

**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 September, 2019.

In the Matter of the Application of Osage)
Utility Operating Company, Inc. to Acquire)
Certain Water and Sewer Assets and for a)
Certificate of Convenience and Necessity) **File No. WA-2019-0185**

**ORDER BIFURCATING HEARING, EXCUSING PARTIES, AND
DIRECTING FILING OF REVISED STAFF RECOMMENDATION**

Issue Date: September 11, 2019

Effective Date: September 11, 2019

Osage Utility Operating Company, Inc. (“OUOC”) filed an application¹ requesting authority to acquire the water and sewer system assets of Osage Water Company (“OWC”) and to purchase the water and sewer assets owned by Reflections Subdivision Master Association, Inc., Reflections Condominium Owners Association, Inc., and Great Southern Bank (jointly referred to in this order as “Reflections”). Additionally, OUOC requested certificates of convenience and necessity to serve the areas formerly served by OWC and Reflections. OUOC stated in the amended application that it had entered into a purchase agreement with Reflections to purchase the water and sewer system assets. Numerous parties were granted intervention and a procedural schedule, including a hearing, was set. Written direct, rebuttal, and surrebuttal testimony was filed and the hearing is set to begin on September 17, 2019.

¹ OUOC originally filed an application on December 19, 2018, and amended that application on February 19, 2019.

On September 6, 2019, Reflections filed a Motion to Dismiss or, in the Alternative, Motion to Modify Osage Utility Operating Company, Inc.'s Amended Application ("Motion to Dismiss"). In its Motion to Dismiss, Reflections claims that it has terminated the purchase agreement and the water and sewer systems "have been sold to third parties."² Arguing that OUOC and its parent company, Central States Water Resources, Inc.,³ have no right to purchase or operate the Reflections systems, Reflections requests the Commission to dismiss the amended application in its entirety, or in the alternative, dismiss the portion of the amended application relating to Reflections. The Commission ordered responses to the Motion to Dismiss be filed by September 11, 2019.

On September 9, 2019, the Office of the Public Counsel ("Public Counsel") filed a motion in support of the Motion to Dismiss arguing that Reflections has presented facts constituting a material change in the underlying assumptions of the Staff of the Commission's ("Staff") Recommendation to grant OUOC a debit acquisition incentive for acquiring both the OWC and Reflections water and sewer systems. Public Counsel requested that the amended application be dismissed or that the Commission stay the proceedings and direct Staff to file a new recommendation regarding OUOC's inability to acquire the Reflections water and sewer systems.

This case involves the acquisition of two distinct sets of water and sewer systems each with its own long and complicated legal history. The only facts in common between the two systems relate to the common proposed purchaser and that the purchaser requests authority from the Commission for a debit acquisition premium. Additionally, the

² *Motion to Modify Osage Utility Operating Company, Inc.'s Amended Application*, (filed September 6, 2019), para. 14.

³ Reflections states that the purchase agreement was entered into with OUOC's parent company, Central States Water Resources, Inc.

intervening parties each have only an interest in either the Reflections systems or the OWC systems and not the other.

The Motion to Dismiss raises the issue of whether the relief OUOC requests can be granted by the Commission. There is not sufficient time to resolve this issue prior to the hearing and, therefore, the Commission will bifurcate for hearing purposes the issues to be heard on September 17-18, 2019. The Reflections parties will be excused from the hearing beginning on September 17, 2019. Additionally, Staff shall file an updated recommendation in response to this order that addresses only the OWC water and sewer systems and includes Staff's recommendation regarding a debit acquisition premium for only the OWC systems. The other parties will be given an opportunity at the hearing to provide responsive testimony regarding Staff's updated recommendation.

The additional motions to strike testimony and limit the scope of the hearing with regard to the OWC systems will be addressed at the hearing. The Commission will also set a time for responses to the other pending motions.

THE COMMISSION ORDERS THAT:

1. For purposes of the hearing scheduled to begin at 9:00 a.m. on September 17, 2019, this case will be bifurcated. The hearing will address only the issues relating to the requests for authority involving the Osage Water Company assets.
2. Reflections Subdivision Master Association, Inc., Reflections Condominium Owners Association, Inc., and Great Southern Bank are excused from participating in the September 17, 2019 hearing and from filing position statements.
3. Position Statements may address only the Osage Water Company issues.

4. No later than September 13, 2019, the Staff of the Commission shall file an updated recommendation in response to this order that addresses only the Osage Water Company water and sewer systems and includes Staff's recommendation regarding a debit acquisition premium for only the Osage Water Company systems.

5. Responses to the Amended Motion to Strike and/or to Limit Scope of the Proceeding, the Cedar Glen Condominium Owners Association, Inc.'s Motion to Strike Portions of the Written Surrebuttal Testimony of Todd Thomas and Josiah Cox, or Alternatively, Motion for Leave to File Testimony in Response, Public Water Supply District No. 5 of Camden County, Lake Area Waste Water Association, Inc., and the Missouri Water Association, Inc.'s Motion to Strike Portions of the Written Surrebuttal Testimony of Todd Thomas and Josiah Cox, or Alternatively, Motion for Leave to File Testimony in Response shall be filed no later than 12:00 p.m. September 16, 2019.

6. This order is effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Dippell, Senior Regulatory Law Judge

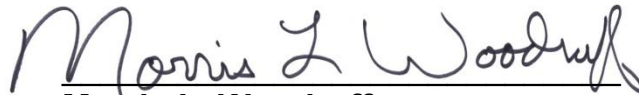
STATE OF MISSOURI

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 11th day of September 2019.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 11, 2019

File/Case No. WA-2019-0185

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, prominent "M" and "W".

***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.