

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

In the Matter of the Joint Application )  
Of Missouri-American Water )  
Company and Woodland Manor )  
Water Company, LLC for MAWC to )  
Acquire Certain Water Assets of )  
Woodland Manor and in Connection )  
Therewith, Certain Other Related )  
Transactions )

**Case No. WM-2016-0169**

**STIPULATION AND AGREEMENT**

**COME NOW** the Staff of the Missouri Public Service Commission (Staff), Missouri-American Water Company (Missouri American), Woodland Manor Water Company (Woodland Manor), and the Office of the Public Counsel (OPC), by and through counsel, and for their *Stipulation and Agreement* in this matter hereby state:

1. Woodland Manor and Missouri American filed a *Joint Application* for Missouri American to acquire certain water assets of Woodland Manor January 5, 2016. The Commission ordered and Staff filed its *Recommendation* February 22, 2016. Missouri American filed a *Response* to Staff’s recommendation March 3, 2016, which identified a portion of the *Recommendation* with which it did not agree. Staff and OPC replied to Missouri American’s *Response* prior to the prehearing conference held April 7, 2016, at which time the judge ordered parties to file a status report no later than April 14, 2016, indicating how the parties intended to proceed. The parties have met and settled the issue. In order to resolve all remaining issues in this case, the parties have reached the following agreements and make the following recommendations to the Commission:

a. In conjunction with the acquisition of Woodland Manor, Missouri American will not seek to recover any acquisition premium, nor will it seek to recover any transaction costs, in any subsequent rate proceeding.

b. In conjunction with the acquisition of Woodland Manor, Missouri American will be authorized to record transition costs (up to a maximum of \$40,000) as a deferred debit in Uniform System of Accounts (USOA) Account 186 – Miscellaneous Deferred Debit. The deferred debit will be amortized to expense over a five-year period (USOA Account 405 – Amortization Other UP) beginning with the sooner of:

- i. The first month following the end of services provided in the Transition Services Agreement; or
- ii. Two years after the date of closing of the Woodland Manor acquisition.

c. “Transition costs” will largely consist of those payments made in accordance with a Transition Services Agreement with the prior owner of Woodland Manor (not the entity), with payments not to exceed \$40,000 over a two-year period (i.e. \$40,000 maximum).

d. All ratemaking determinations regarding transition costs resulting from the Woodland Manor acquisition will be reserved to Missouri American’s next general ratemaking proceeding.

2. The signatories further agree the Commission should apply the remaining conditions listed Staff’s *Recommendation*:

a. Approve the proposed transfer of assets from Stephen and Mona Fennema d/b/a Woodland Manor Water Company, and/or Woodland Manor Water Company, LLC, to MAWC;

b. Authorize, upon their completing closing on the assets, Stephen and Mona Fennema d/b/a Woodland Manor Water Company, and/or Woodland Manor to cease providing water service, and for MAWC to begin providing water service;

c. Transfer the CCN now held by Stephen and Mona Fennema d/b/a Woodland Manor Water Company, to MAWC, effective upon the parties completing closing on the assets;

d. Order either MAWC or Woodland Manor to submit a statement that closing on the assets has occurred, within five (5) business days after closing has occurred;

e. Order MAWC to adopt the existing Woodland Manor water tariff, including existing rates, rules and service area, by filing a tariff adopting notice sheet, as a 30-day filing, within ten (10) days after closing on the assets; and further, that MAWC be authorized to operate under the Woodland Manor tariff on an interim basis until the adoption notice tariff sheet becomes effective;

f. Order MAWC to adopt the current water depreciation rates that were ordered by the Commission for Woodland Manor in Case No. WR-2013-0326, as shown on Attachment A to the Staff Recommendation.

g. Require MAWC to keep its financial books and records for rate base, revenues and operating expenses associated with the Woodland Manor system in accordance with the NARUC Uniform System of Accounts;

h. Authorize no recognition for accounting purposes of any “acquisition adjustment” or “acquisition premium” by MAWC associated with this asset transfer transaction in this case;

i. Require MAWC to ensure adherence to Commission Rule 4 CSR 240-13.020(1) regarding the production of customer bills with a 26-35 days of service billing period within thirty (30) days of the Commission order approving the Application;

j. Require MAWC to distribute to Woodland Manor service area customers an informational brochure detailing the rights and responsibilities of the utility and its customers prior to the first billing from MAWC, consistent with the requirements of Commission Rule 4 CSR 240-13.040(3);

k. Require MAWC to include the Woodland Manor service area customers, along with existing MAWC customers, for its monthly reporting to the CMAU staff for 1) Average Abandoned Call Rate, 2) Average Speed of Answer, 3) 1st Call Effectiveness, 4) Average Customer Response Time, 5) Call Volumes, 6) Call Center Staffing Levels, including job titles and the number of people employed in each category, 7) the number of actual monthly meter reads in total and by district, 8) the number of monthly estimated meter reads, 9) the number of consecutive estimated reads and 10) the meter reader staffing levels;

l. Require MAWC to provide adequate training to all customer service representatives prior to the current Woodland Manor customers receiving their first bill from MAWC;

m. Require MAWC to provide to the CMAU staff on a monthly basis a document detailing the bills to Woodland Manor service area customers that were issued for greater than thirty-five (35) days of service;

n. Require MAWC to provide to the CMAU staff within thirty (30) days of billing a sample of ten (10) billing statements of the first three months' bills issued to Woodland Manor service area customers, in order to check for accuracy;

o. Require that if deposits are retained, deposits should be refunded plus accrued interest on all accounts with a satisfactory payment history as defined in Commission Rule 4 CSR 240-13.030(4)(D).

