

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

In the Matter of the Joint Application of )  
Missouri-American Water Company and Loma )  
Linda Water Company for Authority )  
for Missouri-American Water Company to )  
Acquire Certain Assets of Loma Linda Water )  
Company and, in Connection Therewith, )  
Certain Other Related Transactions. )

Case No. \_\_\_\_\_

**JOINT APPLICATION**

COME NOW Missouri-American Water Company (MAWC) and Loma Linda Water Company (Loma Linda) and, pursuant to Section 393.190, RSMo 2000 and 4 CSR 240-3.605, state the following to the Missouri Public Service Commission (Commission) as their Joint Application:

**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 and Platte Counties Missouri, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 452,000 customers. MAWC provides sewer service to approximately 1,100 customers in Jefferson, 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 Joint Application.

2. Loma Linda is a Missouri general partnership with its principal office and place of business at 5036 Butterfield Drive, Joplin, Missouri 64804. A copy of its partnership agreement is attached as Appendix A and incorporated herein by reference. Loma Linda is the holder of a Certificate of Convenience and Necessity from the Commission to operate a water utility in the Town of Loma Linda, Missouri. Loma Linda currently provides water service to approximately 335 customers in Loma Linda, Missouri. Loma Linda is a "water 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. Loma Linda has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Loma Linda 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 Joint Application.

3. Communications in regard to this Application should be addressed to:

Greg Weeks, Vice President  
Missouri-American Water Company  
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St. Louis, Missouri 63141  
(314) 996-2351  
(314) 997-2451 (facsimile)  
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Missouri-American Water Company  
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jheil@ssdlawyers.com

### **THE TRANSACTION**

4. MAWC and Loma Linda have entered into an Asset Purchase Agreement dated April 1, 2010 (Agreement), a copy of which is attached as Appendix B and incorporated herein by reference. Pursuant to the Agreement, MAWC proposes to purchase substantially all of the assets of Loma Linda as specifically described in the Agreement under the terms and provisions further described in the Agreement. Such assets include the Loma Linda Certificate of Convenience and Necessity as reflected in Commission Case No. 00143, issued March 31, 1981.

5. Because Loma Linda is a water corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo 2000, 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**

6. Verification of proper authority by the president of MAWC and a partner of Loma

Linda authorizing the purchase and sale, respectively, of the subject assets and related transactions contemplated by the Agreement are 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 and incorporated herein by reference.

8. The sale of assets should have no impact on the tax revenues of relevant political subdivisions as both MAWC and Loma Linda are both private entities.

### **PUBLIC INTEREST**

9. For the following reasons, the proposed acquisition of the specified assets of Loma Linda 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 Loma Linda will be acquired by MAWC, a Missouri public utility, and remain 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,

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

10. MAWC intends that, at and from the time MAWC acquires the assets of Loma Linda at closing, the Loma Linda customers will pay MAWC's Joplin District rates in effect until such time as those rates may be modified according to law. In addition, MAWC intends that, at and from the time MAWC acquires the assets of Loma Linda at closing, MAWC's Rules,

Regulations and Conditions of Service governing its Joplin District shall apply to the Loma Linda customers until such time as those Rules, Regulations and Conditions of Service may be modified according to law.

### **RATEMAKING TREATMENT**

11. MAWC seeks an order from the Commission recognizing the full purchase price of the assets that are the subject of the Agreement in the determination of the rate base associated with said properties acquired by MAWC.

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

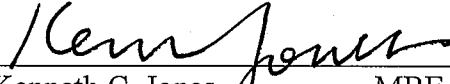
(A) authorizing Loma Linda to sell and MAWC to acquire the assets identified herein of Loma Linda;

(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;

(C) recognizing the full purchase price of the assets that are the subject of the Agreement as the rate base of said assets as acquired by MAWC; and,

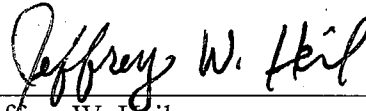
(D) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

Respectfully submitted,



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ATTORNEY FOR MISSOURI-AMERICAN  
WATER COMPANY



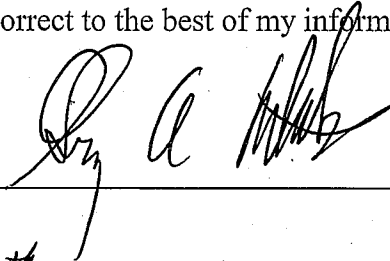
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ATTORNEYS FOR LOMA LINDA WATER  
COMPANY

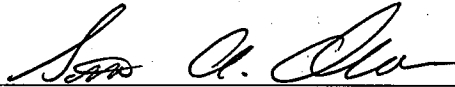
AFFIDAVIT

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

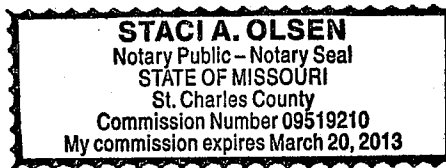
I, Greg Weeks, having been duly sworn upon my oath, state that I am the Vice-President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of Missouri-American Water Company, that the matters and things stated in the foregoing Application and appendices thereto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



Subscribed and sworn before me this 13<sup>th</sup> day of July, 2010.



Notary Public



# AFFIDAVIT

State of FLORIDA)  
County of PALM BEACH) ss

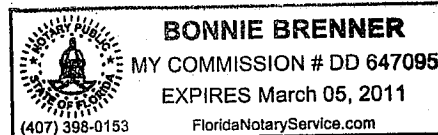
I, Eric Blau, having been duly sworn upon my oath, state that I am general partner of The Meed Company, LLLP, which is a partner of Loma Linda Water Company, that I am duly authorized to make this affidavit on behalf of Loma Linda Water Company, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Eric Blau

Subscribed and sworn before me this 9<sup>TH</sup> day of JULY, 2010.

Bonnie Brenner

Notary Public





## APPENDICES

- Appendix A Loma Linda Water Company Partnership Agreement
- Appendix B Asset Purchase Agreement between Missouri-American Water Company and Loma Linda Water Company dated April 1, 2010
- Appendix C Verification of Proper Authority by President of Missouri-American Water Company and Partner of Loma Linda Water Company
- Appendix D Pro Forma Balance Sheet and Income Statement for MAWC