

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 17th day of April, 2019.

In the Matter of the Application of United Services, Inc., for a Certificate of Convenience and Necessity authorizing it to Construct, Install, Own, Operate, Maintain, Control, and Manage Sewer Systems in unincorporated areas in Andrew and Nodaway Counties, Missouri.)
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) **File No.: SA-2019-0161**
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**ORDER GRANTING CERTIFICATE OF
CONVENIENCE AND NECESSITY AND WAIVER**

Issue Date: April 17, 2019

Effective Date: April 27, 2019

On November 29, 2018, United Services, Inc. (“United”), a wholly owned subsidiary of United Electric Cooperative, Inc. (“Co-op”) filed its *Application and Request for Waiver* (“Application”). United requested a certificate of convenience and necessity (“CCN”) authorizing it to construct, install, own, operate, control, manage, and maintain a sewer system for the public located on unincorporated areas in Andrew and Nodaway Counties in Missouri.¹ United also asked the Commission to waive the 60-day notice requirements of Rule 4 CSR 240-4.017(1). On November 30, 2018, the Commission issued its *Order Directing Notice and Setting Date for Intervention*, setting December 17, 2018, as the deadline for applications for intervention. No one filed an application to intervene, and on December 26, 2018, the Commission ordered the Staff of the Commission (“Staff”) to file a recommendation. On March 26, 2019, Staff filed a

¹ On January 9, 2019, United filed a redacted *Application and Request for Waiver*, making the same requests but redacting certain information in compliance with the Commission’s January 8, 2019, *Order Directing Filing of Redacted Application and Request for Waiver*.

Staff Recommendation (“Recommendation”), recommending that the Commission grant United's Application subject to certain conditions. Therefore, the Commission will evaluate the *Application and Recommendation*.

United presently operates ten (10) separate sewer systems located in Andrew and Nodaway Counties, Missouri, each serving subdivision-sized areas for a total of approximately 290 customers, all but two being residential customers.² These are the systems for which United is requesting a CCN. United, originally named Nodaway Worth Services, Inc., is organized as a corporation owned by the Co-op.³ The Co-op formed United originally for the purpose of providing fiber optic based internet, television, and telephone services in locations within its electric cooperative service area.⁴ In approximately 2004, United expanded to provide sewer service.⁵ The involved sewer systems already exist and are operated by United within the areas for which United is requesting a CCN.⁶ Since the electric cooperative operation is not subject to regulation by the Commission, the electric cooperative has been overseeing United's sewer operations with an assumption that there was also no regulatory oversight regarding sewer service to its customers.⁷ However, United is a “for-profit” corporation that is subject to the Commission's jurisdiction⁸, and has filed this case to correct the situation.⁹

The Commission may grant a certificate of convenience and necessity to operate a sewer corporation after determining that the construction and operation are either

² *Recommendation*, Staff's Memorandum, p. 2.

³ *Recommendation*, Staff's Memorandum, p. 1.

⁴ *Recommendation*, Staff's Memorandum, p. 1 - 2.

⁵ *Recommendation*, Staff's Memorandum, p. 2.

⁶ *Recommendation*, Staff's Memorandum, p. 2.

⁷ *Recommendation*, Staff's Memorandum, p. 2.

⁸ Section 386.020 (49), RSMO.

⁹ *Recommendation*, Staff's Memorandum, p. 2.

“necessary or convenient for the public service.”¹⁰ The Commission articulated the specific criteria to be used when evaluating applications for utility CCNs in the case *In Re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases, and set forth the following criteria: (1) there must be a need for the 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.¹¹

The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing.¹² No party or individual has requested a hearing or objected to Staff’s *Recommendation*. Based upon a review of the filings, the Commission finds that United has satisfied the “Tartan” factors and will grant United a certificate of convenience and necessity to provide sewer service within the proposed service areas, subject to the conditions set out in Staff’s *Recommendation*, as set out in this Order. Based also upon a review of the filings, the Commission also concurs with Staff’s conclusion and finds that a monthly flat rate for sewer service of \$43.84 applicable to commercial customers and to residential customers in Countryside subdivision, and a monthly flat rate for sewer services of \$35.44 applicable to all other residential customers are just and reasonable. The Commission will make no findings that would preclude the Commission from considering any ratemaking treatment in any later proceeding.

¹⁰ Section 393.170.3, RSMO.

¹¹ The factors have also been referred to as the “Tartan Factors” or the “Tartan Energy Criteria.” See 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.).

¹² *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, supra.

