

**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, Operate, Control,) **File No. WA-2022-0311**
Manage and Maintain a Water System and)
Sewer System in and around the City of)
Stewartsville, Missouri)

**RESPONSE TO OPC MOTION
FOR NOTICE AND LOCAL PUBLIC HEARING**

COMES NOW Missouri-American Water Company (MAWC) and, as its *Response to OPC Motion for Notice and Local Public Hearing*, states as follows to the Missouri Public Service Commission (Commission):

BACKGROUND

1. On May 10, 2022, MAWC filed an application that seeks permission and approval for certificates of convenience and necessity associated with the acquisition of a water system and sewer system in and around the City of Stewartsville, Missouri, located in DeKalb and Clinton Counties.

2. On June 22, 2022, the Office of the Public Counsel (OPC) filed *Public Counsel's Motion for Notice and Local Public Hearing* (Motion). OPC's Motion requests that the Commission set a local public hearings and include potential water and sewer bill impacts in the notice of the public hearing. The Motion is based on the following:

- OPC moves the Commission to set a local public hearing in these consolidated cases to hear from the 162 voters who voted to sell the municipal water and sewer systems, the eighteen who voted against the sale, the nearly 500 residents of Stewartsville who did not vote, and anyone ineligible to vote who may be affected by Missouri American Water Company acquiring Stewartsville's water or sewer systems.

- OPC states that it appears that Missouri American Water Company is seeking authority to serve beyond the city limits of Stewartsville, but it is unclear whether Stewartsville provides water or sewer service beyond its city limits.
- OPC requests the Commission to include in its notice of the public hearing directed to those in and about Stewartsville the potential water and sewer service bill impacts of the sale on typical residential and commercial customers.

(emphasis added).

3. MAWC will respond to each of these three subjects in the following paragraphs.

LPH TO HEAR FROM VOTERS?

4. This is an interesting case in which to ask for a local public hearing. MAWC's interaction with the elected officials and citizens of Stewartsville began in February of 2021, and has been significant. Since that time, the following activities have taken place:

- Board of Alderman meetings have been held discussing the possible sale (at least on April 7, 2021, August 3, 2021, and August 24, 2021);
- An ordinance passed by the Board of Aldermen placed the issue on the ballot for a public hearing;
- Mailings have been made providing an invitation to a Town Hall meeting and providing general information (See **Appendix A and B**);
- A Town Hall meeting hosted by the City was held on September 15, 2021 to discuss the proposed sale;
- A Town Hall meeting hosted by MAWC was held on October 18, 2021 to discuss the proposed sale (MAWC representatives attended the Town Hall Meeting and were available to answer any questions);

- An election was held on November 2, 2021 with 90% of the votes in favor of Stewartsville selling its water and sewer systems to MAWC (180 total votes were cast, of which 162 voted "yes" and 18 voted "no"); and,
- A Purchase Agreement was negotiated and executed with the City's elected officials.

5. OPC's alleged justification for a local public hearing seems to suggest that it wants to take the unusual path of seeking to second guess the voters, in that it indicates it wants to hear from the 162 persons that voted for the ballot measure, and the 18 that voted against the ballot measure. Those voices have been heard. Further, OPC indicates it wants to hear from the 500 residents that did not vote and "anyone ineligible to vote."

6. As to the voters, it is worth noting that the voter turnout for this election was very normal in comparison to past Stewartsville issues. The number of voters for the last five municipal issues have been as follows:

April 3, 2018 – 185 Stewartsville Voters -- Alderman Election
April 2, 2019 – 178 Stewartsville Voters – Mayor and Alderman Election
April 7, 2020 – 91 Stewartsville Voters – Alderman Election
April 6, 2021 – 125 Stewartsville Voters – Mayoral Election
November 2, 2021 -- 180 Stewartsville Voters – *Water and Sewer Vote*
April 5, 2022 – 43 Stewartsville Voters – Alderman Election

7. As to the "500 residents of Stewartsville that did not vote," one would assume many of those would be children under the age of 18. Perhaps not the best candidates for a local public hearing in this situation. However, regardless, those persons in this category over the age of 18 had the opportunity to participate in the process.

8. OPC's use of the phrase "anyone ineligible to vote," is assumed to potentially mean any customers that live outside the City and cannot vote in a municipal election. The Missouri statutes, of course, do not require the vote or permission of such persons in regard to a municipality's decision to sell its water or sewer assets. Additionally, MAWC would note that

any such customers' rates are not regulated today. Because the proposed acquisition would bring their rates within the jurisdiction of the Commission, they would have greater protection post-acquisition.¹

9. MAWC believes additional notice on the potential acquisition may confuse the citizens more than it will benefit them, as they have already received notice of it and voted for their position on the acquisition.

