

**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, Manage and Maintain a Water )  
System and Sewer System in and around )  
The City of Garden City, Missouri. )

**File No. WA-2021-0391**

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”) and for its *Staff Recommendation*, states as follows:

**Procedural History**

1. On May 7, 2021, Missouri-American Water Company (“MAWC”) filed an Application and Motion for Waiver (“Application”) with the Commission, in File Nos. WA-2021-0391 and SA-2021-0392, seeking certificates of convenience and necessity authorizing MAWC to acquire and operate the assets of a municipal water and sewer system in Garden City, Missouri.

2. On May 26, 2021, the Commission issued its *Order Directing Notice* and *Order Directing Filing* setting an intervention deadline of May 25, 2021, and directing Staff to file a recommendation regarding MAWC’s Application no later than June 25, 2021, respectively. No applications to intervene were submitted in either File No. WA-2021-0391 or File No. SA-2021-0392.

3. On May 28, 2021, MAWC filed its *Motion to for Leave to Amend Application and Amendment to the Application* (“Amendment”), stating that MAWC neglected to address in its Application the issue of rate base, and seeks to amend its Application to include a request, and the necessary corresponding documentation, attached thereto as

Appendix J, to establish rate base associated with the Garden City water and sewer assets in this matter pursuant to Section 393.320, RSMo.

4. On June 7, 2021 Staff filed its response to MAWC's Amendment and stated that while Staff did not oppose MAWC's May 28<sup>th</sup> Amendment, it was Staff's position that the Amendment constitutes a significant modification to the original Application, and Staff requested that the Commission direct additional notice be given, re-establish a period for interested parties to request intervention in the matter, and set a new filing date by which Staff was to submit its recommendation.

5. On June 8, 2021, the Commission issued its *Additional Order Directing Notice*, directing additional notice be give, setting a new intervention deadline of June 23, 2021, and directing Staff to file its Recommendation or alternative pleading no later than July 8, 2021. Also on June 8, 2021, the Commission issued its *Order Granting Motion to Consolidate*. Since that time, no parties have requested intervention in this matter.

6. On July 8, 2021, Staff filed its *Motion for Extension*, requesting the Commission establish a new filing date of October 6, 2021. The Commission subsequently approved Staff's request on July 14, 2021.

#### **Staff Recommendation**

7. Pursuant to Section 393.170, RSMo, no water or sewer corporation shall provide service to consumers without first having obtained approval from the Commission.

8. When reviewing whether a utility should be granted a CCN, the Commission typically applies the five Tartan Criteria established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994). The criteria are: (1) there must be a need for the service; (2) the applicant must be qualified to provide the service;

(3) the applicant must have the financial ability to provide service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.

9. In addition to the Tartan Criteria, when considering an application involving existing water and/or sewer systems, the Commission analyzes the Technical, Managerial, and Financial ("TMF") capabilities of the applicant.

10. MAWC filed its applications as a "Large Water Public Utility" pursuant to Section 393.320, RSMo, and has chosen to utilize the appraisal method, also outlined under Section 393.320, RSMo, to determine the ratemaking rate base of the Garden City systems.

11. Pursuant to subsection 2. of 393.320, RSMo, the appraisal procedures laid out therein may be chosen to be used by a "large water public utility,"<sup>1</sup> and "if so chosen shall be used by the public service commission to establish the ratemaking rate base of a small water utility<sup>2</sup> during an acquisition."

12. Subsection 3. of 393.320, RSMo, states as follows:

3. (1) An appraisal shall be performed by three appraisers. One appraiser shall be appointed by the small water utility, one appraiser shall be appointed by the large water public utility, and the third appraiser shall be

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<sup>1</sup> As used in Section 393.320, RSMo, a "**Large water public utility**" 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 but shall not include a sewer district established under [Section 30\(a\), Article VI of the Missouri Constitution](#), sewer districts established under the provisions of chapter 204, 249, or 250, public water supply districts established under the provisions of chapter 247, or municipalities that own water or sewer systems;

<sup>2</sup> As used in Section 393.320, RSMo, a "**Small water utility**", is a public utility that regularly provides water service or sewer service to eight thousand or fewer customer connections; a water district established under the provisions of chapter 247 that regularly provides water or sewer service to eight thousand or fewer customer connections; a sewer district established under the provisions of chapter 204, 249, or 250 that regularly provides sewer service to eight thousand or fewer customer connections; or 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; and all other entities that regularly provide water service or sewer service to eight thousand or fewer customer connections.

appointed by the two appraisers so appointed. Each of the appraisers shall be a disinterested person who is a certified general appraiser under chapter 339.

(2) The appraisers shall:

(a) Jointly prepare an appraisal of the fair market value of the water system and/or sewer system. The determination of fair market value shall be in accordance with Missouri law and with the Uniform Standards of Professional Appraisal Practice; and

(b) Return their appraisal, in writing, to the small water utility and large water public utility in a reasonable and timely manner.

(3) If all three appraisers cannot agree as to the appraised value, the appraisal, when signed by two of the appraisers, constitutes a good and valid appraisal.

13. As more thoroughly explained in Staff's Memorandum, attached hereto as Appendix A, Staff conducted an investigation into MAWC's request. As part of its investigation, Staff reviewed the Application, Appraisal and Engineering Report, performed multiple on-site investigations of both the water and sewer systems, reviewed City records as well as MAWC's responses to Staff issued data requests, and created its own estimate of plant values as a tool to evaluate the reasonableness of the conclusions reached in the appraisal report. While Staff's calculation of Rate Base resulted in a net book value less than the Appraisal and subsequent purchase price, Staff agrees with the characterization of the condition of the City's water and sewer assets, and finds the Appraisal process to have been completed pursuant to the requirements of Section 393.320, RSMo.

14. Further, Staff concludes that MAWC fulfills the requirements regarding TMF capacities. Staff also finds that MAWC meets the Tartan Criteria; i.e., (1) there is a need for the service; (2) MAWC is qualified to provide the service; (3) MAWC has the

financial ability to provide service; and (4) MAWC's proposal is economically feasible; and (5) MAWC's proposal is in the public interest.

15. Accordingly, Staff recommends that the Commission approve MAWC's request for CCNs to install, own, acquire, construct, operate, control, manage, and maintain a water and sewer system in and around the City of Garden City, Missouri, subject to the conditions outlined within Appendix A to this pleading.

**WHEREFORE**, Staff respectfully submits this *Staff Recommendation* for the Commission's information and consideration, and hereby requests the Commission approve MAWC's Application subject to the conditions listed in Appendix A; and grant such further relief as the Commission deems just in the circumstances.

