

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

In the Matter of the Application of S.T. Ventures,)
LLC for Authority to Transfer Certain Assets to)
Table Rock Lake Community Service, Inc. d/b/a)
Table Rock Lake Water Quality, Inc. and, in)
Connection Therewith, Certain Other Related
Transactions

Case No. SO-2011-0020

STAFF'S RECOMMENDATION TO APPROVE TRANSFER OF ASSETS

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Recommendation to Approve Transfer of Assets*, Staff recommends the Missouri Public Service Commission (Commission) approve the proposed transfer of assets. In support thereof, Staff states the following:

1. On July 26, 2010, S.T. Ventures, LLC (STV) submitted an *Application* to transfer certain water assets to Table Rock Lake Community Service, Inc. d/b/a Table Rock Lake Water Quality, Inc. (TRLCS) with an immediate subsequent transfer of assets to Ozarks Clean Water Company (OCWC).

2. STV notified its customers of the proposed transfer and invited them to submit comments to the Commission by September 30, 2010. As of the filing date for this Staff Recommendation, no customer comments have been filed with the Commission.

3. As discussed more fully in the attached Staff Memorandum, attached as Appendix A and incorporated by reference herein, Staff recommends approval of the proposed transfer. Staff's investigation has determined that OCWC is capable of operating the sewer system and providing safe and adequate service to all involved customers.

4. Should the Commission approve the transfer, Staff further recommends that the Commission order STV to notify the Commission of closing of the transfer of assets to TRLCS

and subsequently to OCWC within five (5) business days of the transaction taking place. After receipt of such notice, Staff recommends that the Commission cancel the Schedule of Rates, Rules and Regulations (Tariff No. JS-2002-0087) on file for STV.

6. TRLCS and OCWC have one other case pending before the Commission in which they are acquiring the sewer system assets of Bear Creek Water and Sewer, LLC (Case No. SM-2010-0241). The Commission has approved the sale but this case is still awaiting notification of the closing of the assets. Approval of the instant case will have no impact upon SM-2010-0241 or any other matter pending before the Commission.

WHEREFORE, the Staff respectfully submits this *Recommendation to Approve Transfer of Assets*, and recommends the Commission approve the proposed transfer of assets.

Respectfully submitted,

/s/ Samuel D. Ritchie

Sam Ritchie
Legal Counsel
Missouri Bar No. 61167

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix A has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 12th day of October, 2010.

/s/ Samuel D. Ritchie

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. SO-2011-0020 S.T. Ventures , LLC

FROM: Jim Merciel – Water & Sewer Department

<u>/s/ Jim Busch</u>	<u>10/8/2010</u>
Water and Sewer Department	Date

<u>/s/ Sam Ritchie</u>	<u>10/8/2010</u>
General Counsel's Office	Date

SUBJECT: Staff Recommendation Regarding Sale of Utility Assets

DATE: October 8, 2010

BACKGROUND

On July 26, 2010, S.T. Ventures, LLC (STV or Company) filed an *Application* seeking to sell and transfer its water system assets to the Table Rock Lake Community Service, Inc. d/b/a Table Rock Lake Water Quality, Inc (TRLCS), with an immediate subsequent transfer of assets to Ozarks Clean Water Company (OCWC). Also on July 26, 2010 the Commission issued its Order and Notice which, among other things, prescribed August 16, 2010 as the date by which interested parties should seek to intervene in this case. On August 27, 2010 the Commission issued its Order Directing Staff to File a Recommendation which prescribed September 23, 2010 as the date by which the Staff was to file its recommendation in this case, and any party wishing to respond to the Staff's recommendation to do so within ten (10) days following. On September 21, 2010 the Staff filed a *Staff Status Report* in which it reported that STV had mailed notice of the proposed sale to its customers on September 15, 2010 with direction to submit comments to the Commission, if desired, by September 30, 2010. A copy of the customer notice as provided to the Staff by STV was included with the *Staff Status Report*. Due to the timing of the customer notice with respect to the prescribed Staff recommendation filing date, the Staff also requested that the Commission postpone the filing date for the Staff's recommendation until October 11, 2010. On September 24, 2010 the Commission issued its Order Extending Time for Staff to File Recommendation which set October 12, 2010 as the date by which the Staff is to file its recommendation, and for other parties to submit a response if desired within ten (10) days following such a filing. As of October 8, 2010, the Commission's Electronic Filing and Information System (EFIS) reflects no parties seeking to intervene, and the Staff has received no customer comments in response to the notice sent by STV.

STAFF'S INVESTIGATION

STV provides sewer service to approximately 85 customers in Smoke Tree Hills subdivision in Taney County near Kirbyville, Missouri utilizing a gravity collection system and a recirculating sand filter treatment facility. The Commission granted STV a Certificate of Convenience and Necessity in Case No. SA-96-91. Its current approved rates of \$23.50 became effective with STV's original tariff on March 4, 1996. The Staff is not aware of any violations or operational service issues with respect to the sewer system.

The buyer, TRLCS, intends to purchase all the assets of the sewer system from STV. The closing of the sale is proposed to take place within thirty days after the effective date of a Commission Order approving the sale. Immediately after closing, TRLCS will transfer the sewer utility assets to OCWC, which will then begin the rendition of sewer service without interruption to the current customers.

OCWC, the proposed ultimate owner and operator of this sewer system, is a non-profit corporation in good standing with the Missouri Secretary of State. It was created in 2004 and organized as a nonprofit sewer utility in accordance with §393.825 to §393.861 of the Missouri Revised Statutes. The Staff has previously reviewed corporation documents of OCWC in the context of previous cases before the Commission, and believes it is legitimately created and is operating as a nonprofit sewer utility in accordance with the state statutes, and as such is not subject to regulation by the Commission. OCWC is currently providing sewer service to several hundred customers in various locations in southwest Missouri, with its facilities operated under contract with White River Valley Environmental Services, an experienced operations firm. OCWC's current monthly rate for sewer service is \$34.90 per month, which is the monthly rate proposed to be charged to those connected to the STV system, as was stated in the notice STV sent to its customers. Approval of this transfer of assets will result in an increase of rates to the involved customers of \$11.40 per month or 43.5%.

STAFF'S FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The Staff believes, based on its knowledge of STV, OCWC and on information filed in the *Application* that OCWC will be capable of operating the sewer system and providing safe and adequate service to the involved customers. Thus, approval of this transfer of assets as requested is not detrimental to the public interest.

The Staff recommends that the Commission approve the transfer as proposed, and that STV notify the Commission of closing of the transfer of assets to TRLCS and subsequently to OCWC within five (5) business days after the activity occurs. After the transfer to OCWC is complete, the Commission may cancel the Certificate of Convenience and Necessity held by STV, and cancel the Schedule of Rates, Rules and Regulations (EFIS Tariff No. JS-2002-0087) on file for STV.

STV has filed annual reports, as shown on the Commission's EFIS records for the calendar years 2002 through 2009, and is current on annual assessment amounts from fiscal year 2006 through the first quarter of fiscal year 2011, as posted by the Commission's Administration Division on its intranet site.

TRLCS and OCWC are involved with one other case pending before the Commission, Case No. SM-2010-0241 in which it is acquiring sewer system assets of Bear Creek Water and Sewer, LLC. The Commission has issued an order approving that sale but the case is presently still open awaiting notification of the closing of the assets. Approval of this subject transfer of STV's assets will have no impact upon this or any other matter pending before the Commission.

SUMMARY

The Staff recommends the Commission issue an order that:

1. Approves STV's request to sell and to transfer its sewer utility assets to TRLCS, along with a subsequent transfer to OCWC;
2. Requires STV to notify the Commission within five (5) business days after the assets have been transferred to TRLCS and to OCWC; and,
3. After receipt of such notice, cancels the Certificate of Convenience and Necessity and tariff on file for STV.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES A. MERCIEL, JR.

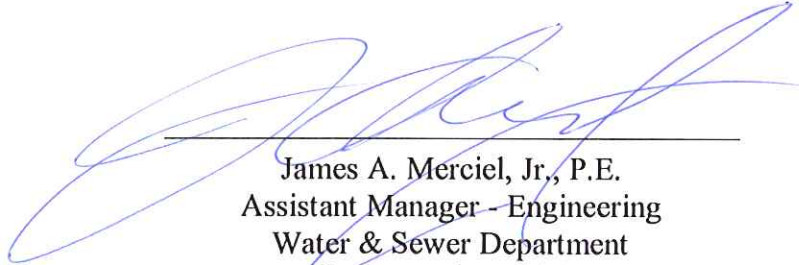
STATE OF MISSOURI)

) ss

Case No. SO-2011-0020


COUNTY OF COLE)

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Memorandum*; (3) that he has knowledge of the matters set forth in the foregoing *Memorandum*; and (4) that the matters set forth in the foregoing *Memorandum*; are true and correct to the best of his knowledge, information and belief.



James A. Merciel, Jr., P.E.
Assistant Manager - Engineering
Water & Sewer Department
Utility Operations Division

Subscribed and sworn to before me this 8th day of October 2010.


Notary Public