10. MAWC and Stewartsville conducted a very open process that culminated in the public vote required by statute and the execution of a Purchase Agreement. There is no need for an additional proceeding.

FACTUAL ISSUE AS TO AREA OF SERVICE?

11. OPC states a concern that MAWC is seeking a CCN that may extend beyond the city limits of Stewartsville, and indicates it is "unclear" to OPC whether Stewartsville provides water or sewer service beyond its city limits. MAWC believes that there are 2 water customers outside the city limits and no sewer customers outside the city limits. However, while these are certainly relevant questions for the case, they are purely factual questions that are best suited for review of documents and maps and other materials. These are not the sort of questions that are well suited for a local public hearing or to which a complete, or perhaps even an accurate, answer is likely to be determined at such a local hearing. MAWC would suggest that the discovery process and discussion with Stewartsville personnel is the best, and perhaps only way, to answer OPC's questions.

¹ To the extent OPC is generally concerned about municipal utility customers that live beyond city limits, it could explore Section 386.250(3), which indicates that the Commission's jurisdiction extends "To all water corporations, and to the land, property, dams, water supplies, or power stations thereof and the operation of same within this state, except that nothing contained in this section shall be construed as conferring jurisdiction upon the commission over the service or rates of any municipally owned water plant or system in any city of this state *except where such service or rates are for water to be furnished or used beyond the corporate limits of such municipality.*" [Emphasis added.]

NOTICE OF RATE IMPACTS?

12. Lastly, OPC requests that if a local public hearing is ordered, that notice of the public hearing identify “the potential water and sewer service bill impacts of the sale on typical residential and commercial customers.” As can be seen from **Appendix B**, MAWC provided Stewartsville residents with a comparison of existing Stewartsville rates with existing MAWC rates.

13. Even if ordered to provide the notice requested by OPC, MAWC is unsure how to compare the “potential” rates for Stewartsville and MAWC on a going forward basis. MAWC has a notice of intended filing before the Commission concerning a rate case. However, at this point, such a case would not result in new rates until mid-2023. Even after filing, MAWC will not know what rates will result from that case in 2023 and would suggest that OPC also does not know what those rates will be. Just as importantly, it is difficult to know what Stewartsville’s rates will be in the future for the purposes of a comparison. As can be seen from MAWC’s materials, it believes that investment in both the water and sewer systems will be necessary to provide safe and adequate service to Stewartsville. No one knows what Stewartsville’s rates would be in future years if, in the absence of this transaction, it had to make those investments itself. Information is not available to make a meaningful comparison of future rates.

CONCLUSION

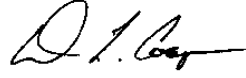
MAWC believes that a local public hearing is not necessary in this case because of the volume and nature of the communications with elected officials and residents that preceded the filing of the application in this case (to include two Town Hall meetings), as well as the overwhelming support for the transaction that was evident from the favorable vote of 90% of the

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 30th day of June 2022, to:

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

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





JOIN US FOR A TOWN HALL MEETING

Learn more about the proposed sale of your water and
wastewater systems on Monday, October 18 at 7:00 p.m.



MISSOURI
AMERICAN WATER

WE KEEP LIFE FLOWING[®]

missouriamwater.com

1-866-430-0820

JOIN US FOR A TOWN HALL MEETING

MONDAY, OCTOBER 18, 7:00 P.M.
STEWARTSVILLE FIRE STATION
631 Park Avenue | Stewartville, MO

Join us and learn more about the proposed sale of Stewartville's water and wastewater systems to Missouri American Water. Representatives from Missouri American Water will be present to answer questions and address concerns.

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3524 South Leonard Road
Saint Joseph, MO 64503

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YES ON S

Safety. Savings. Stability.

On November 2, voting **YES ON S** means families in Stewartsville will save on their combined water and wastewater bills every month.

- Missouri American Water will purchase Stewartsville water and wastewater systems for \$1.9 million
- Missouri American Water will invest \$3.2 million in both systems over the next 5 years
- Systems will meet state and federal regulations and remain in compliance
- Stewartsville will be debt free and will have over \$1.5 million in proceeds to focus on other community priorities
- The average user of 3,200 gallons per month is anticipated to save more than \$15 a month on their combined water and wastewater bill!

“Missouri American Water has a proven track record of service and can solve the water and wastewater issues facing our community and lower monthly bills at the same time.”

Mayor Mark Francis

VOTE **YES ON S** ON NOVEMBER 2



VOTE YES ON **S** NOVEMBER 2



STEWARTSVILLE vs. MISSOURI AMERICAN WATER

