WILLIAM MCCULLAH 26293
221 MAIN STREET • POST OFFICE BOX 370
FORSYTH, MISSOURI 65653
417 546-4300 • FAX 417 546-4378

04/28/06
(2d)

FACILITIES PURCHASE AGREEMENT
White River Valley Water Company, Inc.
and Public Water Supply District No. 2 of Taney County, Missouri

THIS AGREEMENT is made and entered into, effective on the date of the last execution thereof, by and between White River Valley Water Company, Inc., a Missouri corporation engaged in water utility business, hereafter called "Seller" or "Company" and Public Water Supply District No. 2 of Taney County, Missouri, a rural public water supply district of Missouri organized under Chapter 247 RSMo., hereafter called the "Buyer" or "District," to be subject to the approval of various state and federal agencies, but subject to said approvals to be effective on the ____ day of _____, 2006;

WITNESSETH:

WHEREAS, the Company owns and operates certain water production and distribution facilities in Taney County, Missouri, in the Valley View Subdivision area west of Highway 76 and North of Summit Ridge Road (south of Bull Shoals Lake), within the geographical boundaries of the District, and subject to PSC approval, as well as availability of USDA Rural Development financing, is willing to convey said facilities to the District; and

WHEREAS, the District presently serves approximately 1,400 customers in its service area which includes the area served by the Company, has adequate facilities and staff to provide service, and is willing, subject to PSC, DNR, and USDA approvals and USDA financing, to purchase the same and incorporate said facilities into its system; and

NOW, THEREFORE, it is mutually AGREED, that:

1. Sale of Assets. Subject to PSC, DNR, and USDA approvals, the Seller agrees to sell and Buyer agrees to buy the water production, storage, and distribution system of the Company located in Taney County, Missouri, more specifically in the Valley View Village Subdivision area west of Highway 76 and North of Summit Ridge Road (south of Bull Shoals Lake) all of which lies within the geographical area of the District, which is reflected in the map attached hereto as Exhibit A and incorporated herein by reference.

2. Physical Assets to be Conveyed - Potential Deficiencies of the System. The assets to be sold include the well, wellhouse, tower, pumps, controls, and all existing production

and distribution facilities owned by the Company. More specifically, the assets include, but are not limited to:

Assets:

29,600 gallon storage tank 50' in height and
land upon which it is installed
7½ hp pump installed in 1992
600' drilled well with pump set at 200'
2,000' of 4" asbestos cement water main
1,840' of 2" galvanized steel water main
9,020' of 2" PVC water main
1,169' of 1½" galvanized steel water main
separate water meters, a few of which need replacing
The system has three flush hydrants.
The system has no fire hydrants and does not have
fire flow capacity.
miscellaneous associated connected facilities

Legal Descriptions:

Seller warrants that the assets to be purchased
are located in the areas described below:

Standpipe Lot:

ALL OF THE SOUTH 76 FEET OF LOT FOUR (4) OF VALLEY
VIEW SUBDIVISION AS PER THE PLAT RECORDED IN THE
RECORDS OF TANEY COUNTY, MISSOURI.

Well Lot:

ALL OF THE EAST ½ OF LOT EIGHTEEN (18) OF VALLEY
VIEW SUBDIVISION AS PER THE PLAT RECORDED IN THE
RECORDS OF TANEY COUNTY, MISSOURI.

The District is aware of potential deficiencies in the system
when tested by current DNR standards, the satisfaction of which
will demand considerable capital investments of the District:

- a. Pressure and Flows. The maximum line size of 4" is
capable of providing the 86 gpm peak flow, with minimal
head loss; however, the 1½" and 2" mains may experience,
according to the District's engineering analysis, signi-
ficant head loss during peak flow periods. The head
losses are expected by the District to range from 25' to
40' or an average of 15 psi. Some of the customers,
particularly the 2-story home, may experience low
pressures during peak flow periods.
- b. Well Capacity. Current DNR guidelines state that
systems shall be capable of meeting maximum daily demand
with the largest producing well out of service. By
eventually connecting to the public water supply system,

this guideline can be satisfied. Presently one well serves the Company.

