# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

File No. WM-2016-0063

## **STAFF RECOMMENDATION**

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**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and recommends that the Commission grant to Southtown Utilities Company, Inc. ("Southtown" or "Company") the authority to sell and transfer its water and sewer utility assets to the city of Bolivar, Missouri. In support of this *Recommendation*, Staff states as follows:

1. On September 14, 2015, Southtown filed an Application for authority to sell and transfer water and sewer utility assets to the city of Bolivar, Missouri. Contemporaneous with that filing, Southtown filed an Application for expedited process regarding its Application for authority to sell and transfer its utility assets.

2. On September 21, the Commission entered its order setting a deadline for intervention of October 15, 2015 and directing Staff to file a recommendation no later than October 20, 2015. There have been no applications to intervene in this case.

3. Pursuant to Section 393.190, RSMo (2013), no water corporation or sewer corporation shall sell its franchise without having first secured from the Commission an order authorizing it to do so.

4. As explained in the Staff *Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into the Company's request. Based upon this review,

Staff has determined that the proposed sale and transfer of assets from the Company to the City of Bolivar is not detrimental to the public interest. Staff believes that the City of Bolivar would be capable of adequately operating the Company's assets as they exist, after transfer, until such time as interconnections of the water system and sewer system are made. Accordingly, Staff recommends approval of the sale of Southtown water and sewer assets to the city of Bolivar, Missouri. Following the completed transfers to the City, Staff recommends the Commission cancel the CCN and tariffs for the Company.

5. Staff supports processing this case as quickly as possible so that the Company and the City may proceed with the transaction.

WHEREFORE, Staff respectfully submits this Staff Recommendation for the Commission's information and consideration, and requests the Commission grant Southtown Utilities Company, Inc. the authority to sell and transfer sewer and water utility assets to the city of Bolivar, Missouri, subject to the conditions outlined in Appendix A.

Respectfully submitted,

### <u>/s/ Marcella L Mueth</u>

Assistant Staff Counsel Attorney for the Staff of the Missouri Bar No. 66098

Attorney for the Staff of the Public Service Commission P. O. Box 360 Jefferson City, MO 65102 (573) 751-4140 (Telephone) (573) 751-9265 (Fax) Marcella.Mueth@psc.mo.gov

## CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 19<sup>th</sup> day of October, 2015.

## /s/ Marcella L. Mueth

# **MEMORANDUM**

TO:	Missouri Public Service Com Case Nos. SM-2016-0062 and Southtown Utilities Comp	WM-2016-0063
FROM:	James A. Merciel, Jr. – Water	and Sewer Unit
	<u>/s/ James A. Merciel, Jr.</u> Case Coordinator	<u>October 19, 2015</u> Date
	/s/ Kevin Thompson	<u>October 19, 2015</u>
	Staff Counsel	Date
SUDIECT.	Staff's Decommondation to	Approve Transfor of Accests

- SUBJECT: Staff's Recommendation to Approve Transfer of Assets, and Cancellation of Certificate of Convenience and Necessity
- DATE: October 19, 2015

## CASE BACKGROUND

On September 14, 2015, Southtown Utilities Company, Inc. (Company), along with the City of Bolivar (City), filed an *Application for Authority to Sell and Transfer Sewer Utility Assets and Water Utility Assets* (Application) with the Commission, seeking authority from the Commission for the Company to sell and transfer its water and sewer utility assets to the City. Along with the Application, the Company filed an *Application for Expedited Process Regarding Southtown Utilities Company, Inc.'s Application for Approval of Sale and Transfer of Waste Water Utilities and Water Utilities* (Application to Expedite).

On September 21, 2015, the Commission issued its <u>Order Directing Notice, Setting Deadline For</u> <u>Intervention and Directing Staff To File A Recommendation</u>, in which it directed that notice be sent to the Mayor of the City, the Polk County Commission, local newspapers, members of the General Assembly representing the affected citizens, and the General Counsel of the Missouri Department of Natural Resources (DNR), and prescribed that any person wishing to intervene in this case should submit an application requesting such by October 15, 2015. No parties sought to intervene by this prescribed date. Additionally in this Order, the Commission directed Staff to submit a recommendation regarding this case no later than October 20, 2016.

