

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Spokane Highlands Water Company for) File No. _____
MAWC to Acquire Certain Water Assets)
Of Spokane Highlands and, in)
Connection Therewith,)
Certain Other Related Transactions.)

**JOINT APPLICATION AND
MOTION FOR WAIVER**

COME NOW Missouri-American Water Company (“MAWC”) and Spokane Highlands Water Company (“Spokane”) and, pursuant to Section 393.190, RSMo 2000, 4 CSR 240-3.310 and 4 CSR 240-4.020(2)(B), 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 13,221 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. WA-2017-0278 (Pevely Farms), WC-2017-0234 (Spicer), WC-2017-0251 (Anderson), WO-2017-0297 (ISRS), WR-2017-0285 (Rate Case), WF-2017-0349 (Financing Petition), WU-2017-0351 (AAO Property Taxes), WU-2017-0296 (AAO Lead Service Lines) and WO-2017-0191 (Territorial Agreement).

2. Spokane Highlands Water Company’s mailing address is 290 Highlands Drive, Spokane, Missouri 65754. Spokane is the holder of a Certificate of Convenience and Necessity from the Commission to operate a water utility in Christian County, Missouri. Spokane currently provides water service to approximately 49 customers in Christian County. Spokane is a “water 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. Spokane has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Spokane 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: Ms. Takisha Walker
Email - takisha.walker@amwater.com
Phone : 314.996.2215
Mobile: 314.440.9236

Spokane Highlands Water Company
290 Highlands Drive
Spokane, Missouri 65754

Attention: Mr. Raymond Ross
Phone: 417-830-1663

THE TRANSACTION

4. MAWC and Spokane have entered into an Asset Purchase Agreement dated June 22, 2017 (“Agreement”), a copy of which is attached as **Appendix A-HC** and incorporated herein by reference. Appendix A-HC has been identified as “Confidential” based on Commission Rule 4 CSR 240-2.135(2).6 (Strategies employed, to be employed, or under consideration in contract negotiations.”). Pursuant to the Agreement, MAWC proposes to purchase substantially all of the water assets of Spokane as specifically described in the Agreement under the terms and provisions further described in the Agreement, including Spokane’s certificate of convenience and necessity.

5. Because Spokane is a water 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 . . . water 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. Spokane’s verification of authority authorizing the sale of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix B** and incorporated herein by reference. 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.

7. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for MAWC is attached as **Appendix D-HC and Appendix E-HC**, and incorporated herein by reference. Appendix D-HC and Appendix E-HC have been identified as “Confidential” based on Commission Rule 4 CSR 240-2.135(2)(A)4 and 6 (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 Spokane 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 Spokane 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 Spokane 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 Spokane and to otherwise provide safe, reliable and affordable service.

RATEMAKING TREATMENT

10. MAWC proposes to utilize the Spokane rates, rules and regulations and other tariffs currently on file with and approved by the Commission as Spokane's until MAWC's next rate case, at which time it shall be consolidated with its Joplin District for ratemaking purposes.

MOTION FOR WAIVER

11. Rule 4 CSR 240-4.017(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 Petition, and MAWC seeks a waiver of the 60-day notice requirement.

12. Rule 4 CSR 240-4.017(1)(D) provides that a waiver may be granted for good cause. Good cause exists in this case. MAWC declares (as verified by the affidavit) that it has had no communication with the office of the Commission (as defined by Commission Rule 4 CSR 240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record.

13. Accordingly, to the extent that the Commission may find it to be applicable, and for good cause shown, MAWC moves for a waiver of the 60-day notice requirement of Rule 4 CSR 240-4.017(1) and acceptance of this Joint Application.

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

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

(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

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**ATTORNEY FOR MISSOURI-AMERICAN WATER
COMPANY**

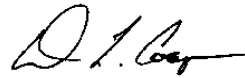
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, or U.S. Mail, postage prepaid, on October 24, 2017 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

Spokane Highlands
290 Highlands Drive
Spokane, Missouri 65754
Attention: Mr. Raymond Ross



AFFIDAVIT

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

I, Cheryl Norton, having been duly sworn upon my oath, state that I am the 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.

Cheryl D. Norton

Subscribed and sworn before me this 24th day of October, 2017.

Mary Beth Hercules
Notary Public

My Commission Expires 4/26/2020



APPENDICES

Appendix A-HC Asset Purchase Agreement between MAWC and Spokane

Appendix B Spokane Verification of Authority

Appendix C MAWC Verification of Authority

Appendix D-HC Pro Forma Balance Sheet for MAWC

Appendix E-HC Pro Forma Income Statement for MAWC