With respect to United's request for a waiver of the 4 CSR 240-4.017 notice requirement, the Commission finds that United has made all of the verified declarations required by 4 CSR 240-4.017(1) (D) and notes that Staff expressly states that it does not oppose the waiver. The Commission finds, further, that it will serve United's current sewer customers' best interests to require United to begin complying with the conditions of this Order sooner rather than later. Accordingly, the Commission finds good cause to waive the notice requirements and will do so. For the same reason, the Commission will make this order effective in ten days.

THE COMMISSION ORDERS THAT:

1. The request of United Services, Inc. that the Commission waive the notice requirement of 4 CSR 240-4.017 is granted.

2. United Services, Inc. is granted a Certificate of Convenience and Necessity ("CCN") to provide regulated sewer services in unincorporated areas of Andrew and Nodaway Counties, Missouri, whose specific locations are set out in the maps and metes and bounds descriptions set out in Attachments A, B and C of Staff's Memorandum.

3. The Commission approves and orders a monthly flat rate for sewer service of \$43.84 applicable to commercial customers and to residential customers in Countryside subdivision, and \$35.44 applicable to all other residential customers.

4. The Commission approves and orders United Services, Inc. to use the depreciation rates for sewer utility plant accounts as described in Attachment D of Staff's Memorandum,.

5. United Services, Inc. shall submit a complete tariff for sewer service, as a thirty (30) day filing, within ten (10) days of the effective date of this Order.

6. United Services, Inc. shall implement the Uniform Systems of Accounts for Class C and D Sewer Utilities 1976 ("USOA") as prescribed by 4 CSR 240-61.020.

7. United Services, Inc. shall initiate a rate case within 24 months of the effective date of this Order.

8. United Services, Inc. shall establish an allocation methodology to assign United Electric Cooperative, Inc.'s costs that benefit the sewer company to sewer customers.

9. United Services, Inc. shall maintain documentation of sewer related revenues and costs.

10. United Services, Inc. shall keep records identifiable for each of its sewer systems, including those for customer account records and capital costs.

11. United Services, Inc. shall maintain timesheets for its employees or its affiliate's employees in sufficient detail to allocate time spent on regulated and non-regulated activities as well as capital or non-capital projects.

12. United Services, Inc. shall comply with all Commission Rules, including the filing of annual reports and payment of the Commission's annual assessments.

13. United Services, Inc. shall consider implementing the following bill design changes:

a. Billing statements should include the sewer customer's physical (service) address;

b. All fields on the billing statement should be filled out consistently;

c. United Services, Inc. should add appropriate terminology to the bill instructing customers how to initiate an inquiry or complaint regarding utility service and utility charges;

d. Billing statements should clearly mark the billing date, due date, and past due date on the billing statement, and the formatting on the customer bill should be easy to read and understand; and

e. United Services, Inc. should ensure that emergency contact numbers on the billing statement and user agreement are the same and up-to-date, as well as move the numbers to the top of the billing statement.

14 United Services, Inc. shall provide the Customer Experience Department a sample of three (3) bills from the first billing cycle after the effective date of this Order.

15 United Services, Inc. shall comply with 4 CSR 240-13.020(7), allowing monthly-billed customers at least twenty one (21) days from the rendition of bills to pay charges for sewer service.

16 United Services, Inc. shall require its contractor, White Cloud, to consistently track customer service hours related to sewer service.

17. United Services, Inc. shall distribute to all customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding the provision of sewer service, including customers' ability to contact the Public Service Commission regarding billing or service issues.

18. United Services, Inc. shall create and maintain a customer complaint log consistent with the requirements of Commission Rule 4 CSR 240-13.040 (5) (B) within thirty (30) days after the effective date of this Order.

19. United Services, Inc. shall file notice in this file of compliance with Staff's recommendations and this Order's conditions.

20. Nothing in this Order shall be considered a finding by the Commission of the value of a transaction for ratemaking purposes.

21. The Commission's Data Center shall mail a copy of this Order to the County Clerks for Andrew and Nodaway Counties, Missouri.

22. This Order shall be effective on April 27, 2019.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Hall, Rupp, and
Coleman, CC., concur.

Graham, Regulatory Law Judge

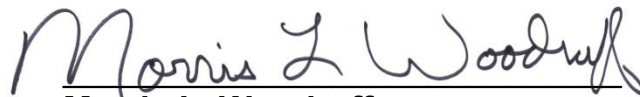
STATE OF MISSOURI

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 17th day of April 2019.**




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

April 17, 2019

File/Case No. SA-2019-0161

**Missouri Public Service
Commission**

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**Missouri Public Service
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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**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.