## BACKGROUND OF THE COMPANY AND UTILITY SYSTEMS

The Company obtained a CCN from the Commission in Case No. WA-2005-0268, authorizing it to provide water and sewer service. The Company presently provides service to approximately 96 residential customers most or all of whom are located in a subdivision known as Karlin Acres, also known as Karlin Place. The Company also provides service to approximately 43 commercial and industrial customers in the vicinity of Karlin Place. The service area that was approved by the Commission is a described area that is approximately 1 mile south of the City.

The water system consists of two wells, each with production capacity of approximately 350 gallons per minute; two 21,000 gallon ground storage tanks; high service pumps that pump from each of the ground storage tanks to the distribution system; and meters for each customer ranging in size from 5/8-inch for residential and small commercial customers to 4-inch for larger industrial customers with building fire protection systems. The sewer system consists of a recirculating sand filter treatment facility with 51,000 gallons per day flow capacity, a pretreatment unit that is used for one commercial customer (a restaurant), gravity collecting sewers, and four (4) lift stations.

## **STAFF'S INVESTIGATION**

## **Proposed Planned Plant Additions and Interconnections**

The City owns and operates a municipal water utility system utilizing a series of wells, and a municipal sewer utility system utilizing a central treatment facility. According to the <u>Contract for</u> <u>Sale of Utility and Accompanying Real Estate and Easements</u> (Sale Contract) included with the Application, the Company is obligated, prior to closing on the assets, to construct water and sewer pipeline extensions from its existing systems in an easterly direction to a point outside of the Company's service that is across Missouri State Highway 13. These extensions would allow the City to interconnect its existing water and sewer systems to the water and sewer systems it is acquiring from the Company. These extensions are referred to in the Sale Contract as "the Project." Information regarding the exact extent, location and cost of the Project is not specified in the contract, and there is no indication when any such interconnection would be made. Staff takes the position that the City would be capable of adequately operating the Company's assets as they exist, after transfer, until such time as interconnections of the water system and sewer system are made.

Staff contacted DNR staff about this proposed sale of assets. Through email and telephone conversations, DNR staff informed Staff that there are no current issues with respect to drinking water regulations or water pollution control regulations, with the Company or the City. DNR staff stated that it is generally in support of the concept of the transfer of assets from the Company to the City, and the planned interconnections.

## Rate Impact

Upon acquisition of the water and sewer systems by the City, customers will be charged the City's rates rather than the Commission-approved Company rates. A copy of the City's rates and bill charts, showing the City's water and sewer billing amounts for various water usage amounts applying to customers inside city limits, are included with the Application. Written notations on the bill charts state that water rates and bill amounts applying to customers outside city limits are 50% greater than rates applying to customers inside city limits. This applies only to water rates and does not apply for sewer rates. Since the Company's service area is presently outside the city limits, the 50% additional rate amount would apply to the Company's water customers until some future time if and when annexation might take place.

A combined water and sewer bill comparison for residential customers, prepared by Staff, is included herein as Attachment A. Average water usage for residential customers, according to the Company's annual report filed with the Commission, is approximately 3,100 gallons. Residential customers in the Company's service area outside the City, with monthly water use in the range of

MO PSC Case Nos. SM-2016-0062 and WM-2016-0063 Official Case File Memorandum October 19, 2015 – Page 3 of 5 Pages

3,000 to 4,000 gallons, would experience water and sewer bill decreases in the range of approximately 5% to 13%. Residential customers with monthly usages greater than 5,000 gallons per month would experience increases.

A bill comparison for commercial customers is included herein as Attachment B. The rate impact upon commercial customers is quite variable, because the Company has a minimum charge in its rate structure that is based on meter size, whereas the City has one rate structure for all commercial customers. Most commercial customers with significant water use and larger meters would experience combined water and sewer bill decreases of up to approximately 12%, but commercial customers with 5/8 inch water meters and very little water use of under approximately 6,000 gallons per month could experience an increase of up to 28%, which is on the order of \$10 per month.

