

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 17<sup>th</sup> day of  
May, 2017.

In the Matter of the Application of Taney County	)	
Utilities Corporation for Authority to Transfer Certain	)	
Assets to Taney County Regional Sewer District	)	<b><u>File No. SM-2017-0056</u></b>
And in Connection Therewith, Certain Other	)	
Related Transactions.	)	

**ORDER APPROVING TRANSFER OF ASSETS**

Issue Date: May 17, 2017

Effective Date: June 16, 2017

Taney County Utilities Corporation (“TCUC”) and the Taney County Regional Sewer District (the “District”) filed a *Joint Application* requesting Commission authority for TCUC to transfer its sewer assets to the District. TCUC is a Commission-regulated “sewer corporation” and “public utility,” as those terms are defined in Section 386.020, RSMo 2016. The District is a political subdivision organized under Chapter 204, RSMo 2016, and is therefore not subject to the Commission’s jurisdiction.

In July 2015, Applicants entered into an Agreement for Provision of Wastewater Collection and Treatment Services (the “Agreement”) whereby the District agreed to acquire sewer facilities and land from TCUC and the District agreed to design and construct a new wastewater treatment plant on that land. The Agreement was contingent upon the District obtaining approval for use of Taney County Sewer Sales Tax funds to finance the improvement projects and TCUC obtaining this Commission’s approval.

TCUC and the District submitted a *Supplement to Joint Application* confirming that the proposed transfer of assets will not impact the tax revenue of the relevant political subdivisions. The Commission issued notice of the *Joint Application* and set an intervention deadline. No applications to intervene were received.

Since no party requested a hearing, and no hearing is required by statute, an evidentiary hearing was not scheduled in this matter. The Commission will make a determination on the Joint Application based on the filings. Section 393.190.1, RSMo 2016, requires the Commission's approval for any transfer or encumbrance of a regulated utility's assets. The Commission must authorize the transfer of a regulated utility's assets, unless the transfer is shown to be detrimental to the public interest.<sup>1</sup>

TCUC was originally granted a Certificate of Convenience and Necessity to provide water and sewer service to the Lakeway Village subdivision in Case No. WA-87-104.<sup>2</sup> TCUC currently provides sewer service to approximately 53 residential customers using a system consisting of small diameter gravity pipes and septic tanks located on customers' property. TCUC's sewage treatment facility is a wetlands type of treatment facility called a "reed bed" that is not sufficiently servicing its 53 customers. The Missouri Department of Natural Resources has issued TCUC notices of discharge violations. In a Memorandum, Staff notes that TCUC does not have the resources to keep up with needed plant capacity or to meet new environmental regulations.

The District has been in the planning process for constructing the new treatment facility to replace the current reed bed system. DNR issued a construction permit that

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<sup>1</sup> *Environmental Utilities, LLC v. Public Service Commission of Missouri*, 219 S.W.3d 256,265 (Mo. App. W.D. 2007).

<sup>2</sup> TCUC received the Commission's approval to sell its water utility assets to Taney County Water, LLC, in File No. WM-2011-0143.

became effective on March 9, 2017. A notice to proceed was submitted to the District's engineer and contractor with construction of the new treatment facility to be completed by October 11, 2017.

The District intends to use Taney County Sewer Sales Tax funds to construct the new facility, with sewer rates being used for operation and maintenance costs. Currently, TCUC charges a \$7.19 commodity and usage charge for the first 1,000 gallons, with an additional \$4.90 for each additional 1,000 gallons. The District's flat sewer rate of \$39.88 per month is not expected to increase if the Commission approves the *Joint Application*. While the District requires a \$100 deposit for all residential customers, it also offers a reduced rate for part-time customers who are away from the residence for several months.

The Applicants will not be able to close on the asset transfer until the new treatment facility is constructed. However, Staff recommends the Commission approve the transfer immediately, since the District is proceeding with its construction project. Due to the District's inability to serve TCUC's customers until the completion of the new treatment facility in October, Staff states it will submit reports to the Commission on the status of construction of the District's wastewater treatment facility. Upon closing of the assets under the terms of the Agreement, Staff recommends the Commission be notified and TCUC's tariff and CCN be canceled.

When evaluating the proposed transaction, the Commission considers if it is detrimental to the public interest. TCUC's customers were sent a letter informing them of the construction of a new wastewater treatment facility. They were informed they would become customers of the District and of the District's rates. Although contact information was provided, no comments were received by Staff. Since the District currently serves over

2,300 customers, it is qualified to provide service to TCUC's customers. Upon completion of its new wastewater treatment facility, the District will be capable of providing TCUC's customers reliable service in compliance with DNR guidelines. The Commission finds the proposed transaction is not detrimental to the public interest.

**THE COMMISSION ORDERS THAT:**

1. The *Joint Application* requesting authority to transfer certain assets to Taney County Regional Sewer District is approved.
2. TCUC is authorized to perform in accordance with the terms of the executed Agreement, and may enter into, execute and perform in accordance with all terms of all other documents which may be reasonably necessary and incidental to the performance of the transactions that are the subject of the *Joint Application* and the Purchase Agreement.
3. TCUC shall notify the Commission of the closing of the assets within five days after such closing.
4. TCUC shall cease providing sewer service immediately after closing with the District on the assets.
5. Should TCUC and/or the District determine that the transfer of assets will not occur, TCUC shall immediately notify the Commission and provide an explanation regarding resolution of the Agreement.
6. The Staff of the Missouri Public Service Commission shall periodically report on the construction status of the District's new wastewater treatment facility.
7. The Commission's Data center shall provide a copy of this order to the County Clerk of Taney County, Missouri.

8. This order shall become effective on June 16, 2017.

**BY THE COMMISSION**



*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

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

Burton, Senior Regulatory Law Judge

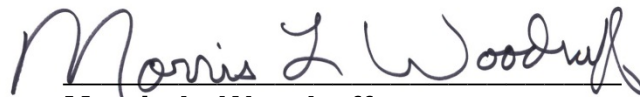
**STATE OF MISSOURI**

**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 17<sup>th</sup> day of May 2017.



  
Morris L. Woodruff  
Secretary

**MISSOURI PUBLIC SERVICE COMMISSION**

**May 17, 2017**

**File/Case No. SM-2017-0056**

**Missouri Public Service  
Commission**

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**Taney County Regional Sewer  
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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**

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