

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
February 1, 2000**

CASE NO: SR-2000-302

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

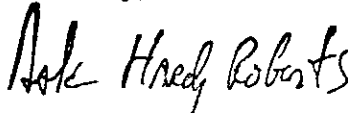
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General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Patricia A. Fribis
House Springs Sewer Co., Inc.
3800 Jeffco Boulevard
Arnold, MO 63010

Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

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

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 1st
day of February, 2000.

In the Matter of the Request of House Springs)
Sewer Company, Inc., for a Rate Increase Under) Case No. SR-2000-302
the Small Company Rate Increase Procedure.)

ORDER GRANTING VARIANCE
AND CLOSING CASE

On October 29, 1999, House Springs Sewer Company, Inc. (HSSC), filed its motion for leave to pursue a rate increase via the Commission's Small Company Rate Increase Procedure despite its delinquency with respect to its annual reports and annual assessments. On November 4, 1999, the Office of the Public Counsel (Public Counsel) responded in opposition to HSSC's motion and the Staff of the Public Service Commission (Staff) responded in support.

The Commission by Order of November 10, 1999, set a prehearing conference for November 30, 1999, and required the filing of a proposed procedural schedule by December 7, 1999. On November 29, 1999, HSSC and Public Counsel jointly sought a continuance of the prehearing conference "in order to allow [HSSC] and the Public Counsel to review [HSSC's] books and records[.]" The Commission granted the requested continuance by Order of November 30, 1999, and reset the prehearing conference and proposed procedural schedule for December 21, 1999, and December 28, 1999, respectively. However, on December 28, 1999, the Staff and the Public

Counsel filed their Joint Motion for an Extension of Deadline for Filing Procedural Schedule. The movants noted that an extension of two weeks might well permit the parties to resolve their differences short of hearing. On January 4, 2000, the Commission by Order extended the deadline for the proposed procedural schedule to January 14, 2000.

On January 12, 2000, Public Counsel filed its Statement of Position, which stated in part, "As a result of negotiations between the parties . . . OPC hereby withdraws its objection to the motion of House Springs for small company rate treatment despite its delinquencies as to its annual reports and annual assessments."

On January 19, 2000, the Commission issued its Order Directing Filing, directing Staff to provide certain information to the Commission:

The Commission requires information as to the proceeds of the sale of Imperial's assets, the amount of HSSC's delinquent assessments, the number and years for which annual reports are outstanding, and the likelihood of sale of HSSC's assets and the amount of the proceeds expected therefrom, if any. Finally, the Commission desires an estimation of the date certain on which HSSC's delinquent assessments will be paid.

On January 20, 2000, Staff filed its response providing the requested information.

Discussion:

HSSC asserts, and Staff agrees, that HSSC is delinquent with respect to its Commission assessments and annual reports. As of January 20, 2000, HSSC's delinquent assessments totaled \$69,924.25 and it had not filed an annual report since 1997. HSSC and Staff further assert that HSSC is in receivership and that it has lost approximately one-third

of its annual revenues. HSSC states that a rate increase is necessary to permit maintenance of its system and thus to attract a qualified buyer, as well as to pay for preparation of its annual reports. HSSC promises to pay its delinquent assessments from the proceeds of the sale of its assets. A consent judgment in the Circuit Court of Jefferson County, Missouri, requires that HSSC sell its assets by December 31, 2000.

Staff recommends that the requested variance be granted and that HSSC be permitted to seek a rate increase via the Small Company Rate Increase Procedure. Staff further notes that HSSC is presently negotiating the sale of its sewer system assets to a qualified buyer and that the sale proceeds will be more than enough to pay HSSC's delinquent assessments.

The Commission takes notice that, in its Order of April 22, 1999, issued in Case No. SM-99-287,¹ the Commission authorized the sale of "substantially all of [the] assets used in the provision of public utility service" of Imperial Utility Corporation, an affiliate of HSSC, to Rock Creek Public Sewer District. That Order expressly provided that "the proceeds of the sale of the assets of Imperial Utility Corporation shall not be distributed to the owners of that corporation until such time as the assessment payment delinquencies involving both Imperial Utility Corporation and House Springs Sewer Company are satisfied." Staff states that those proceeds have not yet been distributed to the owners of Imperial and that it is not now known when such a distribution will occur.

¹That case was styled, In the Matter of the Application of Imperial Utility Corporation for Permission to Sell Certain Assets Used and Useful by It in the Provision of Sewer Service to the Public to Rock Creek Public Sewer District and to Cancel Its Certificates of Public Convenience and Necessity.

The Commission also takes notice that, in a Stipulation and Agreement filed on May 10, 1999, in Case No. SC-99-135, Staff of the Missouri Public Service Commission v. House Springs Sewer Company, HSSC agreed to pay its delinquent assessments, either from the proceeds of the sale of Imperial's assets or from the proceeds of the sale of its own assets, whichever occurs first, or both. As of today, HSSC's delinquent assessments have not yet been satisfied.

The Commission has considered the arguments of the parties and finds that the public interest will be served by granting the requested variance and permitting HSSC to seek a rate increase via the Small Company Rate Increase Procedure. An early sale of HSSC's water system assets represents the best chance for prompt payment of HSSC's delinquent assessments.

IT IS THEREFORE ORDERED:

1. In addition to the conditions contained in the Stipulation and Agreement filed on May 10, 1999, in Case No. SC-99-135, House Springs Sewer Company will agree in writing to a date certain when both current and delinquent Commission assessment fees must be paid. House Springs Sewer Company will cooperate with Staff to consummate this agreement in writing before any general rate increase tariffs are approved.

2. That House Springs Sewer Company, Inc., is hereby authorized to seek a general rate increase via the Small Company Rate Increase Procedure at Rule 4 CSR 240-2.200, notwithstanding its delinquencies with respect to Commission assessments and annual reports, except as outlined in this Order.

3. That this order shall become effective on February 14, 2000.
4. That this case may be closed on February 15, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Thompson, Deputy Chief Regulatory Law Judge

Alt/Secy: Thompson / Pope
1-26 SR-2000-302
Date Circulated CASE NO.
Lumpe, Chair [Signature]
Crumpton, Commissioner [Signature]
Murray, Commissioner CM p 4
Schemenauer, Commissioner CS p 4
Drainer, Vice-Chair add ?
Agenda Date 2-1 OK
Action taken: 5-044
Must Vote Not Later Than _____

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 1st day of FEBRUARY 2000.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