p. Require MAWC to provide an example of its communication with the Woodland Manor service area customers regarding the acquisition of the Woodland Manor utility assets, and how customers may reach MAWC; and,

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

### **GENERAL PROVISIONS**

3. This *Stipulation and Agreement* is being entered into solely for the purpose of settling all issues in the above-referenced matter. Unless otherwise explicitly

provided herein, none of the signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any other principles or methodology except as explicitly provided herein. None of the signatories shall be prejudiced or bound in any manner by the terms of this *Stipulation and Agreement* (whether this *Stipulation and Agreement* is approved or not) in this or in any other proceeding, other than a proceeding limited to enforce the terms of this *Stipulation and Agreement*.

4. This *Stipulation and Agreement* is the result of negotiation among the signatories and the terms hereof are interdependent. If the Commission does not approve this *Stipulation and Agreement* unconditionally and without modification, then it shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

5. If the Commission does not approve this *Stipulation and Agreement* without condition or modification, and notwithstanding the provision herein that it shall become void; neither this *Stipulation and Agreement* nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080, RSMo or Article V, Section 18 of the Missouri Constitution, and the signatories shall retain all procedural and due process rights as fully as though this *Stipulation and Agreement* had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that are offered or received in support of this *Stipulation and Agreement* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

6. In the event the Commission approves the specific terms of this *Stipulation and Agreement*, without condition or modification, and as to the specified issues, the signatories waive their respective rights to call, examine, and cross-examine witnesses pursuant to Section 536.070(2), RSMo; present oral argument and written briefs pursuant to Section 536.080.1, RSMo; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo; their respective rights to seek rehearing, pursuant to Section 386.500, RSMo; and their respective rights to judicial review pursuant to Section 386.510, RSMo. These waivers apply only to a Commission order approving this *Stipulation and Agreement* without condition or modification issued in this above-referenced proceeding and only to the issues that are resolved hereby. These waivers do not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this *Stipulation and Agreement*.

7. If requested by the Commission, Staff may file suggestions or a memorandum in support of this *Stipulation and Agreement*. Each of the signatories shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum, which shall also be served on all signatories. The contents of any suggestions or memorandum provided by any signatory are its own and are not acquiesced in or otherwise adopted by the other signatories to this *Stipulation and Agreement*, whether or not the Commission approves and adopts this *Stipulation and Agreement*. Staff shall have a right to provide, at any agenda meeting at which this *Stipulation and Agreement* is noticed to be

considered by the Commission, whatever oral explanation the Commission requests, provided that Staff shall, to the extent reasonably practicable, provide other parties with advance notice of the agenda at which this matter is scheduled to be discussed.

**WHEREFORE**, the signatories respectfully request that the Commission issue an order approving all of the specific terms and conditions of this *Stipulation and Agreement*, and that the Commission grant such other and further relief as it considers just in the circumstances.

Respectfully submitted,

<p><b><u>/s/ Dean L. Cooper</u></b>          Dean L. Cooper - #36592          312 E. Capital Ave.          P.O. Box 456          Jefferson City, MO 65102          Phone: (573) 635-7166          Fax: (573) 636-6450          Email: <a href="mailto:paulb@brydonlaw.com">paulb@brydonlaw.com</a>  <a href="mailto:dcooper@brydonlaw.com">dcooper@brydonlaw.com</a></p> <p><b>ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY</b></p>	<p><b><u>/s/ Whitney Payne</u></b>          Whitney Payne          Legal Counsel          Missouri Bar No. 64078          Attorney for the Staff of the          Missouri Public Service Commission          P. O. Box 360          Jefferson City, MO 65102          (573) 751-8706 (Telephone)          (573) 751-9285 (Fax)  <a href="mailto:whitney.payne@psc.mo.gov">whitney.payne@psc.mo.gov</a></p>
<p><b><u>/s/ Tim Opitz</u></b>          Tim Opitz          Senior Counsel          Missouri Bar No. 65082          P. O. Box 2230          Jefferson City MO 65102          (573) 751-5324          (573) 751-5562 FAX  <a href="mailto:Timothy.opitz@ded.mo.gov">Timothy.opitz@ded.mo.gov</a></p> <p><b>OFFICE OF THE PUBLIC COUNSEL</b></p>	<p><b><u>/s/ Karl Finkenbinder</u></b>          Karl Finkenbinder #59425          Schenewerk &amp; Finkenbinder          P.O. Box 123          500 West Main Street, Suite 305          Branson, MO 65616          (417) 334-7922          (417) 334-7923 (fax)  <a href="mailto:karl@sfallawfirm.com">karl@sfallawfirm.com</a></p> <p><b>ATTORNEY FOR WOODLAND MANOR WATER COMPANY, LLC</b></p>



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 26<sup>th</sup> day of April, 2016 to all counsel of record.

**/s/ Whitney Payne**