

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 4th day
of November, 2015.

In the Matter of the Application of Southtown Utilities)
Company, Inc. for Authority to Sell and Transfer Sewer) **File No. SM-2016-0062**
Utility Assets to the City of Bolivar, Missouri.)

In the Matter of the Application of Southtown Utilities)
Company, Inc. for Authority to Sell and Transfer) **File No. WM-2016-0063**
Water Utility Assets to the City of Bolivar, Missouri.)

**ORDER APPROVING SALE AND TRANSFER OF UTILITY ASSETS
AND GRANTING MOTION FOR EXPEDITED TREATMENT**

Issue Date: November 4, 2015

Effective Date: November 14, 2015

On September 15, 2015, Southtown Utilities Company, Inc. (“Southtown”) filed applications with the Commission seeking authority to sell and transfer its sewer and water utilities to the City of Bolivar, Missouri (“Bolivar”). Section 393.190, RSMo (Cum.Supp. 2013) requires a water and sewer corporation obtain the Commission’s authorization prior to the sale or transfer of its franchise, works or system. Southtown also filed a motion requesting expedited treatment. The Commission issued an order setting a deadline for the filing of applications to intervene and directing the Commission’s Staff to file a recommendation. In the same order, the Commission directed notice of Southtown’s applications be provided to the Mayor of the City of Bolivar, the Polk County Commission, local newspapers, members of the General Assembly representing residents of Polk County, and the General Counsel for the Missouri Department of Natural Resources. No applications to intervene were received.

In 2005, the Commission granted Southtown certificates of convenience and necessity to provide water and sewer service to an area located approximately 1 mile south of Bolivar. Southtown currently provides service to 96 residential customers in the Karlin Acres¹ subdivision and to approximately 43 commercial customers in the vicinity.

On December 14, 2014, Bolivar's Board of Aldermen approved a city ordinance authorizing Bolivar to enter into a contract to purchase Southtown's public utility system. On December 16, 2014, Bolivar and Southtown entered into a written contract for the sale of Southtown's utility and accompanying real estate and easements ("Contract") to Bolivar with a deadline for the closing date to be on or before December 31, 2015.

On October 19, 2015, Staff filed a timely recommendation on Southtown's applications. Staff points out in its recommendation that upon acquisition of the water and sewer systems by Bolivar, Southtown's current customers will be charged rates set by Bolivar. Bolivar differentiates rates based on whether the service location is in or outside the city's limits. Staff compared rates for customers with average water usage (between 3,000 to 4,000 gallons per month) and found the combined water and sewer bill for a Southtown residential customer would decrease approximately 5% to 15% under Bolivar's outside city limits rates, while residential customers with monthly usage greater than 5,000 gallons per month would experience increases.

Staff states in its recommendation that most commercial customers with significant water use and large meters would experience combined water and sewer bill decreases of up to approximately 15%, while some may see increases of up to approximately \$10 per month.²

¹ The subdivision is also known as Karlin Place.

² Staff does point out in its recommendation that should the residential or commercial customers decide to be annexed by Bolivar, they will be subject to lower inside city limits rates.

One public comment was received from a residential customer opposing the sale based on the belief that Bolivar is not financially able to acquire and operate Southtown's and other utility systems. Based on its review, Staff found the sale and transfer of the utility assets to Bolivar will not be detrimental to the public interest. Staff found Bolivar to be capable of adequately operating Southtown's assets as they exist until the interconnection with Bolivar's municipal water and sewer systems. Staff recommends the Commission approve Southtown's request.

The Staff states that due to the amount of public information previously provided in the local newspaper and the stated need for expedited treatment, it does not believe any special customer notice or a local public hearing is necessary. Staff does recommend the Commission require Southtown to notify the Commission within five days of a closing or notify the Commission if the sale will not occur. Once notice of a transfer of assets is received, Staff recommends the Commission cancel Southtown's certificates of convenience and necessity and water and sewer tariffs.

The Commission issued an order setting a deadline for responses to Staff's recommendation, but no response was received. Having reviewed the filings, the Commission finds that the proposed sale and transfer to Bolivar is not detrimental to the public interest. The Commission will approve the sale of the water and sewer assets. The Commission finds good cause exists to grant Southtown's motion for expedited treatment to ensure the parties may close on the sale of assets as agreed to in the Contract by December 31, 2015.

Since the applications were unopposed and the parties to the Contract need sufficient time to prepare for closing and a procedure to transfer assets without

interrupting service, the Commission finds good cause to shorten the time period before the effective date of this order to ten days.

THE COMMISSION ORDERS THAT:

1. Southtown Utilities Company, Inc., is authorized to sell and transfer its waste water treatment and public water supply utilities to the City of Bolivar, Missouri.

2. Upon the closing of the sale and transfer of its assets, Southtown Utilities Company, Inc., shall immediately cease providing service.

3. Southtown Utilities Company, Inc., shall file a notice with the Commission within five (5) days after the closing of the sale and transfer of its assets to the City of Bolivar, Missouri.

4. If the closing of the sale of assets does not take place within thirty (30) days of the effective date of this order, Southtown Utilities Company, Inc. shall submit a status report within thirty five (35) days of the effective date of this order and every thirty five (35) days thereafter until the closing takes place or until the company determines the sale and transfer of assets will not occur.

5. This order shall be effective on November 14, 2015.

BY THE COMMISSION



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

Morris L. Woodruff
Secretary

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

Burton, Regulatory Law Judge