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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 22nd  
day of April, 1999.

|  |   |                           |
|--|---|---------------------------|
| In the Matter of the Application of West   | ) |                           |
| Elm Place Corporation for Permission to    | ) |                           |
| Sell Certain Assets Used and Useful by it  | ) |                           |
| in the Provision of Sewer Services to the  | ) | <u>Case No. SM-99-193</u> |
| Public to Rock Creek Public Sewer District | ) |                           |
| and to Cancel its Certificates of Public   | ) |                           |
| Convenience and Necessity.                 | ) |                           |

**ORDER APPROVING SALE OF ASSETS**

West Elm Place Corporation (West Elm) filed an application with the Commission on November 2, 1998, requesting an order authorizing the sale of certain assets used and useful in the provision of sewer services to the public to Rock Creek Public Sewer District (Rock Creek). West Elm also requested the Commission cancel its certificates of public convenience and necessity and tariffs. West Elm also filed a Motion for Expedited Treatment and Motion for Issuance of Protective Order on November 2. The Motion for Expedited Treatment was granted and the Commission issued its Order and Notice with a shortened time for intervention requiring filing by November 27. No interventions were filed. The Commission issued its Order Granting Motion for Protective Order on November 13.

The Applicant stated that West Elm is a Missouri corporation duly organized and existing under the laws of the state of Missouri with its principal place of business located at Arnold, Missouri. The

application stated that West Elm is a public utility and a sewer corporation subject to the jurisdiction of the Public Service Commission. West Elm stated that it received certificates of public convenience and necessity to provide sewer service in Case No. 16,489, Case No. 17,456, Case No. SA-90-274, and Case No. SA-93-331. West Elm proposes to sell substantially all of its assets used in the provision of public utility service to Rock Creek, a political subdivision of the state of Missouri. These assets include all sewer lines, easements, real estate, treatment plants, vehicles, office and storage buildings, and related equipment and supplies. West Elm stated that as part of the sale transaction Rock Creek requested that West Elm's certificates of public convenience and necessity be canceled. Rock Creek Public Sewer District which is a political subdivision of the state of Missouri does not need a certificate. West Elm stated that it will discontinue sewer service upon completion of this sale. The application stated that the transaction would not be detrimental to the public interest.

The Staff of the Commission filed its Memorandum on March 5, 1999, recommending approval of the sale of assets. Staff noted that customers' cost for services from Rock Creek would be higher than they currently are. Staff stated that the proposed sale of West Elm's assets to Rock Creek would result in substantial cost savings once West Elm's system is purchased and operated by Rock Creek. Staff recommended that the Commission approve West Elm's sale of assets to Rock Creek with three conditions: (1) require Rock Creek to adopt West Elm's rates until improvements are completed, (2) require direct

notification to West Elm's customers of the terms and conditions of the contract, and (3) require West Elm to file formal notification of the closing of the sale of assets. On March 15, Staff filed a supplement to its earlier memorandum attaching a copy of the letter Staff sent to Rock Creek regarding its conditional recommendation.

On April 20, 1999, Staff filed its memorandum following additional negotiations and discussions with the parties to this case. Staff amended its previous position and recommended that the Commission approve the sale of West Elm's assets to Rock Creek requesting only that the Commission order West Elm to file formal notice with the Commission notifying the Commission when the sale has closed. Staff stated that, in the short term, customers of West Elm may be required to pay more than they are paying as customers of West Elm now. Staff also noted that the long term economic and environmental benefits from the sale of assets from West Elm to Rock Creek outweigh the short term concerns. Staff reported that stringent limitations on effluent produced by West Elm's treatment plants will require several million dollars of improvements to meet such limitations. As a political subdivision, Staff noted that Rock Creek could reduce costs by escaping taxation applicable to a private service provider and by financing improvements more efficiently through issuance of tax-exempt bonds. Staff also requested expedited consideration of this matter and that the Commission issue its order as soon as possible.

The Commission, having reviewed West Elm's application and Staff's memorandums, finds that the sale of assets is not detrimental

to the public interest and will be approved. The Commission wishes to be assured that West Elm paid its Public Service Commission assessment owed to the Commission before its certificates and tariffs are canceled. The Commission will direct Staff to file a status report about the balance of West Elm's assessment owed to the Commission. West Elm will be ordered to file a pleading notifying the Commission of the closing of the asset sale. Upon receipt of such notification, the Commission will cancel West Elm's certificate and tariffs.

**IT IS THEREFORE ORDERED:**

1. That the application filed by West Elm Place Corporation on November 2, 1998, is approved.

2. That West Elm Place Corporation is authorized to sell the assets set out in the Asset Purchase and Sale Agreement to Rock Creek Public Sewer District.

3. That West Elm Place Corporation shall file a pleading notice informing the Commission of the closing of the sale of assets.

4. That Staff of the Commission shall file a status report regarding the balance of the Public Service Commission assessment owed to the Commission by West Elm Place Corporation no later than April 27, 1999.

5. That this order shall become effective on May 2, 1999.

**BY THE COMMISSION**

A handwritten signature in cursive script, reading "Dale Hardy Roberts".

**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

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

Register, Regulatory Law Judge

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COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION