

**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 it to Install, Own,) **File No. WA-2022-0049**
Acquire, Construct, Operate, Control,) **File No. SA-2022-0050**
Manage and Maintain a Water System and)
Sewer System in and around the City of)
Orrick, Missouri.)

ORDER AND NOTICE

Issue Date: August 25, 2021

Effective Date: August 25, 2021

On August 25, 2021, Missouri-American Water Company (MAWC) filed the above-referenced application. The application seeks, among other things, authority for MAWC to acquire and operate the assets of a municipal water and sewer system in Orrick, Missouri.

The Commission will direct notice of the application be given to the county commission, local newspapers, and members of the General Assembly representing residents of Ray County, Missouri. The Commission will also direct notice of the application to the General Counsel for the Missouri Department of Natural Resources and will further set a deadline for interested parties to intervene.

THE COMMISSION ORDERS THAT:

1. The Commission’s Data Center shall provide a copy of this order and the application to the members of the County Commission of Ray County, Missouri; and to the General Counsel for the Missouri Department of Natural Resources.

2. The Commission's Public Policy and Outreach Division shall make notice of this order available to the members of the General Assembly representing Ray county, Missouri and to the media serving Ray County, Missouri.

3. Any person wishing to intervene in this matter shall file an application to intervene no later than September 16, 2021. The application shall be filed in the Commission's Electronic Filing and Information System ("EFIS") or with the Secretary of the Commission. Comments on the application can also be made in EFIS.

4. The Staff of the Commission shall file its Recommendation or alternative pleading no later than September 24, 2021.

5. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Ronald D. Pridgin, Regulatory Law Judge,
by delegation of authority pursuant
to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri
on this 25th day of August, 2021.

**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)
it to Install, Own, Acquire, Construct,) File No. _____
Operate, Control, Manage and Maintain)
a Water System and Sewer System in)
and around the City of Orrick, Missouri.)

**APPLICATION AND
MOTION FOR WAIVER**

COMES NOW Missouri-American Water Company ("MAWC") pursuant to Sections 393.140, and 393.170 RSMo, and 20 CSR 4240-2.060, 20 CSR 4240-3.305, 20 CSR 20 4240-3.600 and 20 CSR 4240-4.017(1)(D), and for its Application and Motion for Waiver, states as follows to the Missouri Public Service Commission:

BACKGROUND INFORMATION

1. This Application is being filed by MAWC to obtain a certificate of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a water system and sewer system in and around the City of Orrick, Missouri ("Orrick"), which is located in Ray County.

2. MAWC is a Missouri corporation, active and in good standing with the Missouri Secretary of State, with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. Pursuant to Commission regulation 20 CSR 4240-2.060(1)(G), MAWC incorporates by reference the certified copy of its certificate of good standing previously filed in File No. WO -2020-0190.

3. MAWC currently provides water service to approximately 470,000 customers and provides sewer service to approximately 15,000 customers in the State of Missouri. MAWC

is a "water corporation," a "sewer corporation" and a "public utility" as those terms are defined in Section 386.020 and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment fees. Other than proceedings before this Commission, there is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application.

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

Ms. Nikki Pacific
Manager Business Development –
Proposal and Integration
Missouri-American Water Company
727 Craig Road
Creve Coeur, Missouri 63021
Direct Dial 314-996-2215
Nikki.pacific@amwater.com

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

5. MAWC proposes to purchase substantially all of the water and sewer assets of the currently unregulated systems of Orrick, and requests permission, approval and a CCN to own, acquire, construct, operate, control, manage and maintain the water and sewer systems for the public in an area in and around Orrick, Missouri.

6. To provide service to the proposed area, MAWC will purchase the water and sewer systems from Orrick. Orrick is a Fourth-Class City located in Ray County. Orrick serves about 335 water accounts and 335 sewer accounts. Orrick has a population of approximately 746 people.

7. Orrick purchases water from Ray County Consolidated Public Water Supply

District 2 (“PWSD #2”). The Orrick water system consists of approximately 39,250 feet of water mains ranging in size from 1” to 8” with approximately 47 hydrants. The system includes a 150,000-gallon elevated storage tank. Water is supplied to the system through an 8” metered interconnect with PWSD #2. The wastewater system consists of approximately 34,000 feet of 8” gravity mains and 351 manholes and 5 duplex lift stations pumping through 7300 feet of 6” force main to the lagoon treatment system. The lagoon consists of three cells. A small aeration cell followed by primary and polishing cells. The system discharges into Kenney Creek.

