

**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)
Water and Sewer Systems in Christian)
and Taney Counties, Missouri.)
)

APPLICATION

COMES NOW Missouri-American Water Company (MAWC) pursuant to Sections 393.140 and 393.170, RSMo 2000 and 4 CSR 240-2.060, 4 CSR 240-3.305 and 4 CSR 240-3.600, and for its Application to the Missouri Public Service Commission (Commission) states as follows:

BACKGROUND

1. This Application is being filed by MAWC to obtain certificates of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain water and sewer systems in Christian and Taney Counties, Missouri.

2. 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 454,000 customers.

MAWC provides sewer service to approximately 3,200 customers in Callaway, Jefferson, Pettis, Cole, Morgan, Platte, 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. 2000, 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 MAWC’s rate cases pending before this Commission – Cases Nos. WR-2011-0337 and SR-2011-0338).

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

Greg Weeks, Vice President
Missouri-American Water Company
727 Craig Road
St. Louis, Missouri 63141
(314) 996-2351
(314) 997-2451 (facsimile)
greg.weeks@amwater.com

CERTIFICATE

4. MAWC requests permission, approval and a Certificate of Convenience and Necessity to install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in an area of Christian and Taney Counties, Missouri, as set forth on the maps attached to this Application as **Appendix A1** (water) and **Appendix A2** (sewer). This area is generally known as the Saddlebrooke subdivision. There are approximately 70 homes in this subdivision. The subdivision is platted for approximately 500 homes.

5. Separate legal descriptions of the areas to be certificated for water and sewer are attached hereto as **Appendix B1 (water)** and **Appendix B2 (sewer)**.

6. Attached hereto and marked as **Appendix C** is a list of ten residents or land owners within the proposed service area.

7. Attached hereto and marked as **Appendix D** is a feasibility study including estimated expenses and revenues during the first three years. No external financing is anticipated.

8. As Saddlebrooke is an incorporated village, MAWC believes that it will need a franchise to serve the requested territory. A certified copy of the franchise will be late-filed at such time as it is obtained. MAWC is unaware of any other governmental approval that it must obtain.

9. To provide service to the proposed area, MAWC will purchase a water distribution system and sewer system from and Saddlebrooke Water & Sewer Infrastructure, LLC (Saddlebrooke), a Missouri limited liability company. A copy of the Asset Purchase Agreement governing this transaction is attached hereto as **Appendix E** (Agreement). Appendix E has been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as market specific information and information representing strategies employed in contract negotiations.

10. MAWC proposes to provide service pursuant to the existing rates, currently applicable to MAWC's Roark operating district for water and sewer. MAWC proposes to utilize the rules and regulations currently applicable to MAWC's Roark operating district for water and sewer, with the following exceptions. For certain new customers of Saddlebrooke, MAWC will file tariff sheets providing for connection fees for water and sewer totaling \$5,600 (\$2,800 for

water and \$2,800 for sewer). These fees will be collected by MAWC for a maximum of 136 customers, and the tariff will expire 10 years after approval or upon reaching the maximum of 136 customers, whichever occurs first. The funds collected by MAWC under this tariff will immediately be remitted to Saddlebrooke, as contemplated in the Agreement. MAWC will treat the maximum amount of possible remittances to Saddlebrooke of \$761,600 as a contribution and thus a reduction in possible rate base. The intention of these fees is to reimburse Saddlebrooke for infrastructure investment since 2007, while limiting the rate impacts on the customers served in this area.

11. The grant of the requested certificates (and approval of the underlying transaction) will result in regulated water and sewer service to be provided to the current and future residents of Saddlebrooke subdivision. The assets of Saddlebrooke 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 water and sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own and operate the systems currently being operated by Saddlebrooke.

CONTINGENT REQUEST FOR WAIVER

12. 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 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).

13. The reason for this request relates to the nature of an asset purchase negotiation as that which resulted in the execution of the subject Agreement and the filing of this Application.

(314) 996-2279
(314) 997-2451 (telefax)
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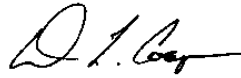
ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 26th day of August, 2011, to:

Rachel Lewis
General Counsel's Office
Rachel.Lewis@psc.mo.gov

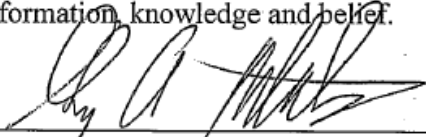
Christina Baker
Office of the Public Counsel
christina.baker@ded.mo.gov



AFFIDAVIT

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

I, Greg Weeks, having been duly sworn upon my oath, state that I am the Vice-President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that the matters and things stated in the foregoing application and appendices thereto are true and correct of the best of my information, knowledge and belief.



Subscribed and sworn before me this 26th day of August, 2011.



Notary Public

My Commission Expires 6/11/2012

JULIE M. POLZIN
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires 6/11/2012
Commission # 08575308

APPENDICES

Appendix A1 Map of Area (water)

Appendix A2 Map of Area (sewer)

Appendix B1 Legal Description (water)

Appendix B2 Legal Description (sewer)

Appendix C List of Ten Residents or Land Owners

Appendix D Feasibility Study (water and sewer)

Appendix E Asset Purchase Agreement – Highly Confidential