

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

In the matter of the Application of Central)
Jefferson County Utilities, Inc. for an order)
authorizing the transfer and assignment)
of certain water and sewer assets to Jefferson)
County Public Sewer District and in connection)
therewith, certain other related transactions.)

Case No. _____

APPLICATION

COMES NOW Central Jefferson County Utilities, Inc. (Central Jefferson), in accordance with Section 393.190.1, RSMo (2000), 4 CSR 240-3.310, and 4 CSR 240-3.605, and for its application authorizing the transfer and assignment of certain assets to Jefferson County Public Sewer District (Sewer District), states as follows to the Missouri Public Service Commission (Commission):

APPLICANT

1. Central Jefferson is a Missouri Corporation duly organized, validly existing and in good standing in all respects with its principal office and place of business at 1519 McNutt Road, Herculaneum, Missouri 63048. Central Jefferson is engaged, generally, in providing water and sewer service in those areas of Missouri certificated to it by the Commission.

2. A certified copy of Central Jefferson's Certificate of Good Standing was filed with the Commission in Case No. SF-2004-0587. Said document is incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G) and made a part hereof for all purposes. Central Jefferson is a "water corporation," a "sewer corporation," and a "public utility" as those terms are defined in Section 386.020 RSMo and as such is

subject to the jurisdiction of the Commission as provided by law. Central Jefferson provides water service and sewer service to approximately 670 customers in Raintree Plantation Subdivision in Jefferson County.

3. Central Jefferson has no pending actions or final unsatisfied judgments or decisions against it involving customer service or rates having occurred within three (3) years from the date of this Application. Central Jefferson has no annual report or assessment fees that are overdue.

4. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to the undersigned counsel and also to:

Central Jefferson County Utilities, Inc.
Attn: Kenneth McClain
1519 McNutt Road
Herculaneum, MO 63048

THE TRANSACTION

5. Subject to the terms and conditions of a Tri-Party Purchase and Sale Agreement by and between Central Jefferson, the Sewer District and Environmental Management Corporation (EMC), dated July 13, 2006 (the "Purchase Agreement"), a copy of which is marked **Appendix 1** attached hereto and made a part hereof for all purposes, Central Jefferson will transfer and assign to the Sewer District and the Sewer District will acquire from Central Jefferson, certain assets comprising the water and sewer Business, all as more detailed in the Purchase Agreement. In return, Sewer district will pay Central Jefferson's debt in the approximate amount of \$105,000.00 on the water tower serving the water system. This debt was previously authorized by the

Commission in Case No. WF-97-568. The Sewer District will enter into a long-term operation, maintenance and capital improvements agreement, for which the Sewer District will compensate EMC, and additionally Sewer District will provide sufficient revenue to compensate EMC for certain capital improvements. The Shareholders of Central Jefferson will receive no payment by reason of this transfer and assignment.

ADDITIONAL DOCUMENTATION

6. A certified copy of the resolution of the Board of Directors of Central Jefferson authorizing the consummation of the transaction contemplated by this Application will be late filed as part of **Appendix 2.**

NO DETRIMENT

7. The proposed transfer and assignment and related transactions will not be detrimental to the public interest because they will not result in any reduced level of service or reliability for the involved customers presently being served by Central Jefferson. Those customers will see no interruption in their day-to-day utility service due to the transaction.

8. There are approximately 3500 lots in Raintree Plantation Subdivision which is served by Central Jefferson's water and sewer system. As stated above, approximately 670 of those lots are currently served by the water and sewer system.

9. At the current time, no additional connections may be made by persons needing sewer service in Raintree Plantation Subdivision by reason of orders issued by the Missouri Department of Natural Resources and the United States Environmental Protection Agency. No additional connections to the sewer system can be made until such time as the waste water treatment plant, operated by Central Jefferson, and to be

conveyed by this transfer, is expanded. Presently, Central Jefferson has no funds and no method to finance the costs of construction and expansion of the waste water treatment plant.

10. An expansion of the water system is necessary to provide adequate water service to the current and future residents. Presently, Central Jefferson has no funds and no method to finance the cost of expansion of the water system.

11. EMC will provide up to \$1,800,000.00 in capital improvements for the waste water treatment plant expansion and for the water system expansion. These improvements will provide more reliable service to existing customers and will enable future customers to connect to the water and sewer system. There are many lot owners who are waiting to build homes at Raintree Plantation Subdivision but cannot build the homes until the wastewater treatment plant is expanded and the prohibition against obtaining new sewer service connections is terminated. Because of the inability to obtain sewer connections for their lots, current owners of undeveloped lots in Raintree Plantation Subdivision have lost a substantial portion of the value of their investment in the lot because of the inability to build homes upon the lots at this time.