Respectfully submitted,

**/s/ Mark Johnson**

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**Attorney for the Staff of the  
Missouri Public Service Commission**

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 6<sup>th</sup> day of October, 2021.

**/s/ Mark Johnson**

## MEMORANDUM

**TO:** Missouri Public Service Commission  
Official Case File, Case No. WA-2021-0391  
Missouri-American Water Company

**FROM:** Jarrod Robertson – Water and Sewer Department  
Daronn A. Williams – Water and Sewer Department  
Angela Niemeier – Auditing Department  
Amanda McMellen – Auditing Department  
Sarah Fontaine – Customer Experience Department  
Deborah Bernsen – Customer Experience Department  
Cedric Cunigan – Engineering Analysis Department  
Amanda Coffey – Engineering Analysis Department

*/s/ Jarrod Robertson 10/6/2021*      */s/ Mark Johnson 10/6/2021*  
Case Manager / Date                      Staff Counsel’s Office / Date

**SUBJECT:** Staff’s Recommendation to Approve Certificate of Convenience  
and Necessity

**DATE:** October 6, 2021

### EXECUTIVE SUMMARY

In its Application for Certificate of Convenience and Necessity (“CCN”) authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water and sewer system in Garden City, Missouri, Missouri-American Water Company (“MAWC”) has elected to exercise an option provided by §393.320, RSMo. The procedures outlined in this statute may be applied when a “large water public utility” as defined by the statute<sup>1</sup> acquires a “small water utility,” also as defined.<sup>2</sup> §393.320, RSMo, provides large water public utilities an alternative procedure to value acquisitions of small water utilities for ratemaking purposes (appraisal method). If a large water public utility chooses to use these procedures, the Commission, should it grant the large

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<sup>1</sup> §393.320.1, RSMo, defines “Large water public utility” as, “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 but shall not include a sewer district established under Section 30(a), Article VI of the Missouri Constitution, sewer districts established under the provisions of chapter 204, 249, or 250, public water supply districts established under the provisions of chapter 247, or municipalities that own water or sewer systems[.]”

<sup>2</sup> §393.320.2, RSMo, defines “Small water utility” as, “a public utility that regularly provides water service or sewer service to eight thousand or fewer customer connections; a water district established under the provisions of chapter 247 that regularly provides water or sewer service to eight thousand or fewer customer connections; a sewer district established under the provisions of chapter 204, 249, or 250 that regularly provides sewer service to eight thousand or fewer customer connections; or 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; and all other entities that regularly provide water service or sewer service to eight thousand or fewer customer connections.”

water public utility's application, must use the appraisal method to establish the ratemaking rate base of the small water utility being acquired.

The appraised value, and the agreed upon purchase price, in this case is \$3,000,000 combined for both systems. Staff's calculated Rate Base value for the water and sewer system combined is \$2,265,587; which is \$734,413 less than the proposed purchase price. Staff reviewed the Application, Appraisal and Engineering Report, performed multiple on-site investigations of both the water and sewer systems, reviewed City records as well as MAWC's responses to Staff issued data requests, and has determined that MAWC's acquisition of the City's water and sewer assets is in the public interest. Staff recommends approval of MAWC's Application, subject to the conditions found at the end of this document.

### **CASE BACKGROUND**

On March 7, 2021, MAWC filed an Application with the Missouri Public Service Commission ("Commission") for CCNs authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water and sewer system in Garden City, Missouri, which is located in Cass County ("Application"). In its Application, MAWC states that it intends to acquire substantially all the water and sewer utility assets that are presently owned and operated by Garden City ("City"). The City systems, as municipal utilities, are not presently subject to the jurisdiction of the Commission. The Application was docketed in two separate cases, Case Nos. WA-2020-0391 and SA-2020-0392, which were consolidated by the Commission, with Case No. WA-2020-0391 being designated the lead case.

On June 8, 2020, the Commission issued its *Additional Order Directing Notice*. The Commission established an initial date of July 8, 2021, by which Staff would suggest a date by which it could file a recommendation. Staff filed a status report on July 8, 2021. The Commission established a final date for the Staff Recommendation of October 6, 2021. No parties sought to intervene in the case.

For this case, MAWC has chosen to exercise an option provided by §393.320, RSMo. This statute may be applied when a large water public utility as defined by the statute acquires a small water utility also as defined. For purposes of assessing compliance with §393.320, the Appraisal is discussed in further detail later in this memorandum.

### **BACKGROUND OF MAWC**

MAWC is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. MAWC is currently providing water service to approximately 470,000 customers and sewer service to more than 15,000 customers in several service areas throughout Missouri. In recent years, MAWC has acquired several existing small water and sewer systems.

MAWC is a subsidiary of American Water Works Company, Inc. ("American Water"), and is affiliated with other American Water companies that undertake some of the tasks associated with utility service, such as customer billing, and share technical resources. MAWC has no pending legal action or judgement from any state or federal agency or court which involves customer service or rates, nor been the recipient of a judgement in the three (3) years prior to the date of the Application.

On March 2, 2021, MAWC entered into a Purchase Agreement with the City to obtain substantially all the water and sewer utility assets of Garden City.

## **BACKGROUND OF GARDEN CITY**

Garden City is a Fourth-Class City with a population of approximately 1,600, located in Cass County. The City serves 725 water accounts and 691 sewer accounts, and the City water system consists of one surface water treatment plant, two elevated storage tanks, two reservoirs and twenty miles of distribution piping. The City sewer system consists of a three-cell facultative lagoon<sup>3</sup> system, three lift stations, and approximately fourteen miles of collection system.

## **STAFF'S INVESTIGATION**

### **Water and Sewer Systems**

MAWC provided an engineering report completed by Flinn Engineering, dated August 5, 2020. This report was completed as a part of the appraisal process Edward J. Batis & Associates completed for MAWC and utilizes two reports from Bartlett & West for asset information, condition, and estimated costs. These reports were titled "Engineering Report for Water System Improvements," dated April 2020, and "Engineering Report for Wastewater Disinfection & System Improvements," dated March 2020. The purpose of the Flinn Engineering report is to provide a review of the condition of the water and sewer systems, estimate the 2020 installation cost, and estimate the depreciated book value of the assets. Staff of the Water & Sewer Department focused on the report's review of the condition of the systems and historical data.

The report stated the water treatment facility ("WTF") is in fair condition, the elevated tank is in fair condition, the standpipe is in good condition, the water distribution system is in fair condition, the wastewater treatment facility ("WWTF") is in good condition, the sewer lift stations are in good condition, and the sewer collection system is in fair condition. Staff is in agreement with Flinn Engineering regarding the characterization of the City's water and sewer assets.

Staff conducted a physical inspection of the City's water and sewer systems on May 26, 2021. The observation of the drinking water system included the reservoirs, the water treatment facility ("WTF"), and storage tanks. The reservoirs were in good condition. The WTF was in fair condition because of the repeated violation notices for disinfection byproducts and age and physical appearance of infrastructure. Corrosion, grime and rust were found on equipment inside the treatment plant, which lacked good housekeeping. The pipes and machinery could benefit from power washing and painting. The elevated tank is in fair condition and the standpipe are in good condition based on their age and physical appearance. Because the clearwell has a leak, it is considered to be in fair condition. Since the drinking water distribution system is underground, it cannot be easily inspected by Staff, but is assumed to be in fair condition based on the age and its water loss rate.

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<sup>3</sup> A facultative lagoon is a type of passive sewage treatment plant that utilizes biological processes to treat sewage. It includes aerobic, anaerobic, and anoxic layers, with facultative bacteria capable of operating within these different habitats. Sludge is removed by settling and is stored within the lagoon cells.



Bartlett & West, in its report titled “Engineering Report for Water System Improvements,” dated April 2020, compared the volume of water treated and pumped with the volume of water sold and indicated an average unbilled water loss during the study period of approximately 17%. The report further explains about 10% of the water loss relates to leaks, water main repairs, fires, and contractor water use, and the remaining 7% is unaccounted for water loss.

The observation of the sewer system included a three-cell lagoon. Each cell was well maintained and in good overall condition, even though they all lacked riprap<sup>4</sup> around each berm. The sewer lift stations are in good condition based on their age and physical appearance. The sewer collection system is in fair condition based on its age and material. The collection system is reportedly 60-80 year old clay pipe, which would make it prone to cracking, collapsing, and leaking around joints.

The wastewater permit from DNR contains a Schedule of Compliance for both ammonia and *E. coli* with limits going into effect on August 1, 2021. The City has not installed the means necessary to disinfect the lagoon’s effluent and it will not be able to meet the *E. coli* limit in its current condition. It is unlikely the lagoon will be able to comply with the new ammonia limit without a significant upgrade. Facultative lagoons were not designed to remove ammonia from wastewater. While the biological process to remove ammonia does incidentally occur during the summer (although not efficiently), almost no ammonia removal typically occurs in winter.

The City has indicated that sludge removal has not been required. The levels of sludge in the lagoon cells have been evaluated by MAWC and reportedly do not require sludge removal at this time.<sup>5</sup>

As of July 21, 2021, the City had approximately 725 active water connections (customers) and 691 active sewer connections (customers).<sup>6</sup> A breakdown of the customer count is found in the following table:

System	In City Limits		Outside City Limits		Grand Totals
	Residential	Commercial	Residential	Commercial	
Water	642	46	36	1	725
Sewer	642	46	2*	1	691

\* The remaining 34 customers outside the city limits utilize septic tanks for sewer services.

If the water plant’s hours were extended beyond an eight hour shift, the water plant could accommodate up to 1,350 water customer connections.<sup>7</sup> Because they only have 715 water customer connections, there are no capacity concerns for water supply.

The WWTF has a design capacity of 144,000 gpd and is designed for up to 1,925 individuals. During Staff’s site visit, the City reported a typical flow of 129,000 gpd. However, the WWTF’s

4 Riprap is a permanent layer of large, angular stone, cobbles, or boulders typically used to armor, stabilize, and protect the soil surface against erosion and scour in areas of concentrated flow or wave energy.

5 Per MAWC’s response to Data Request (“DR”) 0026 and 0028.

6 Per an e-mail on July 21, 2021 from MAWC.

7 Per MAWC’s response to DR0004.

permit, issued by DNR, states the actual flow to be 160,000. For the City, the flow is exceeding the capacity of the lagoon due to Inflow and Infiltration (“I&I”), which means precipitation and/or groundwater is entering the collection system. This is typically due to broken or leaking sewer lines, poorly installed service connections, and/or deteriorated manholes, but can also come from improper direct connections such as roof drains or sump pumps. DNR includes the average five year actual flow to document when a facility is exceeding its design capacity because exceeding the capacity typically leads to effluent limit violations. Since the design flow exceedance appears to be from I&I, it is Staff’s expectation that reducing the unwanted extra flow will bring the facility under the design flow and also likely resolve the violations for not meeting Biological Oxygen Demand (“BOD”) and Total Suspended Solids (“TSS”) removal limits. This will not address ammonia, as discussed above.

### **Service Area**

The City is a Fourth-Class City located in the southeast quadrant of Cass County, approximately 40 miles southeast of Kansas City. The City has a population of approximately 1,600. The three cell lagoon, Reservoir 1, the water towers, and lift stations are located within the city limits. However, the newest reservoir, Reservoir 2, is located south of the city limits.

The review of the application and necessary documents for this case were done while working with MAWC. The review process was more complex than normal because the service area map and legal description that were included in MAWC’s application needed several modifications to include all assets of the acquisition (specifically Reservoir 2 and underground water main from this reservoir to Reservoir 1) and all of the current customers outside the city limits. In addition, their legal description had to be modified several times to properly reflect their proposed service area. As a result, the map and legal description included in this memorandum is different than the map and legal description submitted with the application.

As mentioned earlier, there are 37 water customers and three sewer customers outside the city limits. Because they are out of the city limits, they are also in the service territory of Public Water Supply District No 11 of Cass County, Missouri (“District”).<sup>8</sup> However, per the City, these City customers precede the establishment of the District and have been customers of the City since the construction of these homes and business. A formal territorial agreement between the City and the District seems to not exist. As a condition to Staff’s recommendation to approve this CCN, MAWC should seek to create a formal territorial agreement between themselves and the District.

### **Description of the Water System**

The source of water for the WTF are two man-made reservoirs: Reservoir 1 and Reservoir 2. Per the Flinn Engineering Report, dated August 5, 2020, the water treatment plant was originally constructed in 1957, with updates in 1977, 2003, and 2015. In addition, the water system includes two (2) storage tanks. One tank is a 55,000-gallon elevated tank. It is a multi-leg tank that was constructed in 1955. The tank was rehabilitated in 2005. The other tank is a 305,000-gallon standpipe that was installed in 2000.

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<sup>8</sup> While Public Water Supply District No. 11’s service territory overlaps with the City’s, there is no corresponding public sewer district that overlaps that would be able to provide service to the City’s sewer customers located outside of the corporate boundaries of Garden City.

