

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

In the Matter of the Joint Application of Rogue Creek)
Utilities, Inc. and Missouri-American Water)
Company, for MAWC to Acquire Certain Water and)
Sewer Assets of Rogue Creek Utilities, Inc.) File No. _____

**JOINT APPLICATION AND
MOTION FOR WAIVER**

COME NOW Rogue Creek Utilities Inc., (“Rogue Creek”) and Missouri-American Water Company (“MAWC”) and, pursuant to Sections 393.170 and 393.190, RSMo, and 4 CSR 240-2.060, 3.305, 3.310, 3.600, 3.605, and 4.017, state the following to the Missouri Public Service Commission (“Commission”) as their Joint Application and Motion for Waiver:

BACKGROUND INFORMATION

1. Rogue Creek is a Missouri corporation. Its mailing address is 101 Windmill Drive, Potosi, Missouri 63664. On December 30, 2004, Rogue Creek was administratively dissolved by the Corporation Division of the Missouri Secretary of State. Environmental H2O, LLC was appointed by the Cole County Circuit Court as Receiver for Rogue Creek on January 28, 2018, in the matter of *Public Service Commission of the State of Missouri v Rogue Creek Utilities Inc.*, Cole County Circuit Court Case No. 07AC-CC00682. The Court determined that it was not in the best interests of customers that control and responsibility for the utilities developed and owned by Rogue Creek be returned to the owners of Rogue Creek and therefore directed the Receiver to ultimately transfer by sale or liquidate the assets of the utility as provided by law.

2. Rogue Creek is the holder of Certificates of Convenience and Necessity from the Commission to operate a water and sewer utility in Washington County, Missouri. Rogue Creek

currently provides water and sewer service to approximately 82 water and 82 sewer customers. Rogue Creek is a “water corporation,” “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. Presently, Rogue Creek is current with its Commission assessment fees.

3. 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 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 – WR-2017-0285, WC-2018-0099, WM-2018-0104, WC-2018-0110,

and WA-2018-0222.4. 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

Attn: Ms. Takisha Walker

Environmental H2O, LLC as receiver for
Rogue Creek Utilities, Inc.
347 Treeline Drive
Farmington, Missouri 63640

Attn: Mr. Matthew Bequette

THE TRANSACTION

5. On May 14, 2018, the Cole County Circuit Court authorized the Receiver to execute an Asset Purchase Agreement (“Agreement”) with MAWC, a copy of which is attached as **Appendix A** and incorporated herein by reference. Pursuant to the Agreement, MAWC proposes to purchase substantially all of the water and sewer assets of Rogue Creek, as specifically described in the Agreement under the terms and provisions further described in the Agreement.

6. The water system consists of one well with an output of approximately 25 gpm. The system had two ground storage tanks – one approximately 4,000 gallons and another approximately 4,500 gallons. The system was reduced to one tank earlier this year when it was determined by the Receiver and DNR that one of the tanks had some structural issues that could potentially lead to water quality problems. That tank was removed. The distribution system consists of approximately four miles of four-inch PVC main and ¾ inch PVC service lines. The wastewater treatment plant consists of a 30,000 gpd extended aeration return activated sludge plant with a chlorination tank and a single blower motor. The wastewater collection system

includes three single pump lift stations with approximately four miles of service line constructed of PVC and clay piping. Both the water and the wastewater systems serve 82 residential homes or lots. The assets also include the Certificates of Convenience and Necessity granted by the Missouri Public Service Commission to Rogue Creek as a result of Commission Cases Nos. 17,899 and 18,178.

7. Because Rogue Creek is a water corporation and 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 . . . water corporation or 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

8. MAWC’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix B** and incorporated herein by reference. Rogue Creek’s verification of authority authorizing the sale of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix C** and incorporated herein by reference.

9. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for MAWC is attached as **Appendix D-C** and incorporated herein by reference. **Appendix D-C** has been identified as 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.

10. The sale of assets should have no impact on the tax revenues of relevant political subdivisions as both MAWC and Rogue Creek are private entities and their status as taxpaying

entities will not change as a result of this transaction.

