

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 31<sup>st</sup> day of August, 2022.

In the Matter of the Application 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 Purcell, Missouri. )

**File No. WA-2022-0293**

**ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: August 31, 2022

Effective Date: September 9, 2022

On April 21, 2022, Missouri-American Water Company (MAWC) filed applications requesting the Commission grant MAWC Certificates of Convenience and Necessity (CCN) to acquire, own, install, construct, operate, control, manage, and maintain water and sewer systems in Jasper County, Missouri. The requested CCN would allow MAWC to acquire the water and sewer assets<sup>1</sup> of the City of Purcell (Purcell). Purcell is a Fourth-Class City with a population of approximately 425, located in Jasper County, Missouri. Purcell serves approximately 160 water accounts and 150 sewer accounts. MAWC's application also requests a variance of the 60-day notice requirement contained in Commission Rule 20 CSR 4240-4.017(1), and a request for expedited treatment of its applications.

The Commission issued notice and set a deadline for intervention requests, but received none. The Commission also directed its Staff (Staff) to file a recommendation

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<sup>1</sup> The Commission consolidated the sewer asset acquisition case, SA-2022-0294 into this case on June 29, 2022.

about MAWC's application. On July 28, 2022, Staff recommended the Commission approve MAWC's request for a CCN, with conditions described in the memorandum accompanying Staff's recommendation.

On August 8, 2022, MAWC responded to Staff's recommendation stating that it had no objection to any of Staff's proposed conditions. On August 25, 2022, the Office of the Public Counsel (OPC) filed a response to Staff's recommendation and suggested additional notice language to inform Purcell customers that customers inside and outside the city will be consolidated and that MAWC will be providing service subject to the rates and rules in its existing water and sewer tariffs. MAWC replied to OPC's recommendation stating that it had no objections to OPC's proposed language for a post-closing letter.

MAWC is a "water corporation," a "sewer corporation," and "public utility" as those terms are defined in Section 386.020, RSMo, and is subject to the jurisdiction of the Commission.

MAWC currently provides water service to approximately 474,000 customers and sewer service to approximately 16,500 customers in Missouri. MAWC is current on its water and sewer PSC assessment payments, is current on its annual reports, and is in good standing with the Secretary of State's office.

The requested water CCN would allow MAWC to provide water and sewer service by acquiring Purcell's existing water and sewer systems. MAWC was contacted in February 2021 for assistance with Purcell's water and sewer systems. Purcell had no certified water or sewer system operator at that time, and was unable to operate its systems in a safe and compliant manner. Certified operators are required by the permit and are necessary for ensuring these systems are operable, providing safe and reliable

service, and compliant with the terms of the permit. At the time MAWC began operating the systems for Purcell, the drinking water disinfection system was not functioning, and the sewer system was discharging wastewater from the plant that was not safe and compliant. Purcell entered into an operation and maintenance agreement with MAWC on March 16, 2021. Purcell held an election on August 3, 2021 with over 90 percent of the votes in favor of selling its water and sewer systems to MAWC. There were 63 total votes cast of which 59 voted yes and four voted no.

The Purcell water system is comprised of two deep wells, a 50,000 gallon elevated storage tank, seven miles of water mains, and 28 fire hydrants. One well is shared with the City of Alba, and the two cities split maintenance and capital costs. The Purcell sewer system is comprised of approximately six miles of both gravity and force sewer mains, three lift stations, and grinder pumps where gravity flow is unavailable, with treatment by recirculating sand filtration plant and UV disinfection. MAWC has already performed some maintenance on the system and has additional upgrades to complete. Staff has proposed several improvements to the water and sewer systems. Based upon Staff's analysis, the net book value of the Purcell assets, as of June 30, 2022, is approximately \$342,755 for the sewer system, and \$277,130 for the water system, for a total net book value of \$619,885.

Current customers pay different water rates based upon whether they reside inside the city. Those residing inside the city pay a \$15.00 customer charge and a \$3.50 per 1000 gallons commodity rate for water service. Those residing outside the city pay a \$22.00 customer charge and a \$6.00 per 1000 gallons commodity rate for water service. Sewer customers pay \$36.00 for the first 0-999 gallons and \$5.00 per each additional

1000 gallons. MAWC proposes combining all customers and consolidating rates because there are no additional costs to providing service inside or outside the city. MAWC also proposes to provide water service pursuant to existing rates for its Joplin service area, and sewer service pursuant to existing rates for its Stonebridge and Branson Canyon service area. Water customers would pay a \$9.00 customer charge and a \$6.2469 per 1000 gallons commodity rate for water service and a flat rate of \$61.64 for sewer service. Consolidating rates under MAWC's current tariff would prevent the Purcell, MAWC and its customers from having to undergo the consolidation process on multiple occasions. Both MAWC and the current mayor of Purcell agreed that MAWC's existing rates would be adopted in this manner.

## **Decision**

More than ten days have passed since Staff filed its recommendation and no party has objected to MAWC's application or Staff's recommendation.<sup>2</sup> No party has requested an evidentiary hearing.<sup>3</sup> Therefore, the Commission will rule upon MAWC's application.

The Commission may grant a water or sewer corporation a CCN to operate after determining that the construction and operation are either "necessary or convenient for the public service."<sup>4</sup> The Commission articulated criteria to be used when evaluating applications for utility certificates of convenience and necessity in the case *In Re Intercon Gas, Inc.*, 30 Mo P.S.C. (N.S.) 554, 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases, and set forth the following criteria:

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<sup>2</sup> Commission rule 20 CSR 4240-2.080(13) provides that parties shall be allowed ten days from the date of filing in which to respond to any pleading unless otherwise ordered by the Commission.