Although the City's rates for customers outside the city limits would apply initially, resulting in the above described impacts, if and when the service area is annexed into the City, then the City's lower water rates for customers inside city limits would apply. If the City's rates for customers inside the city limits as shown in the Application were to apply to customers in the Company's service area, then most residential and commercial customers would experience decreased combined water and sewer bills as compared to billings under current Company rates, and decreases to a greater extent than those illustrated above. The City states that it has no intention of forcing annexation upon any of the customers in the Company's service area. It is Staff's understanding, based on information gathered during the investigation of this case, that it is possible that only a portion of the service area could be annexed; for example the area where the commercial and industrial customers are located might not be annexed – all depending upon the wishes of the citizens. The point is that annexation could have further positive impact upon rate decreases for the customers in the future, based on current rates, and absent other issues or contingencies affecting rates that could become involved with annexation.

## Publicity Regarding the Proposed Transfer of Assets

Staff has indication that there has been public information regarding this proposed sale and transfer of assets. The Company provided Staff with three articles that appeared in the local newspaper, the *Bolivar Herald - Free Press*. An article dated December 12, 2014, reporting on the passing of the ordinance by the City's Board of Alderman, is included herein as Attachment C. An article dated December 19, 2014, about the City's Mayor speaking and expressing the desire for the City to expand to the south as well as to connect the Company's sewer system along with another nearby system<sup>1</sup> into the City's sewer system, is included herein as Attachment D. An article dated August 19, 2015, reporting on the progress of details regarding the transfer of assets and plan for interconnections, is included herein as Attachment E. An additional article, included herein as Attachment F, appeared on October 14, 2015, reporting that the intervention date for the Company's sale case is October 15, 2015, and also that customers may send comments to the Commission and to the Office of the Public Counsel<sup>2</sup>. These attached copies of newspaper articles are from the website

<sup>&</sup>lt;sup>1</sup> The other sewer system, which is not owned by a regulated utility, serves an area known as Prairie Heights, located to the north of the Company's system.

<sup>&</sup>lt;sup>2</sup> This newspaper article reports on both this pending case filed by the Company, and also another pending case filed by Empire District Electric Company, Case No. ER-2016-0080.

## of the Bolivar Herald - Free Press.

In addition, included with the Application is a copy of the City's ordinance indicating the City's Board of Aldermen and the City's Mayoral decision to enter into the Sale Contract, with an effective date shown as December 18, 2014, and which is indicated to be public information.

And, finally, the Company's manager stated to Staff that the Company has answered questions from customers about the proposal, and that some word-of-mouth information has circulated among customers.

Staff notes that the City publishes its water and sewer rates on its website, <u>http://bolivar.mo.us/</u>. The rates are in their section under "Ordinances." Water and sewer rates are in sections 710.030 and 710.050, respectively.

Staff received one public comment about this case, from a residential customer stating opposition based on a belief that the City is not financially able to undertake acquisition and operation responsibilities of the Company's utility systems along with the other sewer system the City is contemplating acquiring<sup>3</sup>. Although Staff is always supportive of customers being informed of actions that will affect their utility service and rates they pay, it appears that there has been a considerable amount of publicity generated while this proposal has developed during approximately the past one-year time period. For this reason, and along with the stated need for expedited treatment, Staff believes that any special customer notice or a local public hearing is not necessary.

## **OTHER ISSUES**

The Company has no delinquencies with regard to filing its annual reports through calendar year 2014, as documented on the Commission's Electronic Filing and Information System (EFIS). The Company has paid annual assessments through all of fiscal year 2016, as posted by the Commission's Administration Division on its assessment ledgers. The Company is held in good standing with the Missouri Secretary of State. The Company has no other pending actions before the Commission.

## **STAFF'S FINDINGS & CONCLUSIONS**

The Sale Contract contemplates closing by December 31, 2015. In the Application to Expedite, the Company and the City state various reasons why it would be advantageous to the City and to the Customers to be able to undertake closing on the assets by this date. Staff supports processing this case as quickly as possible so that the Company and the City may proceed with the transaction.

The Staff, based on its review as described herein, believes that the proposed sale and transfer of assets from the Company to the City is not detrimental to the public interest, and therefore recommends approval. Staff also recommends that following the completed transfers to the City, the Commission cancel the CCN and the tariffs for the Company.

<sup>&</sup>lt;sup>3</sup> The customer refers to the Prairie Heights system, mentioned in the newspaper article included herein as Attachment D.

## STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission:

- 1. Approve the sale of water and sewer assets, as requested;
- 2. Require the Company to notify the Commission of closing on the transfer of water and sewer assets within five (5) days after such closing;
- 3. Authorize the Company to cease providing service immediately after closing on the assets;
- 4. If closing on the Company's assets does not take place within thirty (30) days following the effective date of the Commission's order, require the Company to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until the Company determines that the sale and transfer of the assets will not occur;
- 5. If the Company determines that a sale of the assets will not occur, require the Company to notify the Commission of such; and,
- 6. After the above notice of transfer of assets to the City is received from the Company, cancel the CCN issued to the Company authorizing it to provide water and sewer service, and cancel the water and sewer tariffs on file for the Company.

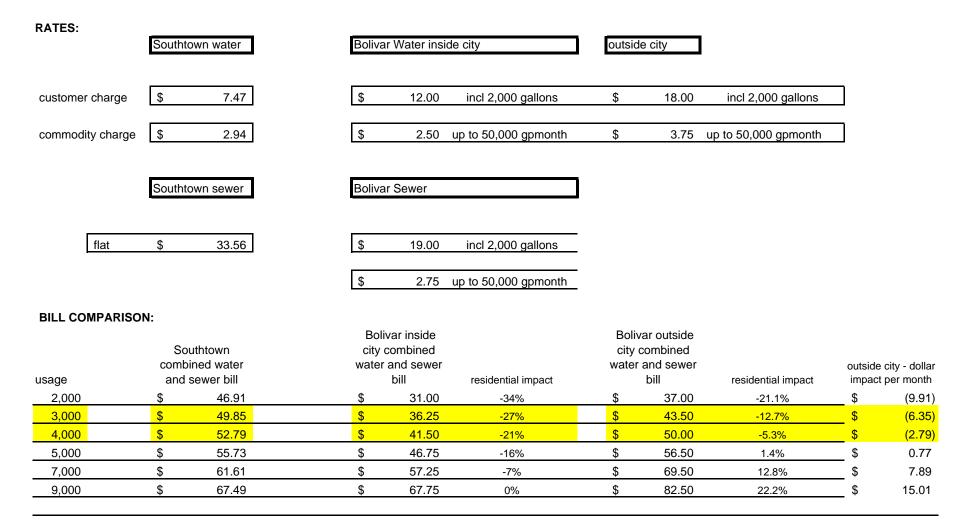
## List of Attachments:

Attachment A – Bill Comparison for Residential Customers

Attachment B – Bill Comparison for Commercial Customers

- Attachment C Newspaper Article "City to buy Karlin Acres' Southtown Utilities"
- Attachment D Newspaper Article "Best: Community is Growing South, City Should Follow"
- Attachment E Newspaper Article "City Still Set to Take Over Karlin Acres Sewer System by End of Year"
- Attachment F Newspaper Article "Deadline Set for PSC Intervention in Empire's, Southtown Utilities' Request"