MAWC'S COMMUNICATION/ASSISTANCE WITH ROGUE CREEK UP TO NOW

11. MAWC has been working closely with the Rogue Creek Homeowners Association (“HOA”) for over two years. MAWC first began sending representatives to Rogue Creek in May 2016, shortly after MAWC was introduced to the systems by Commission Staff and the Missouri Department of Natural Resources (“DNR”). MAWC President Cheryl Norton and Vice-President Andrew Clarkson attended a group meeting at Rogue Creek on September 29, 2016. MAWC representatives attended a meeting on January 23, 2017, with representatives from the Commission Staff, DNR, U.S. Environmental Protection Agency, and the Missouri Attorney General’s office. Andrew Clarkson attended the Rogue Creek HOA’s fall meeting on September 30, 2017, where there was a discussion of the issues with the systems and the potential for MAWC to acquire the systems. In December, 2017 the HOA conducted an election where its members voted 122-12 (2 abstaining) in favor of selling its water and wastewater system to MAWC. Most recently, MAWC representatives were present at the April 28, 2018 HOA Annual Meeting.

12. In March 2017, MAWC began operating the Rogue Creek water and sewer systems at the request of Commission Staff. As a result, immediate improvements were made. Within one week of assuming operations, the hardness levels of the water were reduced by one-half through adjustments of the water softening system. The system was also fine-tuned in order to do a better job of removing lead. MAWC worked closely with the DNR and for the first time in years, lead levels reached the minimum acceptable levels for consumption. MAWC has spent over \$160,000 since March 2017 in order to bring about these improvements to the system. However, as outlined below, there is quite a bit more work to do with both the water and wastewater systems.

FUTURE ACTIONS

13. Rogue Creek water and wastewater (WW) systems are in need of significant improvements as the systems are unreliable and lack redundancy. Proposed improvements for the WW systems would include, but are not limited to, upgrading the lift stations (they lack capacity, controls, alarms, back-up power), upgrading the collection system either via lining areas of concern or replacing sections that are prone to leaks/blockages, installing safety upgrades (access, railings, etc.) at the Wastewater Treatment Plant (WWTP), addressing structural integrity issues at the WWTP, installing remote monitoring at the WWTP, and providing for back-up power at the WWTP. Additionally, the current version of the Missouri State Operating Permit adds effluent limits for ammonia starting in April of 2019. The WWTP may require some modifications to consistently meet the new limits. This will be more thoroughly assessed if MAWC assumes ownership of the system. MAWC proposes to make these improvements over a five (5) year period, with the approval of the DNR.

14. The water system has multiple single points of failure that could result in a boil advisory, a do not consume order, or even leave the system with no water for an extended time. Improvements to be pursued over the next 5 years include drilling a second well, replacement of water storage tanks, replacement of the existing water softener with a proper backwash drain, installing backup emergency power, installing AMI meter reading system, installing SCADA or other telemetry for monitoring and remote operation, and improvements to the distribution system.

PUBLIC INTEREST

15. For the following reasons, the proposed acquisition of the specified assets of Rogue Creek 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 Rogue Creek would be acquired by MAWC and remain subject to the jurisdiction of the Commission.

B. MAWC is fully and uniquely qualified, in all respects, to own and operate the systems currently being operated by Rogue Creek and to otherwise provide safe, reliable and affordable service.

RATEMAKING TREATMENT

16. MAWC proposes to provide service to the Rogue Creek customers utilizing the rules and regulations currently found in MAWC's water tariff book Mo. PSC No. 13 and in sewer tariff book Mo. PSC No. 26, until such time as the rates or rules and regulations may be modified according to law. Further, MAWC proposes that the Rogue Creek water system be consolidated into the service area described in MAWC's tariff as "All Missouri Service Areas Outside of St. Louis County and Outside of Mexico" for rates purposes; and that the Rogue Creek sewer system be consolidated into the service area described in MAWC's sewer tariff as "Cedar Hill, Jefferson City, Cole, Callaway and Benton Counties, Emerald Pointe, Branson Canyon, Incline Village, Ozark Meadows, Platte County, Stonebridge Village, Saddlebrooke Village, Wardsville, Pevely Farms, Homestead Estates, and Radcliffe Place," with sewer rates to be the same as that currently charged to Cedar Hill customers.

MOTION FOR WAIVER

17. 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.

18. 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 and Rogue Creek declare (as verified below) that they have 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. Accordingly, 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 Application.

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

(A) authorizing Rogue Creek to sell and MAWC to acquire the assets of Rogue Creek identified herein, to include the certificates held by Rogue Creek or, in the alternative, grant MAWC new certificates to provide water and sewer service in the areas now served by Rogue Creek;

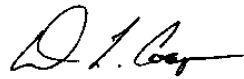
(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

(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,

Missouri-American Water Company



Dean L. Cooper, MBE #36592

BRYDON, SWEARENGEN & ENGLAND P.C.

