

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 24<sup>th</sup> day of February, 2021.

In the Matter of Missouri-American Water )  
Company for a Certificate of Convenience )  
and Necessity Authorizing it to Install, Own, )  
Acquire, Construct, Operate, Control, )  
Manage and Maintain A Water System in an )  
area of Stone County, Missouri (Table Rock )  
Estates Subdivision) )

**File No.: WA-2021-0116**

**ORDER GRANTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY**

Issue Date: February 24, 2021

Effective Date: March 26, 2021

On October 22, 2020, the Missouri-American Water Company (MAWC or Company) filed its Application and Motion for Waiver (Application). The Company applied for a Certificate of Convenience and Necessity (CCN) authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water system in an area of Stone County, Missouri (Table Rock Estate Subdivision, hereinafter Table Rock). MAWC also requested a waiver of the 60-day notice requirement under 20 CSR 4240-4.017. On October 23, 2020, the Commission issued its Order Directing Notice, Setting Date for Intervention, and Ordering Staff Recommendation. The Commission's Staff ("Staff") filed its Recommendation on February 4, 2021, recommending approval of the Application with conditions. No other responses were received. On February 5, 2021, the Commission issued its order requiring Staff and MAWC to file a map and legal description for the territory for which MAWC seeks a CCN. MAWC complied on February 9, 2021.

MAWC is a corporation in “good standing” status with the Missouri Secretary of State. It is an existing regulated water and sewer utility currently providing water service to more than 457,000 customers and sewer service to more than 13,000 customers in several areas throughout Missouri. The Table Rock subdivision is in Stone County, Missouri. Table Rock’s water service is not regulated by the Commission and is provided by the Table Rock Homeowners Association. MAWC has proposed to acquire and operate Table Rock’s water utility assets. The Table Rock Homeowners Association no longer has the ability or desire to operate the water utility. In a special meeting on May 4, 2019, 56 of 58 lot owners voted to approve the sale of the Table Rock utility assets to MAWC, with two lot owners absent who did not provide proxies.

The Table Rock system is unmetered, and 39 customers are billed annually by Table Rock for water in the amount of \$240.00, plus \$7.00 for the Missouri Department of Natural Resources’ primacy fee, for a total of \$247.00 per year. MAWC’s application proposed to apply its existing approved rate for “[a]ll Missouri Service Areas Outside of St. Louis County and Outside of Mexico,” to the Table Rock service area. The Staff determined this would result in a monthly flat rate charge of \$48.40, increasing the current monthly rate of \$20.58 by approximately 135%. Staff recommended against MAWC’s proposed rate because MAWC had provided no cost of service justification for the increase. Staff recommended that Table Rock’s current charges be continued until examined in a future rate case. MAWC has filed no response to Staff’s recommendation.

The Commission may grant a water or sewer corporation a certificate of convenience and necessity to operate after determining that the construction and

operation are either “necessary or convenient for the public service.”<sup>1</sup> The Commission articulated the specific criteria to be used when evaluating applications for utility CCNs in the case *In Re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases and set forth the following criteria: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed 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. These criteria are known as the *Tartan* Factors.<sup>2</sup>

Based upon MAWC’s verified application and Staff’s recommendation, the Commission finds that MAWC’s application satisfies the Tartan factors. There is a need for the service because the Table Rock customers are already receiving service and will continue to require service. Tartan criterion one is satisfied. Based upon its current provision of water and sewer service and its investment in its current operations, MAWC has demonstrated it is a qualified utility and has the financial ability to operate the Table Rock system. Tartan criterion two and three are satisfied. Based upon Staff’s observations of the water system, needed improvements, and the analysis of Staff’s Engineering Analysis Department; and Staff’s review of the proposed purchase price and of MAWC’s confidential feasibility study; the Commission finds it is feasible for MAWC to operate and manage Table Rock’s water system. Tartan criterion four is satisfied. Because MAWC satisfies the first four Tartan factors, the Commission finds the proposed acquisition promotes the public interest and that Tartan criterion five is satisfied.

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<sup>1</sup> Section 393.170.3, RSMo (2016)

<sup>2</sup> *In re Tartan Energy Co.*, 3 Mo. P.S.C. 173, 177 (1994).

