

**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 in an Area of St. Charles County, Missouri)
Case No. WA-2016-0054

STAFF’S RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and recommends that the Commission grant to Missouri-American Water Company (“MAWC”) a Certificate of Convenience and Necessity (“CCN”) to provide regulated water services in and around an existing development known as Jaxson Estates subdivision in St. Charles County, Missouri. In support of this *Recommendation*, Staff states as follows:

1. On September 4, 2015 MAWC filed its *Application and, if Necessary, Motion for Waiver* (“Application”) seeking a Certificate of Convenience and Necessity (“CCN”) for authority to install, own, acquire, construct, operate, control, manage, and maintain a water system in St. Charles County, Missouri.

2. On September 9, 2015, the Commission issued its *Order Directing Notice and Setting Date for Submission of Intervention Requests and Staff Recommendation*, setting an intervention deadline of September 30, 2015 and a Staff recommendation deadline of November 9, 2015. No intervention requests were received.

3. On November 6, 2015, Staff filed a motion requesting an additional thirty (30) days to complete Staff’s Recommendation. On November 9, 2015, the Commission granted Staff’s request and ordered Staff to file its Recommendation no later than December 9, 2015.

5. Pursuant to Section 393.170, RSMo (2015), no water corporation shall provide service to consumers without first having obtained approval from the Commission. In determining whether or not to grant such approval, the Commission has traditionally applied the five “Tartan Energy Criteria” established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994): (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.

6. As explained in the Staff *Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into MAWC’s request. Based upon this review, Staff has determined that MAWC fulfills the requirements of the Tartan Energy Criteria. Accordingly, Staff asserts that granting of the CCN is necessary and convenient for the public service and is not detrimental to the public interest, and recommends approval with conditions as described in the *Staff Memorandum*.

7. The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989). No party or individual has requested a hearing, so the Commission need not hold a hearing to grant a CCN to the Company.

WHEREFORE, Staff respectfully submits this Staff Recommendation for the Commission’s information and consideration, and requests the Commission grant Missouri-American Water Company a Certificate of Convenience and Necessity, with conditions, to provide water service to the requested service area.

Respectfully submitted,

/s/ Jamie S. Myers

Jamie S. Myers

Missouri Bar Number 68291

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

573-526-6036

jamie.myers@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 9th day of December, 2015.

/s/ Jamie S. Myers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WA-2016-0054

FROM: Curt B. Gateley – Water & Sewer Department; Case Coordinator
Lisa M. Ferguson – Auditing Department
Derick Miles, PE – Engineering Analysis Unit
James A. Merciel, Jr. – Water & Sewer Department
Jonathan Dallas – Water & Sewer Department

/s/ James A. Busch 12/9/15 /s/ Jamie S. Myers 12/9/15
Water and Sewer Department / Date Staff Counsel’s Office / Date

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

DATE: December 9, 2015

CASE BACKGROUND

On September 4, 2015, Missouri-American Water Company (MAWC) filed an *Application and, If Necessary, Motion for Waiver* (Application) seeking a Certificate of Convenience and Necessity (CCN) to provide water service in St. Charles County, serving the Jaxson Estates #1 and #2 subdivisions (Jaxson Estates). MAWC has an agreement to purchase an existing water system, contingent on approval of the Application.

On September 9, 2015 the Commission issued its *Order Directing Notice and Setting Dates for Submission of Intervention Requests and Staff Recommendation* (Order) regarding the Application. The Order established a deadline of September 30, 2015, for interested parties to submit requests to intervene in the case, and for a Staff Recommendation to be filed by November 9, 2015. No parties have sought to intervene in this case. MAWC submitted a *Motion for Leave to Amend Application* (Amended Application) on October 21, 2015, which the Commission approved on November 3, 2015. On November 6, 2015, Staff applied for a thirty (30) day extension in order to allow MAWC to supply critical information about the plant in service. On November 9, 2015, the Commission granted the extension and ordered Staff to file its Recommendation no later than December 9, 2015.

BACKGROUND OF THE WATER SYSTEM AND UTILITY ENTITIES

The water system serving Jaxson Estates in Foristell, Mo. is currently unregulated, and is owned by Ciana Realty, LLC. Through its lot ownership, Ciana Realty, LLC also controls Jaxson Estates I, Home Owners Association, Inc. (the HOA), which is the entity that controls the water system. It was constructed in 2007, and consists of a single well with a master meter, a 125 hp submersible pump, well house with separate chlorine room, and a 553,000 gallon bolted steel

standpipe. The standpipe contains sufficient volume for one-day of storage plus some volume available for fire protection (actual fire flow volumes were not evaluated by Staff). The distribution system is PVC pipe with eight fire hydrants, and is flushed at least annually. There are presently 71 customers, all single family homes, with significant room for future expansion as the subdivision is platted for 310 homes. No customers are metered at this time. The system holds a permit from the Missouri Department of Natural Resources, and is considered in compliance with drinking water regulations.

