

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 8<sup>th</sup> day of December 2022.

In the Matter of the Joint Application of 188 )  
North Summit, LLC, and Seges Utility )  
Company, LLC For Authority to Sell the )  
Water System and Wastewater System )  
Assets of Seges Mobile Home Park, LLC, )  
to Seges Utility Company, LLC, and For a )  
Certificate of Convenience and Necessity )  
To Provide Water and Sewer Services )

**File No. WM-2023-0065**

**ORDER GRANTING TRANSFER OF ASSETS AND GRANTING  
CERTIFICATES OF CONVENIENCE AND NECESSITY**

Issue Date: December 8, 2022

Effective Date: January 7, 2023

On August 10, 2022, 188 North Summit, LLC (“188NS”) and Seges Utility Company, LLC (Seges Utility Co.) (together, “Joint Applicants”) filed joint applications (Applications) seeking authority to transfer ownership as well as approval for a certificate of convenience and necessity (CCN).<sup>1</sup> The Joint Applicants request authority for Seges Utility Co. to construct, install, own, operate, control, manage and maintain an existing water and wastewater system in Seges Mobile Home Park, located in Callaway County, Missouri. The Joint Applicants requested waiver of certain Commission rules related to providing the name of ten residents and a feasibility study. The Staff of the Commission (Staff) reported that the requested rule waiver regarding the names of ten residents was satisfied during Staff’s investigation. Lastly, the Joint Applicants seek waiver of the 60-day notice of case filing requirement.

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<sup>1</sup> The Commission’s *Order Granting Motion to Consolidate*, issued September 16, 2022, consolidated separate water and sewer applications (see also File No. SM-2023-0066).

The Commission issued notice of the Applications and set a deadline for the filing of applications to intervene, but none were received. The Commission also ordered Staff to file a recommendation. On November 1, 2022, Staff recommended approval of the transfer of assets and the grant of CCNs subject to conditions related to record-keeping, notice, customer service, and the use of 188NS' depreciation schedule.

On November 11, 2022, the Joint Applicants filed an acceptance of Staff's recommendation, including a specific notation of acceptance of the recommended conditions. No other responses or objections to the Applications or to Staff's recommendation were received. No party requested a hearing. The requirement for a hearing is met when the opportunity for a hearing has been provided.<sup>2</sup> Thus, the Commission will rule on the application.

188NS seeks authority to sell and Seges Utility Co. seeks the permission to acquire the water and sewer assets 188NS uses to provide service. Additionally, Seges Utility Co. requests that Commission issue it CCNs regarding the systems. In the Applications, Seges Utility Co. states that it intends to acquire substantially all the water and sewer utility assets presently owned by 188NS for \$1.00.

188NS and Seges Utility Co. are privately-held entities. 188NS is a certificated and regulated water and sewer utility providing service to customers of Seges Partners Mobile Home Park.<sup>3</sup> 188NS provides service to approximately 55 customers, which varies depending on park occupancy. Seges Mobile Home Park, LLC ("Seges MHP") purchased the mobile home park from 188NS in August 2022. Seges MHP assigned its rights

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<sup>2</sup> *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

<sup>3</sup> File No. WM-2018-0018, issued September 19, 2017.

regarding the water and sewer systems to Seges Utility Co. If the Applications are approved, Seges Utility Co. would become a certificated and regulated water and sewer utility under the jurisdiction of the Commission.

Staff conducted a routine site inspection on October 12, 2022, and confirmed that the water and sewer collection systems are in good working condition. The current operator of the systems, Environmental Management Solutions, LLC, will continue to perform engineering and regulatory duties. Seges Utility Co. proposes to adopt the rates, rules and regulations of 188NS' existing Commission-approved tariff.

As a regulated utility, 188NS must obtain the Commission's authorization before selling or transferring its assets.<sup>4</sup> In evaluating the proposed transfer of utility property, the Commission can only disapprove the transaction if it is detrimental to the public interest.<sup>5</sup>

Water and sewer service will continue subsequent to the transfer. The existing charges to customers will not change after the transfer. The company and personnel that are currently managing the systems will continue to do so after the transfer. Because of these reasons, the Commission finds that allowing 188NS to transfer its assets is not detrimental to the public interest.

The Commission may grant a water or sewer corporation a CCN to operate after determining that the construction and operation are either "necessary or convenient for the public service."<sup>6</sup> The Commission has articulated specific criteria to be used when evaluating applications for utility CCNs as follows: (1) there must be a need for the

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<sup>4</sup> Section 393.190, RSMo (2016).

<sup>5</sup> *State ex rel. City of St. Louis v. Public Service Com'n of Missouri*, 73 S.W.2d 393, 400 (Mo banc 1934).