No party has objected to the issuance of a CCN, nor has any party objected to Staff's recommended conditions or requested a hearing.<sup>3</sup> The Commission will grant MAWC a CCN for the service area depicted in the map and legal description filed on February 9, 2020, subject to Staff's recommended conditions. 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 CCN to MAWC, including expenditures related to the certificated service area in any later proceeding. The Commission will grant MAWC's request for a waiver of the 60-day notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on MAWC's verified declaration that it has had no communication with the Office of the Commission regarding substantive issues in the application within 150 days before MAWC filed its application.

**THE COMMISSION ORDERS THAT:**

1. MAWC's request for a waiver of the 60-day notice requirement under 20 CSR 4240-4.017 is granted.
2. MAWC is granted a Certificate of Convenience and Necessity authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water system in the Table Rock Estate Subdivision in Stone County, Missouri, as depicted and described in the map and legal description which MAWC filed in EFIS on February 9, 2021, and subject to the following conditions, which MAWC shall comply with:

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<sup>3</sup> Commission Rule 20 CSR 4240-2.080(13) allows parties 10 days to respond to pleadings unless otherwise ordered by the Commission. A hearing requirement is met when the opportunity for hearing is provided and an evidentiary hearing is not requested by a proper party. *State ex rel. Deffenderfer Enters., Inc. v. Pub. Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App. W.D. 1989).

- a. MAWC shall install a customer's meter for each customer within the Table Rock service area within three years of closing on the assets;
- b. MAWC shall charge a monthly rate of \$20.58, which is one-twelfth the current annual rate for Table Rock customers, until the cost of service is examined in a future rate case;
- c. MAWC shall submit tariff sheets, to become effective before closing on the assets, to include a service area map and service area written description, to be included in its EFIS water tariff P.S.C. MO No. 13, and water rates, applicable specifically to water service in its Table Rock service area;
- d. MAWC shall notify the Commission of closing on the assets within five days after such closing;
- e. If closing on the water system assets does not occur within thirty days following the effective date of the Commission's order approving such, MAWC shall submit a status report within five days after this thirty-day period regarding the status of closing, and additional status reports within five days after each additional thirty-day period, until closing takes place, or until MAWC determines that the transfer of the assets will not occur;
- f. If MAWC determines that a sale of the assets will not occur, MAWC shall notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and require MAWC to submit tariff sheets, as appropriate, in its water tariff that would cancel service area maps and descriptions and rate sheets applicable to customers in the Table Rock area;

- g. MAWC shall keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts; MAWC shall do such record keeping with respect to the Table Rock water system;
- h. MAWC shall adopt, for Table Rock Water assets the depreciation rates ordered for MAWC in Case No. WR-2017-0285;<sup>4</sup>
- i. MAWC shall obtain from Table Rock, as best as possible prior to or at closing, all 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;
- j. MAWC shall provide training to its call center personnel regarding rates and rules applicable to the Table Rock water system customers;
- k. MAWC shall include the Table Rock water system customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues, on an ongoing basis, after closing on the assets;
- l. MAWC shall distribute to the Table Rock water system customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service, consistent with the

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<sup>4</sup> On February 9, 2021, the Commission Staff filed a correction to its February 4 Staff Recommendation, which had incorrectly identified the file as Case No. WR-2017-0301. Per Staff's pleading, the correct file number is WR-2017-0285.

requirements of Commission Rule 20 CSR 4240-13, within thirty (30) days of closing on the assets;

- m. MAWC shall provide to the CXD Staff an example of its actual communication with the Table Rock water system customers regarding its acquisition and operations of the water system assets, and how customers may reach MAWC, within ten (10) days after closing on the assets;
- n. MAWC shall provide to 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;
- o. MAWC shall file notice in this case outlining completion of the above-recommended training, customer communications, and notifications within ten (10) days after such communications and notifications; and
- p. MAWC shall file notice in this case once Staff Recommendations Nos. a through p above have been completed.

3. MAWC's request for leave to charge a rate of \$48.40 per month to provide water service for the Table Rock area is denied. MAWC shall continue to charge Table Rock customers \$20.58 per month, which is one-twelfth of the current charge of \$247.00 per year, until that rate is reviewed in a future general rate case.

4. Prior to closing on the Table Rock assets, MAWC shall file tariff sheets within its existing P.S.C. MO No. 13 tariff showing the Table Rock service area map and written description, and stating a rate for water service for the Table Rock service area which is the same as Table Rock's existing rate, computed on a monthly basis.

5. This order shall be effective on March 26, 2021.



**BY THE COMMISSION**

*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and  
Holsman CC., concur.

Graham, Regulatory Law Judge