The original reservoir, Reservoir 1, has an approximate 27.1 acre footprint and has an average depth of seven feet. This reservoir was constructed late 1950s. Per MAWC's calculations, the storage capacity in this reservoir is roughly 57.6 million gallons.

After experiencing a drought in 1988, plans to construct an additional reservoir began. In 1994, Reservoir 2 was built and put in service in 1995. It is the primary water source for the City, has an approximate footprint of 40.5 acres, and has an average depth of eight feet. At the deepest end, it is 18 feet deep. Per MAWC's calculations, the storage capacity of this reservoir is roughly 115.2 million gallons. Actual usable yield could be less in drought conditions and has not been determined.

The WTF has a treatment process capacity of 260 gallons per minute (gpm) while the operator is on site.<sup>9</sup> Therefore, the effective daily treatment capacity is limited to one 8-hour shift per day or approximately 124,800 gallons per day (gpd) unless the plant is run on overtime to accommodate higher usage. MAWC reports, per City records, the average water usage is approximately 89,000 gpd during winter months and 110,000 gpd during summer months with a peak usage at 175,000 gpd. On days with main breaks or other usage issues, the peak flow is in the range of 250,000 gpd.

Based on feedback from the City and MAWC, there seem to be no water pressure issues while the distribution system operates under normal condition. There are some areas of town with an apparent limited capacity for fire flow (based on pipe size) which would possibly result in lower than optimal pressures during peak usage or fire flow conditions.

The water infrastructure was installed during the 1940s, 1950s, and 1960s and is mainly constructed of cast-iron pipe, lined with concrete.<sup>10</sup> The water distribution system includes approximately 20 miles of water main ranging in size from 1-inch to 8-inch, fire hydrants, valves, customer service connections, and meters.

Should problems at the plant prevent normal operation, the two storage tanks combined would provide roughly 48 hours of usage at average consumption.<sup>11</sup>

Garden City reports has an average of two to three boil advisories a year that are related to pressure drops due to water main breaks.<sup>12</sup> During Staff's site inspection, the City stated they have a boil order approximately every three years. In the event of a boil advisory, MAWC will notify customers with an automated phone call. At times they will also utilize social media platforms to alert customers.<sup>13</sup>

DNR last inspected the City water system on March 10, 2020. They documented one significant deficiency, one Safe Drinking Water Law violation, and three unsatisfactory findings, which resulted in a Letter of Warning ("LOW"). These are summarized below. Its Staff's understanding that all of these issues have been resolved.

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9 Per MAWC's response to DR0033  
10 Per MAWC's response to DR0027  
11 Per MAWC's response to DR0033  
12 Per MAWC's response to DR0029  
13 Per MAWC's response to DR0035

This LOW also offered 36 recommendations, which are suggestions and are not required. The major recommendations are listed below and the entire LOW can be found as Attachment C.

#### Significant Deficiency

1. The clearwell had three active leaks located at different seams at the time of the inspection.

#### Clean Water Law violation

1. During the inspection, the bottom of the chemical storage room door was rusted in such a way, and the floor is sloped in such a way, that any chemical spill from chemicals not in containment would flow into the storm drain outside the door, which feeds directly into the creek.

#### Unsatisfactory Findings

1. At the time of inspection, the City had partially installed a mixer in the standpipe without obtaining a construction permit.
2. At the time of the inspection, the pH buffer for the 10 SU solution was expired. Having expired buffers when calibrating meters can cause inaccurate results and prevent adequate process control.
3. The water treatment plant does not have adequate backflow prevention devices between chemical usage points, safety showers, or hoses.

#### Major Recommendations

1. Ensure the ladder guard is placed back on the ladder at the standpipe.
2. Consider obtaining security fencing for the water tower to ensure no unauthorized access to the finished water supply or consider the addition of ladder guards on each tower leg to prohibit the climbing of the legs.
3. Consider sand blasting and repainting the water tower to prevent further deterioration due to corrosion.
4. Consider removing the excess vegetation at the Reservoir 1's spillway to help reduce further deterioration of the concrete.
5. Discontinue burning unauthorized waste and understand what waste is acceptable to be burned, per state statutes.
6. Ensure the sump pump at the Raw Water Pump Station is fixed to prevent standing water and excessive moisture to build up which could harm the pumps and corrode the piping.
7. Consider the addition of riprapping to the emergency spillway at Reservoir 2 to help prevent against erosion during a high water event.
8. Ensure to establish a written main flushing program to help ensure water quality in all portions of the distribution system. Routine flushing of water distribution piping removes deposits and sediments in the water that may restrict flow and cause water quality issues.

9. Consider removing all equipment and chemicals that are no longer in use to help determine an accurate amount of spare parts and machinery that is functioning. Consider keeping all the spare equipment in one location for easier maintenance and inventory. Ensure the chemicals are sorted by type, each type of chemical is in its own secondary containment, and no chemicals are stacked to prevent injury to the operators.
10. Consider the installation of lighting inside the clarifier and settling basin to help determine floc and sludge levels along with any short circuiting issues. Also, consider installing a lighting device to better see inside the permanganate tank room, clarifier, and the settling basin for maintenance and safety purposes.
11. Consider cleaning the bulk sodium hypochlorite tank on a regular basis to prevent excessive particulate matter from building inside the tank and ensure the particulates and sludge are disposed of properly.
12. Ensure a berm is placed prior to the exterior door in the chemical storage room to prevent chemicals from running outside during spills. Also consider creating or purchasing spill kits to clean chemicals without spraying the chemicals outside.
13. Ensure the safety shower and eye wash station are flushed on a routine basis to ensure fresh water is available when needed.
14. Ensure proper Personal Protective Equipment (PPE) is obtained and worn by all operators working with the chemicals to prevent any potential injuries due to chemical burns.
15. Ensure to change the hoses entering the turbidity meters regularly to prevent potential build up in the hoses from fouling the meters or causing false positives.

The following is a summary of drinking water compliance concerns the City is currently battling:<sup>14</sup>

- Compliance with the Disinfection Byproducts Rule has been the main compliance challenge for the City and they have been cited for non-compliance of this requirement by the Missouri Department of Natural Resources (“DNR”).
- Compliance with the turbidity requirements of the Surface Water Treatment Rule had been an issue but has recently been resolved.<sup>15</sup>

### **Proposed Improvements to the Water System**

MAWC proposes to make the following investments to the water distribution in the first three years of ownership, if its Application is approved:<sup>16</sup>

- a complete change of meters,
- several main extensions to loop the dead end pipe runs,
- replacement of approximately 1,500 linear feet of existing main, and
- replacement of several hydrants and valves.