8. On January 21, 2021, The City of Orrick held a special meeting attended by the Mayor and council members. At this meeting a motion was made and passed to accept the sample ballot for the proposed sale of the City's water and sewer systems to MAWC in the April 6, 2021 election. A copy of the *Minutes from Special Meeting January 21, 2021* is attached hereto as **Appendix A**. The question on the ballot was as follows:

Shall the City of Orrick, Missouri, be authorized to sell its water and wastewater (sewer) utility to Missouri American Water for the sum of \$1,510,000 (One million five hundred ten thousand dollars)?

A sample ballot for the April 6, 2021 election is attached hereto as **Appendix B**.

9. There were virtual Town Hall Meetings held on March 16, 2021, and March 30, 2021, to discuss the proposed sale. MAWC representatives attended the virtual Town Hall Meetings and were available to answer any questions. Notifications of the Town Hall Meetings, which were sent to the residents, are attached hereto as **Appendix C**. The election was held on April 6, 2021 with over 85% of the votes in favor of the question, Proposition S. There were 149 total votes cast with regard to Proposition S, of which 127 voted "yes" and 22 voted "no."

10. On June 8, 2021 MAWC entered into an *Agreement for Purchase of Water and Wastewater System ("Purchase Agreement")* with Orrick. A copy of the *Purchase Agreement*

is attached as **Appendix D**. The schedules and exhibits to the *Purchase Agreement* have not been created at this time. In most cases, they are prepared if and when approval is received by the Missouri Public Service Commission to proceed with the transaction since these items are part of the closing process.

11. MAWC proposes to purchase all the water and sewer utility assets of Orrick, as specifically described in, and under the terms and provisions of the *Purchase Agreement*. A legal description of the area sought to be certificated is attached as **Appendix E**. A map of the area sought to be certificated is attached to this Application as **Appendix F**. MAWC proposes that the area to be certificated for water and sewer service be described as: "The City of Orrick and the surrounding area."

APPRAISAL

12. MAWC seeks to establish the ratemaking rate base associated with the Orrick water and sewer assets pursuant to Section 393.320, RSMo. Section 393.320.2 states as follows:

The procedures contained in this section may be chosen by a large water public utility, and if so chosen shall be used by the public service commission to establish the ratemaking rate base of a small water utility during an acquisition.

13. MAWC is a "large water public utility" as it is "...a public utility that regularly provides water service or sewer service to more than eight thousand customer connections and that provides safe and adequate service..." Section 393.320.1(1), RSMo. Orrick is a "small water utility" as it is "...a water system or sewer system owned by a municipality that regularly provides water service or sewer service to eight thousand or fewer customer connections..." Section 393.320.1(2), RSMo.

14. Section 393.320.3(1), RSMo requires an appraisal be performed by three

appraisers. Such an appraisal has been performed on the Orrick water and sewer systems and is attached hereto as **Appendix G**. The appraisal references the Flinn Engineering Report which is attached hereto as **Appendix H**. The appraisal contains a joint assessment of the fair market value of the water system and sewer system.

15. Section 393.320.5(1), RSMo states, in part, that “[t]he lesser of the purchase price or the appraised value, together with the reasonable and prudent transaction, closing, and transition costs incurred by the large water public utility, shall constitute the ratemaking rate base for the small water utility as acquired by the acquiring large water public utility....” In this case, the purchase price is equal to the appraised value (\$1,510,000 (\$840,000 for water system assets, and \$670,000 for sewer system assets)). Therefore, that amount together with the reasonable and prudent transaction, closing, and transition costs incurred by MAWC, shall constitute the ratemaking rate base.

ADDITIONAL INFORMATION

16. Attached hereto and marked as **Appendix I-C** is a list of ten residents or landowners within the proposed service area. **Appendix I-C** has been identified as Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(1), as it contains customer- specific information.

17. Attached hereto and marked as **Appendix J-C** is the feasibility study for the water system and **Appendix K-C** is the feasibility study for the sewer system for which MAWC seeks a CCN, containing plans and specifications for the utility systems and estimated cost of the construction of the utility systems during the first three (3) years of ownership; proposed rates and charges; and estimates of the number of customers and estimated expenses and revenues during the first three (3) years of operation by MAWC. No external financing is anticipated. **Appendix**

J-C and **Appendix K-C** have been identified as "Confidential" in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3) and (6) as they contain market specific information and information representing strategies employed in contract negotiations.

18. Attached hereto and marked as **Appendix L** is an Integration Information Appendix, which includes information relevant to the integration process of this proposed acquisition.