<sup>3</sup> *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

<sup>4</sup> Section 393.170.3, RSMo.

(1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.<sup>5</sup> These criteria are also known as the Tartan Factors.<sup>6</sup>

There is a current and future need for water and sewer service. The existing customer base for the water and sewer systems being acquired have both a desire and need for service, as demonstrated by Purcell's vote to sell the system to MAWC. In addition, there is a need for the necessary steps to be taken to update the water and sewer systems to ensure provision of safe and adequate service. MAWC has demonstrated that it is qualified to provide the service as it is currently providing safe and reliable water service to 474,000 customers and sewer service to approximately 16,500 customers. MAWC has demonstrated that it has adequate resources to operate the 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 they arise. MAWC has the financial ability to provide the service, and no external financing approval is being requested. MAWC's acquisition of these systems promotes the public interest. The public interest is a matter of policy to be determined by the Commission,<sup>7</sup> and it is within the discretion of the Commission to determine when the evidence indicates the public interest

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<sup>5</sup> The factors have also been referred to as the "Tartan Factors" or the "Tartan Energy Criteria." See Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994).

<sup>6</sup> *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

<sup>7</sup> *State ex rel. Public Water Supply District No. 8 of Jefferson County v. Public Service Commission*, 600 S.W.2d 147, 154 (Mo. App. 1980).

would be served.<sup>8</sup> The water and sewer systems require repairs and upgrades to continue to provide safe and reliable water and sewer service. The Commission finds that granting a CCN to MAWC promotes the public interest.

Based on the application and Staff's recommendation, the Commission finds that MAWC has complied with the requirements of Section 393.320 RSMo., and concludes that the factors for granting a CCN to MAWC have been satisfied and that it is in the public interest for MAWC to provide water and wastewater treatment services to Purcell. Therefore, the Commission will grant MAWC's requested CCN, and also order the conditions described in Staff's recommendation and memorandum. So that MAWC may expedite its acquisition and repair of these systems, the Commission finds it reasonable to make this order effective in less than 30 days.

**THE COMMISSION ORDERS THAT:**

1. MAWC is granted a waiver of the 60-day notice requirement contained in Commission Rule 20 CSR 4240-4.017(1).
2. MAWC's request for expedited treatment is granted.
3. MAWC is authorized to acquire, and is granted a CCN to own, install, construct, operate, control, manage, and maintain the water and sewer assets of Purcell.
4. MAWC shall adopt the water rates and rules for its Joplin service area contained in its water tariff, P.S.C. MO No. 13, for the Purcell service area.
5. MAWC shall adopt the sewer rates and rules for its Stonebridge and Branson Canyon service area contained in its sewer tariff, P.S.C. MO No. 26, for the Purcell service area.

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<sup>8</sup> *State ex rel. Intercon Gas, Inc. v. Public Service Com'n of Missouri*, 848 S.W.2d 593, 597-598 (Mo. App. 1993).

6. MAWC shall 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.

7. MAWC shall notify the Commission of closing on the assets within five days after such closing.

8. If closing on the water and sewer assets does not take place within 30 days following the effective date of the Commission's order approving such, MAWC shall submit a status report within five days after this 30-day period regarding the status of the closing, and additional status reports within five days after each additional 30-day period, until closing takes place, or until MAWC determines that the transfer of the assets will not occur.

9. If MAWC determines that a transfer of the assets will not occur, MAWC shall notify the Commission of such, no later than the date of the next status report, as addressed above, after such determination is made, and MAWC shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the Purcell service area in its water and sewer tariffs, and rate and charges sheets applicable to customers in that service area in both the water and sewer tariffs.

10. MAWC shall keep its financial books and records for plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts.

11. MAWC shall adopt the depreciation rates ordered in Case No. WR-2020-0344.

12. MAWC shall provide additional notice to Purcell customers as a part of MAWC's post-closing letter to customers as contained in *Public Counsel's Response to Staff Recommendation*, filed August 25, 2022.

13. MAWC shall provide to the Customer Experience Department (CXD) Staff an example of its actual communication with the water and sewer customers regarding its acquisition and operations of the water and sewer system assets, and how customers may reach MAWC, within 10 days after closing on the assets.

14. MAWC shall provide to the CXD Staff a sample of ten billing statements from the first month's billing within 30 days after the closing on assets.

15. MAWC shall provide training to its call center personnel regarding rates and rules applicable to the Purcell water and sewer system customers.

16. MAWC shall include the Purcell water and sewer system 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.

17. MAWC shall file notice in this case outlining completion of the above-recommended training, customer communications, and notifications within 10 days after such communications and notifications.

18. This order shall become effective on September 9, 2022.



**BY THE COMMISSION**

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

Morris L. Woodruff  
Secretary

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

Clark, Senior Regulatory Law Judge




**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

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

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 31<sup>st</sup> day of August, 2022.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**August 31, 2022**

**File/Case No. WA-2022-0293**

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

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

**Missouri Public Service Commission**  
Eric Vandergriff  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
Eric.Vandergriff@psc.mo.gov

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

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

**Missouri-American Water Company**  
Rachel Niemeier  
737 Craig Rd.  
St. Louis, MO 63141  
rachel.niemeier@amwater.com

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

*Sincerely,*



**Morris L. Woodruff**  
**Secretary**

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