

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water)
Company's Application for a Certificate of)
Convenience and Necessity Authorizing it)
to Install, Own, Acquire, Construct,)
Operate, Control, Manage and Maintain a)
Sewer System in and around the City of)
Hallsville, Missouri)

File No. SA-2021-0017

ORDER DIRECTING NOTICE AND SETTING DEADLINES FOR INTERVENTION APPLICATIONS AND STAFF'S RECOMMENDATION

Issue Date: July 23, 2020

Effective Date: July 23, 2020

On July 20, 2020, Missouri-American Water Company (MAWC) filed its application requesting a certificate of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a sewer system in and around Hallsville, Missouri. MAWC requests Commission approval to acquire the City of Hallsville sewer system. Finally, MAWC requests a waiver of the Commission's 60-day notice requirement under 20 CSR 4240-4.017.

The Commission will direct notice be given and set a deadline for intervention applications. The Commission will also direct Staff to file a recommendation with regard to MAWC's application.

THE COMMISSION ORDERS THAT:

1. The Commission's data center shall provide notice of this order and MAWC's application to the Missouri Department of Natural Resources and the county commission for Boone County, Missouri.

2. The Commission's Public Policy and Outreach Department shall provide notice of MAWC's application to members of the General Assembly representing residents of Boone County, Missouri.

3. The Commission's Public Policy and Outreach Department shall provide notice of MAWC's application to news media serving residents of Hallsville and Boone County, Missouri.

4. Applications for intervention shall be filed no later than August 24, 2020. Any such filing shall be submitted through the Commission's electronic filing information system or delivered to:

Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

5. No later than September 4, 2020, the Commission's Staff shall file either a recommendation regarding MAWC's application or a status report advising when it expects to file a recommendation.

6. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in dark ink, reading "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Jana C. Jacobs, Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo (2016).

Dated at Jefferson City, Missouri,
on this 23rd day of July, 2020.

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

In the Matter of Missouri-American)
Water Company for a Certificate of)
Convenience and Necessity Authorizing)
it to Install, Own, Acquire, Construct,) File No. _____
Operate, Control, Manage and Maintain)
a Sewer System in and around the City)
of Hallsville, Missouri.)

**APPLICATION AND
MOTION FOR WAIVER**

COMES NOW Missouri-American Water Company (“MAWC”) pursuant to Sections 393.140, and 393.170 RSMo, and 20 CSR 4240-2.060, 20 CSR 4240-3.305, and 20 CSR 4240-4.017(1)(D), and for its Application and Motion for Waiver, states as follows to the Missouri Public Service Commission:

BACKGROUND INFORMATION

1. This Application is being filed by MAWC to obtain a certificate of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a sewer system in and around the City of Hallsville, Missouri.

2. MAWC is a Missouri corporation, active and in good standing with the Missouri Secretary of State, with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. Pursuant to Commission regulation 20 CSR 4240-2.060(1)(G), MAWC incorporates by reference the certified copies of its articles of incorporation and its certificate of good standing previously filed in File No. WO-2020-0190.

3. 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 Cole, St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Greene,

Taney, Christian, Clay, Ray, and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 470,000 customers. MAWC provides sewer service to approximately 15,000 customers in Callaway, Jefferson, Pettis, Cole, Morgan, Platte, Taney, Stone, Christian, St. Louis, Clinton, Clay, Ray, 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 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, judgement or decision has occurred within three years of the date of this Application.

4. Communications respecting this Application should be addressed to the undersigned counsel and:

Missouri-American Water Company:

Ms. Nikki Pacific

Manager Business Development – Proposal and Integration

Missouri-American Water Company

727 Craig Road

Creve Coeur, Missouri 63021

Direct Dial 314-996-2215

Nikki.pacific@amwater.com

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

5. MAWC proposes to purchase substantially all of the sewer assets of the currently unregulated system of the City of Hallsville, Missouri, and requests permission, approval and a CCN to own, acquire, construct, operate, control, manage and maintain the sewer system for the public in an area in and around the City of Hallsville, Missouri.

6. To provide service to the proposed area, MAWC will purchase the sewer system from the City of Hallsville, Missouri (Hallsville). Hallsville is a Fourth-Class City located in Boone County. Hallsville serves about 664 sewer accounts.

7. The Hallsville wastewater system is unique in that it utilizes a land application process to dispose of its wastewater. Large irrigation systems distribute untreated wastewater onto farmland. This process has resulted in some compliance issues with the Missouri Department of Natural Resources. When irrigation is not possible, wastewater is held and accumulates in three holding cells or lagoons. The collection system has just over 13 miles of pipe and 256 manholes. If the Application is granted, MAWC anticipates adding some form of treatment to the system.

8. On August 26, 2019, the Hallsville Board of Aldermen passed Ordinance No. 370, *An Ordinance Calling For An Election In The City Of Hallsville, Missouri To Be Held On November 5, 2019 For the Purpose Of Submitting To The Qualified Voters Of The City A Proposition To Sell Certain Assets Associated With The City's Wastewater System To Missouri American Water* ("Ordinance"). A copy of the *Ordinance* is attached hereto as **Appendix A**. Section 1 of the *Ordinance* provided notice of an election to be held on November 5, 2019, to vote on Proposition 1, whether the wastewater utility owned by the City of Hallsville should be sold. Section 2 provided:

If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, then the City may negotiate a contract with Missouri American Water for a price of not less than \$2,000,000.00 (Two Million Dollars) cash and a capital commitment of \$3,300,000.00 (Three Million Three Hundred Thousand Dollars) over 5 (five) years, including terms that provide for future service, maintenance, capital improvements and other terms and conditions.

