

**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI**

In the Matter of the Application of Elm Hills                    )  
Utility Operating Company, Inc., for Authority                )  
to Acquire Certain Sewer Assets and for a                    )  
Certificate of Convenience and Necessity as                 )  
an Expansion of the Existing Service Area                    )  
**File No. SM-2020-0146**

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for this *Staff Recommendation*, respectfully states as follows:

1. On November 22, 2019, in Case No. SM-2020-0146, Elm Hills Utility Operating Company, Inc. (“Elm Hills”) filed an application with the Missouri Public Service Commission (“Commission”) to acquire the assets of Central Rivers Wastewater Utility, Inc. (“Central Rivers”) used to provide sewer utility services, including Central Rivers’ Certificate of Convenience and Necessity (“CCN”). This application also requests Commission approval for the issuance of a CCN to install, own, acquire, construct, operate, control, manage, and maintain a sewer system in Clay County, Missouri. Specifically, Elm Hills requests authority to provide service to a new subdivision located adjacent to Central Rivers’ existing service area, the Prairie Field Subdivision. Staff was ordered to file a recommendation regarding Elm Hills’ application no later than March 17, 2020.

2. Pursuant to Section 393.170, RSMo, no water or sewer corporation shall provide service to consumers without first having obtained approval from the Commission.

3. As explained in Staff's Memorandum, attached hereto as Appendix A, it is Staff's position that the proposed transfer of Central Rivers' utility assets to Elm Hills is not detrimental to the public interest

4. As to the request for a new CCN, the Commission typically applies the five Tartan Criteria established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994). The criteria are: (1) there must be a need for the service; (2) the applicant must be qualified to provide the service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest. In addition to the Tartan Criteria, when considering an application involving an existing water and/or sewer system, the Commission analyzes the Technical, Managerial, and Financial capabilities ("TMF") of the applicant.

5. As further explained in Staff's Memorandum, Staff conducted an investigation into Elm Hills' request. Based upon its review, Staff concludes that Elm Hills fulfills the requirements regarding TMF capacities and the Tartan Criteria. Staff's position is that the proposal for a new CCN to provide water and sewer service to the proposed Prairie Field Subdivision, contingent on approval of Elm Hills' acquisition of Central Rivers, is necessary and convenient for the public service and promotes the public interest.

6. Further, it is Staff's position that Elm Hills' proposal to adopt Central Rivers' existing sewer rates is reasonable.

7. Accordingly, Staff recommends approval of Elm Hills' acquisition of Central Rivers' assets, and the granting of a CCN to provide sewer service to the Prairie Field Subdivision, with the conditions described in Staff's Memorandum.

**WHEREFORE**, Staff respectfully submits this *Staff Recommendation*, for the Commission's information and consideration and hereby requests the Commission grant Elm Hills Utility Operating Company's request to acquire the assets of Central Rivers Wastewater Utility, Inc., as well as Elm Hills Operating Company's request to obtain a Certificate of Convenience and Necessity to provide sewer service to the Prairie Field Subdivision, with conditions.

Respectfully submitted,

**/s/ Travis J. Pringle**

Travis J. Pringle

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 17th day of March, 2020.

**/s/ Travis J. Pringle**