

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

In the Matter of the Application of Indian Hills)
Utility Operating Company, Inc., to Acquire)
Certain Water Asset of I.H. Utilities, Inc. and)
in Connection Therewith, Issue Indebtedness)
and Encumber Assets)

File No. WO-2016-0045

**RECOMMENDATION TO APPROVE THE TRANSFER OF ASSETS AND ISSUANCE
OF A CERTIFICATE OF CONVENIENCE AND NECESSITY**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and files its *Recommendation to Approve the Transfer of Assets and Issuance of a Certificate of Convenience and Necessity*, respectfully requesting the Commission approve the transfer of assets as requested, with the conditions as described in Staff’s Memorandum. In support of this *Recommendation*, Staff states as follows:

1. On August 25, 2015, Indian Hills Utility Operating Company, Inc., (“IHUOC”) filed an application to acquire certain water assets from I.H. Utilities, Inc. (“IHU”). The Application sought Commission authority for IHU to sell and transfer water utility assets to IHUOC. Along with the approval to transfer assets, it will be necessary to grant a Certificate of Convenience and Necessity (CCN) to IHUOC and cancel the CCN currently held by IHU. The Application also requests Commission authority to allow IHUOC to collateralize the system assets for purposes of raising up to \$1,500,000 in funds through a term loan.

2. On September 15, 2015, the Commission issued an *Order Directing Staff To File Recommendation* whereby the Commission ordered Staff to file a recommendation no later than November 12, 2015.

3. On November 12, 2015, Staff requested additional time to file its recommendation, and the Commission granted Staff's request the same day by ordering Staff to file its recommendation no later than December 14, 2015.

4. The details of Staff's investigation of this Application are stated in Staff's Memorandum, attached as Appendix A.

5. Staff concludes that the transfer of assets from IHU to IHUOC is in the public interest, assuming Staff's recommended conditions are imposed, because the owners of IHU no longer wish to be in the utility business, and because IHUOC has adequate technical, managerial, and financial capacity to operate, maintain, and improve the facilities and provide service to customers.

6. Staff recommends the Commission issue an order that approves the sale of water assets, under conditions as described within Staff's Memorandum.

WHEREFORE, Staff files this *Recommendation to Approve the Transfer of Assets and Issuance of a Certificate of Convenience and Necessity* and requests the Commission approve the transfer of assets as requested, with the conditions as described in Staff's *Memorandum*.

Respectfully submitted,

/s/ Marcella L. Mueth
Marcella L. Mueth
Assistant Staff Counsel
Missouri Bar No. 66098

Attorney for Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-4140 (Voice)
573-526-6969 (Fax)
Marcella.mueth@psc.mo.gov

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, by hand delivery, electronic mail, or First Class United States Mail, postage prepaid, to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 14th day of December, 2015.

/s/ Marcella L. Mueth