12. The Missouri Department of Natural Resources and The United States Environmental Protection Agency have made allegations of violations by Central Jefferson in the operation of the waste water treatment system. Central Jefferson has denied these allegations. Transfer of the assets as requested herein and construction of an expansion to the waste water treatment system will prevent and avoid allegations of future violations by The Missouri Department of Natural Resources and The United

States Environmental Protection Agency, and will aid in the protection of the environment.

13. Well #1 currently being used in Central Jefferson's water system produces water with a higher lead content than Well #2. Transfer of the assets and improvement of the water system as proposed by the Sewer District and EMC will permit either drilling of a new well or improvement of Well #1 to remove or reduce lead and promote a reduction in the lead content of water used at Raintree Plantation Subdivision.

14. The purchaser is a political subdivision of the State of Missouri. The Sewer District is a countywide sewer district formed by the Jefferson County Commission in June of 2000, pursuant to Sections 249.430 to 249.668, RSMo. In creating this entity, the County Commission found that the delivery of sanitary sewer service to the unincorporated areas of the County of Jefferson not . . . served by sewer districts is of vital importance to the health, safety and welfare of the residents of [the] county." The Sewer District Trustees are appointed by the County Commission, a publicly elected governmental body. The elected County Commission has ultimate control over the Sewer District, having various powers, to include the "power to pass all necessary rules and regulations for the proper management and conduct of the business of the sewer district." Section 249.515, RSMo. Thus, the rates and conditions of service will be developed and administered by a political subdivision controlled by a publicly-elected Commission.

15. The Sewer District will contract with EMC to provide operation and maintenance of the subject water and sewer systems. EMC is a Missouri corporation,

in good standing. It has over twenty-five years of experience in managing water and wastewater systems.

16. The gift, transfer and assignment of the assets may have an impact on the tax revenues of the Missouri political subdivisions in which any structures, facilities or equipment involved are located, as after the proposed transaction, the facilities will be owned by a governmental entity, the Sewer District.

WHEREFORE, Central Jefferson respectfully requests that the Commission issue its Order:

(a) Authorizing Central Jefferson to perform in accordance with the terms of the Purchase Agreement;

(b) Authorizing the transfer and assignment of certain water and sewer assets of Central Jefferson, as more fully described in the Purchase Agreement;

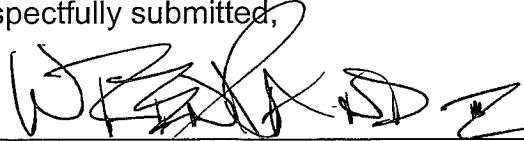
(c) Authorizing Central Jefferson, effective upon the closing of the transaction, to terminate its responsibilities as a water and sewer corporation in Missouri, and cancelling Central Jefferson's certificates of convenience and necessity and its filed tariffs;

(d) Authorizing Central Jefferson to enter into, execute and perform in accordance with the terms of all other documents which may be reasonably necessary and incidental to the performance of the transactions which are the subject of the Purchase Agreement and this Application; and,

(e) Granting such other relief as may be deemed necessary to accomplish the purposes of the Purchase Agreement and the Application and to consummate the

transfer and assignment of the assets and related transactions pursuant to the Purchase Agreement.

Respectfully submitted,

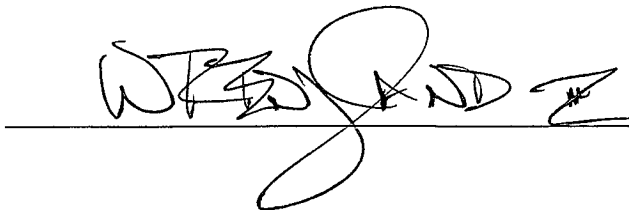
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William R. England III #23975
Dean L. Cooper #36592
BRYDON, SWEARENGEN & ENGLAND, P.C.
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Attorneys for Central Jefferson County Utilities, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, hand delivery, or electronic transmission, on this 15th day of August, 2006, to the Office of the Public Counsel and to the General Counsel, Missouri Public Service Commission.

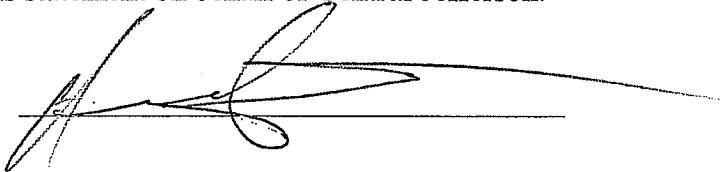
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VERIFICATION

STATE OF MISSOURI)
 ST. LOUIS)
COUNTY OF ~~JEFFERSON~~)

SS

I, Norville Kenneth McClain, Jr., state that I am the President of Central Jefferson County Utilities, Inc. (Central Jefferson); that I have read the above and foregoing document; that the statements contained therein are true and correct to the best of my information, knowledge and belief; and, that I am authorized to make this statement on behalf of Central Jefferson.



Subscribed and sworn to before me this 11th day of August 2006.



Notary Public

CHRISTINE M. ROCHE
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES: OCT. 31, 2008
COMMISSION # 04533548