

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

In the Matter of the Application of White River )	
Valley Water Company for Sale of Facilities )	
and Assets to Public Water Supply District )	<u>Case No. WM-2006-0557</u>
No. 2 of Taney County, Missouri. )	

**RECOMMENDATION REGARDING PROPOSED SALE OF UTILITY ASSETS**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Recommendation Regarding Proposed Sale of Utility Assets, ("Recommendation") states the following to the Missouri Public Service Commission ("Commission").

1. On June 30, 2006, White River Valley Water Company filed its Application to Sell Facilities and Assets ("Application"), seeking Commission authority to sell and transfer its water utility facilities and assets to Public Water Supply District No. 2 of Taney County ("District 2"). On September 28, 2006, White River supplemented its Application by submitting the Facilities Purchase Agreement between it and District 2, and other related documents.

2. The sale of utility assets is governed by Section 393.190, RSMo, and applications to the Commission for approval of water utility asset sales are governed by Commission Rules 4 CSR 240-2.060 and 4 CSR 240-3.605. Relevant case law provides that the Commission may approve an asset transfer if it finds that the transfer is "not detrimental to the public interest". See *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980).

3. Attached hereto as Appendix A is the Staff's *Official Case File Memorandum*, in which the Staff summarizes its review of White River's Application, states its conclusion that the proposed sale of White River's water utility facilities and assets to District 2 is not detrimental to

the public interest, and recommends that the Commission approve the proposed sale of White River's water utility facilities and assets to District 2.

**WHEREFORE**, the Staff respectfully submits its Recommendation regarding White River's Application for the Commission's consideration.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

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Missouri Public Service Commission

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of this Recommendation have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 25th day of October 2006.

/s/ **Keith R. Krueger**

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

**AFFIDAVIT OF DALE W. JOHANSEN**

STATE OF MISSOURI     )

) ss

Case No. WM-2006-0557

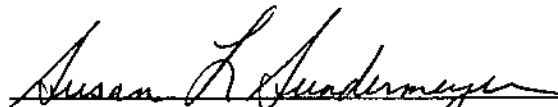
COUNTY OF COLE     )

Dale W. Johansen, of lawful age, on his oath states: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the preparation of the foregoing Recommendation Regarding Proposed Sale of Utility Assets, ("Recommendation") and the Staff's *Official Case File Memorandum* ("Case File Memo") that is included in the following appendix; (3) that he has knowledge of the matters set forth in the foregoing Recommendation and the following Case File Memo; and (4) that the matters set forth in the foregoing Recommendation and the following Case File Memo are true and correct to the best of his knowledge, information and belief.



Dale W. Johansen – Manager  
Water & Sewer Department  
Utility Operations Division

Subscribed and sworn to before me this 20<sup>th</sup> day of October 2006.



Notary Public



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

My Commission Expires: 9-21-10

# APPENDIX A

## STAFF'S OFFICIAL CASE FILE MEMORANDUM

CASE NO. WM-2006-0557

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. WM-2006-0557  
White River Valley Water Company and  
Public Water Supply District No. 2 of Taney County, Missouri

FROM: Dale Johansen – Project Coordinator  
Manager – Water & Sewer Department  
Jim Merciel – Water & Sewer Department

<u>/s/ Dale W. Johansen</u>	<u>10/20/06</u>
Project Coordinator	Date
<u>/s/ Keith R. Krueger</u>	<u>10/20/06</u>
General Counsel's Office	Date

SUBJECT: Staff Recommendation for Approval of Sale of Utility Assets and for  
Cancellation of Certificate of Convenience and Necessity and Tariff

DATE: October 20, 2006

### **GENERAL BACKGROUND**

On June 30, 2006, White River Valley Water Company ("White River") filed an APPLICATION TO SELL FACILITIES AND ASSETS ("Application"), seeking authority to sell and transfer the water utility assets of White River to Public Water Supply District No. 2 of Taney County ("District 2").

In March of 1984, in Case No. WM-87-86, the Commission authorized White River to acquire the assets of Valley View Village Water Company ("Valley View") and granted White River a certificate of convenience and necessity ("certificate"). Valley View was also a Commission-regulated water utility, which was certificated in 1977 in Case No. 18,718.

As noted in the Application, White River currently provides service to 132 customers in its service area, which is a subdivision known as Valley View Village. The water system consists of a single well, a standpipe storage facility and distribution mains of various sizes, all of which were constructed for the purpose of providing service to the Valley View Village subdivision, and which have in fact served this purpose for many years. Although the Application outlines desirable system improvements that District 2 plans to make, some of which involve design and construction standards that were not in place when the system was constructed, there are currently no capacity problems or water quality compliance issues that require immediate attention.

District 2 is a publicly-owned water supply district that is not subject to the Commission's jurisdiction, which presently operates an existing nearby water system and whose established service area includes the area in which White River currently provides service.

Statements in the Application, and in the Facilities Purchase Agreement that was filed on September 28, 2006, indicate that District 2 plans to undertake projects that will enable the White River system to be connected to District 2's existing system after the proposed acquisition is completed. Along with other improvements, District 2 would then be able to improve flow capability, provide fire protection and increase reliability.

As a part of the Staff's investigation of the Application, Jim Merciel of the Water & Sewer Department contacted personnel in the Missouri Department of Natural Resources' Southwest Regional Office in Springfield, and was advised that District 2 does not have capacity or compliance issues. (As noted previously, White River also does not have capacity or compliance issues).

According to a statement in the Facilities Purchase Agreement, District 2 intends to adopt White River's existing approved rates, and apply those rates to customers on the White River system for at least twelve months. Rate changes will likely need to be addressed by District 2 as improvement and interconnection projects are completed and placed into service, as well as when financing arrangements are made for future system-wide improvements and expansions – as would be expected as a normal course of District 2's business. Statements in the Facilities Purchase Agreement also indicate financing arrangements are being made with the United States Department of Agriculture Rural Development office, both for the purchase and for system improvements.

### **OTHER MATTERS**

According to the Commission's records, White River has no delinquencies with regard to the payment of its annual assessments. The assessment payment review covered fiscal years 2000 through 2007, for which White River is paid in full. The Commission's records also show that White River has no past due annual reports. The annual report review covered calendar years 1997 through 2005.

### **STAFF'S CONCLUSION AND RECOMMENDATION**

Based on its review of the Application and supporting documents, the Staff has concluded that the proposed sale of White River's water system facilities and assets to District 2 is not detrimental to the public interest. As a result of this conclusion, the Staff recommends that the Commission take the actions set out below:

1. Approve the sale of White River's water system facilities and assets to District 2, as requested;
2. Order White River to notify the Commission immediately after the sale of its water system facilities and assets to District 2 closes; and
3. After being notified that the closing of the subject sale has occurred, issue an order that cancels the certificate held by White River and that cancels the tariff currently on file for White River.