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<sup>14</sup> Per MAWC’s response to DR0032.

<sup>15</sup> Based on information the City provided Staff during site visit

<sup>16</sup> Per MAWC’s response to DR0001

In addition, MAWC proposes to make the following investments to the WTF in the first three years of ownership, if its Application is approved:

- upgrade the Supervisory Control and Data Acquisition (“SCADA”) system to allow for remote monitoring and chemical adjustments,
- implement treatment changes to better control disinfection byproducts, and
- construct a new clearwell.

Staff is concerned that MAWC, in its response to Staff Data Request 0001, stated that preliminary estimates for their anticipated major improvements have not been developed at this time. Staff understands that MAWC may need time to operate the system first hand to determine the appropriate compliance measures, but not offering preliminary estimates on possible solutions is unsatisfactory. Staff strongly advises MAWC to develop preliminary estimates for planned investments and supply those estimates to Staff in future CCN cases.

### **Description of the Sewer System**

The City utilizes a three-cell facultative lagoon for wastewater treatment. Per a DNR inspection on November 16, 2012, the primary cell has a surface area of approximately 10.4 acres and a depth of 10 feet, the secondary cell has a surface area of 6.3 acres and a maximum operating depth of about 4 feet, and the tertiary cell has a surface area of 3.4 acres and a maximum operating depth of about 4 feet.

This WWTF operates under DNR Permit MO-0046647, which was issued on March 1, 2021. The WWTF was originally constructed in 1962 as a two-cell lagoon system. A third cell was added in 1998, per the Flinn Engineering Report. The WWTF also include three lift stations. One was installed in 1995 and the other two were installed in 2014. The City states the wastewater infrastructure was mainly installed in the 1940s, 1950s and 1960s, and is constructed of clay pipe.<sup>17</sup>

The sewer collection system includes approximately 14 miles of sewer main ranging in size from 6-inch to 10-inch, manholes, and customer service laterals. Most of the collection system is 8-inch vitrified clay pipe and was installed in the 1950s. Newer installations and replacements are PVC sewer.

DNR last inspected this WWTF on May 21, 2020, and found one unsatisfactory finding: failure to submit accurate Discharge Monitoring Reports on 136 occasions between January 2017 and March 2020. In addition, the following 11 violations were found:

1. Failure to meet the 70 mg/L TSS effluent limit and discharging a visible foam on the date of the inspection
2. Failure to meet a removal efficiency of 65% or more as a monthly average for BOD and TSS
3. Failure to maintain an Operation and Maintenance manual
4. Failure to submit Whole Effluent Toxicity test results to KCRO by the designated due date

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<sup>17</sup> Per MAWC’s response to DR0027

5. Failure to conduct operational monitoring for pH and dissolved oxygen in the primary cell
6. Failure to sufficiently restrict entry by children, livestock and unauthorized persons by having a break in the fence
7. Failure to place at least one warning sign on each side of the facility enclosure with minimum wording
8. Failure to provide a lagoon level gauge which clearly marks the minimum freeboard level in each lagoon cell
9. Failure to protect lagoon cell embankments from erosion by not having riprap installed on all berms of each lagoon cell
10. Failure to prevent the discharge of water contaminants (green effluent) into waters of the state
11. Failure to prevent the discharge of water contaminants (effluent pH 9.19) into waters of the state, which caused a pH outside of the range of 6.5 to 9.0

The facility has been unable to rectify these violations since the inspection.

### **Proposed Improvements to the Sewer System**

MAWC proposes to make the following investments to the WWTF collection and treatment in the first three years of ownership, if its Application is approved: replacing sewer lining, adding disinfection and other additional treatment systems, and addressing any other issue observed during the first year. Cost estimates have not been developed for specific projects at this time.

In addition, MAWC anticipates requesting a date of approximately August of 2023 to meet the *E. coli* limit and August of 2024 to meet ammonia limits.<sup>18</sup> The first year of operation will include system evaluation and design of improvements to meet the *E. coli* limits. 2022 and early 2023 will be used to determine the course of action to meet the ammonia limits and design the necessary improvements which will then be constructed in 2024. The preliminary plan for addressing the *E. coli* is to install a UV disinfection system. The ammonia treatment will include a combination of solutions that could include controlled discharge, aeration and up to and including an MBBR or other advanced facility if necessary, to treat the ammonia.

Similar to planned improvements to the water system, MAWC did not develop preliminary estimates for anticipated investments into the sewer system. This is concerning to Staff, as MAWC should provide cost estimates for anticipated major projects in each CCN case before the Commission. These estimates are useful in Staff's investigation to determine whether granting a CCN would be convenient or necessary for the public service, and demonstrates that the purchaser has the appropriate level of technical and financial ability. The purchaser should be able to show they understand what will be required to provide safe and adequate service, as well as their ability to obtain funds necessary to carry out the plan.

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<sup>18</sup> Per MAWC's response to DR0042

## **Rate Base**

### **Plant-In-Service Balances**

The Auditing Department reviewed information provided by MAWC in response to Staff's data requests, MAWC's Application with included sale agreement documents, on-site visits, and MAWC's work papers. The plant-in-service records have been maintained by Garden City for the water system and sewer system from around 1998 on. Staff used records when available, but had to supplement with estimates for plant when no records were available to determine the current net book value of Garden City assets. Staff has determined appropriate depreciation rates for each Uniform System of Accounts (USOA) category of plant-in-service, separately for both the water and sewer operations. Based upon the supported and estimated levels of plant in service and depreciation rates, Staff determined the appropriate balances of accumulated depreciation separately for both the water and sewer systems. In addition, Staff determined that no assets should be treated as contribution in aid of construction (CIAC) based on MAWC's response to Staff Data Request No. 0005. MAWC stated in its response that all of the assets in the asset purchase list are appropriate rate base items.

