

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 10th day of
September, 2025.

In the Matter of Missouri-American Water)
Company for a Certificate of Convenience)
and Necessity Authorizing it to Install, Own,)
Acquire, Construct, Operate, Control,)
Manage and Maintain a Water System in)
and around Johnson County, Missouri)
(Portion of Johnson County PWSD No. 3))

Case No. WA-2025-0298

**ORDER AUTHORIZING PURCHASE AND GRANTING CERTIFICATE OF
CONVENIENCE AND NECESSITY**

Issue Date: September 10, 2025

Effective Date: October 10, 2025

This Order grants the request of Missouri-American Water Company (MAWC) to acquire and operate water assets from a small water utility pursuant to Section 393.320, RSMo.

Background

On April 25, 2025, MAWC filed an application with the Missouri Public Service Commission requesting that the Commission grant it a Certificate of Convenience and Necessity (CCN) to acquire, own, install, construct, operate, control, manage and maintain a portion of a water system in and around Johnson County, Missouri currently owned and operated by Johnson County Public Water Supply District No. 3 (JPWSD).

MAWC also requests a variance of the 60-day notice requirement contained in Commission Rule 20 CSR 4240-4.017(1).

The Commission issued notice and set a deadline for intervention requests, but received none. The Commission also directed its Staff (Staff) to file a recommendation

about MAWC's application. On August 4, 2025, Staff recommended the Commission approve MAWC's request for a CCN, with conditions described in the memorandum accompanying Staff's recommendation. MAWC does not oppose Staff's conditions.

MAWC is a "water corporation," a "sewer corporation," and "public utility" as those terms are defined in Section 386.020, RSMo, and is subject to the jurisdiction of the Commission.

MAWC currently provides water service to approximately 485,000 customers in Missouri. MAWC is current on its water and sewer PSC assessment payments, is current on its annual reports, and is in good standing with the Secretary of State's office. MAWC is a large water utility pursuant to Section 393.320.1(1), RSMo.

JPWSD has a service area population of approximately 4,700 persons and currently serves approximately 2,100 water accounts in Johnson County, Missouri. JPWSD is a small water utility pursuant to Section 393.320.1(2), RSMo.

The Water Systems

JPWSD's system does not have sufficient capacity for fire protection for the subject portion of its service area, which consists of approximately 120 water accounts. MAWC has the ability to provide the required fire flows for fire protection in this area, as well as for potential growth and development of this area near the intersection of Highway 50 and the Highway 13 Warrensburg bypass. The requested water CCN would allow MAWC to provide water service by purchasing two sections of JPWSD's existing water systems. MAWC would purchase JPWSD sections identified as a northern region and a southern region. The northern region is comprised of approximately 10,000 feet of mostly 3-inch main located to the southwest of Highway 13 and Highway 50 interchange. The southern

region is comprised of approximately 43,000 feet of 2-inch to 8-inch main located to the west of Highway 13, south of Highway DD and east of State Route 13.

MAWC has agreed to purchase the above water assets for \$600,000. MAWC has elected to acquire these assets pursuant to Section 393.320, RSMo. That statute allows a large water utility to acquire assets from a small water utility and establish a rate base for those assets. Section 393.320.5(1), RSMo, provides that the lesser of the purchase price or the appraised value, together with the reasonable and prudent transaction, closing, and transition costs incurred by the large water utility shall constitute the ratemaking rate base for the small water utility assets. Under the statute appraisers determine the fair market value of the small water utility assets in accordance with Missouri law and the Uniform Standards of Professional Appraisal Practice. The appraisal value is used in lieu of the net book value usually used by the Commission in establishing rate base. MAWC and JPWSD each selected an appraiser and those appraisers selected an additional 3rd party appraiser. The estimated appraisal value of the water assets at issue is \$600,000, and MAWC has agreed to purchase JPWSD's water assets at issue for \$600,000. Staff found the purchase price reasonable, and no party has otherwise objected to the purchase. Therefore, \$600,000, together with the reasonable and prudent transaction, closing, and transition costs, constitute the ratemaking rate base.¹

Section 393.170(2), RSMo, requires MAWC to have a CCN prior to providing water service in JPWSD's service area.

¹ Staff provides a confidential net rate base amount on page 7, of its memorandum attached to its recommendation.

Rates

MAWC proposes to provide water service pursuant to its existing rates currently applicable to all Missouri service areas outside of St. Louis County and to utilize the rules governing the rendering of water service currently found in MAWC's water tariff P.S.C. MO No. 13 until its next rate change. For comparison, a JPWSD customer using 5,000 gallons would have a monthly bill from MAWC for \$67.01. This is an increase of \$6.33 over what customers are currently paying JPWSD.

Decision

More than ten days have passed since Staff filed its recommendation and no party has objected to MAWC's application or Staff's recommendation.² No party has requested an evidentiary hearing.³ Therefore, the Commission will rule upon MAWC's unopposed application.

The Commission may grant a water corporation a CCN to operate after determining that the construction and operation are either "necessary or convenient for the public service."⁴ The Commission articulated criteria to be used when evaluating applications for utility certificates of convenience and necessity in the case *In Re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases, and set forth the following criteria:

- 1) There must be a need for the service;
- 2) The applicant must be qualified to provide the service;

² Commission rule 20 CSR 4240-2.080(13) provides that parties shall be allowed ten days from the date of filing in which to respond to any pleading unless otherwise ordered by the Commission.

³ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

⁴ Section 393.170.3, RSMo.

- 3) The applicant must have the financial ability to provide the service;
- 4) The applicant's proposal must be economically feasible; and
- 5) The service must promote the public interest.

These criteria are also known as the Tartan Factors.⁵

There is a current and future need for water service. The existing customer base for the water system being acquired have both a desire and need for service. There is a need for steps to be taken to update this particular portion of the JPWSD's water system in order to ensure the provision of safe service via an increase to fire flow for the requisite fire protection. This need is mainly driven by population growth in the region.

MAWC has demonstrated that it is qualified to provide the service. MAWC is currently providing water service to approximately 485,000 customers several service areas throughout Missouri. Through its continuing operation of utility systems throughout Missouri, MAWC has demonstrated its qualifications to operate the District system.

MAWC has the financial ability to provide the service, and no external financing approval is being requested. MAWC is a wholly owned subsidiary of American Water Works Company Inc. (AWWC), whose five-year plan involves significant capital spending on utility investments.

MAWC's proposal to acquire and operate these systems is economically feasible. MAWC submitted a feasibility study with its application. As stated above, MAWC anticipates no need for external financing to complete the acquisition, and can draw upon the significant resources of AWWC in the event of a shortfall.

⁵ *In re Tartan Energy Co.*, 3 Mo.P.S.C. 173, 177 (1994).

MAWC's acquisition promotes the public interest. The public interest is a matter of policy to be determined by the Commission,⁶ and it is within the discretion of the Commission to determine when the evidence indicates the public interest would be served.⁷ JPWSD's water systems require repairs and upgrades to continue to provide safe and reliable water service and to increase the system's capacity as necessary for fire protection. The Commission finds that granting a CCN to MAWC promotes the public interest.

MAWC's application also asks the Commission to waive the 60-day notice requirement in 20 CSR 4240-4.017(1). MAWC has filed a verified declaration that it has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue likely to be in this case. The Commission finds good cause exists to waive the notice requirement, and a waiver of 20 CSR 4240-4.017(1) will be granted.

Based on the application and Staff's recommendation, the Commission finds that MAWC has complied with the requirements of Section 393.320 RSMo., and concludes that the factors for granting a CCN to MAWC have been satisfied and that, with the conditions recommended by Staff, it is in the public interest for MAWC to provide water services to JPWSD's customers. Therefore, the Commission will grant MAWC's requested CCN, and also order the conditions described in Staff's recommendation and memorandum.

⁶ *State ex rel. Public Water Supply District No. 8 of Jefferson County v. Public Service Commission*, 600 S.W.2d 147, 154 (Mo. App. 1980).

⁷ *State ex rel. Intercon Gas, Inc. v. Public Service Com'n of Missouri*, 848 S.W.2d 593, 597-598 (Mo. App. 1993).

THE COMMISSION ORDERS THAT:

1. MAWC is granted a waiver of the 60-day notice requirement contained in Commission Rule 20 CSR 4240-4.017(1).
2. MAWC is authorized to purchase, and is granted a CCN to own, install, construct, operate, control, manage, and maintain the water assets of JPWSD that are the subject of this application.
3. MAWC shall adopt the rates applicable to *All Missouri Service Areas Outside of St. Louis County* and to utilize the rules governing the rendering of water service currently found in MAWC's water tariff P.S.C. MO No. 13.
4. MAWC shall submit tariff sheets, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges to be included in its EFIS tariffs P.S.C. MO No. 13, applicable to water service, respectively.
5. MAWC shall notify the Commission of closing on the assets within five days after such closing.
6. If closing on the water assets does not take place within 30 days following the effective date of the Commission's order approving such, MAWC shall submit a status report within five days after this 30-day period regarding the status of the closing, and additional status reports within five days after each additional 30-day period, until closing takes place, or until MAWC determines that the transfer of the assets will not occur.
7. If MAWC determines that a transfer of the assets will not occur, MAWC shall notify the Commission of such, no later than the date of the next status report, as addressed above, after such determination is made, and MAWC shall submit tariff sheets

as appropriate that would cancel service area maps and descriptions applicable to the Purcell service area in its water tariffs, and rate and charges sheets applicable to customers in that service area for water tariffs.

8. MAWC shall keep its financial books and records for plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts.

9. MAWC shall record the depreciation rates as ordered in Case No. WR-2024-0320.

10. MAWC shall provide to the Customer Experience Department (CXD) Staff an example of its actual communication with the water customers regarding its acquisition and operations of the water system assets, and how customers may reach MAWC, within 10 days after closing on the assets.

11. MAWC shall provide to the CXD Staff a sample of ten billing statements from the first month's billing within 30 days after the closing on assets.

12. MAWC shall provide training to its call center personnel regarding rates and rules applicable to the JPWSD water system customers.

13. MAWC shall include the JPWSD water system customers in its established monthly reporting to the CXD Staff on customer service and billing issues, on an ongoing basis, after closing on the assets.

14. MAWC shall file notice in this case outlining completion of the above-recommended training, customer communications, and notifications within 10 days after such communications and notifications.

15. This order shall become effective on October 10, 2025.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Kolkmeier,
and Mitchell CC., concur.

Clark, Senior Regulatory Law Judge

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 10th day of September 2025.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 10, 2025

File/Case No. WA-2025-0298

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

Sincerely,



**Nancy Dippell
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.