Southtown - Bolivar rate comparison WM-2016-0063 SM-2016-0062



# ATTACHMENT A

Southtown - Bolivar rate comparison

COMMERCIAL - various meter sizes

WM-2016-0063	
SM-2016-0062	

310-2010-0002										
	Southt	own water				Boliv	var Water inside city	outs	ide city	
meter size	5/8 inc					unrel	lated to meter size			
customer charge	\$	7.47 \$	18.67 \$	37.35 \$	59.76	\$	12.00 incl 2,000 gallons	\$	18.00	
commodity charge	e \$	2.94				\$	2.50 up to 50,000 gpmonth	\$	3.75 up to 50,000 gpmonth	
usage		perce	ntaget impact for wa	ter bills depends up	on meter size		percentage impact selected range		percentage impact selected range	
2,000	\$	13.35 \$	24.55 \$	43.23 \$	65.64	\$	12.00	\$	18.00	meter size range calculator
3,000	\$	16.29 \$	27.49 \$	46.17 \$	68.58	\$	14.50	\$	21.75	3.6% -9.5%
5,000	\$	22.17 \$	33.37 \$	52.05 \$	74.46	\$	19.50 -12.0% to -41.6%	\$	29.25 +31.9% to -12.3%	souttown \$ 154.95 \$ 177.36
7,000	\$	28.05 \$	39.25 \$	57.93 \$	80.34	\$	24.50	\$	36.75	bolivar \$ 160.50
10,000	\$	36.87 \$	48.07 \$	66.75 \$	89.16	\$	32.00 -33.4% to -64.1%	\$	48.00 -0.1% to -46.2%	
15,000	\$	51.57 \$	62.77 \$	81.45 \$	103.86	\$	44.50	\$	66.75	
20,000	\$	66.27 \$	77.47 \$	96.15 \$	118.56	\$	57.00	\$	85.50	small commercial users could have over 50% increase
40,000	\$	125.07 \$	136.27 \$	154.95 \$	177.36	\$	107.00 -30.9% to -39.7%	\$	160.50 +3.6% to -9.5%	many commercial could have from 20% to 35%
50,000	\$	154.47 \$	165.67 \$	184.35 \$	206.76	\$	132.00	\$	198.00	

Southtown sewer

customer charge \$ 13.63

\$	25.00 incl 2,000 gallons

0	0.75	
_		

Bolivar Sewer

commodity cha	arge \$	3.32	\$	2.75 up t	o 50,000 gpmoi	nth		selected com	bin	ed water a	and sewer inc	reases/deo	reases	
usage				perce	ntage impact		usage	meter size		in	side			outside
2,000	\$	20.27	\$	25.00	23.3%		2,000	5/8 inch	\$	3.38	10.1%	\$	9.38	27.9%
3,000	\$	23.59	\$	27.75	17.6%		3,000	5/8 inch	\$	2.37	5.9%	\$	9.62	24.1%
5,000	\$	30.23	\$ ;	33.25	10.0%		5,000	5/8 inch	\$	0.35	0.7%	\$	10.10	19.3%
7,000	\$	36.87	\$ 	38.75	5.1%		7,000	l inch	\$	(12.87)	-16.9%	\$	(0.62)	-0.8%
10,000	\$	46.83	\$ 	47.00	0.4%		10,000	l inch	\$	(15.90)	-16.8%	\$	0.10	0.1%
15,000	\$	63.43	\$ 	60.75	-4.2%		15,000	I-1/2 inch	\$	(39.63)	-27.4%	\$	(17.38)	-12.0%
20,000	\$	80.03	\$ 	74.50	-6.9%		20,000	I-1/2 inch	\$	(44.68)	-25.4%	\$	(16.18)	-9.2%
40,000	\$	146.43	\$ 1	29.50	-11.6%		40,000	2 inch	\$	(87.29)	-27.0%	\$	(33.79)	-10.4%
50,000	\$	179.63	\$ 1	57.00	-12.6%	l	50,000	2 inch	\$	(97.39)	-25.2%	\$	(31.39)	-8.1%



http://bolivarmonews.com/news/city-to-buy-karlin-acres-southtown-utilities/article\_bac42... 9/16/2015

He could not speak to specific plans for Fink-Speigel or Karlin Acres, but Chappell said having the city take over water and sewer services will allow the area to expand.

Ronda Riden, spokesperson for Fink-Spiegel, said the coming development marks an exciting time for the Karlin Acres development, which was first established in 2002.

We are excited to be expanding the development of Karlin Acres by opening our second phase in 2015," Riden said. "This ability to connect our water and sewer services with the city of Bolivar is a huge step in the growth of Bolivar and Polk County. During the planning stages of this project, Mr. Chappell, Mayor Best and the Board of Aldermen were a complete pleasure to work with and very supportive of this opportunity."

For the city, Chappell said this project marks Bolivar's ability to keep up with how the community is expanding southward.

"It allows us to have access to the other side of the highway and the community is clearly growing southward," Chappell said. "This allows for the potential for annexation and for us to catch up with the growth of the community."

