

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

In the Matter of Missouri-American Water )  
Company’s Application for a Certificate of )  
Convenience and Necessity Authorizing it ) **File No. SA-2021-0120**  
to Install, Own, Acquire, Construct, )  
Operate, Control, Manage and Maintain a )  
Sewer System in and around the City of )  
Taos, Missouri )

**STAFF RECOMMENDATION TO GRANT  
CERTIFICATE OF CONVENIENCE AND NECESSITY**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), through the undersigned counsel, and for its *Staff Recommendation to Grant Certificate of Convenience and Necessity*, respectfully states as follows:

1. On October 28, 2020, Missouri-American Water Company (“MAWC”) filed an *Application* with the Missouri Public Service Commission (“Commission”) requesting a Certificate of Convenience and Necessity (“CCN”) to install, own, acquire, construct, operate, control, manage, and maintain a sewer system in and around Taos, Missouri.

2. On October 29, 2020, the Commission issued an *Order Directing Notice, Setting Deadlines for Intervention Applications, and Ordering Staff’s Recommendation* (“Order”). In its Order, the Commission directed Staff to file, no later than December 10, 2020, a recommendation or a status report indicating when Staff expects to file a recommendation. On December 10, 2020, Staff filed a status report anticipating filing a recommendation no later than February 10, 2021. The next day, the Commission issued its *Order Directing Filing* in which the Commission ordered Staff to file its recommendation no later than February 10, 2021.

3. On February 10, 2021, Staff filed its *Motion for Extension* requesting an extension through April 12, 2021. Staff indicated that additional time was necessary due to delays in receiving information from the Missouri Department of Natural Resources as well as the need to commit Staff resources to MAWC rate case, Case No. WR-2020-0344. The same day the Commission granted Staff's request for an extension.

4. Pursuant to Section 393.170, RSMo (2018),

Approval of incorporation and franchises — certificate.

1. No gas corporation, electrical corporation, water corporation or sewer corporation shall begin construction of a gas plant, electric plant, water system or sewer system, other than an energy generation unit that has a capacity of one megawatt or less, without first having obtained the permission and approval of the commission.

2. No such corporation shall exercise any right or privilege under any franchise hereafter granted, or under any franchise heretofore granted but not heretofore actually exercised, or the exercise of which shall have been suspended for more than one year, without first having obtained the permission and approval of the commission. Before such certificate shall be issued a certified copy of the charter of such corporation shall be filed in the office of the commission, together with a verified statement of the president and secretary of the corporation, showing that it has received the required consent of the proper municipal authorities.

3. The commission shall have the power to grant the permission and approval herein specified whenever it shall after due hearing determine that such construction or such exercise of the right, privilege or franchise is necessary or convenient for the public service. The commission may by its order impose such condition or conditions as it may deem reasonable and necessary. Unless exercised within a period of two years from the grant thereof, authority conferred by such certificate of convenience and necessity issued by the commission shall be null and void.

5. When reviewing whether a utility should be granted a CCN, the Commission typically applies the five Tartan Criteria established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994). The criteria are: (1) there must be a

need for the service; (2) the applicant must be qualified to provide the 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.

6. In addition to the Tartan Criteria, when considering an application involving existing water and/or sewer systems, the Commission analyzes the Technical, Managerial, and Financial capabilities ("TMF") of the applicant.

7. As explained in *Staff's Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into MAWC's request. Based on its review, Staff concludes that MAWC fulfills the requirements regarding the Tartan Criteria and TMF capabilities. Accordingly, Staff asserts that approving MAWC's application for the issuance of a CCN is necessary and convenient for the public service and is not detrimental to the public interest and Staff recommends approval with conditions described in *Staff's Memorandum*.

8. Staff does not oppose MAWC's request for a waiver of the 60-day notice requirement of 20 CSR 4240-4.017(1).

**WHEREFORE**, Staff respectfully submits this *Staff Recommendation* and recommends the Commission approve MAWC's request for the issuance of a CCN allowing MAWC to install, own, acquire, construct, operate, control, manage, and maintain the sewer system, with conditions, to provide sewer service to the requested service area if MAWC:

1. Adopts the existing sewer rates for the City of Taos;
2. Submits new and revised tariff sheets, to become effective before closing on the assets detailed in *Staff's Recommendation*;

3. Notifies the Commission of closing on the assets within five (5) days after closing;
4. Submits a status report within five (5) days if the closing on the sewer system assets does not take place within thirty (30) days following the effective date of the Commission's order;
5. Notifies the Commission if MAWC determines that a transfer of the assets will not occur;
6. Adopts for the City sewer assets the depreciation rates in Case No. WR-2020-0344;
7. Keeps its financial records for all utility capital related plant-in-service and operating expenses in accordance with NARUC Uniform System of Accounts;
8. Provides training to its call center personnel regarding rates and rules applicable to the Taos sewer customers;
9. Includes the Taos customers in its monthly reporting to the Customer Experience Department ("CXD") Staff on customer service and billing issues on an ongoing basis;
10. Distributes an informational brochure detailing the rights and responsibilities of the utility and the customers regarding sewer service;
11. Provides the CXD Staff an example of the communication with Taos sewer customers regarding its acquisition and operations of the sewer system assets within ten (10) days after closing on the assets;

12. Provides the CXD Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days after closing on the assets;
13. Files notice outlining completion of the above-recommended training, distribution of customer brochure, customer communications, and billing within the specified time periods; and

grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

**/s/ Ron Irving**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all counsel of record this 12<sup>th</sup> day of April, 2021.

**/s/ Ron Irving**