In April of 2015, an independent consultant was contracted by Jaxson Estates to perform an inspection of the stand pipe. A video inspection of the interior of the tank revealed several inches of accumulated sediment. The consultant recommended the tank be drained and cleaned, certain portions of the exterior coating be power washed and touched up, and to plan for a new exterior coating in 3-7 years. American Water Enterprises (AWE), an affiliate of MAWC, is currently contracted to maintain water service for Jaxson Estates.

STAFF'S INVESTIGATION

MAWC is an existing Missouri Corporation in good standing, currently providing water service to more than 450,000 customers and sewer service to more than 14,000 customers in several districts across Missouri. In recent years, MAWC has acquired several small existing water and sewer systems. MAWC is a subsidiary of American Water Works Company, Inc., and is affiliated with other companies that undertake some of the tasks associated with utility service. MAWC has no overdue PSC annual reports or assessment fees, and there are no pending actions or final unsatisfied judgments or decisions against MAWC.

Staff has reviewed the feasibility studies submitted in this case, and operating expenses as proposed by MAWC, as well as undertaken an audit to study actual investment and actual expenses, to the extent records are available. The requested service area that was filed in this case includes customers that are served at present, as well as future residential customers within the development, and the potential for commercial customers at some point in the future. The service area is shown by Attachment A, incorporated herein by reference, and a metes and bounds description is included as Attachment B, incorporated herein by reference.

Staff conducted an inspection of the facility on September 18, 2015. Staff observed a well maintained and operated facility. Recommendations in the inspection report included draining and cleaning the tank, touching up the exterior coating of the stand pipe, and construction of a security fence that was recommended by the Department of Natural Resources and the independent contractor that inspected the tank.

As part of MAWC's request for a CCN to serve Jaxson Estates, Staff submitted several data requests to MAWC to determine if the current rate that is being charged for water service is reasonable. Staff requested the current maintenance agreement between the HOA and AWE as well as current financial statements with some supporting revenue and expense documentation.

AWE has minimal records showing the revenues and expenses for service that has occurred for Jaxson Estates in the preceding two to three years. Based on the information provided, MAWC's proposal, as stated in the Amended Application, to retain the current flat rate of \$40 per month (no commodity charge) being charged by the HOA is reasonable. Staff recommends that no rate making treatment be authorized as part of this CCN case and recommends that the flat rate of \$40 per month should remain in effect until new rates are determined in MAWC's next general rate proceeding. Significant growth is anticipated to occur and this approach will allow MAWC to provide an actual known and measureable history of revenues, expenses, and rate base changes in a future rate case. Staff and other parties will then have the ability to more accurately propose to the Commission a cost of service calculation for Jaxson Estates in that future rate case.

PLANT IN SERVICE AND DEPRECIATION ACCRUAL RATES FOR WATER PLANT

Plant In Service and Depreciation Reserve Estimate

The Jaxson Estates system plant consists of land, standpipe (tank), water well, well house, and distribution system. MAWC provided an estimate of the plant assets via its response to data request 0002 exhibit 1 and attachment 1. Initially, MAWC did not provide complete records to substantiate the estimated costs. Through additional data requests and conference calls between Staff and MAWC, MAWC was able to ascertain some additional original construction invoices that resulted in MAWC's resubmission of its Exhibit 1 in response to Staff's data request 0010 seeking additional estimates of the plant installation costs. Staff noticed that MAWC did not distinguish the annual depreciation accrual rates for the well and well house separately. Staff further refined MAWC's revised exhibit 1 and concludes that the total estimated plant in service that should appear on MAWC's plant-in-service records is \$1,271,443. Staff concludes that the accumulated depreciation for plant-in-service records is \$157,425. However, as is typical for most water systems including others owned by MAWC, Staff recommends that the distribution system be treated as Contribution-in-aid-of-Construction (CIAC) by the developer. Staff is including the CIAC amount of \$410,558, and total amortization of CIAC in the amount of \$50,834. The result is a rate base of \$754,294.

These quantifications by Staff of plant-in-service, depreciation reserve, and CIAC are a result of studying currently available information. These rate base balances represent what Staff would recommend for inclusion in rate base at this time for the Jaxson Estates system if rates were to be changed in this proceeding. However, these recommended levels could be subject to further review and adjustments in future rate cases.

