

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 11th day of
March, 2015.

In the Matter of Missouri-American Water Company)
for a Certificate of Convenience and Necessity)
Authorizing it to Install, Own, Acquire, Construct,) **Case No. WA-2015-0108**
Operate, Control, Manage, and Maintain a Water)
System in Cole County, Missouri.)

**ORDER GRANTING CERTIFICATE OF
CONVENIENCE AND NECESSITY AND GRANTING WAIVER**

Issue Date: March 11, 2015

Effective Date: April 10, 2015

On October 29, 2014, pursuant to Section 393.170, RSMo 2000, and Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.305, and 4 CSR 240-3.600, Missouri-American Water Company (hereafter "MAWC") filed an application with the Commission. MAWC requests that the Commission grant it authority to install, own, acquire, construct, operate, control, manage, and maintain a water system for the public in Cole County, Missouri. The area MAWC wishes to serve is known as the Redfield subdivision ("Redfield"), consisting of approximately 20 homes. In connection therewith, MAWC requests permission to purchase a water distribution system from RMB, Inc., ("RMB") the current provider of water to Redfield.

The Commission issued notice and set a deadline for intervention requests, but no persons requested to intervene in this proceeding. On February 23, 2015, the

Commission's Staff filed its Recommendation and Memorandum to approve the transfer of assets, subject to certain conditions, including the following:

- a. Approves the CCN for MAWC to provide water service, under conditions as described within this memorandum and following;
- b. Requires MAWC to notify the Commission of closing of the assets within five (5) days after such closing;
- c. Authorizes MAWC to submit new tariff sheets as described within this memorandum no later than thirty (30) days following the effective date of an order approving the CCN, as 30-day filings, to become effective prior to closing on the assets, for its existing water tariff No. 13, depicting the Redfield service area with a written description that is consistent with that as included with the supplement to the Application, a map that is consistent with that as shown by the supplement to the Application, and a modified rate sheet for the Jefferson City Service Area that retains existing monthly rates;
- d. If closing does not take place within thirty (30) days following the effective date of the Commission's order, requires MAWC to submit a status report within five (5) days after this 30-day period regarding the status of closing, and additional status reports within five (5) days after each additional 30-day period, until closing takes place, or until MAWC determines that closing will not occur;
- e. Requires MAWC, if it determines that closing will not occur, to notify the Commission of such, after which time the Commission may cancel, or deem null and void, the CCN issued to MAWC, and order replacement of any tariff sheets specifically applicable to the Redfield service area that may have become effective;
- f. Authorizes MAWC to utilize and apply depreciation rates as shown in Attachment B to Staff's Recommendation;
- g. Requires MAWC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
- h. Requires MAWC to keep operations records including but not limited to those for customer complaints/inquiries, meter placement and replacement/testing, vehicle, equipment and telephone use records, and customer account records;
- i. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the

granting of the subject Certificate, including expenditures related to the certificated service area, in any later proceeding;

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

k. Requires MAWC to distribute to Redfield customers an informational brochure detailing the rights and responsibilities of the utility and its customers, prior to the first billing from MAWC that includes water billing, consistent with the requirements of Commission Rule 4 CSR 240-13(3);

l. Requires MAWC to include the Redfield customers along with existing customers for its reporting to the EMSU staff for 1) Average Abandoned Call Rate, 2) Average Speed of Answer, 3) 1st Call Effectiveness and 4) Average Customer Response Time, 5) Call Volumes, 6) Call Center Staffing and 7) Call Center Staffing Levels, 8) the number of actual monthly meter reads in total and by district, 9) the number of monthly estimated meter reads, 10) the number of consecutive estimated reads, and 11) the meter reader staffing levels;

m. Requires MAWC to provide adequate training to all customer service representatives prior to the Redfield customers receiving their first bill that includes water service from MAWC;

n. Requires MAWC to provide to the EMSU staff on a monthly basis a document detailing the bills to Redfield customers that were issued for greater than thirty-five (35) days of service; and,

o. Requires MAWC to provide to the EMSU staff within thirty (30) days after billing a sample of ten (10) billing statements, five (5) for residential customers and five (5) for commercial customers, of its first month bills issued to the Redfield customers.

On March 2, 2015, MAWC filed its Agreement with Staff Recommendation.

Commission Rule 4 CSR 240-2.080(13) allows parties ten days to respond to pleadings unless the Commission orders otherwise. The Commission issued no order contrary to this rule, ten days have elapsed, and no party has responded since MAWC's March 2, 2015 Agreement with Staff Recommendation. Thus, the Commission will rule upon the unopposed application.

No party has requested an evidentiary hearing, and no law requires one.¹ Therefore, this action is not a contested case² and the Commission need not separately state its findings of fact.

The Commission may grant a water corporation a certificate of convenience and necessity to operate after determining that the construction and operation are either “necessary or convenient for the public service.”³ The Commission articulated the specific criteria to be used when evaluating applications for utility CCNs 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: (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.⁴ The Commission finds that MAWC possesses adequate technical, managerial, and financial capacity to operate the water system it wishes to purchase from RMB. The Commission concludes that the factors for granting a certificate of convenience and necessity to MAWC have been satisfied and that it is in the public interest for MAWC to provide water service to the customers currently being served by RMB. Consequently, based on the Commission’s independent and impartial review of the verified filings, the

¹ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

² Section 536.010(4), RSMo Supp. 2012.

³ Section 393.170.3, RSMo 2000.

⁴ 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), 1994 WL 762882, *3 (Mo. P.S.C.).

Commission will grant MAWC the certificate of convenience and necessity to provide water service within the authorized service area.

The application also asked the Commission to waive the 60-day notice requirement under 4 CSR 240-4.020(2), if necessary. MAWC explains that such waiver may not be necessary since matters of this type rarely become contested cases. However, MAWC asserts that good cause exists in this case for granting such waiver because the application was filed as soon as possible due to the nature of this particular transaction. In addition, the applicants state that no purpose would be served to require the applicants to wait sixty days after their agreement to file the application with the Commission. The Commission finds that good cause exists to waive the notice requirement, and a waiver of 4 CSR 240-4.020(2) will be granted.

THE COMMISSION ORDERS THAT:

1. A waiver of the notice requirement under Commission Rule 4 CSR 240-4.020(2) is granted.

2. Missouri-American Water Company is granted the certificate of convenience and necessity to provide water service within the authorized service area as more particularly described in the Application, subject to the conditions and requirements contained in Staff's Recommendation, including those conditions described in the body of this order.

3. This order shall become effective on April 10, 2015.
4. This file shall be closed on April 11, 2015.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

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

Pridgin, Deputy Chief Regulatory Law Judge