

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 11th day  
of April, 2012.

In the Matter of the Application of Highway H       )  
Utilities, Inc., for Authority to Sell Certain Water    )  
System Assets to the City of Waynesville,           )  
Missouri, and in Connection Therewith, Certain     )  
Other Related Transactions.                               )

**File No. WO-2012-0211**

**ORDER APPROVING TRANSFER OF ASSETS**

Issue Date: April 11, 2012

Effective Date: April 25, 2012

On January 11, 2012, Highway H Utilities, Inc. ("Highway H") filed an application with the Missouri Public Service Commission ("Commission") seeking to sell and transfer a portion of its works and systems to the City of Waynesville, Missouri ("City").<sup>1</sup> Highway H currently operates a water system known as the Hunter's Pointe Water System located in Pulaski County, Missouri. Highway H and the City have entered into an Agreement for Sale of Water System ("Agreement") providing for the sale of all the assets, property and real estate connected with the Hunter's Pointe Water System to the City. A copy of the proposed Agreement was included with the Application.

Highway H currently provides water service to approximately 573 residential customers in the Hunter's Pointe service area. If the proposed sale and transfer is approved, those customers would receive their water service from the City. Sewer service

---

<sup>1</sup> The City of Waynesville, Missouri, is a municipality of the third class. The City currently owns and operates a water supply system that provides service to approximately 1,800 customers. Although the City is a party to the Agreement, it did not join in the application. Consequently, the Commission joined the City as a party to the case on January 12, 2012.

in this area is currently provided by Pulaski County Sewer District #1 and would not be affected by the sale of the water system.

On January 12, 2012, the Commission issued notice and set an intervention deadline. No applications to intervene were filed. At Staff's request, a local public hearing was held on March 5, 2012 to receive comments from persons affected by the proposed transaction. Staff filed a recommendation on April 2, 2012 suggesting that the Commission approve the application with certain conditions, which Highway H and the Office of Public Counsel do not oppose. No party requested an evidentiary hearing in this matter and no law requires one, so the Commission may grant the applicant's request based upon the application and Staff's recommendation.<sup>2</sup> This action is not a contested case,<sup>3</sup> and the Commission need not separately state its findings of fact.

Highway H is a water corporation under Missouri law<sup>4</sup> and as such, subject to the regulation, supervision and control of the Commission with regard to providing water service to the public. The Commission has jurisdiction to rule on the application because Missouri law requires that "[n]o ... water corporation or sewer corporation shall hereafter sell ...its ... works or system ... without having first secured from the commission an order authorizing it so to do."<sup>5</sup> The Commission will only deny the application if approval would be detrimental to the public interest.<sup>6</sup>

The parties agree that the public interest will suffer no detriment from the sale under the terms set forth in the Agreement. Staff states in its recommendation that the City has

---

<sup>2</sup> See, *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

<sup>3</sup> Section 536.010(4), RSMo Supp. 2010.

<sup>4</sup> Section 386.020(59), RSMo Supp. 2010.

<sup>5</sup> Section 393.190.1, RSMo 2000.

<sup>6</sup> *State ex rel. City of St. Louis v. Public Service Comm'n of Missouri*, 73 S.W.2d 393, 400 (Mo. 1934).

been approved for an infrastructure loan from the Missouri Public Utility Alliance to fund improvements after completion of the proposed sale, including connection to the City distribution system, addition of chlorination capability, construction of additional water storage, and the addition of fire hydrants. These improvements would provide Hunter's Pointe residents with better fire protection and a more reliable source of water. Staff estimates that upon transfer of the water system to the City, a Hunter's Pointe customer who uses 5,000 gallons of water per month would incur an increase of \$2.45 per month in customer charges. As the planned improvements occur over three years, the Hunter's Pointe residents would eventually pay the same for water service as City customers. The City has agreed to include at least one Hunter's Pointe resident as a liaison to the City Utilities Committee.

Staff recommends that the Commission approve the application, granting Highway H the authority to sell the Hunter's Pointe water assets to the City, conditioned upon the following additional requirements:

1. Highway H Utilities, Inc. shall submit notice to the Commission regarding evidence of the transfer of assets to the City of Waynesville within three (3) business days after the transfer to the City of Waynesville;
2. Highway H Utilities, Inc. shall file all necessary revisions to its tariff on file, including, but not limited to, 1st Revised Sheet No. 3 and Original Sheet No. 2A, to exclude entirely from its tariff the area being served by the water assets identified herein within five (5) business days after the assets have been transferred to the City of Waynesville; and

3. Highway H Utilities, Inc., shall, if closing on the assets has not occurred within thirty (30) days after the effective date of an order from the Commission approving this transfer of assets, to file a status report with the Commission thirty (30) days after the effective date of the order, and at the end of each subsequent thirty (30) day period until closing and the transfer of assets is complete; and, alternatively if the transfer will not be completed, Highway H Utilities, Inc. shall file a pleading with the Commission stating such.

Highway H states that it has no objection to the proposed conditions found in the Staff recommendation. The Office of Public Counsel also has no objection to the Staff recommendation or its conditions.

Based on the information provided in the verified application and upon the verified recommendation and memorandum of Staff, the Commission finds that the proposed transfer of assets is not detrimental to the public interest and should be approved.

**THE COMMISSION ORDERS THAT:**

1. Highway H Utilities, Inc.'s application for approval of the transfer of the assets to the City of Waynesville, Missouri, described in its application is granted, subject to the conditions recommended by the Commission's Staff which are delineated in the body of this order.
2. Highway H Utilities, Inc. is authorized to sell and transfer the Hunter's Pointe Water System located in Pulaski County, Missouri, to the City of Waynesville, Missouri, as more specifically described in the Agreement for Sale of Water System entered into between those parties and attached hereto as Exhibit A.

3. Highway H Utilities, Inc. is authorized to do and perform, or cause to be done and performed, such other acts and things, as well as make, execute and deliver any and all documents as may be necessary, advisable and proper to the end that the intent and purposes of the approved transaction may be fully effectuated.

4. This order shall become effective on April 25, 2012.

5. This file may be closed on April 26, 2012.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'S. Reed', is positioned above the printed name and title.

Steven C. Reed  
Secretary

( S E A L )

Gunn, Chm., Jarrett and Kenney,  
CC., concur.

Bushmann, Regulatory Law Judge