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P.O. Box 456

Jefferson City, MO 65012

(573) 635-7166 telephone

(573) 635-3847 facsimile

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Timothy W. Luft, MBE #40506

MISSOURI-AMERICAN WATER COMPANY

727 Craig Road

St. Louis, MO 63141

(314) 996-2279

(314) 997-2451 (telefax)

Tim.Luft@amwater.com

**Environmental H2O, LLC as receiver for
Rogue Creek Utilities, Inc.**

347 Treeline Drive

Farmington, Missouri 63640



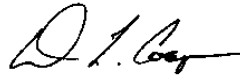
By: Matthew Bequette

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on July 24, 2018, 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



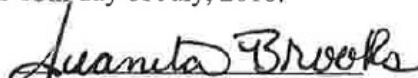
AFFIDAVIT

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

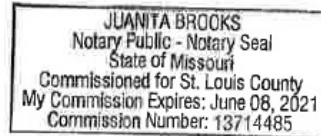
I, Cheryl Norton, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company (MAWC), that I am duly authorized to make this affidavit on behalf of MAWC, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, 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 4 CSR 240-4.015(10) within the immediately preceding 150 days regarding the subject matter of this Application.


Cheryl Norton

Subscribed and sworn before me this 18th day of July, 2018.


Notary Public

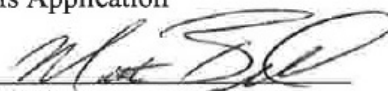
My Commission Expires: 6/8/21



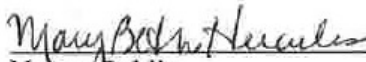
AFFIDAVIT

State of Missouri)
) ss
County of Jefferson)

I, Matthew Bequette, having been duly sworn upon my oath, state that I am the president of Environmental H2O, LLC, the Court Appointed Receiver for Rogue Creek Utilities, Inc. ("Rogue Creek"), that I am duly authorized to make this affidavit on behalf of Rogue Creek, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief. Additionally, no representative of Rogue Creek has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 4 CSR 240-4.015(10) within the immediately preceding 150 days regarding the subject matter of this Application


Matthew Bequette

Subscribed and sworn before me this 23rd day of July, 2018,


Notary Public

My Commission Expires:



APPENDICES

Appendix A	Asset Purchase Agreement between Missouri-American Water Company and Rogue Creek Utilities, Inc.
Appendix B	MAWC Verification of Authority
Appendix C	Rogue Creek Verification of Authority
Appendix D-C	Pro Forma Balance Sheet and Income Statement for MAWC

VERIFICATION OF AUTHORITY

COMES NOW the undersigned, Cheryl Norton, the President of Missouri-American Water Company ("MAWC"), and does hereby verify that MAWC had and has the requisite authority to enter into the Asset Purchase Agreement by and between MAWC and Rogue Creek Utilities, Inc. (the "Agreement") and to carry out all the obligations contained in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereto set his hand the 18th day of July, 2018.

Cheryl A. Norton

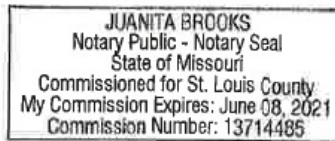
State of Missouri)
) ss
County of St. Louis)

On this 18th day of July 2018, before me the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Cheryl Norton to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Juanita Brooks
Notary Public

My Commission Expires:
6/8/21



VERIFICATION OF AUTHORITY

COMES NOW the undersigned, Matthew Bequette, having been duly sworn upon my oath, state that I am the president of Environmental H2O, LLC, the Court Appointed Receiver for Rogue Creek Utilities, Inc. ("Rogue Creek") and does hereby verify that Rogue Creek had and has the requisite authority to enter into the Asset Purchase Agreement, by and between Missouri-American Water Company and Rogue Creek (the "Agreement") and to carry out all the obligations contained in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereto set his hand the 23rd day of July, 2018.

Environmental H2O, LLC



Matthew Bequette

**RECEIVER FOR ROGUE CREEK
UTILITIES, INC.**

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

On this 23rd day of July, 2018, before me the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Matthew Bequette, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Mary Beth Hercules
Notary Public

My Commission Expires:

April 26, 2020