- c. Storage Capacity. DNR guidelines state that the District shall have sufficient finished water elevated storage with nominal capacity equal to one day's average demand. The average demand is (132 hookups x 3.7 people/hookup x 100 gallons per day) 48,840 gallons per day. The existing system cannot satisfy this guideline. By connecting to the public water district's other facilities, i.e. the Shoals Bend tower and well, this guideline can be satisfied.

3. Customers Connected. The Company warrants it has 132 connections. The Company will provide the data base of all current customers and their residence and non-residence addresses for listing together with the physical location of each customer and the physical location of the meter.

4. Company to Provide Right-of-Way and Title. The Company will provide title to all its transmission and distribution assets as well as its production, storage, and distribution facilities and provide, verify, and convey adequate and sufficient and non-exclusive roadway or private right-of-way and easements authorizing the operation and maintenance of its system and delivery of water to all its customers at the points of delivery, i.e. the customer's meters, sufficient to permit the District to:

- a. operate and maintain the existing production, storage, and distribution facilities of the Company, and
- b. connect and assimilate the Company's facilities into the District's system in a manner consistent with the application of good engineering judgment along routes which are owned by the Company or which are reasonably available to the District, over time without the requirement of application of a taking by eminent domain. The District will be responsible for acquisition of any new right-of-way demanded for the hookup to the Shoals Bend well and tower if and when said hookup is accomplished.

Certain specific easements and rights in land deemed essential to the district are to be set forth in Exhibit A, which is to be attached hereto and incorporated herein by reference to enable the parties to work out mutually acceptable legal descriptions and to confirm certain essential locations. This list is to be considered supplementary and not to be an all inclusive list of rights in land contemplated by the agreement.

5. Road and Access Easement. The Company will assist the District in meeting with the road district having jurisdiction to both confirm the public right-of-way area, the location of pipe, and the mutual acceptability of the proposed improvements. Access to the well, wellhouse, tower, pumps, controls, and production facilities will be provided by the Company and if needed, for unfettered access, will include a conveyance or assignment of roadway or access and ingress easements as may be reasonably required by the District.

6. Purchase Price. The purchase price for all land, property and rights conveyed, and all assets therein conveyed to the District hereunder is \$92,500. It is hereby agreed between the parties to this contract that the purchase price shall be allocated as follows:

Assets are valued at	3,800.00
Service area rights valued at	24,600.00
Land (2 lots) is valued at	64,100.00

7. Current Rates - Anticipated Rates. At present, the Company charges a base rate of \$4.46 and \$1.40 for each part of 1,000 gallons thereafter. The District contemplates no change in the rate structure for a period of at least twelve months. It will seek USDA financing for costs to interconnect the two systems, to provide necessary booster pumps, chlorination, upsized mains and allied improvements for delivery of water from the Shoals Bend well and tank site to the Company facilities, as well as upgrades of the Company distribution system to provide reliable pressures and flows. Rates will be addressed at the time of approval of USDA Rural Development financing.

8. Closing - Acquisition of Purchase Price Funds. The District voters, including the voters within the area served by the Company, have heretofore authorized and the District will issue at its expense, its Waterworks Revenue Bond to obtain sufficient funds for the acquisition and allied engineering assessment and legal expenses associated with the proposed acquisition. The District agrees to obtain funds for the purchase of said facilities through a loan from USDA, Rural Development, and represents it is eligible for said loan and understands said loan will be available within a reasonable time frame and will proceed with all reasonable dispatch to close the loan transaction with USDA, Rural Development.

9. PSC Approval. The Company agrees to apply for and seek the approval of the Missouri Public Service Commission for the sale and to promptly report the same to the District. In the event the PSC fails to approve the sale, this agreement shall be null and void and of no further force and effect unless otherwise agreed in writing by the parties.

10. Commitment to Insure. The Company will furnish a commitment to insure title to any land to be conveyed to the District, without exception which would render title unmarketable under the Missouri Bar Association Title Examination Standards. Title insurance protecting the Buyer will be provided at closing at the Company's expense, insuring title in the sum of the purchase price, \$92,500.