Staff determined the value of net plant investment, or "rate base," by studying documentation of the cost of constructing plant, along with annual depreciation expense, and whether or not plant facilities or money was contributed by customers or land developers. Based upon Staff's analysis, the net book value of assets proposed to be purchased from the City by MAWC as of September 30, 2021, is approximately \$938,763 for the sewer system, and \$1,326,824 for the water system; \$2,265,587 combined. Several of the assets date back to the 1950s and have been fully depreciated, resulting in a net zero rate base value for those assets

The following is a breakdown of the rate base components:

	Water	Sewer
Plant in Service	\$2,458,083	\$2,103,699
Accumulated Depreciation	\$1,131,259	\$1,164,936
CIAC	0	0
Net Plant minus CIAC	\$1,326,824	\$938,763
CIAC Amortization	0	0
Net Rate Base	\$1,326,824	\$938,763

## **Appraisal**

§393.320, RSMo, provides large water public utilities an alternative procedure to value acquisitions of small water utilities, for ratemaking purposes (appraisal method). On advice of Counsel, if a large water public utility chooses to use these procedures, the Commission, should it grant the large water public utility's application, must use the appraisal method to establish the ratemaking rate base of the small water utility being acquired.



The appraisal method outlined in statute requires an appraisal of the small water utility be performed by three (3) separate appraisers; one appointed by the small water utility, one appointed by the large water public utility, and a third chosen by the two appraisers so appointed. The three appraisers then shall perform a joint appraisal of the small water utility property and assets, coming to a common determination of the fair market value of the utility. The 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.

The appraisal method described in §393.320, RSMo, has only been successfully utilized once before,<sup>19</sup> with this Application and two others currently pending,<sup>20</sup> so there is little precedent to guide Staff's recommendation in this matter. Staff reviewed the appraisal report MAWC filed with the Application, which included the methods and assumptions used to establish the value of the systems. Staff obtained via data request an engineering report describing plant facilities. Staff also conducted an on-site investigation of assets in service, described in this memorandum, and created its own estimate of plant values as a tool that it used to evaluate the reasonableness of the conclusions reached in the Company's appraisal report. Staff's estimated plant values discussed above are based on its field observations, descriptions of various assets, age of each of the assets along with rehabilitations as described by representatives from the City accompanying Staff during the field investigation, and information from the appraisal report. The appraisal report assigns a market value for the systems of \$2,000,000 for the water system and \$1,000,000 for the wastewater system, which is equal to the agreed purchase price of \$3,000,000. Thus, if the Commission MAWC's Application in this matter, the Commission must use the appraised value of \$3,000,000 to establish rate base.

The appraisal method is used to estimate a market value for the utility systems as a whole to be used as rate base for the system, in lieu of the Commission's typical practice of determining rate base using the net book value of system assets. The appraisal method provides a market value for system assets, including those that are fully depreciated. In this case, when compared to Staff's calculated net book value of assets, the appraised values of the systems are approximately \$673,176 higher for the water system, and \$61,237 higher for the sewer system.

While Staff's calculation of Rate Base resulted in a net book value less than the Appraisal and subsequent purchase price, Staff reviewed the Appraisal and supporting documentation submitted by MAWC, and finds the Appraisal process to have been completed pursuant to the requirements of 393.320.

Should the Commission approve MAWC's Application, rate base for the City system must still be reflected on its utility plant account records. These records must be kept in accordance with the USOA, as required by Commission regulations 20 CSR 4240-50.030 for water utilities and 20 CSR 4240-61.020 for sewer utilities. The cost of individual plant assets must be booked into the appropriate plant account with original cost, along with information regarding the year constructed. MAWC will be tasked with making determinations, based on rate base as determined

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<sup>19</sup> See Commission Case No. WA-2018-0222

<sup>20</sup> See Commission Case Nos. WA-2022-0049 & WA-2021-0376.

by the appraisal, of values for original cost, depreciation reserve, and CIAC amounts that can be booked in its plant records.

### **Depreciation**

In Case No. WR-2020-0344, the Commission ordered the continued use of the depreciation rates currently ordered for all divisions of MAWC. Staff's Engineering Analysis Department recommends the use of these rates for all plant in the City service area. These depreciation rates are included as Attachment D.

### **Publicity and Customer Notice**

According to information provided to Staff by MAWC, there were virtual Town Hall Meetings held on September 23, 2020, and October 27, 2020, to discuss the proposed sale. There were also two in person community events where the community could learn more about the proposed sale: Community Engagement Day on October 10, 2020 and a Community Breakfast event on October 24, 2020. Notifications of the Town Hall Meetings and events were sent to residents. MAWC representatives were in attendance at the meetings to provide information and respond to questions. An election was held on November 3, 2020, with over 86% of the votes in favor of Proposition S – which asked whether the water and wastewater utility owned by the City of Garden City should be sold. There were 836 total votes cast of which 726 voted “yes” and 110 voted “no”.

### **Customer Experience**

The same customer service team that takes care of all MAWC customers will be available for the City customers to contact toll-free from 7:00 a.m. to 7:00 p.m., Monday through Friday, with 24/7 coverage for emergencies. MAWC proposes that it will also be available to serve the City customers at its already established business office in Warrensburg, Missouri. Customers will be able to visit the office location from 7:30 a.m. to 4:00 p.m., Monday through Friday, for billing and customer service inquiries.

MAWC will offer payment options including, cash, check, credit/debit cards, and electronic funds transfers. Online payments can be made using check or credit/debit cards. Customers can also make payments by cash or check in person at an approved payment location. Approved payment locations may be found at [www.amwater.com/myaccount](http://www.amwater.com/myaccount). Customers also have the ability to make payments over the phone using the IVR or with a live agent by calling 855-748-6066. At the time of MAWC's application in this case, MAWC charged \$1.95 for credit card payments. Since then, the Commission approved MAWC's request not to charge a fee to the customer for paying by credit cards. Instead the processing fee for using a credit card is added into MAWC's overall cost of service.

In order to incorporate the City customers into its billing and customer service systems, it will be necessary for MAWC to properly enter the appropriate customer information into its systems and apply the Commission-approved rate. MAWC will also need to provide training to its call center personnel regarding rates and rules applicable to the City customers so that customer service matters are handled accurately and in a timely manner.

### **Rate and Tariff Matters**

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

On May 4, 2021, the City voted in favor of Ordinance 2020-781 and 2021-782, which installed a new rate structure, beginning July 1, 2021. The rate structure, as voted on by the public of the City, is as follows:

- Customers within the limits of the City:
  - Water Customer (fixed) Charge: \$21.63/month
  - Water Commodity (usage) Charge: \$9.38/1,000 gallons or part thereof
  - Wastewater Customer (fixed) Charge: \$18.80/month
  - Wastewater Commodity (usage) Charge: \$6.48/1,000 gallons or part thereof
- Customers outside the limits of the City:
  - Water Customer (fixed) Charge: \$26.20/month
  - Water Commodity (usage) Charge: \$10.02/1,000 gallons or part thereof
  - Wastewater not a service outside the limits of the City.

