

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 5th day of November, 2014.

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 Water and)
Sewer Systems in Lincoln County, Missouri)

File No. WA-2015-0019

**ORDER GRANTING CERTIFICATE
OF CONVENIENCE AND NECESSITY**

Issue Date: November 5, 2014

Effective Date: December 5, 2014

On July 21, 2014, Missouri American Water Company (MAWC) filed an application with the Missouri Public Service Commission requesting authority to own and operate a water and sewer system in Lincoln County, Missouri. In its application, MAWC informs the Commission that it will purchase the water and sewer systems from Anna Meadows Homeowner's Association, Inc. The association is not regulated by the Commission. However, after the purchase, MAWC and the water and sewer systems will be subject to the Commission's jurisdiction.

The Commission issued notice of the application and there were no requests to intervene. Staff filed its Recommendation to conditionally approve the application. Both the company and the Office of the Public Counsel agree with Staff's recommended approval.

Staff's Recommendation

Staff informs the Commission that Anna Meadows is a rural residential subdivision located south of Moscow Mills, Missouri in Lincoln County. The subdivision has 175 lots. As of August 20, 2014, there were 67 occupied homes and 13 homes under construction. Staff states that the water and sewer systems have the capacity to serve 175 homes and are not part of any other water or sewer system. Currently, the sewer and unmetered water rates are each \$35/month and will be in effect until the MAWC's next rate case. Staff also notes that the proposed service area is larger than the subdivision, is consistent with the service areas described in Attachments A and B to Staff's Recommendation, and is reasonable.

Staff recommends that the Commission approve the application and require or authorize MAWC to comply with certain conditions. Those requirements and authorizations are set out in the ordered paragraphs below.

Discussion

The Commission may grant a certificate of convenience and necessity upon a determination that such grant of authority is "necessary or convenient for the public service."¹ The Commission has relied on the following criteria in making this determination:

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.²

¹ Section 393.170, RSMo.

² *In re Tartan Energy Company*, 2 Mo. P.S.C. 173, 177 (1994).

Based on the verified application and the verified Staff Recommendation, the Commission finds that granting the requested Certificate of Convenience and Necessity meets the above-listed criteria and is therefore necessary or convenient for the public service.

The law requires the Commission to make this determination “after due hearing.”³ There was no request for an evidentiary hearing. The requirement for a hearing is met when the opportunity is provided even though no party requests a hearing.⁴ Therefore, in this case, the Commission need not hold an evidentiary hearing to satisfy the “due hearing” requirement.

Having found that granting this certificate is necessary and convenient for the public service, the Commission will grant the requested relief. As recommended by Staff, the Commission will also direct that the conditions be met that are set out in Staff’s Recommendation.

THE COMMISSION ORDERS THAT:

1. Missouri American Water Company is granted a Certificate of Convenience and Necessity to provide water and sewer service, consistent with the service areas described in Attachments A and B to Staff Recommendation.
2. Missouri American Water Company shall to notify the Commission of the closing of the assets within 5 days of such closing.
3. If closing does not occur within 30 days, Missouri American Water Company shall file a status report within 5 days thereafter and every 30 days thereafter until closing or until the company determines that closing will not occur.

³ Section 393.170.3, RSMo.

⁴ *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Comm’n of the State of Missouri*, 776 S.W.2d 494 (Mo. App. W.D. 1989).

4. Missouri American Water Company is authorized to submit new tariff sheets, within 30 days of the effective date of this order, as 30-days filings, for its existing water tariff No. 13 depicting the Anna Meadows service area with a written description that is consistent with that shown by Attachment A to Staff's Recommendation, a map consistent with that as shown by Attachment B to Staff's Recommendation, a \$35 per month flat rate for water service to be specific to Anna Meadows, and miscellaneous service charges similar to miscellaneous service charges applicable to other MAWC service areas as appropriate and described in Staff's Recommendation.

5. Missouri American Water Company is authorized to submit new tariff sheets for its existing sewer tariff No. 7, depicting the Anna Meadows service area with a written description that is consistent with that shown by Attachment A to Staff's Recommendation, a map consistent with that as shown by Attachment B to Staff's Recommendation, a \$35 per month flat rate for sewer service to be specific to Anna Meadows, and miscellaneous service charges similar to those in effect for the Warren County service area but excluding existing Capacity Charges.

6. Missouri American Water Company is authorized to utilize and apply depreciation rates as shown in Attachments D and E of Staff's Recommendation.

7. Missouri American Water Company shall keep its financial books and records for plant-in-service and operating expense in accordance with the NARUC Uniform System of Accounts.

8. Missouri American Water Company shall keep operation records; including, those for customer complaints/inquiries, meter placement and replacement/testing, vehicle, equipment and telephone use records, and customer account records.

9. Missouri American Water Company shall adhere to Commission rule 4 CSR 240-13.020(1), regarding the production of customer bills, within 30 days of the effective date of this order.

10. Missouri American Water Company shall distribute to Anna Meadows customers, prior to the first billing and consistent with 4 CSR 240-13(3), an informational brochure detailing the rights and responsibilities of the utility and its customers.

11. Missouri American Water Company shall include the Anna Meadows customers along with existing customers for its reporting to the Commission's Engineering Management Services Unit (EMSU) for: 1) Average Abandoned Call Rate; 2) Average Speed of Answer; 3) 1st Call Effectiveness; 4) Average Customer Response Time; 5) Call Volumes; 6) Call Center Staffing and Staffing Levels; 7) the number of actual monthly meter reads in total and by district; 8) the number of monthly estimated meter reads; 9) the number of consecutive estimated reads; and, 10) the meter reading staffing levels.

12. Missouri American Water Company shall provide adequate training to all customer service representatives prior to Anna Meadows customers receiving their first bill from MAWC.

13. Missouri American Water Company shall provide to the EMSU a monthly document detailing the bills to Anna Meadows customers that were issued for greater than 35 days of service.

14. Missouri American Water Company shall provide to the EMSU staff within 30 days after billing a sample of 10 billing statements of its first month bills issued to Anna Meadows customers.

15. This order shall become effective on December 5, 2014.
16. This file shall be closed on December 6, 2014.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Jones, Senior Regulatory Law Judge