

**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 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

STAFF’S POSITION STATEMENT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through the undersigned counsel, and for *Staff’s Position Statement*, respectfully states as follows:

1. *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?*

Yes, MAWC’s provision of wastewater service associated with its proposed purchase of the City of Hallsville (“City”) wastewater system is “necessary or convenient for the public service” within the meaning of the phrase in Section 393.170, RSMo.

Staff utilizes the concepts of Technical, Managerial, and Financial capabilities (“TMF”) in studying applications involving existing sewer systems. Staff also bases its review around the Tartan Criteria as outlined in *In Re Tartan Energy*, GA-94-127, 3 Mo. P.S.C.3d 173, 177 (1994): need, qualified to own, operate, control and manage the facilities and provide the service, financial ability, economic feasibility, and promotion of the public interest.

Following Staff's review of the application, Staff determined that there is a need for sewer service, MAWC is qualified to provide sewer service, MAWC has the financial ability to provide sewer service, the provision of sewer service by MAWC is economically feasible, and the granting of MAWC's application will promote the public interest.¹

In its recommendation, Staff concluded that MAWC's application for a certificate of convenience and necessity ("CCN") to provide sewer service, and maintain the existing City rates, is necessary and convenient for the public service.²

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

Staff recommends that the Commission (1) grant MAWC a CCN, (2) approve MAWC's adoption of existing sewer rates for the city, which consist of \$19.35 for the initial 1,000 gallons used, and \$5 for each additional 1,000 gallons, and impose the following reasonable and necessary conditions further detailed in *Staff's Recommendation*:³

(3) Require MAWC to file a revised service area map and corresponding legal description that includes all of the City's assets, such as storage basins and underground wastewater lines, prior to the submission of revised tariffs;

(4) Require MAWC to submit new and revised tariff sheets, to become effective prior to closing on the assets;

¹ Direct Testimony of James A. Busch, Schedule JAB d-2, pg. 14-15.

² *Id.*, pg. 18.

³ *Id.*, pg. 19-20.

(5) Within 30 days of receiving an Operating Permit from the Department of Natural Resources, require MAWC to submit to Staff documentation confirming the initiation of negotiations between MAWC and the Boone County Regional Sewer District (“District”) involving both the continuation of service for all existing District customers outside the City’s service area, and the associated Cooperative Agreements between the City and the District. Once an agreement ensuring continued service has been reached, the agreement will also be submitted to Staff;

(6) Require MAWC to notify the Commission of closing on the assets within five days of closing;

(7) If closing on the sewer system does not occur within 30 days following the effective date of the Commission’s order approving MAWC’s application for a CCN, require MAWC to submit a status report within five days of the initial 30 days period, and additional status reports within five days after each additional 30 day period, closing takes place, or MAWC determines that the transfer of assets will not occur;

(8) If MAWC determines that the transfer of assets will not occur, require MAWC to notify the Commission of such no later than the date of the next status report as described in condition (7), and require MAWC to submit tariff sheets as appropriate and necessary that would cancel service area maps, descriptions, rates and rules applicable to the City service area in its sewer tariff;

(9) Require MAWC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;

(10) Adopt for the City sewer assets the depreciation rates ordered for MAWC in WR-2017-0285;

(11) Require MAWC to obtain from the City, prior to or at closing, all available plant-in-service related records and documents, including but not limited to all plant-in-service original cost documentation, along with depreciation reserve balances, documentation of contribution-in-aid-of construction transactions, and any capital recovery transactions;

(12) Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the CCN to MAWC, including expenditures related to the certificated service area, in any later proceeding;

(13) Require MAWC to provide training to its call center personnel regarding rates and rules applicable to the City customers;

(14) Require MAWC to include the City customers in its established monthly reporting to the CXD Staff on customer service and billing issues, on an ongoing basis, after closing on the assets;

(15) Require MAWC to distribute to the City customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its sewer service, consistent with the requirements of Commission Rule 20 CSR 4240-13, within 30 days of closing on the assets;

(16) Require MAWC to provide to the CXD Staff an example of its actual communication with the City customers regarding its acquisition and operations of the sewer system assets, and how customers may reach MAWC, within 10 days after closing on the assets;

(17) Require MAWC to provide to the CXD Staff a sample of 10 billing statements from the first month's billing within 30 days after closing on the assets; and

(18) Require MAWC to file notice in this case outlining completion of the above-recommended training, customer communications, and notifications within 10 days after such communications and notifications.

MAWC agreed to these conditions in its *Response to Staff Recommendation* filed on December 4, 2020.

WHEREFORE, Staff hereby tenders its *Statement of Position* for the Commission's information and consideration.

Respectfully submitted,

/s/ Travis J. Pringle
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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 parties and/or counsel of record on this 24th day of March 2021.

/s/ Travis J. Pringle