However, MAWC provided no justification for in the adoption of rates that are greater than the rates being charged for other MAWC systems outside the St. Louis service area.

Therefore, Staff recommends MAWC adopt rates for the City systems in-line with other like systems outside the St. Louis service area, within close proximity to the City system and county, and as afforded by MAWC's current Commission approved water and sewer tariffs. The Commission approved tariff rates for both water and sewer service as contained within MAWC's water and sewer tariffs, MO P.S.C. No. 13, and MO P.S.C. No. 26, respectively (with sewer rates as outlined on the 5<sup>th</sup> Revised Sheet No. RT 3.1), are as follows:

- Water Customer Charge: \$9/month
- Water Commodity Charge: \$6.2469/1,000 gallons
- Sewer Customer Charge: \$44.03/month
- No Sewer Commodity Charge.

Based on a monthly average usage of 5,000 gallons, a customer would pay \$40.23 and \$44.03 for water and sewer service per month, respectively, or \$84.26 total. Conversely, if the Commission

were to approve the rates, as previously outlined and voted upon by the public, the average customer would pay \$68.53 and \$51.20 for water and sewer service per month, respectively, or \$119.73 total.

A map and a legal description of the proposed service area, similar to that as shown on the attachments to this memorandum (A and B), will need to be included in MAWC's water and sewer tariff, MO P.S.C. No. 13, and MO PSC No. 26, respectively. Also, the table of contents in both MAWC's water and sewer tariffs will need to be updated to reflect the addition of new and/or revised sheets containing the service area map, legal descriptions, system rates and system charges. Staff recommends that after approval but before MAWC closes on the utility assets, MAWC submit the new or revised water and sewer tariff sheets such that they may become effective on or before the date MAWC closes on the City assets.

### **Technical, Managerial, and Financial Capacity and Tartan Energy Criteria**

Staff utilizes the concepts of Technical, Managerial, and Financial capabilities (TMF) in studying applications involving existing water and/or sewer systems. Staff has reviewed and stated its position on TMF regarding each of MAWC's affiliates in previous CCN and transfer of assets cases before the Commission. Staff's position on MAWC's ability to meet TMF criteria remains positive regarding those affiliates, and similarly takes the position that MAWC has adequate TMF capability in this case. It is Staff's position that MAWC has the ability to secure funding, to oversee construction of any necessary upgrades or repairs, and the ability to successfully manage operations of the City utility systems.

When considering a request for a new CCN, the Commission applies criteria originally developed in a CCN case filed by the Tartan Energy Company and referred to now as the "Tartan criteria." The Tartan criteria contemplate 1) need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the economic feasibility of the proposal; and, 5) promotion of the public interest. Similar to the TMF capabilities, in previous CCN cases Staff investigated these criteria and that investigation relates to this proposed acquisition. The results of Staff's investigation are outlined below:

#### **(1) Need for Service**

There is both a current and future need for water and sewer service. The existing customer base in the City has both a desire and need for service. In addition, there is a need for the necessary steps to be taken to update the City's water and sewer systems, and to ensure the provision of safe and adequate service. Further, the City has made the decision to exit the water and sewer utility business, sell the existing system to MAWC, and rely upon MAWC to properly operate and maintain the existing water and sewer system in order that customers will continue to have safe and adequate service.

Additionally, as previously mentioned, while the City is unable to meet *E. coli* and ammonia standards, if approved for the CCNs, MAWC plans to invest in the wastewater system in order for the system to meet *E. coli* limits, by August 2023 and ammonia limits by August of 2024.

## **(2) Applicant's Qualifications**

MAWC is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. MAWC is currently providing water service to approximately 470,000 customers and sewer service to more than 15,000 customers in several service areas throughout Missouri. MAWC is a subsidiary of American Water Works Company, Inc., and is affiliated with other American Water companies that undertake some of the tasks associated with utility service, such as customer billing, and technical resources.

## **(3) Applicant's Financial Ability**

MAWC anticipates no need for external financing to complete this acquisition, and has demonstrated over many years that it has adequate resources to operate utility systems it owns, to acquire new systems, to undertake construction of new systems and expansions of existing systems, to plan and undertake scheduled capital improvements, and timely respond and resolve emergency issues when such situations arise.

## **(4) Feasibility of the Proposal**

MAWC's feasibility study indicates that the purchase of the City's assets will generate positive income. MAWC can draw upon the significant resources of its parent company, should any shortfall arise prior to the next rate case.

## **(5) Promotion of the Public Interest**

As the Commission determined in GA-94-127, positive findings with respect to the other four standards above will in most instances support a finding that an application for a CCN will promote the public interest. Additionally, due to involvement by the public of the City in voting to approve the sale of the City's system, the involvement of the Garden City's elected officials in the negotiation with MAWC, and subsequent Purchase Agreement, and for the reasons outlined previously in this memorandum, Staff asserts that MAWC's request for a CCN and related acquisition of the City water and sewer assets promotes the public interest.

Staff's conclusion is that the points regarding TMF capacities and the Tartan Energy criteria are all met, for this case.

## **Impact on City Customers Outside the City Service Area**

As previously mentioned, there are 37 water customers and three sewer customers outside the city limits. Because the customers are located outside of the city limits, they are in the service territory of the District. However, per the City, these City customers pre-date the establishment of the District and have been customers of the City since construction. So, while these customers are located outside the City service area, they are currently customers of the City, and therefore, will become MAWC customers should MAWC's Application be approved.

A formal territorial agreement between the City and the District does not appear to exist. If the Commission were to approve the request for a CCN, Staff would recommend MAWC enter into a formal territorial agreement between itself and the District to prevent any future unnecessary duplication of services.

### **OTHER ISSUES**

The City, as an unregulated water and sewer operation, has no obligations due to the Commission, and has no pending actions before the Commission.

MAWC is a corporation that is in “good standing” with the Missouri Secretary of State.

MAWC is current with annual report filings with the Commission through calendar year 2020, as documented on the Commission’s Electronic Filing and Information System (EFIS).

MAWC is current on its annual assessment quarterly payments through the third quarter of fiscal year 2020.

MAWC has other pending cases before the Commission, as follows:

- SA-2021-0074 (Application for Certificate)
- SA-2021-0120 (Application for Certificate)
- WR-2020-0344 (Rate Case)
- WA-2019-0364 (Application for Certificate)
- WA-2021-0116 (Application for Certificate)
- WE-2021-0390 (Variance Request)
- WC-2020-0181 (Complaint)
- WC-2020-0407 (Complaint)
- WC-2021-0075 (Complaint)
- WC-2021-0080 (Complaint)
- WC-2021-0129 (Complaint)
- WU-2020-0417 (Accounting Authority Order)
- WW-2019-0242 (Working Group)

These above-noted pending cases will have no impact upon this proposed case requesting a new CCN for water and sewer service in this requested area, nor will approval of the CCN impact the above-noted pending cases before the Commission.

