

**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) Case No. _____
it to Install, Own, Acquire, Construct,)
Operate, Control, Manage and Maintain)
a Water System in Jefferson County,)
Missouri.)
)

APPLICATION

COMES NOW Missouri-American Water Company (MAWC) pursuant to Sections 393.140 and 393.170., RSMo 2000 and 4 CSR 240-2.060 and 4 CSR 240-3.600, and for its Application to the Missouri Public Service Commission (Commission) states as follows:

BACKGROUND

1. This Application is being filed by MAWC to obtain from the Commission a certificate of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain of a water system in Jefferson County, Missouri. MAWC proposes to purchase a water distribution system from a home owners association. Because the water supply is not sufficient, MAWC will connect the system to its existing distribution system. The deficiencies in the existing system will not be addressed until this transaction is completed. MAWC, therefore, requests that the Commission address this matter such that, if approved, the transaction can be completed by December 31, 2007.

2. MAWC is a Missouri corporation duly organized and existing under the laws of the State of Missouri with its principal office and place of business located at 727 Craig Road, St. Louis, MO 63141. A certified copy of MAWC's certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC is a "water corporation",

“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 pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates having occurred within three years from the date of this Application. MAWC has two rate cases pending before the Commission (WR-2000-281 and WR-2007-0216). MAWC has no annual report or assessment fees that are currently overdue.

3. Communications respecting this Application should be addressed to the undersigned counsel and:

Greg Weeks -General Manager- Network Missouri-American Water Company 2650 E. 32 nd Street, Suite 121 Joplin, MO 64804 (417) 623-3238	
John Reichart Missouri-American Water Company 727 Craig Road St. Louis, Missouri 63141 (314) 996-2287	

CERTIFICATE

4. MAWC requests permission, approval and a Certificate of Convenience and Necessity to install, own, acquire, construct, operate, control, manage and maintain a water system for the public in an area of Jefferson County, Missouri, as set forth on the map attached to this Application as **Appendix 1**. This area is generally known as the Paradise Valley subdivision. There are approximately 175 homes in this subdivision. The subdivision is platted for approximately 225 homes, or an additional 50 homes.

5. A legal description of the area to be certificated is attached hereto as **Appendix 2**.
6. Attached hereto and marked as **Appendix 3** is a list of ten residents or land owners within the proposed service area.
7. Attached hereto and marked as **Appendix 4** is a feasibility study including estimated expenses and revenues during the first three years. No external financing is anticipated for construction related to this area. Construction methods will follow MAWC's customary standards and the rules of the Commission.
8. Attached hereto and marked as **Appendix 5** is a description of the plans and specifications for the project including the estimated costs of construction.
9. No franchise (either city or county) is required for MAWC to provide service in this area. MAWC is unaware of any other governmental approval necessary for the proposed construction that it must obtain.
9. MAWC proposes to provide service pursuant to the user rates and rules currently applicable to its St. Louis County operating district, with the following exceptions. For reasons discussed in the following paragraphs, MAWC proposes to charge customers within the proposed certificated area \$15.00 per month as a contribution toward capital improvements. Additionally, MAWC proposes to charge a connection fee of \$1,550.00 per new connection. These charges will cease to be collected when the contribution has been recovered pursuant to Section 2.3(b) of Appendix 6.
10. To provide service to the proposed area, MAWC will purchase a distribution system from the Paradise Valley Residents Association (Residents Association), a Missouri not-for-profit corporation. A copy of the Asset Purchase Agreement governing this transaction is attached hereto as **Appendix 6**.

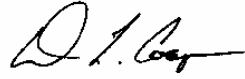
11. MAWC will not purchase the supply assets belonging to the Residents Association. MAWC instead plans to construct a main and booster station in order to connect the distribution system to MAWC's system. This construction is necessary because the current supply has proven to be unreliable and insufficient for the existing demand. Attached hereto as **Appendix 7** is a letter from the Department of Natural Resources (DNR) to the Residents Association describing deficiencies that DNR believed to exist. MAWC has sufficient capacity to provide service to the subject subdivision.

12. MAWC believes that the customer base to be acquired through this purchase justifies an investment of approximately \$400,000.00 in the new main and booster station. The \$15.00 per month surcharge and the connection charge would be designed to recover as a contribution any investment required above this amount.

13. The grant of the requested certificate (and the underlying transaction) will result in a Missouri public water supply system being brought into compliance with the provisions of the Safe Drinking Water Act and provide adequate supply for the development of the subject subdivision. For these reasons, a grant of the application will further the public convenience and necessity.

WHEREFORE, MAWC requests the Commission grant it permission, approval and a Certificate of Convenience and Necessity authorizing it to install, acquire, build, construct, own, operate, control, manage and maintain a water system for the public within the area referred to above, and to issue such other orders as the Commission may deem appropriate.

Respectfully submitted,



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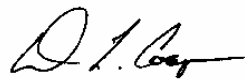
ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 24th day of October, 2007, to:

Kevin Thompson
General Counsel's Office
Kevin.Thompson@psc.mo.gov

Christina Baker
Office of the Public Counsel
christina.baker@ded.mo.gov



Dean L. Cooper