

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

In the Matter of the Joint Application of)
Missouri-American Water Company and EMC of)
St. Charles County, LLC for MAWC to Acquire) **File No. SM-2017-0069**
Certain Sewer Assets of EMC and, in Connection)
Therewith, Certain Other Related Transactions.)

**ORDER DIRECTING NOTICE, SETTING DEADLINE FOR
INTERVENTION AND DIRECTING STAFF TO FILE A
RECOMMENDATION**

Issue Date: September 13, 2016

Effective Date: September 13, 2016

On September 8, 2016, Missouri-American Water Company (“Missouri-American”) and EMC of St. Charles County, LLC (“EMC”)(jointly, “Applicants”) filed a *Joint Application and, If Necessary, Motion for Waiver* seeking authorization for Missouri-American to acquire a substantial portion of EMC’s sewer assets, including EMC’s Certificate of Convenience and Necessity. In the alternative, Missouri-American requests a new certificate be granted authorizing it to provide service in the area currently served by EMC.

The Commission will direct notice of the Joint Application be given to the St. Charles County Commission, local newspapers, members of the General Assembly representing residents of St. Charles County, and the General Counsel for the Missouri Department of Natural Resources. The Commission will also set a deadline for interested parties to intervene. Finally, the Commission will direct its Staff to file a recommendation on the Joint Application.

THE COMMISSION ORDERS THAT:

1. The Commission's Data Center shall provide a copy of this order and the Joint Application (excluding all attachments) to the County Commission of St. Charles County, Missouri, and the General Counsel for the Missouri Department of Natural Resources.
2. The Commission's Public Information Officer shall make notice of this order available to the members of the General Assembly representing St. Charles County, Missouri, and to the media serving the area.
3. The Commission's Staff shall file a recommendation on the Joint Application no later than November 8, 2016.
4. Any person wishing to intervene in this matter shall file an application to intervene no later than October 7, 2016. The application shall be filed in the Commission's Electronic Filing and Information System ("EFIS").
5. This order shall be effective when issued.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Kim Burton, Senior Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 13th day of September, 2016.

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
EMC of St. Charles County, LLC for) File No. _____
MAWC to Acquire Certain Sewer Assets)
of EMC and, in Connection Therewith,)
Certain Other Related Transactions.)

**JOINT APPLICATION AND,
IF NECESSARY, MOTION FOR WAIVER**

COME NOW Missouri-American Water Company (“MAWC”) and EMC of St. Charles County, LLC (“EMC”) and, pursuant to Section 393.190, RSMo 2000, and 4 CSR 240-3.310, state the following to the Missouri Public Service Commission (“Commission”) as their Joint Application and, if necessary, Motion for Waiver:

BACKGROUND INFORMATION

1. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC’s certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Greene, Taney, Christian, and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 457,300 customers. MAWC provides sewer service to approximately 4,760 customers in Benton, Callaway, Jefferson, Pettis, Cole, Morgan, Platte, Taney, Stone, Christian, and Warren Counties, Missouri. MAWC is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in

Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application other than cases pending before this Commission – Cases Nos. WF-2015-0207, WO-2017-0012 and WO-2015-0211 (the appeal of which is pending before the Missouri Supreme Court).

2. EMC of St. Charles County is a Missouri limited liability company. Its mailing address is 330 Fellowship Road, Suite 300, Mt. Laurel, New Jersey, 08054. A certified copy of EMC's certificate of good standing is attached hereto as **Appendix A**. EMC is the holder of a Certificate of Convenience and Necessity from the Commission to operate a sewer utility in St. Charles County, Missouri (Case No. SA-2007-0373). EMC currently provides sewer service to approximately 74 customers in St. Charles County. EMC is a "sewer corporation" and a "public utility," as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. EMC has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against EMC from any state or federal agency or court which involves customer service or rates, which action, judgment decision has occurred within three years of the date of this Application.

3. Communications in regard to this Joint Application should be addressed to the undersigned counsel and:

Missouri-American Water Company

727 Craig Road
St. Louis, Missouri 63141
Attention: Jennifer Smith
(314) 996 2339
Email - Jennifer.Smith@amwater.com

EMC of St. Charles County LLC

1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attention: Matthew T. Stanger, Corporate Counsel
(856) 359 2739
Email - Matthew.Stanger@amwater.com

THE TRANSACTION

4. MAWC and EMC have entered into an Asset Purchase Agreement dated August 31, 2016 (“Agreement”), a copy of which is attached as **Appendix B-HC** and incorporated herein by reference. Pursuant to the Agreement, MAWC proposes to purchase substantially all of the sewer assets of EMC as specifically described in the Agreement under the terms and provisions further described in the Agreement, including EMC’s certificate of convenience and necessity.

