

524

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
of April, 1999.

In the Matter of the Application of)
Batson Development Company, Inc. to)
Sell and Transfer its Sewer Franchise,) Case No. SM-99-249
Works or System to Pike Creek Sewer)
District, a Sewer District Organized)
Pursuant to Section 204.500 et seq.,)
Revised Statutes of Missouri)

ORDER APPROVING SALE OF ASSETS

Batson Development Company, Inc. (Batson) and Pike Creek Sewer District (Pike) filed a Joint Application (Application) on December 4, 1998, requesting permission for Batson to sell to Pike all of Batson's franchise, works or system necessary and useful to provide sewer service to its customers in its certificated area. Batson is a regulated sewer company and Pike is an unregulated sewer district. No one intervened.

Batson and Pike (Joint Applicants) state that this sale is not detrimental to the public interest since Batson does not have the financial ability to continue to maintain or expand the system for current and future customers; Pike has sufficient capability to take care of the immediate demands of the present and future customers of Batson; the location of the system fits in well with the overall plan of expansion by Pike; and Pike is better situated to handle the environmental and health issues surrounding the sewage system.

Joint Applicants state that the customers of Batson will experience higher rates after the transfer. The Application states in Appendix 5 that the rates for a typical customer would eventually triple from a current, flat \$10 per month to nearly \$30 per month. However, in an Amended Appendix 5 filed on February 22, 1999, the Joint Applicants state that if the Application is approved, Pike will then bill the former Batson customers at \$10 a month. Later, whenever the Batson system is connected to the Pike's Phase I main, ". . . the rate for said customers will be increased to a rate consistent with the rates charged to other District customers."

Joint Applicants estimate that Butler County, the county where Joint Applicants do business, will experience a minor loss of tax revenues since Batson does pay taxes but Pike does not pay taxes. The estimate of tax revenues lost is \$221.87 per year.

Joint Applicants also state that upon the receipt of the proceeds from this sale, Batson will pay out the net proceeds to its shareholders and discontinue sewer service in its certificated area.

On March 3, 1999, the Staff of the Commission (Staff) filed its recommendation. Staff states that the sale and transfer as proposed is not detrimental to the public interest and recommends that Batson be authorized to transfer its sewer system assets to Pike as proposed in the Application. Additionally, the Staff recommends that the Commission order Batson or Pike to notify the Commission that the closing of the sale of the assets has taken place within five (5) days after the date

of closing. Upon such notification, the Commission should cancel the certificate and tariff on file for Batson.

Joint Applicants state that the proposed sale price is \$45,000. In a supplemental Staff memorandum filed on April 8, 1999, Staff stated that the net book value of all of Batson's assets is approximately \$64,429. Staff also stated that the proposed sale price represents a negotiated price and is a fair market value.

On December 10, 1998, the Commission issued an Order and Notice *inter alia* directing parties wishing to intervene to file their requests by January 11, 1999. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has asked permission to intervene or requested a hearing, the Commission may grant the relief requested based on the verified application.

The Commission has reviewed the Application, Company documentation and Staff recommendations and determines that the sale is not detrimental to the public interest. The Commission will approve the sale as set out in the Application, with the conditions recommended in the Staff memorandum filed March 3, 1999, and the supplemental memorandum filed April 8, 1999.

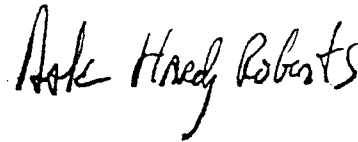
IT IS THEREFORE ORDERED:

1. That the proposed sale of Batson Development Company, Inc.'s franchise, works, or system necessary and useful to provide sewer service to its customers in its certificated area to Pike Creek Sewer District filed on December 4, 1998, is hereby approved.

2. That within five (5) days of the closing of the proposed sale, either Batson Development Company, Inc. or Pike Creek Sewer District shall notify the Commission in writing that the sale has closed.

3. That this order shall become effective on April 22, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray, Schemenauer
and Drainer, CC., concur
Crumpton, C., absent

Hopkins, Senior Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION