

ORDER NO. 87638

IN THE MATTER OF THE INVESTIGATION
BY THE COMMISSION OF THE INTENDED
ABANDONMENT BY CECO UTILITIES, INC.
OF ITS FRANCHISE AND SERVICE TO THE
MANCHESTER PARK SUBDIVISION IN
CECIL COUNTY, MARYLAND

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9310

Issue Date: June 29, 2016

On September 15, 2015 CECO Utilities, Inc. (“CECO”) filed a Notice of Request for Authorization and Notice of Intent to Abandon its franchise providing sewer service for the Manchester Park subdivision.¹ CECO claimed it had been operating at a “substantial loss for a period of time ... and faces insolvency.”² Thereafter, the Maryland Public Service Commission (“the Commission”) has issued several Orders directing CECO to continue operating the sewer system pending further developments in this matter.³ On January 13, 2016 the Commission also ordered CECO to produce to the Commission’s technical staff (“Staff”) copies of its financial books and records for review.

On June 10, 2016 Staff filed public and confidential versions of its Financial Review of the Financial Records of CECO Utilities, Inc. Staff’s recommendations indicate there may have been significant financial irregularities and mismanagement.

¹ ML 174561

² *Id.*, p. 1.

³ *See*: Order No. 87191; Order No. 87244; Order No. 87363; Order No. 87475.

Staff's confidential Financial Review has been shared with the other parties in this matter provided they entered into a confidentiality agreement.

The Commission has reviewed Staff's confidential Financial Review and finds it raises serious concerns about CECO's desire and ability to operate the Manchester Park sewer facility. Staff's recommendations at the conclusion of its Financial Review include a number of troubling questions, and the Commission takes those recommendations under advisement for possible further actions. However, the Commission's first concern is the health and safety of the approximately 136 residential customers and 1 commercial customer of the Manchester Park sewer system. Consequently, before deciding whether to initiate a potentially prolonged Show Cause proceeding, the Commission directs Staff to convene a meeting with the owners of CECO, representatives of Cecil County, the Maryland Department of the Environment, and the Maryland Environmental Service to explore the cost and possible sources of funding for the Maryland Environmental Service taking over the day to day operation of the Manchester Park sewer system, or any other consensus agreement to address the concerns raised in this matter. To provide adequate time for that to happen, the Commission finds that public convenience and necessity does not allow the abandonment of CECO's franchise as of June 30, 2016.

IT IS THEREFORE, this 29th day of June, in the year Two Thousand and Sixteen, by the Public Service Commission of Maryland,

ORDERED: (1) that the Commission Staff shall convene a meeting of Staff, the owners of CECO, representatives of Cecil County, the Maryland Department of the Environment, and the Maryland Environmental Services to explore the cost and possible source of funding for Maryland Environmental Service taking over the day to day

operation of the Manchester Park sewer service, or any other consensus agreement to address the concerns raised in this matter, and file a report of the discussions with the Commission by September 15, 2016; and

(2) that CECO shall continue to operate its franchise for the Manchester Park sewer service facility until at least September 30, 2016.

By Direction of the Commission,

/s/ David J. Collins

David J. Collins
Executive Secretary