

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 20th day of February, 2013.

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

File No. SO-2013-0260

**ORDER APPROVING APPLICATION AND ORDER
GRANTING MOTION FOR EXPEDITED TREATMENT**

Issue Date: February 20, 2013

Effective Date: February 28, 2013

Syllabus: This order approves the joint application of Missouri-American Water Company (“MAWC”) and Meramec Sewer Co. (“Meramec Sewer”) for Meramec Sewer to sell its sewer system to MAWC.

Procedural History

On November 2, 2012, Meramec Sewer and MAWC filed a joint application. That application requests, among other things, authority from the Commission for Meramec Sewer to sell its sewer system to MAWC. Meramec Sewer and MAWC entered into an agreement on September 15, 2011, in which MAWC agreed to purchase Meramec Sewer’s sewer system.

The Commission issued notice of this application on November 6, 2012. In that notice, the Commission allowed anyone who wished to intervene until November 26, 2012 to request intervention. The Commission received no intervention requests.

Staff filed its Recommendation on January 28, 2013. Staff recommended that the Commission approve the transaction, with certain conditions. Meramec Sewer and MAWC replied on February 6, 2013, asking for clarification of Staff's Recommendation, but largely also accepting Staff's Recommendation and conditions.

On February 12, 2013, MAWC filed a motion for expedited treatment. MAWC asks the Commission to make the order approving the application effective no later than February 28, 2013 for billing purposes. Staff supports MAWC's motion.

Discussion

The application is within the Commission's jurisdiction to decide.¹ Because no party objects to the application, no evidentiary hearing is required.² Thus, the Commission deems the hearing waived,³ and bases its findings on the verified filings, and makes its conclusions as follows.

The Commission issued Meramec Sewer a certificate of convenience and necessity to provide sewer service in File No. SA-77-167. Meramec Sewer currently provides sewer service to approximately 1,005 customers in Jefferson County, Missouri. MAWC is a regulated water and sewer company serving more than 450,000 customers throughout Missouri.

The Commission may approve of a sale of a sewer company if that sale is not detrimental to the public interest.⁴ Based on the verified pleadings, the Commission

¹ Section 393.190 RSMo 2000.

² *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Com'n*, 776 S.W.2d 494 (Mo. App. 1989).

³ Section 536.060, RSMo 2000.

⁴ See Commission Rule 4 CSR 240-3.310(1)(D).

finds that granting the application for the sale of the sewer company would not be detrimental to the public interest.

The application will be granted, and the motion for expedited treatment is granted.

THE COMMISSION ORDERS THAT:

1. The Joint Application is granted.
2. The Motion for Expedited Treatment is granted.
3. The Commission authorizes Meramec Sewer Company to sell and transfer its sewer utility assets to Missouri-American Water Company; authorizes Missouri-American Water Company to acquire Meramec Sewer Co.'s sewer utility assets; and grants Missouri-American Water Company the certificate of convenience and necessity presently held by Meramec Sewer Company to provide sewer service within the authorized service area.

4. Missouri-American Water Company shall notify the Commission when it has closed on the Meramec Sewer Co. assets within 5 business days after such closing has occurred. If closing has not occurred within 30 days after the effective date of the order approving this application, Missouri-American Water Company is required to file a status report on the status of the sale within 5 days after such 30 day period, and every 30 days thereafter, until the closing has occurred.

5. Missouri-American Water Company shall, within 10 days after closing, file a tariff adoption notice for the existing Meramec Sewer Co. tariff as a 30-day tariff filing. MAWC is authorized to provide service under the Meramec Sewer Co. tariff on an interim bases after closing on the assets but before the adopted tariff sheets take effect.

6. Missouri-American Water Company shall record a value of the amount listed in the Highly Confidential version of the Staff Memorandum listed on page 7, paragraph 4, for the amount of the Meramec Sewer Company acquisition plant in service, net of accumulated depreciation and CIAC, at January 31, 2013, as described within the Memorandum, and Missouri-American Water Company shall not seek recovery of an acquisition premium as a result of the transaction in any future proceeding before the Commission.

7. Missouri-American Water Company is required to assist Meramec Sewer Company in the preparation and filing of Meramec Sewer Company's 2012 PSC Annual Report by the due date, April 15, 2013.

8. Missouri-American Water Company is required to provide notice in writing to the Staff within 10 days of paying in full all outstanding amounts owed to MDNR for permit fees and to Jefferson County for past due real estate taxes.

9. Missouri-American Water Company shall adopt the depreciation schedules presently approved for Meramec Sewer Co. for Meramec Sewer Co.'s existing sewer service areas, as shown in Attachment A.

10. Missouri-American Water Company shall calculate and record depreciation expense on a going-forward basis after closing, using the above-mentioned depreciation schedule.

11. Missouri-American Water Company shall maintain utility plant records and customer account records, and shall keep all books and records, including plant property records, in accordance with the NARUC Uniforms System of Accounts, as described in Staff's Memorandum.

12. Missouri-American Water Company shall submit in this file an executed copy of the wholesale agreement between MAWC and the Northeast Public Sewer District within 5 days after the closing of this transaction.

13. Missouri-American Water Company shall provide adequate training to all customer service representatives with respect to adopted Meramec Sewer Co. rates and rules prior to the Meramec Sewer Co. customers receiving their first bill that includes sewer billing from Missouri-American Water Company.

14. Missouri-American Water Company shall provide the EMSU Staff with a sample of 45 combined water and sewer billing statements issued by Missouri-American Water Company to the Meramec Sewer Co. service district customers from its first month after closing and within 10 days of issuance of those bills.

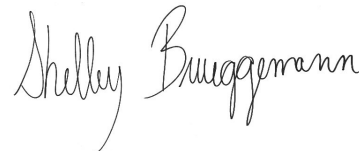
15. The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the certificate, including future expenditures by Missouri-American Water Company, in any later proceeding.

16. This order shall become effective on February 28, 2013.

17. This case shall be closed on March 1, 2013.

(S E A L)

BY THE COMMISSION



Shelley Brueggemann
Acting Secretary

Gunn, Chm., Jarrett, R. Kenney,
Stoll, and W. Kenney, CC., concur.

Pridgin, Senior Regulatory Law Judge