STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6305

Petition to transfer stock of Country Estates )
Water Company, Inc. )
)

Order entered: 8/15/2000

## I. INTRODUCTION

This case involves a petition filed on January 17, 2000, by Lisa DeGrasse and Chris R. DeGrasse ("the Buyers"), seeking Vermont Public Service Board ("Board") approval, under 30 V.S.A. § 107, of a transaction whereby the Buyers acquired 100% of the stock of Country Estates Water Company, Inc. ("CEWC"), a certified company providing water service in Vermont. The Buyers purchased the stock from Sandra R. Smith ("the Seller") in a transfer that was completed on December 23, 1998. Neither the Buyer nor the Seller was aware at that time of the need to obtain Board approval for the transfer. The transfer of stock in CEWC to the Buyers came to light during an investigation, now completed, of a request by CEWC to increase water service rates.[1]

On May 12, 2000, the Vermont Department of Public Service ("Department") submitted a letter to the Board indicating that the Department had no objection to the transfer of control of CEWC to the Buyers. The Department noted that the stock transfer will not cause inconvenience or confusion to the customers of CEWC and will be transparent to Vermont consumers in terms of the service they receive. Further, the Department stated that it has been working with the Buyers and believes that they are qualified to own and operate the CEWC system. Accordingly, the Department recommended that the Board approve the transaction without hearing or further investigation, as provided under 30 V.S.A. § 107.

1. See Order of 1/5/2000 in Docket 6291.

## II. BACKGROUND

The Buyers, subsequent to the transfer of stock in CEWC, filed with the Board a request to increase rates. That request was investigated by the Board in Docket 6291. In that investigation and relevant to this instant petition, the Board found that the Company employs one or more certified water system operators to operate a water system that serves approximately 188 residential and commercial connections in the Town of Weathersfield, Vermont.[2]

## III. FINDINGS OF FACT

Based upon the petition, the accompanying documents, the Department's recommendation, and the findings of the Board in Docket 6291, I report the following findings of fact to the Board pursuant to 30 V.S.A. § 8.

1. CEWC is a Vermont corporation which provides water service to approximately 188 residential and commercial customers located in the Town of Weathersfield, Vermont. Petition at 4; Order of 1/5/2000 in Docket 6291.

2. CEWC is authorized by the Board to provide water service in Vermont. A Certificate of Public Good to establish and operate a water system was issued to CEWC on October 23, 1990. Order of 10/23/90 in Docket 5228.

3. On December 23, 1998, Sandra J. Smith transferred 100% of the stock in CEWC to Lisa and Chris R. DeGrasse. Petition at 2.

4. The stock transfer will not cause inconvenience or confusion to the customers of CEWC and will be transparent in terms of the service they receive. Department letter of 5/12/2000.

5. The Buyers are qualified to own and operate the CEWC system. Department letter of 5/12/2000.

## IV. CONCLUSIONS OF LAW AND DISCUSSION

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2. *Id.*

The proposed transaction requires Board approval under 30 V.S.A. § 107, which applies to a direct or indirect acquisition of a controlling interest in a Vermont utility.[3] Under Section 107, a "controlling interest" is defined as 10% or more of the outstanding voting securities of a company. Section 107 requires a finding that the transfer of control will promote the public good. This standard is met in this case. The proposed transaction will promote the public good because the Buyers are qualified to own and operate the water system and the transfer of stock will not cause inconvenience or confusion to CEWC's customers.

For all of the above reasons, I conclude that the proposed transfer of control of CEWC to the Buyers, through the transfer of stock, should be approved.

DATED at Montpelier, Vermont, this 25th day of July, 2000.

s/Lawrence F. Lackey
Lawrence F. Lackey,
Hearing Officer

3. Approval under 30 V.S.A. §§ 231 and 311 is not required because the current holder of the Certificate of Public Good, CEWC, will continue to be the entity providing water service.

## IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings and conclusions of the Hearing Officer are adopted. We note with concern that the requirements of 30 V.S.A. § 107 were not addressed at the time of the transaction. For the benefit of the Company and other potential future parties, we note that the Board may declare null and void an acquisition that is not approved in advance. *See* 30 V.S.A. § 107(c)(4). However, no party seeks such a remedy here and we do not now see a need to impose it on our own initiative.

2. The transfer of control of Country Estates Water Company, Inc., from Sandra J. Smith to Lisa and Chris R. DeGrasse, is approved.

DATED at Montpelier, Vermont, this 15th day of August, 2000.

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| s/Michael H. Dworkin | ) | |
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| s/David C. Coen | ) | |

OFFICE OF THE CLERK

Filed: August 15, 20000

Attest: s/Susan M. Hudson

Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any technical errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us).*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*