Chappell stressed that the water and sewer agreement did not mean the city would try to pursue any form of forced annexation. Rather, he said, the city has been in talks with some individuals, including business owners, that are interested in coming into the city limits.

Being able to offer city services, including water and sewer, will help convince those individuals, Chappell said.

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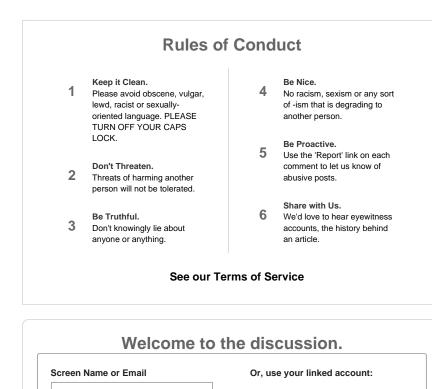
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ATTACHMENT C Page 3 of 3



## ATTACHMENT D - 1 of 4

http://bolivarmonews.com/news/best-community-is-growing-south-city-should-follow/arti... 9/16/2015

The agreement includes the city's purchase of Southtown Utilities' wastewater and water systems for \$3.75 million, a cost that City Administrator Darin Chappell and Best both seem to agree will be covered by the water and sewer fees collected from the system's customers.

Through this agreement, Best said, the city will not only have the opportunity to expand its borders southward but also help provide services to an area that could come under the scrutiny of the Missouri Department of Natural Resources in the future. That situation, he added, is not unlike what has already happened with the Prairie Heights subdivision.

"DNR is getting tougher on wastewater plants and systems," Best said. "It's not as affordable to operate a system like they are for that subdivision like it used to be. At the same time, when it's operating fully, our wastewater plant can handle 20,000 to 25,000 people, so we're nowhere near capacity right now."

Under the agreement, Southtown Utilities will be responsible for connecting the two wastewater systems, including making a bore under Mo. 13 for the lines to cross.

While he thinks the homes in Karlin Acres will eventually agree to annexation, Best reinforced that only annexation requested by property owners would be pursued by the city.

In the meantime, the work that has been done to fix the city's inflow and infiltration problems, which sometimes resulted in 14 times the normal flow entering the wastewater system, will make this agreement all the more feasible, Best said.

"We've been doing a lot of sewer line repair work with these new liners that is helping solve some of our worst problems in our oldest lines," Best said. "That is work that will continue every year, in addition to replacing lines that cannot be repaired and making upgrades to the wastewater plant."

If all or portions of Karlin Acres were to come into the city limits, in addition to water and sewer services, the city will have to provide police and fire services to those areas.

"I could see us sometime in the next 10 or 15 years building a second station for police and fire in that area because the town is going to grow to the south and west, there's no doubt about that," Best said.

#### What Bolivar has to offer

Part of the reason for that growth is the improvements that have been made to Mo. 13 in recent years and the amount of traffic that those improvements have brought through Polk County.

In turn, the city needs to do a better job of advertising to those motorists what Bolivar has to offer.

"We need to do a better job of advertising what Bolivar is," Best said. "We need really nice signs on the highway that can attract people's attention and I think we can work with the [Bolivar Area Chamber of Commerce] to enlighten people about what's going on in Bolivar.

"At the same time, I do think we need more activities for people to be involved in here," Best said.

One way to increase the number of activities available is to expand and improve the city's park system, Best said; for more information about the parks, see the related story.

Best acknowledges that activities are nothing without people to participate in them and Bolivar needs to both retain its current residents and attract new ones.

"Bolivar is positioned well with the college and our medical facilities that I think give us a lot to offer people in the community," he said. "I don't think high-end industry, those places that bring 300 or 400 jobs, are what we need to be going after. That would be nice but there's just not that much available in America.

"Instead, we need businesses that bring in a few dozen good-paying jobs that can put people to work, whether that's in technology or medical, both of which we have a base for, or something else," Best said.

With Citizens Memorial Hospital finishing up work on the Kerry and Synda Douglas Medical Center expansion, as well as beginning construction on a new OB/GYN clinic and a nursing school, Bolivar is further establishing its place as a regional medical center.

