

**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,)
Operate, Control, Manage and Maintain)
a Sewer System in and around the City)
of Hallsville, Missouri.)

File No. SA-2021-0017

MISSOURI-AMERICAN’S STATEMENT OF POSITION

COMES NOW Missouri-American Water Company (“MAWC,” “Missouri-American” or “Company”), by and through the undersigned counsel, and states the following to the Missouri Public Service Commission (“Commission”) as its *Statement of Position* as to issues described in the *Joint List of Issues, Order of Openings, Witnesses and Cross-Examination* filed on March 22, 2021):

A. Is MAWC’s provision of wastewater service associated with its proposed purchase of the City of Hallsville wastewater system “necessary or convenient for the public service” within the meaning of the phrase in section 393.170, RSMo?

MAWC Position:

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*. The election was held on November 5, 2019, and a majority of votes cast were in favor of the Proposition. On July 14, 2020, MAWC entered into a Purchase Agreement with Hallsville.

MAWC requests in this case a certificate of convenience and necessity (“CCN”) to provide sewer service within the identified service area in and around the City of Hallsville utilizing the Hallsville system. There are currently violations of Hallsville’s operating permit that result in discharges that eventually enter Waters of the State in violation of the Missouri Clean Water Law, as well as other compliance problems. As a result of the numerous compliance issues documented over the years by the Missouri Department of Natural Resources (“MDNR”), the Hallsville facility is currently under enforcement with MDNR’s Water Protection Program Enforcement Section.

The Commission may grant a sewer corporation a CCN to operate after determining that the construction and/or operation are either "necessary or convenient for the public service."¹ 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 proposed service; (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.²

There is a need for the service as residents in and around the City of Hallsville currently make use of the existing sewer system and there are known compliance violations that must be addressed. MAWC is qualified to provide the service as it already provides safe, adequate, and compliant water service to over 470,000 Missouri customers, and sewer service to over 15,000

¹ Section 393.170.3, RSMo.

² The factors have also been referred to as the "Tartan Factors" or the "Tartan Energy Criteria." See Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994).

Missouri customers. MAWC has the financial ability to provide and improve the service. MAWC's feasibility study indicates that the purchase of the City's sewer assets will not generate positive income in the initial years. However, MAWC's financial standing is such that this situation will not impact its ability to provide safe and adequate service and the effect of this transaction on MAWC's general population of ratepayers, if any, is likely to be negligible.

As the Commission has indicated,³ positive findings with respect to the other four standards above will in most instances support a finding that an application for a CCN will promote the public interest. The factors for granting a certificate of convenience and necessity to MAWC in this case have been satisfied and it is in the public's interest for MAWC to provide sewer service to the customers currently served by the City of Hallsville. Further, MAWC possesses adequate technical, managerial, and financial capacity to operate and improve the sewer system it wishes to purchase from the City. Thus, the Commission should authorize the transfer of assets and grant MAWC the certificate of convenience and necessity to provide sewer service within the proposed service area, subject to the conditions described by Staff.

Horan Direct and Surrebuttal, All.
Carter Direct, All.

B. If the Commission grants MAWC's application for the CCN, what conditions, if any, should the Commission impose?

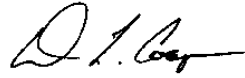
MAWC Position:

The Commission should authorize the transfer of assets and grant MAWC the certificate of convenience and necessity to provide sewer service within the proposed service area, subject to the conditions described by Staff.

³ *Id.*

WHEREFORE, Missouri-American respectfully requests the Commission consider its
Statement of Position.

Respectfully submitted,



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**ATTORNEYS FOR MISSOURI-AMERICAN
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent to all counsel of record by electronic mail this 24th day of March, 2021.

