

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 1st
day of May, 1992.

In the matter of the application of Missouri-)
American Water Company for an amendment to its)
certificate of public convenience and necessity)
to own, operate and maintain a water system) Case No. WM-92-84
and for approval of its acquisition of the)
assets and rights of Buchanan County Public)
Water Supply District No. 2.)

ORDER APPROVING SALE OF WATER SYSTEM AND
STIPULATION AND AGREEMENT RELATING THERETO

On October 30, 1991, the Missouri-American Water Company (Company) applied for a Commission order approving its acquisition of Public Water Supply District No. 2 of Buchanan County, Missouri; Company also seeks authority to amend its certificate of convenience and necessity to include said area.

On November 19, 1991, the Commission ordered that notice of Company's application be given to the Buchanan County Clerk, to two area newspapers, and to Missouri General Assembly members with constituencies in Buchanan County. By the same order, the Commission established an intervention deadline of December 20, 1991. None sought to intervene or requested a hearing.

On April 16, 1992, the Commission Staff, Company, and the Office of Public Counsel submitted a Stipulation and Agreement which, inter-alia, expresses their agreement that said acquisition should be approved and Company's certificate be amended to reflect, by a metes and bounds description, the addition of the Water Supply District's service area.

Having considered Company's verified application, and the Stipulation and Agreement, attached and incorporated herein by reference as "Attachment A," the Commission finds that said acquisition is not detrimental to the public interest and that the terms and conditions of same are consistent with Company's

continuing obligation to provide safe and adequate service to its existing customers. The Commission will therefore approve said application.

IT IS THEREFORE ORDERED:

1. That Missouri-American Water Company is hereby authorized to acquire, by purchase, the right, title, and interest of the Buchanan County Public Water Supply District No. 2 in said District's water transmission and distribution facilities, stations, tanks, meters and all appurtenances thereto, including real estate and easements. Said rights, titles and interest shall be as described in the purchase agreement, attached to Company's verified application.

2. That Missouri-American Water Company is hereby authorized to file tariffs to amend its existing certificate of convenience and necessity to reflect this acquisition and therein to describe, by metes and bounds, the new area to be included in said certificate.

3. That the Stipulation and Agreement entered into by the Commission Staff, Missouri-American Water Company and the Office of Public Counsel, filed on April 16, 1992, and appended hereto as "Attachment A" is hereby approved, and made a part of this order by reference.

4. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said properties by Missouri-American Water Company. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their resulting cost of capital, in any later proceeding.

5. That this order shall be effective on the 12th day of May, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
Perkins and Kincheloe, CC.,
concur.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application)
of Missouri-American Water Comp-)
any for an Amendment to its)
Certificate of Public Convenience)
and Necessity to Own, Operate and)
Maintain a Water System and for)
Approval of its Acquisition of the)
Assets and Rights of Buchanan)
County Public Water Supply Dis-)
trict No. 2.)

Case No. WM-92-84

STIPULATION AND AGREEMENT

Come now the Staff of the Missouri Public Service Commission (Staff), Missouri-American Water Company (Company), and the Office of Public Counsel by and through their respective counsel, and state as follows:

1. Company is a public utility with a certificate of convenience and necessity to provide water service in and around the cities of Joplin and St. Joseph, Missouri.

2. On October 31, 1991, Company filed an application which seeks to amend its certificate of convenience and necessity by adding the area presently provided water service by Public Water Supply District No. 2 of Buchanan County, Missouri (District).

3. The District's service area is located adjacent to and contiguous with the Company's St. Joseph, Missouri, service area.

4. The District has entered into a contract to sell its facilities to the Company. The sale was approved by the District's voters on March 3, 1992.

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5. The District presently purchases its entire water supply from Company and provides water service to approximately 1,800 customers.

6. Company has the technical and financial ability to provide improved service to these customers.

7. In the sale contract, the Company agrees to deposit a sum sufficient to pay all of the outstanding bonds of the District with the fiscal agent named in the bonds. The parties to this Stipulation agree that an amount equal to the level of outstanding debt at the date of transfer and a reasonable amount of administrative costs associated with consummating the sale will be recognized for ratemaking treatment. The amount receiving ratemaking treatment will be distributed to the various plant accounts based on a ratio to the total facilities purchased. This amount will be depreciated, upon time of transfer, according to the rates approved by the Commission for the various plant accounts.

8. The parties agree that an amendment to Company's certificate of convenience and necessity by adding the District's service area is necessary or convenient for the public service. The parties request the Commission to so amend the Company's certificate and to direct the Company to file tariffs containing a metes and bounds description and a map of this area.

9. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties agree that a hearing on this matter is not necessary.

10. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights pertaining to (1) the presentation of oral argument or filing of written briefs, pursuant to Section 536.080(1) RSMo 1986; (2) the reading of the transcript by the Commission, pursuant to Section 536.080(2) RSMo 1986; and (3) judicial review, pursuant to Section 386.510 RSMo 1986.

11. The Staff shall have the right to submit to the Commission by filing with the case papers in memorandum form an explanation of its rationale for entering in this Stipulation and Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's memorandum shall not bind or prejudice the Staff in any future proceeding. In the event the Commission does not approve this Stipulation and Agreement, the Staff's memorandum shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a memorandum are its own and are not acquiesced in or otherwise adopted by the other signatories.

12. The agreements in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve the Stipulation and Agreement in its entirety and also amend the Company's certificate of convenience and necessity as requested, the parties agree that this Stipulation and Agreement

shall be void and no parties shall be bound by any of the agreements or provisions hereof.

Wm K Haas
William K. Haas
Assistant General Counsel

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Missouri Public Service
Commission
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Respectfully submitted,

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John Coffman
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 8th day of April, 1992.

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Wm K Haas

Service List for Case No. WM-92-84

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