

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of October, 1996.

In the Matter of the Application of)
Missouri-American Water Company for)
Permission, Approval, and a Certificate)
of Convenience and Necessity Authorizing)
it to Construct, Install, Own, Operate,) Case No. WA-96-353
Control, Manage, and Maintain a Water)
Supply Line to Provide Water to its)
Certificated Area in St. Charles County,)
Missouri.)

ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY

On April 23, 1996, Missouri-American Water Company (MAWC) filed an Application for permission and authority to construct and maintain a water supply line to provide water to its certificated area in the St. Charles County area. Within this Application, MAWC is requesting permission from the Commission for authority to construct a water supply line from the water production facilities owned by the City of St. Louis and located in Chesterfield to MAWC's certificated distribution area located in St. Charles. MAWC has noted in its Application that it will require permission to cross the Missouri River from the United States Army Corps of Engineers and MAWC is also in the process of obtaining a construction permit from the Missouri Department of Natural Resources. Missouri-American has further stated that it currently purchases water from the St. Charles County Water System and its contract with the facility is 16.8 million gallons per day. Applicant is currently adding 700 to 1,000 customers per year in the St. Charles area, and this demand for service is projected to continue. For these reasons, MAWC asserts that the public

convenience and necessity will be promoted by the granting of the authority requested herein.

On May 9, 1996, MAWC filed the proper permit from the Missouri Department of Natural Resources. The official case file as yet contains no indication that the proper permit has been obtained from the U.S. Army Corps of Engineers allowing the proposed construction to cross the Missouri River.

In regard to the Corps of Engineers permit, the Staff stated in its recommendation that delay in beginning this project will probably result in loss of the services of the current low bidder on the project, and result in additional capital expenditure of approximately \$285,000. For this reason the Commission will allow MAWC to begin the proposed project without the requisite Corps of Engineers permit, but restrict MAWC to construction in those areas not regulated by the Corps of Engineers until the proper permit is obtained and filed in this docket.

On September 16, 1996, the Staff of the Commission filed its recommendation in this matter. Proper notice was issued providing for responses to that recommendation, but no responses were forthcoming. The Commission, therefore, considers the lack of response to be assent to the Staff's recommendation.

In that recommendation Staff stated that the purpose of the proposed pipeline is to transport water for consumption from a water treatment plant owned by the City of St. Louis to the MAWC system. The Staff explains that MAWC has an immediate need for increased supply as a result of customer growth. MAWC is currently operating its St. Charles County treatment facility at maximum capacity.

The Staff states that MAWC considered nine alternative methods of increasing its treated water supply, taking into consideration various

factors, including construction costs, levels of capacity, and the cost of purchasing water supply. The selected alternative is one of two which were the most economically efficient. The other also involves construction of a transportation pipeline to allow purchase of water from the city plant. The Staff states that the alternative route is not as hydraulically efficient as the one selected.

After review, the Staff states that the certificate is in the nature of a "line certificate," specifying a straight line route. The Staff recommends the certificate allow MAWC to vary from that route by as much as 1200 feet to each side of the line to allow for variations in the route, depending on available easements and, presumably, other engineering factors not known as this time. The Staff recommends that MAWC be ordered to file a map depicting the exact route of the pipeline when that route is known.

Neither MAWC nor the Office of the Public Counsel filed any objection to the Staff's recommendation or the Company's proposal.

The Commission has reviewed the filed material and the Staff recommendation and finds the proposal to be reasonable and not detrimental to the public interest. Therefore, the Commission will approve the request and grant the certificate of convenience and necessity with the requirements as set out in the ordered section below.

IT IS THEREFORE ORDERED:

1. That Missouri-American Water Company is hereby granted a certificate of convenience and necessity to construct, operate and maintain a water transportation pipeline as set out and described in the application and attachments in this case, for the transportation of treated water from the City of St. Louis water treatment plant to the Missouri-American distribution system, and to acquire the necessary easements to do so.

2. That the above certificate will be a "line certificate," authorizing construction within a 2400 foot corridor, as depicted in Exhibit No. 2 to the application.

3. That Missouri-American Water Company will file a metes and bounds description and graphic depiction of the exact location of the proposed pipeline when that information becomes available, but in any event no later than the completion of construction of the proposed pipeline.

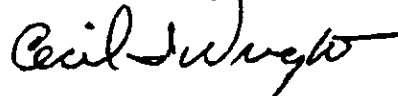
4. That Missouri-American Water Company will file a revised service area tariff, to include the above-stated metes and bounds description and graphic depiction as part of that service area.

5. That MAWC will obtain and file a copy of the proper United States Army Corps of Engineers permit prior to construction or operation in a Corps-regulated area.

6. That the Commission makes no finding in this order regarding the prudence of the approved pipeline construction expenditures or operation expenditures and reserves all ratemaking treatment of the construction or operation of the above-approved project for an appropriate subsequent general ratemaking proceeding.

7. That this order shall become effective on October 25, 1996.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

ALJ: Derque