

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 6th day of  
December, 2007.

In the Matter of the Application of Savannah       )  
Heights Industrial Treatment, Inc. 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-2008-0094**

**ORDER APPROVING PROPOSED SALE AND TRANSFER OF SEWER  
UTILITY ASSETS**

Issue Date: December 6, 2007

Effective Date: December 16, 2007

On October 1, 2007,<sup>1</sup> Savannah Heights Industrial Treatment, Inc. ("Savannah Heights") filed a verified application with the Missouri Public Service Commission requesting authority to sell all of its sewer utility assets and facilities to Table Rock Lake Community Service, Inc. d/b/a Table Rock Lake Water Quality, Inc. ("TRLCS"). Savannah Heights further sought the Commission's approval of a subsequent planned transaction whereby TRLCS would promptly transfer those assets to Ozarks Clean Water Company ("OCWC"), which would then actually own and operate the sewer system. Savannah Heights also asked that the Commission cancel Savannah Heights' certificate of convenience and necessity and current tariff to provide sewer service once the transfer to

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<sup>1</sup> Unless otherwise specified, all dates throughout this order refer to the year 2007.

OCWC is accomplished, thereby relieving Savannah Heights of its present obligation to provide sewer service in its service area at the tariffed rates.

On October 10, the Commission issued an order directing notice, joining TRLCS and OCWC as parties, and establishing October 30 as the deadline for submission of requests to intervene. There were no requests for a hearing or to intervene, nor have any been filed since then.<sup>2</sup> On November 5, the Commission issued an order directing Staff to file its recommendation regarding Savannah Heights' application by no later than December 3. Staff complied with that order on November 30, when it filed its Recommendation for Approval of Transfer of Assets and Cancellation of Certificate of Convenience and Necessity.

According to the application, Savannah Heights and TRLCS entered into a written "Agreement for Sale of Sewer System" on August 24, which is included as Appendix B. The application also indicates that the proposed seller, Savannah Heights, is a Missouri corporation headquartered in Springfield, Missouri. Savannah Heights currently provides sewer services to approximately 112 customers in its service area, a subdivision in an unincorporated area of Taney County known as Savannah Place, which is located a few miles north of Branson. Savannah Heights has been in business as a certificated sewer utility since September 29, 1998, when, in Case No. SA-98-294, the Commission granted it a certificate of convenience and necessity to provide sewer service to the residents of

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<sup>2</sup> Since no one has requested a hearing and the requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence, the Commission may grant relief based on Savannah Heights' verified application after affording notice and an opportunity to be heard to all proper parties. See *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. W.D. 1989).

Savannah Place. It has had no delinquencies with regard to filing its annual reports and paying its annual assessments.

The proposed buyer, TRLCS, is a Missouri non-profit corporation headquartered in Kimberling City, Missouri. It is not currently subject to regulation by the Commission, and was formed in December 1998 by the Table Rock Lake/Kimberling City Area Chamber of Commerce for the purpose of protecting the water quality of Table Rock Lake.

The application also makes it clear that once Savannah Heights' sewer utility assets and facilities are sold to TRLCS, TRLCS intends to promptly transfer ownership of those assets to OCWC, which will then own and operate the sewer system currently owned and operated by Savannah Heights. OCWC was formed in March 2004 as a Missouri nonprofit sewer company under Section 393.175 and Sections 393.825 to 393.861, RSMo 2000, for the specific purpose of owning and operating individual and clustered wastewater systems.<sup>3</sup> It currently serves wastewater customers in the Table Rock Lake area under a contract with White River Valley Environmental Services, a capable and experienced operator. After reviewing OCWC's articles of incorporation and bylaws and based on its familiarity with the ongoing activities of one of its organizers, who has been "involved for a number of years with other regulated water and sewer utilities, either as an owner or contract operator, including plant operations responsibilities with Savannah," Staff has concluded that OCWC "is legitimately created and is operating as a nonprofit sewer utility under state statutes." For these reasons, Staff believes that OCWC "is capable of providing good service to the

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<sup>3</sup> The Commission does not have jurisdiction over the construction, maintenance or operation of the wastewater facilities, service, rates, financing, accounting or management of any nonprofit sewer company organized pursuant to Section 393.175 and Sections 393.825 to 393.861. *Section 393.847.2*. Instead, the General Assembly has vested that authority in the Missouri Department of Natural Resources ("DNR"). *Sections 393.847.1 & 393.175*. OCWC is recognized by DNR as a viable Continuing Authority, and is also eligible to participate in low-interest loan programs through the State Revolving Fund.

involved customers, and in fact from an operations standpoint the transition should be very smooth considering that there will not be a major change in plant operations personnel.”

The verified Official Case File Memorandum prepared by Staff and accompanying its recommendation further indicates that, based on its discussions with personnel from DNR’s Southwest Regional Office in Springfield, neither Savannah Heights nor OCWC are experiencing any significant capacity or water quality compliance issues.

Based on all these considerations, Staff has concluded that Savannah Heights’ proposed sale of its sewer system facilities and assets to TRLCS, as well as the subsequent transfer of those assets from TRLCS to OCWC, meets the requirements of section 393.190.1, RSMo 2000 and the accompanying Commission Rules,<sup>4</sup> and will “not [be] detrimental to the public interest.”<sup>5</sup> Therefore, Staff recommends that the transactions be approved.

After considering the verified application of Savannah Heights along with the recommendation of Staff and accompanying verified memorandum, which are hereby admitted into evidence, the Commission concludes that the application shall be granted. The Commission will also, by further order upon motion by Savannah Heights to be filed within three business days after the asset sale and transfer are completed, cancel the certificate of service authority currently held by Savannah Heights with respect to its sewer system, along with the tariff on file pertaining to that system.

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<sup>4</sup> See, e.g., 4 CSR 240-2.060 and 4 CSR 240-3.305.

<sup>5</sup> *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980).

**IT IS ORDERED THAT:**

1. Savannah Heights Industrial Treatment, Inc. is hereby authorized to sell all of its sewer system facilities and assets to Table Rock Lake Community Service, Inc. d/b/a Table Rock Lake Water Quality, Inc. subject to and in accordance with the terms and conditions contained in the Agreement for Sale of Sewer System they mutually executed on August 24, 2007.

2. Once the sale of Savannah Heights Industrial Treatment, Inc.'s sewer system facilities and assets to Table Rock Lake Community Service, Inc. d/b/a Table Rock Lake Water Quality, Inc. is complete, Table Rock is authorized to transfer them to Ozarks Clean Water Company.

3. Before the sale and transfer are completed, Savannah Heights Industrial Treatment, Inc. shall issue appropriate written notice to all customers in its service area informing them of the impending changes in ownership and operation. Savannah Heights shall also provide a copy of this notice to the Commission.

4. Once the sale and transfer are complete, Savannah Heights Industrial Treatment, Inc. shall, within three business days, file a notice in this case informing the Commission of the completion of the transactions. At that time, Savannah Heights Industrial Treatment, Inc. shall also file a motion seeking a Commission order canceling the certificate of convenience and necessity currently held by Savannah Heights and canceling the associated sewer tariff currently on file, which is Tariff No. JS-2002-0071. Savannah Heights Industrial Treatment, Inc. is not authorized to cease providing sewer services to customers in its service area until the Commission issues such an order.

5. This order shall become effective on December 16, 2007.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Clayton, Appling,  
and Jarrett, CC., concur

Lane, Regulatory Law Judge