<sup>6</sup> Section 393.170.3, RSMo (Supp. 2021).

service; (2) the applicant must be qualified to provide the proposed 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.<sup>7</sup> These criteria are known as the Tartan Factors.<sup>8</sup>

There is a need for the service because the customers of 188NS are already receiving service and will continue to need that service. Additionally, 188NS has sold the mobile home park and no longer wishes to operate the water and sewer systems. Seges Utility Co. is qualified to provide the service as it will be employing the same company and personnel currently used to manage the systems after the transfer. Seges Utility Co. has the financial ability to operate the system, as the system has no debt and is not in need of major repairs. Additionally, Seges Utility Co. is able to request an increase in rates if necessary. The proposed transaction is economically feasible as there is no debt related to the capital structure, and Seges Utility Co. has a low risk financial profile. The proposal promotes the public interest as demonstrated by positive findings in the first four Tartan Factors. Moreover, there are no alternative providers in the area. Staff also states it is not opposed to the requested waiver of the Feasibility Study requirement citing the above facts.

The Commission finds that Seges Utility Co. possesses adequate technical, managerial, and financial capacity to operate the water and sewer systems it wishes to purchase from 188NS. The Commission concludes that the factors for granting a CCN to Seges Utility Co. have been satisfied and that with the conditions proposed by Staff, it is

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<sup>7</sup> *Report and Order*, In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994), 1994 WL 762882, \*3 (Mo. P.S.C.).

<sup>8</sup> *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

in the public interest for Seges Utility Co. to provide water and sewer service to the service areas currently served by 188NS. The Commission will authorize the transfer of assets, and will grant Seges Utility Co. the CCNs to provide water and sewer service within the proposed service areas subject to the conditions in Staff's memorandum.

The Joint Applicants also seek a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D). The Joint Applicants certify that they have had no communication with the office of the Commission regarding any substantive issue likely to be in this case during the preceding 150 days.

**THE COMMISSION ORDERS THAT:**

1. The Joint Applicant's request for waiver from the 60-day notice requirement of Commission rule 20 CSR 4240-4.017(1)(D) is granted.
2. 188NS is authorized to sell and transfer to Seges Utility Co. the assets identified in the Application.
3. Seges Utility Co. is granted CCNs to install, acquire, build, construct, own, operate, control, manage and maintain water and sewer systems in the areas currently served by 188NS.
4. Upon closing of the asset transfer, 188NS is authorized to cease providing service, and Seges Utility Co. is authorized to begin providing service.
5. Upon closing, the currently effective CCN of 188NS is cancelled.
6. Seges Utility Co. shall adopt the tariffs of 188NS by filing Adoption Notice tariff sheets, one each for the water tariff and the sewer tariff, with 30-day effective dates, within ten days after closing on the assets.

7. Seges Utility Co. shall provide service under the currently effective tariffs and rates of 188NS, P.S.C. Mo No. 1 and 2, on an interim basis until the Adoption Notice tariff sheets become effective.

8. Seges Utility Co. shall notify the Commission of closing on the assets within five days after such closing.

9. If closing on the water and sewer system assets does not take place within thirty days following the effective date of the Commission's order approving such, Seges Utility Co. shall submit a status report within five days after this thirty-day period regarding the status of closing, and additional status reports within five days after each additional thirty-day period, until closing takes place, or until Seges Utility Co. determines that the transfer of the assets will not occur.

10. If Seges Utility Co. determines that a transfer of the assets will not occur, it shall notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made. In such case, Seges Utility Co. shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the service area in its water and sewer tariffs, and rate and charges sheets applicable to customers in the service area in both the water and sewer tariffs.

11. Seges Utility Co. shall keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts.

12. Seges Utility Co. shall use 188NS' current water and sewer utility plant depreciation schedules as set out in Attachment F to Staff's recommendation.

13. Seges Utility Co. shall provide to the Customer Experience Department (CXD) Staff an example of its actual communication with customers regarding its acquisition and operations of the water system assets, and how customers may reach Seges, within ten days after closing on the assets.

14. Seges Utility Co. shall provide to the CXD Staff a sample of five billing statements from the first month's billing within thirty days after closing on the assets.

15. Seges Utility Co. shall file notice in this case outlining completion of the above recommended customer communications and notifications within ten days after such communications and notifications.

16. The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters in any later proceeding.

17. This order shall become effective on January 7, 2023.



**BY THE COMMISSION**

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

Morris L. Woodruff  
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and  
Kolkmeier CC., concur.

Hatcher, 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 8<sup>th</sup> day of December, 2022.**



  
**Morris L. Woodruff**  
**Secretary**



**MISSOURI PUBLIC SERVICE COMMISSION**

**December 8, 2022**

**File/Case No. WM-2023-0065**

**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**

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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.