5. Because EMC is a sewer corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo, which states, in pertinent part, that “no . . . sewer corporation . . . shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

ADDITIONAL INFORMATION

6. MAWC's verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix C** and incorporated herein by reference. EMC's verification of authority authorizing the sale of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix D** and incorporated herein by reference.

7. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for MAWC is attached as **Appendix E-HC** and incorporated herein by reference. Appendix E-HC has been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as it contains market specific information and information representing strategies employed in contract negotiations.

8. The sale of assets should have no impact on the tax revenues of relevant political subdivisions as both MAWC and EMC are private entities and their status as taxpaying entities will not change as a result of this transaction.

PUBLIC INTEREST

9. For the following reasons, the proposed acquisition of the specified assets of EMC and the related transactions are not detrimental to the public interest of the State of Missouri and in fact will be consistent with and will promote the public interest.

A. The assets of EMC would be acquired by MAWC and remain subject to the jurisdiction of the Commission.

B. MAWC is fully qualified, in all respects, to own and operate the system currently being operated by EMC and to otherwise provide safe, reliable

and affordable service.

C. MAWC currently provides water service to the sewer customers in this development.

RATEMAKING TREATMENT

10. MAWC proposes to utilize the EMC rates, rules and regulations and other tariffs currently on file with and approved by the Commission as EMC's P.S.C. Mo. No. 2 sewer tariff until MAWC's next rate case, at which time it should be consolidated with Small Sewer Systems District for ratemaking purposes.

CONTINGENT REQUEST FOR WAIVER

11. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2) because previous applications addressing the same issues presented in this filing have generally not become contested proceedings. However, in the event that the Commission nevertheless concludes that the filing of this Joint Application is likely to be a contested case, Applicants request a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

12. The reason for this request relates to the nature of an asset purchase negotiation such as that which resulted in the execution of the subject Agreement and the filing of this Joint Application. Due to the nature of this particular transaction, this Joint Application has been filed as soon as possible. It would serve no purpose to wait sixty days before filing the application for Commission approval. Accordingly, to the extent that the Commission may find it to be applicable, the parties request a waiver from the provisions of Commission Rule 4 CSR 240-

4.020(2) to allow for the filing of this Joint Application.

WHEREFORE, MAWC and EMC respectfully request that the Commission issue its order:

(A) authorizing EMC to sell and MAWC to acquire the assets of EMC identified herein, to include the certificate held by EMC or, in the alternative, granting MAWC a new certificate to provide water service in the areas now served by EMC;

(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

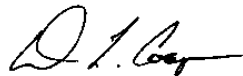
(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement;

Respectfully submitted,

Tim Luft

Timothy W. Luft, Mo Bar 40506
MISSOURI-AMERICAN WATER COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279
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**ATTORNEY FOR MISSOURI-AMERICAN
WATER COMPANY**



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ATTORNEYS FOR EMC OF ST. CHARLES
COUNTY, LLC

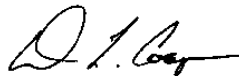
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on September 8, 2016 to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsel@psc.mo.gov

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opc@ded.mo.gov

EMC of St. Charles County LLC
1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attention: Matthew T. Stanger, Corporate Counsel
Matthew.Stanger@amwater.com



APPENDICES

Appendix A	Certificate of Good Standing of EMC
Appendix B-HC	Asset Purchase Agreement between MAWC and EMC
Appendix C	MAWC Verification of Authority Appendix
D	EMC Verification of Authority
Appendix E-HC	Pro Forma Balance Sheet and Income Statement for MAWC

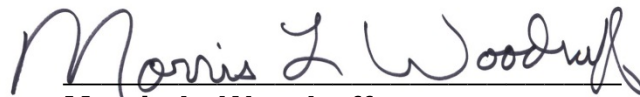
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 13th day of September 2016.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 13, 2016

File/Case No. SM-2017-0069

Missouri Public Service Commission
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staffcounsel@psc.mo.gov

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Missouri-American Water Company
Timothy W Luft
727 Craig Road
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Timothy.Luft@amwater.com

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.