Between Accenture/Duck Creek and SBU, the community's role in information technology can also be expanded.

"Rather than expend resources trying to bring something new to Bolivar, what if we consider doing something that we already do better," Best said. "We may not ever get a Tracker [boat] factory back in Bolivar, but if we can get enough smaller businesses to realize what we have to offer, we can offset the loss of those jobs."

Another aspect of economic development that Best said he would like to see developed is natural gas. With that fuel source, he said, the city would most certainly see new development.

"We've already got the highway access, so if we could get natural gas in Bolivar, I think you would see a paradigm shift in terms of businesses looking at us as an option," Best said. "I'm going to push for that as much as I can because I think it will open a lot of opportunities for us as a town."

For more from this story, find it online at www.bolivarmonews.com.

#### **Community events**

Best said he would also like to see more activities for people to participate in throughout the year and that have the potential to draw visitors to town.











	E	ve	nts	•		
[		Sept	ember	2015		]]
Su	Мо	Tu	We	Th	Fr	Sa

## ATTACHMENT D - 2 of 4

http://bolivarmonews.com/news/best-community-is-growing-south-city-should-follow/arti... 9/16/2015

"The Christmas Parade, for example, gets people excited, the kids are excited, and it's a great thing for the town. We need more events like that, like Country Days and Celebration of Freedom," Best said.

Bolivar could benefit from a community event in the spring, Best said, but he wants to encourage discussion among community members about what that could be.

"It's my role as mayor to be a leader but also to spark interest and get people talking," he said. "I think we need more people in the community discussing, and working toward, what they would like to see."

Best told those attending the President's Breakfast that he would be running for mayor one more time. He has filed for re-election in the upcoming April 2015 election and as of press time, no one else had filed for the seat.

#### More Coverage

Discuss

Parks and rec meeting is Friday

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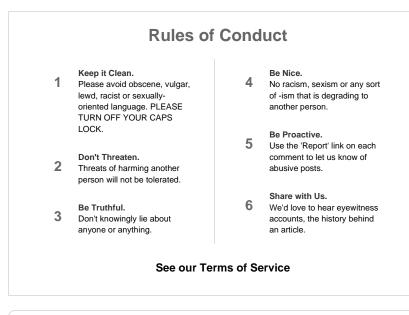
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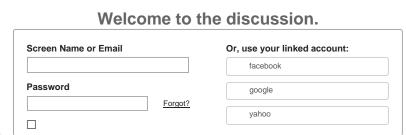
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The Board of Aldermen approved purchasing the sewer utility system in December 2014 during an executive session meeting. The main point of the agreement included the purchase of the water and sewer systems for \$3.75 million.

The utility company will be responsible for costs associated with boring under the highway and as part of the agreement must provide an access point for the Prairie Heights subdivision to connect its planned sewer system.

When the agreement was announced, Chappell said the project will be financed but the way the system is set up, once the sale is finalized, utility payments from existing and new customers will be enough to make the payment on the financing.

"The project will essentially pay for itself," he said.

He could not speak to specific plans for Fink-Spiegel, owner of Southtown Utilities, or Karlin Acres, but Chappell said having the city take over water and sewer services will allow the area to expand.

For the city, Chappell said this project marks Bolivar's ability to keep up with how the community is expanding southward.

"It allows us to have access to the other side of the highway and the community is clearly growing southward," Chappell said. "This allows for the potential for annexation and for us to catch up with the growth of the community."

Chappell stressed that the water and sewer agreement did not mean the city would try to pursue any form of forced annexation. Rather, he said, the city has been in talks with some individuals, including business owners, that are interested in coming into the city limits.

Being able to offer city services, including water and sewer, will help convince those individuals, Chappell said.