19. MAWC will receive franchises from Orrick as called for by the *Purchase Agreement*.

TARIFFS/RATES

20. MAWC proposes to provide water service pursuant to the rates charged by Orrick at the time of closing and to utilize the rules governing rendering of water service currently found in MAWC's water tariff P.S.C. MO No. 13, until such time as the rates and rules are modified according to law. MAWC proposes to provide sewer service pursuant to the rates charged by Orrick at the time of closing and to utilize the rules governing rendering of sewer service currently found in MAWC's sewer tariff P.S.C. MO No. 26, until such time as the rates and rules are modified according to law.

PUBLIC INTEREST

21. The grant of the requested CCN (and approval of the underlying transaction) is in the public interest and will result in the provision of regulated water and sewer service to the current and future residents of the service area. The water and sewer assets of Orrick would be acquired by MAWC, a Missouri public utility, and be subject to the jurisdiction of the Commission. MAWC has considerable expertise and experience in providing water and sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own and operate the water

and sewer systems currently being operated in and around the City of Orrick.

22. The City of Orrick water and wastewater customers will benefit from this acquisition for various reasons, which include: the need for investment to replace aging infrastructure, the need for investment to maintain compliance with existing and new regulations, to relieve the responsibility of operating and maintaining systems in the face of ever-increasing complexity and liability, and the desire to maintain affordability.

MOTION FOR WAIVER

23. Commission Rule 20 CSR 4240-4.017(1) provides that "[a]ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application. As such, and to the extent required, MAWC seeks a waiver of the 60 day notice requirement.

24. Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, MAWC declares (as verified below) that it has had no communication with the Office of the Commission (as defined by Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, MAWC moves for a waiver of the 60 day notice requirement of Rule 20 CSR 4240-4.017(1) and acceptance of this Application at this time.

WHEREFORE, MAWC requests the Commission issue an order:

1. Granting MAWC permission, approval and a Certificate of Convenience and Necessity authorizing MAWC to install, acquire, build, construct, own, operate, control, manage and maintain water and sewer systems for the public within the area referred to above;
2. Granting MAWC permission to acquire the water and sewer assets identified

herein of the City of Orrick, Missouri;

3. Establishing the ratemaking rate base of the Orrick water and sewer assets in its order approving the requested certificate and this transaction pursuant to Section 393.320.5(2), RSMo; and,

4. Authorizing MAWC to take such actions as may be deemed necessary and appropriate to accomplish the purposes of the *Purchase Agreement* and the Application and to consummate related transactions in accordance with the *Purchase Agreement*.

Respectfully submitted,



Dean L. Cooper Mo. Bar #36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
dcooper@brydonlaw.com

Timothy W. Luft, Mo. Bar #40506
Corporate Counsel
MISSOURI-AMERICAN WATER COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279 telephone
(314) 997-2451 facsimile
timothy.luft@amwater.com

**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 25th day of August, 2021, to:

General Counsel's Office
staffcounservice@psc.mo.gov

Office of the Public Counsel
opcservice@opc.mo.gov



VERIFICATION

State of Missouri)
)
County of St. Louis) ss

I, Timothy W. Luft, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am Vice-President - Legal of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that I have knowledge of the matters stated herein, and that said matters are true and correct to be best of my knowledge and belief. Additionally, no representative of MAWC has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the immediately preceding 150 days regarding the subject matter of this Application.

Tim Luft

List of Appendices

Appendix A	City of Orrick Minutes from January 21, 2021
Appendix B	Sample ballot for the April 6, 2021 election
Appendix C	Notices of Town Hall Meetings
Appendix D	Purchase Agreement
Appendix E	Legal description
Appendix F	Map
Appendix G	Appraisal
Appendix H	Flinn Engineering Report
Appendix I-C	List of Ten Residents
Appendix J-C	Feasibility Study - water system
Appendix K-C	Feasibility Study - sewer system
Appendix L	Integration Information


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 25th day of August, 2021.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 25, 2021

File/Case No. WA-2022-0049 and SA-2022-0050

Missouri Public Service Commission
Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel
Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@opc.mo.gov

County of Ray, Missouri
County Commission Clerk
100 W Main
Ray County Courthouse
Richmond, MO 64085
ray@sos.mo.gov

Missouri Department of Natural Resources
Legal Department
1101 Riverside Drive, 2nd Floor
P.O. Box 176
Jefferson City, MO 65102-0176

Missouri-American Water Company
Dean L Cooper
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102
dcooper@brydonlaw.com

Missouri-American Water Company
Timothy W Luft
727 Craig Road
St. Louis, MO 63141
Timothy.Luft@amwater.com

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.