9. There were public meetings held in Hallsville on October 10, 2019, and October 29, 2019, to discuss the proposed sale. MAWC representatives attended these public meetings and were available to answer any questions.

10. The election was held on November 5, 2019, and a majority of votes cast were in favor of Proposition 1.

11. On July 14, 2020, MAWC entered into a *Purchase Agreement* with Hallsville. A copy of the *Purchase Agreement* is attached as **Appendix B**.

12. MAWC proposes to purchase all the sewer utility assets of Hallsville, as specifically described in, and under the terms and provisions of the *Asset Purchase Agreement*. A description of the area sought to be certificated is “The City of Hallsville, and the surrounding area. A map of the area sought to be certificate is attached to this Application as **Appendix C**.

13. Attached hereto and marked as **Appendix D-C** is a list of ten residents or landowners within the proposed service area. **Appendix D-C** has been identified as Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(1), as it contains customer-specific information.

ADDITIONAL INFORMATION

14. Attached hereto and marked as **Appendix E-C** is a feasibility study for the sewer system for which MAWC seeks a CCN, containing plans and specifications for the utility system and estimated cost of the construction of the utility system during the first three (3) years of ownership; proposed rates and charges; and estimates of the number of customers and estimated expenses and revenues during the first three years of operation by MAWC. No external financing is anticipated. **Appendix E-C** has been identified as “Confidential” in accordance

with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6) as it contains market specific information and information representing strategies employed in contract negotiations.

15. MAWC will receive a franchise from Hallsville as called for by the *Asset Purchase Agreement*.

TARIFFS/RATES

16. MAWC proposes to provide service pursuant to the rates currently charged by Hallsville and to utilize the rules governing rendering of sewer service currently found in MAWC's sewer tariff P.S.C. MO No. 26, until such time as the rates and rules are modified according to law.

17. The current sewer rates for Hallsville are as follows:

\$19.35 for the first 1,000 gallons;
\$5.00 for every 1,000 gallons above the initial 1,000.

PUBLIC INTEREST

18. The grant of the requested CCN (and approval of the underlying transaction) is in the public interest and will result in the provision of regulated sewer service to the current and future residents of the service area. The sewer assets of Hallsville would be acquired by MAWC, a Missouri public utility, and be subject to the jurisdiction of the Commission. MAWC has considerable expertise and experience in providing sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own and operate the sewer system currently being operated in and around the City of Hallsville.

MOTION FOR WAIVER

19. Commission Rule 20 CSR 4240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this

Application. As such, and to the extent required, MAWC seeks a waiver of the 60-day notice requirement.

20. Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, MAWC declares (as verified below) that it has had no communication with the Office of the Commission (as defined by Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, MAWC moves for a waiver of the 60-day notice requirement of Rule 20 CSR 4240-4.017(1) and acceptance of this Application at this time.

WHEREFORE, MAWC requests the Commission issue an order:

1. Granting MAWC permission, approval and a Certificate of Convenience and Necessity authorizing MAWC to install, acquire, build, construct, own, operate, control, manage and maintain a sewer system for the public within the area referred to above;
2. Granting MAWC permission to acquire the sewer assets identified herein of the City of Hallsville, Missouri; and,
3. Authorizing MAWC to take such actions as may be deemed necessary and appropriate to accomplish the purposes of the *Asset Purchase Agreement* and the Application

and to consummate related transactions in accordance with the *Asset Purchase Agreement*.

Respectfully submitted,



Dean L. Cooper Mo. Bar #36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
dcooper@brydonlaw.com

Timothy W. Luft, Mo. Bar #40506
Corporate Counsel
MISSOURI-AMERICAN WATER COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279 telephone
(314) 997-2451 facsimile
timothy.luft@amwater.com

ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 20th day of July, 2020, to:

General Counsel's Office
staffcounsel@psc.mo.gov

Office of the Public Counsel
opcservice@opc.mo.gov



VERIFICATION

State of Missouri)
)
County of St. Louis) ss

I, Timothy W. Luft, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am Vice-President - Legal of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that I have knowledge of the matters stated herein, and that said matters are true and correct to the best of my knowledge and belief. Additionally, no representative of MAWC has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the immediately preceding 150 days regarding the subject matter of this Application.



List of Exhibits

Appendix A	City of Hallsville, Ordinance No. 370
Appendix B	Purchase Agreement dated July 14, 2020
Appendix C	Map
Appendix D-C	List of Ten Residents
Appendix E-C	Feasibility Study

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 23rd day of July 2020.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

July 23, 2020

File/Case No. SA-2021-0017

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opc@opc.mo.gov

County of Boone, Missouri

County Commission Clerk
801 E. Walnut, Rm. 236
Boone County Government Center
Columbia, MO 65201
clerk@boonecountymo.org

**Missouri Department of Natural
Resources**

Legal Department
1101 Riverside Drive, 2nd Floor
P.O. Box 176
Jefferson City, MO 65102-0176

**Missouri-American Water
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**Missouri-American Water
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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.