There are no other active PSC cases that would have an impact on this application, beyond the finance case mentioned above.

### **STAFF RECOMMENDATION**

Staff recommends the Commission find that MAWC has complied with the requirements of §393.320, RSMo, and approve MAWC’s request for CCNs subject to the following conditions and actions:

1. Grant MAWC a CCN to provide water and sewer service in the proposed City service areas, as modified as outlined herein;

2. Direct MAWC to seek to enter into a formal territorial agreement between the company and the District, and file such an agreement with the Commission for approval within 180 days of the effective date of the Commission's order to approve the CCN; or, if the District and MAWC are unable to agree upon the boundaries of the water service area that are to be set forth in an agreement, file a request that the Commission designate the boundaries of the water service areas to be served by each party;
3. Approve existing MAWC water and sewer rates applicable to customers outside the St. Louis region for water and sewer approved service areas within close proximity to the City system;
4. Require MAWC submit tariff sheets, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges to be included in its EFIS tariffs P.S.C. MO No. 13 and 26, applicable to water and sewer service, respectively;
5. Require MAWC to notify the Commission of closing on the assets within five (5) days after such closing;
6. If closing on the water and sewer system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, require MAWC to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until MAWC determines that the transfer of the assets will not occur;
7. If MAWC determines that a transfer of the assets will not occur, require MAWC to 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 that would cancel service area maps and descriptions applicable to the City service area in its water and sewer tariffs, and rate and charges sheets applicable to customers in the City service area in both the water and sewer tariffs;
8. Require MAWC to develop a plan to book all of the City plant assets, with the concurrence of Staff and/or with the assistance of Staff, for original cost, depreciation reserve, and contributions (CIAC) for appropriate plant accounts, such that current rate base is broken down as \$2,000,000 for the water system, and \$1,000,000 for the sewer system, along with reasonable and prudent transaction, closing, and transition costs. This plan should be submitted to Staff for review within 60 days after closing on the assets;
9. Require MAWC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
10. Adopt for MAWC water and sewer assets the depreciation rates ordered for MAWC in Case No. WR-2020-0344;
11. Require MAWC to provide to the Customer Experience Department an example of its actual communication with the City service area customers regarding its acquisition and operations of the water and sewer system assets, and how customers may reach MAWC, within ten (10) days after closing on the assets;

12. Require MAWC to obtain from the City, 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;
13. Except as required by §393.320, RSMo, make 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;
14. Require MAWC to distribute to the City customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its sewer service, consistent with the requirements of Commission Rule 20 CSR 4240-13.040(3), within thirty (30) days of closing on the assets;
15. Require MAWC to provide to the CXD Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days of closing on the assets.
16. Require MAWC communicate with the City customers concerning the billing date, delinquent date, and billing changes that will occur once the acquisition is approved, and provide a copy of this communication to CXD Staff.
17. Require MAWC to provide training to its call center personnel regarding rates and rules applicable to the City customers;
18. Require MAWC to include the City customers in its established monthly reporting to the CXD Staff on customer service and billing issues, on an ongoing basis, after closing on the assets; and
19. Require MAWC to 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.

ATTACHMENTS:

- A. Map of Garden City Service Area
- B. Legal Description
- C. DNR Letter of Warning
- D. Depreciation Schedule



**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

Case No. WA-2021-0391

**AFFIDAVIT OF CEDRIC E. CUNIGAN**

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

**COMES NOW** Cedric E. Cunigan, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

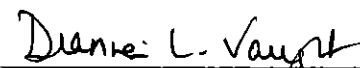
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Cedric E. Cunigan

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of October, 2021.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2023 Commission Number: 15207377
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\_\_\_\_\_  
Notary Public

**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

Case No. WA-2021-0391

**AFFIDAVIT OF DEBORAH ANN BERNSEN**

STATE OF MISSOURI     )  
  )  
COUNTY OF COLE     )     ss.

**COMES NOW** Deborah Ann Bernsen, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.


Further the Affiant sayeth not.

  
\_\_\_\_\_  
Deborah Ann Bernsen

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 30th day of September, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public



**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

Case No. WA-2021-0391

**AFFIDAVIT OF SARAH FONTAINE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW** Sarah Fontaine, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

Sarah Fontaine  
Sarah Fontaine

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16<sup>th</sup> day of October, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

Dianna L. Vaught  
Notary Public

**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

Case No. WA-2021-0391

**AFFIDAVIT OF AMANDA C. MCMELLEN**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW** Amanda C. McMellen, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

*Amanda C McMellen*  
Amanda C. McMellen

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of October, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

*Dianna L. Vaughn*  
Notary Public

**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

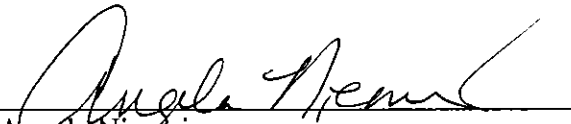
Case No. WA-2021-0391

**AFFIDAVIT OF ANGELA NIEMEIER**

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

**COMES NOW** Angela Niemeier, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

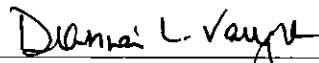
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Angela Niemeier

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of October, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public

**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

Case No. WA-2021-0391

**AFFIDAVIT OF JARROD J. ROBERTSON**

STATE OF MISSOURI )  
 )            ss.  
COUNTY OF COLE )

**COMES NOW** Jarrod J. Robertson, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

\_\_\_\_\_  
Jarrod J. Robertson

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of October, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

Dianna L. Vaught  
Notary Public

**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, Manage )  
and Maintain a Water System and Sewer System )  
in and Around the City of Garden City, Missouri )

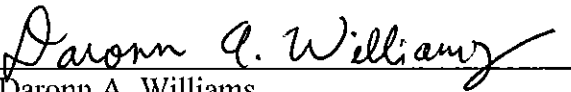
Case No. WA-2021-0391

**AFFIDAVIT OF DARONN A. WILLIAMS**

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

**COMES NOW** Daronn A. Williams, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

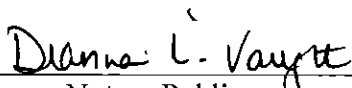
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Daronn A. Williams

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 30th day of September, 2021.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2023  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public