

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

In the Matter of the Application of Highway H Utilities,)	
Inc. for Authority to Sell Certain Water and Wastewater)	
System Assets to the City of Waynesville, Missouri, and)	Case No. <u>SM-2018-0095</u>
Pulaski County Sewer District Number 1, and in)	
Connection Therewith, Certain Other Related)	
Transactions.)	

**AMENDED STAFF RECOMMENDATION TO
APPROVE TRANSFER OF ASSETS**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, files this *Amended Staff Report and Recommendation* ("Report") with the Missouri Public Service Commission ("Commission"), and respectfully states:

1. Staff files this *Amended Staff Report and Recommendation* in order to correct mistakes in its *Staff Report and Recommendation* filed on February 15, 2018.

2. On October 9, 2017, Highway H Utilities, Inc. ("Highway H" or "Applicant") filed its *Application and Request for Waiver* ("Application") seeking authorization from the Commission to sell certain water and wastewater system assets to the City of Waynesville, Missouri ("Waynesville") and Pulaski County Sewer District Number 1 ("PCSD"), and in connection therewith, certain other related transactions.

3. On October 10, 2017, the Commission issued its *Order Directing Notice and Filing*, wherein it directed Staff to file a pleading with the date it intends to file a recommendation no later than November 9, 2017. No parties have filed to intervene in this matter.

4. Staff's initial anticipated filing date was January 8, 2018. On January 8, 2018, Staff requested and was granted an extension to file a recommendation no later than February 22, 2018.

5. Pursuant to Section 393.190 RSMo, no sewer corporation shall sell or transfer its assets or franchise without having first secured authorization from the Commission.

6. Staff conducted an investigation regarding the Application and found that Highway H is in good standing with the Missouri Secretary of State. Highway H has submitted annual reports through 2015. The Applicant's third quarter assessment payment is past due as of January 15, 2018.

7. Waynesville and PCSD propose, after the transfer is accomplished, to apply each of their existing rate structures to the Highway H customers. As outlined in further detail in Staff's memorandum, for customers with 5,000 gallons monthly water use, this could result in approximately a 167% increase in water bills, and 218% increase in sewer bills. Additionally, PCSD charges an additional \$8 per month to customers who utilize a sewer pump unit, which applies to some Highway H customers. All PCSD customers, including the new Highway H customers, are required to pay a \$500 one-time fee for funding of future capital improvements; also customers with sewer pump units are required to pay a \$250 one-time fee for initial inspection of the pump units.

8. As explained in the Staff Memorandum, attached hereto as Appendix A, Staff conducted an investigation into the Company's request. Based upon this review, Staff has determined that the proposed sale and transfer of assets from Highway H to

Waynesville and PCSD is not detrimental to the public interest. Staff requests that if the Commission authorizes this transfer of assets, that the Commission impose the following conditions:

- a. Approve the transfer of water utility assets from Highway H to Waynesville, and the transfer of sewer utility assets to PCSD as requested;
- b. Require Highway H to notify the Commission of closing on the assets, with each of the two buyers, within five (5) days after each closing;
- c. If closing on either the water system assets or sewer system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, require Highway H to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until Highway H, Waynesville, or PCSD determine that the transfer of the assets of either or both of the systems will not occur;
- d. Authorize Highway H to cease providing water and sewer service immediately after closing on the respective assets with Waynesville and PCSD;
- e. After receiving notice(s) of closing, cancel the respective CCN and tariff authorizing Highway H to provide water or sewer service;
- f. If Highway H and/or Waynesville and /or PCSD determine that the transfer of any of Highway H's assets will not occur, require Highway H to notify the Commission of such, along with an explanation regarding resolution of the *Agreement for Sale of Water and Wastewater System*; and,

g. Make no ratemaking determination regarding any potential future regulatory oversight, if any.

WHEREFORE, Staff recommends that the Commission approve the proposed transfer of assets; and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

/s/ Casi Aslin

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was either hand delivered or served electronically on this 20th day of February, 2018, to the parties of record.

/s/ Casi Aslin