

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day of
October, 2016.

In the Matter of the Joint Application of House Springs)	
Sewer Company, Inc., and Jefferson County Public)	
Sewer District for Approval of House Springs Sewer)	<u>File No. SM-2016-0204</u>
Company, Inc. to Sell Company Assets to Jefferson)	
County Public Sewer District, in Connection with)	
Other Related Transactions.)	

ORDER APPROVING APPLICATION

Issue Date: October 19, 2016

Effective Date: October 29, 2016

Syllabus: This order approves the joint application (“The application”) of House Springs Sewer Company, Inc. (“HSSC”) and Jefferson County Public Sewer District (“JCPSD”) (collectively, “the Applicants”), and allows JCPSD to purchase the assets of HSSC and provide sewer service to HSSC’s former customers.

Procedural History

On February 16, 2016¹, HSSC and JCPSD filed the application with the Commission. The application seeks authority for JCPSD to buy the assets HSSC uses to provide sewer service to approximately 1,100 customers in Jefferson County, in order for JCPSD to provide sewer service to those customers.

The Commission issued notice of this application on February 17. In that notice, the Commission allowed anyone who wished to intervene until March 8 to request intervention.

¹ Calendar references are to 2016.

The Commission received intervention requests from The County of Jefferson, The Delinquent Tax Trustee of Jefferson County, and The Missouri Department of Natural Resources (collectively, “the intervenors”). The Commission granted those requests.

From May until August, the Commission received monthly status reports from either Staff or the Applicants. Those reports represented that the Applicants had satisfied the intervenors’ concerns. The intervenors have not responded to those representations or participated in this case since April 20.

On September 29, the Applicants filed a First Amendment to Joint Application and Request for Waiver for Good Cause and Motion for Expedited Treatment (“the amended application”). The amended application provided additional details regarding the transaction, including clarification of title issues and surveying of property boundaries. The amended application also addressed delinquent annual assessment fees HSSC owes. Finally, the Applicants requested expedited consideration of the amended application, stating that they need Commission approval by October 25 to consummate the transaction as scheduled on October 31.

On October 3, Staff filed its Report and Recommendation. Staff reiterated that the intervenors have communicated to Staff that their issues with the Applicants have been satisfied. Further, Staff stated that its concern regarding delinquent assessments and the issuance of customer notices has been satisfied.

In particular, Staff noted that the Applicants submitted a Stipulation and Agreement agreed to by Staff under which HSSC would repay its overdue assessments of

\$143,001.76 for Missouri Fiscal Years 2011, 2012 and 2014.² HSCC agrees to pay those assessments in three payments from the proceeds of the sale of the assets to JCPSD. The Applicants sent customers notice of the proposed sale in late August, using language agreed upon by the Applicants, Staff, and the Office of the Public Counsel (“OPC”).

Staff recommends the Commission approve the transaction, subject to certain conditions. No party has objected to the Staff Report and Recommendation.

Discussion

The application is within the Commission’s jurisdiction to decide.³ Because no party objects to the application, no evidentiary hearing is required.⁴ Thus, the Commission deems the hearing waived,⁵ bases its findings on the verified filings, and makes its conclusions as follows.

HSCC is a Missouri corporation, and the Commission granted HSCC a certificate of convenience and necessity (“CCN”) to provide sewer service in Missouri in File No. SA-85-134. In its 2015 annual report, HSCC reported 1,198 customers.

JCPSD is a public sewer district that generally encompasses and serves unincorporated Jefferson County, Missouri. JCPSD is not subject to the Commission’s jurisdiction. JCPSD plans to initially adopt HSCC’s rates, and plans to keep those rates in effect for at least three months.

² That Stipulation and Agreement, filed on September 29, and corrected by a First Amended Stipulation and Agreement filed later that same day, is filed as Highly Confidential. However, because Staff states the amount of overdue assessment in a public pleading, the Commission repeats it here.

³ Section 393.190 RSMo 2000.

⁴ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Com’n*, 776 S.W.2d 494 (Mo. App. 1989).

⁵ Section 536.060, RSMo 2000.

A local newspaper ran a story about the pending transaction in its March 3 edition. HSCC's customers received notice of the pending transaction on or about August 31. Staff received only one public comment about the sale, stating that due to HSCC's office staffing, it was difficult to make cash payments.

The Commission may approve of a sale of a sewer company if that sale is not detrimental to the public interest.⁶ Based on the verified pleadings, the Commission finds that granting the application for the sale of the sewer company would not be detrimental to the public interest.

The application will be granted.

THE COMMISSION ORDERS THAT:

1. The Commission approves the transfer of any and all sewer utility assets controlled by House Springs Sewer Company as requested and/or is authorized by County ordinance.
2. The Commission requires House Springs Sewer Company to notify the Commission of closing on the sewer assets to Jefferson County Public Sewer District within five (5) days after such closing.
3. The Commission authorizes House Springs Sewer Company to cease providing service immediately after closing on the assets.
4. If closing on House Springs Sewer Company's assets does not take place within thirty (30) days following the effective date of the Commission's order, then the Commission requires House Springs Sewer Company to submit a status report within five (5) days after this thirty (30) day period regarding the status of the closing, and

⁶ See Commission Rule 4 CSR 240-3.310(1)(D).

additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until House Springs Sewer Company determines that the transfer of the assets will not occur.

5. If House Springs Sewer Company determines that a transfer of the assets will not occur, the Commission requires House Springs Sewer Company to notify the Commission of such.

6. After the above notice of transfer of assets to Jefferson County Public Sewer District is received from House Springs Sewer Company, the certificate of convenience and necessity and tariff for House Springs Sewer Company are cancelled.

7. The Commission approves the First Amended Stipulation and Agreement submitted after the filing of the First Amendment to Joint Application and Request for Waiver for Good Cause, and Motion for Expedited Treatment, which requires House Springs Sewer Company to pay all current and past due PSC assessments, in the amount of \$143,001.76 as calculated for October 31, 2016 from sale proceeds; however, if closing occurs after October 31, 2016, then an additional 2017 prorated assessment amount will become due.

8. The Commission incorporates the terms of the First Amended Stipulation and Agreement into this order, and orders the signatories of the First Amended Stipulation and Agreement to abide by its terms.⁷

⁷ Because the First Amended Stipulation and Agreement are filed as Highly Confidential, that First Amended Stipulation and Agreement is not attached to this order. But, the amount of the assessments overdue are stated in Staff's public pleadings and are repeated in this order.

9. The Commission makes no ratemaking determination regarding any potential future regulatory oversight, if any.

10. This order shall become effective on October 29, 2016.

11. This file shall be closed on October 30, 2016.



BY THE COMMISSION

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney,
Rupp, and Coleman, CC., concur.

Pridgin, Deputy Chief Regulatory Law Judge

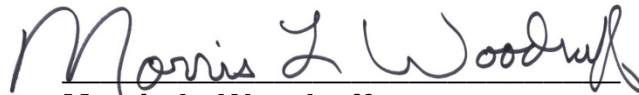
STATE OF MISSOURI

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 19th day of October 2016.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

October 19, 2016

File/Case No. SM-2016-0204

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.