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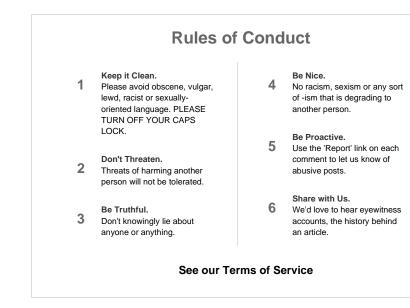
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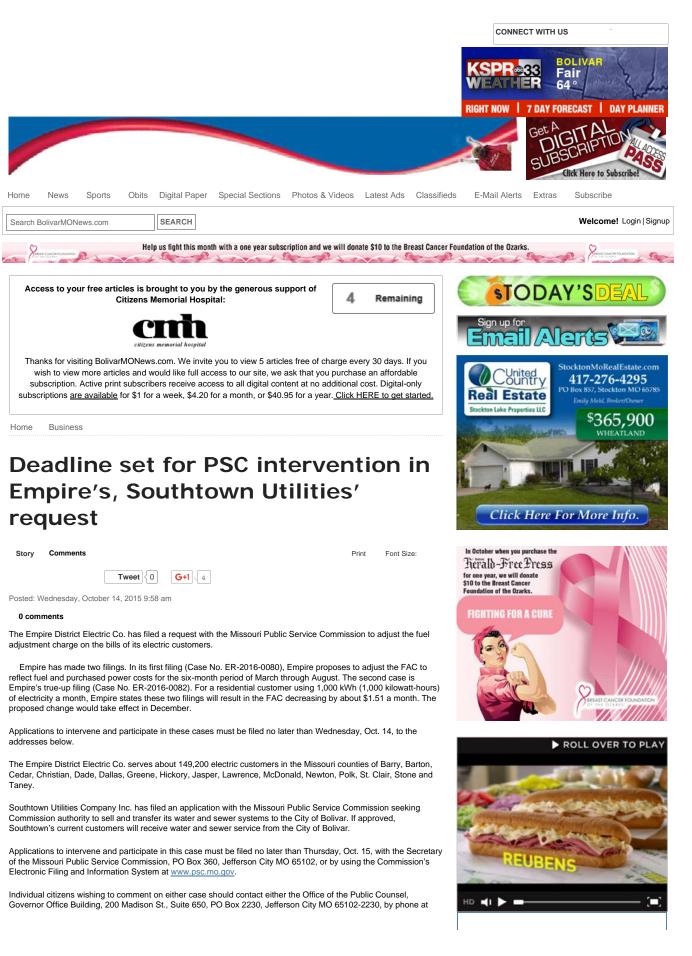
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(866) 922-2959 or email opcservice@ded.mo.gov or the Public Service Commission Staff, PO Box 360, Jefferson City MO 65102, by phone at (800) 392-4211 or email pscinfo@psc.mo.gov.

The Office of the Public Counsel is a separate state agency that represents the general public in matters before the Commission.

Southtown serves about 120 water and sewer customers in the Karlin Acres subdivision, which is located in Polk County near Bolivar.

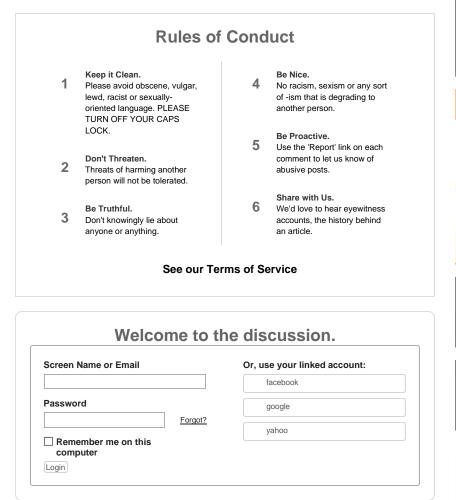
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## **BEFORE THE PUBLIC SERVICE COMMISSION**

## **OF THE STATE OF MISSOURI**

)	
)	
)	Case No. SM-2016-0062
)	
)	
	and
)	
)	
)	Case No. WM-2016-0063
)	
)	

## AFFIDAVIT OF JAMES A. MERCIEL, JR.

State of Missouri	)
	) ss.
County of Cole	)

## AFFIDAVIT

**COMES NOW** James A. Merciel, Jr. and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

James A. Merciel, Jr,

# **JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this \_\_\_\_\_ day of \_\_\_\_\_ (Ctobely \_\_\_\_\_\_, 2015.

NOTARY PUBLIC