11. Taxes - Liens - Charges - Regulatory Criticism. The Company warrants that its system is unencumbered and that the Company owes no money to any person or entity now and at the proposed closing. It further warrants that there are no charges against it comprising violations of regulatory or DNR matters, and at the closing there will be no taxes unpaid or liens on the assets and rights to be conveyed. If any lien, tax or charge of any form appears, exists or if found to be imposed at the time of closing or thereafter, the same will be paid, satisfied, and concluded at closing, or thereafter, to the end that the assets and rights conveyed by the Company will be free and clear of any liens, charges, criticism, or encumbrances or charges or controls of any person, entity whatsoever including any state or federal agency whatsoever. This provision will survive the closing.

12. Warranty Deed - Bill of Sale - Easement - Costs of Defeasance of Company's Lease Purchase Agreement. Conveyance of improvements on land will be by general warranty deed and will include transfer and sale of any and all improvements on said land. Conveyance of personal property, whether attached to land or not, (e.g. pumps, equipment, pipe, tower, or appliances, etc. owned by the Company or installed, but not permanently affixed on Company property) will be by Bill of Sale with Warranty of Title and warranty against any known departures from the rules and regulations and standards imposed by the Missouri Department of Natural Resources or Missouri Public Service Commission relating to the Company's facilities. Easements called for by this agreement (including for pipes and appliances and all weather roadway access) will be by easement form mutually acceptable to the attorneys for the Company and the District.

13. Closing Date. Closing will be scheduled at the convenience of the parties on a date promptly after PSC approval and USDA Rural Development approval of the availability of loan funds, which date can be arranged by the District with the title company selected by the District, Lincoln-Evans Land Title Company, 163 Main Street, P.O. Box 296, Forsyth, Missouri 65653, or if directed by the title company, its Springfield central office.

14. Possession - Inspection - Maintenance. Unless modified by notation hereon, initialed by the parties, possession will be

granted on closing. Reasonable inspections may be conducted by the District/buyer prior to final approval of this agreement. The District has engaged its engineers, Mathews & Associates, Inc., 1631 W. Elfindale, Springfield, Missouri 65807, to conduct an inspection of the Company's facilities. The Company will cooperate with said engineering firm in such inspections and assessments as it may now or prior to closing reasonably request.

15. Further Assurances. The parties agree to execute such further assurances as may reasonably be requested by either party to fully effect the intent of this agreement.

16. Pledge & Approval - USDA Rural Development. The acquisition, assimilation, use and operation of the Company's facilities, property and rights, contemplated by the District is being financed by a loan made or insured by the USDA, Rural Development, and the provisions hereof pertaining to the undertakings of the District are conditioned on the approval in writing of the State Director of Rural Development. The rights under this agreement will be pledged to the USDA, Rural Development in connection with said financing.

17. DNR/USDA Rural Development Approval of Sale. To the extent the transaction demands the approval of the Missouri DNR and USDA Rural Development, the District will assume the task of obtaining said approvals. The Company will provide all reasonable cooperation.

18. Integration/Law Applicable/Venue. The written agreement constitutes the entire understanding between the parties. Missouri law shall apply to any issue. Venue shall be in Taney County, Missouri.

IN WITNESS WHEREOF, following approval by the respective governing bodies of the contracting entities, and by the approval of USDA Rural Development, and the Missouri PSC, this Agreement is executed to be effective upon the conclusion of said approvals.

APPROVED BY White River Valley Water Company, Inc., this 25th day of May, 2006.

WHITE RIVER VALLEY WATER COMPANY, INC.

(SEAL)

By: [Signature]
David Oliphant, President

ATTEST:

Secretary

Cathy A Newman

APPROVED BY Resolution of the Board of Directors of Public
Water Supply District No. 2 of Taney County, Missouri, this 23rd
day of May, 2006.

PUBLIC WATER SUPPLY DISTRICT NO. 2
OF TANEY COUNTY, MISSOURI

(SEAL)

By: Steve Fisher
Steve Fisher, President

ATTEST:

Cathy Newman
Cathy Newman, District Clerk

USDA, RURAL DEVELOPMENT APPROVAL

THIS AGREEMENT is approved by USDA, Rural Development, this
_____ day of _____, 2006. Financing has been
approved by USDA, Rural Development, for the purchase money on
the _____ day of _____, 2006.

USDA, RURAL DEVELOPMENT

By: _____
Bruce Hively, Programs Specialist