Plant Capacity Disallowance

Since the Jaxson Estates water system was designed and constructed to serve over 300 residential customers and some proposed commercial development¹, and at present there are only 71 residential customers, Staff intends to propose in future rate proceedings a capacity adjustment to certain water system components, which would adjust the above-stated plant balance level and depreciation expense that would be included in rate calculations. A description of the methodology to be used to calculate the capacity adjustment follows.

Staff's disallowance calculation is based on 1) a ratio of one average day volume of water contained in the storage tank for domestic use of existing customers to that for full design customer level, as applied to the storage tank only; and 2) a ratio of maximum day water production of the well pump for domestic use of existing customers to that for full design customer level, as applied to the well pump only. The water system has fire protection capability, although Staff has no information regarding fire flow capacity. Therefore ratios are not applied to unusable storage volume, fire reserve volume, fire reserve recovery pumping capability, or contingency pumping capability. Staff's proposed disallowance is 10.9% of the total storage tank volume and cost, and 38.8% of the well pump capacity and cost. There is no proposed disallowance to well components beyond the pump itself, to electrical controls and components, or to the building and grounds, because these items are not capacity related and would exist regardless of customer design level. A workpaper showing Staff's disallowance assumptions and calculations is included with this memorandum as Attachment C, and incorporated herein by reference.

Staff's above-stated levels for plant-in-service, depreciation reserve and CIAC, as well as the dollar amounts of the capital and depreciation expense disallowances, are reflected in Attachment D. The disallowances reduce, for ratemaking purposes only, total plant-in-service and rate base by \$63,973, and annual depreciation expense by \$1,467. For ratemaking purposes, rate base would be \$690,321, reduced from the above-stated \$754,294. For ratemaking purposes, the annual net depreciation expense would be \$18,344, reduced from depreciation expense net of CIAC amortization of \$19,811. Again, Staff does not intend to apply these disallowances to rate base in this case, as no change is recommended for the rates charged to Jaxson Estates customers at this time. As with the above-stated plant levels and depreciation reserve levels, Staff's proposed disallowances are subject to adjustment in future cases, based on revised customer levels, updated information, and perhaps other factors.

¹ The engineering feasibility report for Case No. SA-2007-0373, involving EMC of St. Charles County, LLC, a regulated sewer utility serving Jaxson Estates, indicates the sewer system was designed for a population equivalent of 1,500 people. It is Staff's belief that EMC's sewer system and the water system were designed and constructed by the same developer for the same service area.

Depreciation Accrual Rates

The Commission's Engineering Analysis Unit recommends the Commission approve the use of current water depreciation rates that were ordered by the Commission for MAWC in Case No. WR-2011-0337 and apply them to the Jaxson Estates water utility plant assets that are to be acquired via this CCN. The depreciation rate schedule for water plant assets are included as Attachment E, and incorporated herein by reference.

RATES AND TARIFF

As part of its Application, MAWC requested that in the future the Commission consolidate rates for the Jaxson Estates service district with its St. Louis Metro rates, and approve rules and regulations currently in effect for water service in its St. Louis Metro service area to apply to water service in the Jaxson Estates service area. Staff takes no position at this time regarding rate consolidation, but Staff does agree that applying rules for the St. Louis Metro service area, included in its existing water tariff No. 13, is reasonable.

As such, MAWC will need to file new tariff sheets for its tariff No. 13 that include a metes and bounds description, a map, and a rate sheet with the proposed \$40 per month flat rate that is applicable only to Jaxson Estates. Revised sheets for Index modifications will also be necessary to reflect the existence of the new tariff sheets.

OTHER ISSUES

MAWC is current on its annual reports through calendar year 2014, and is current on annual assessment payments through the second quarter of FY-2015.

The purchase of this water system by MAWC should not impact local tax collection, as the facility will remain in private hands.

Besides the current rate case, WR-2015-0301, MAWC has the following additional cases pending before the Commission.

- SA-2015-0065, MAWC's application for CCN, Benton County Sewer District
- WC-2016-0088, Formal complaint against MAWC by Stuart A. Solin
- WC-2016-0113, Formal complaint against MAWC by Stephen J. Sinclair
- WC-2016-0079, Formal complaint against MAWC by Rhonda Martin
- WC-2015-0171, Formal complaint against MAWC by Michele Westmoreland (an order dismissing becomes effective on January 2, 2016)
- WF-2015-0207, MAWC's application for authority to issue long term unsecured debt
- The appeal of WO-2015-0211, MAWC's petition to change its Infrastructure System Replacement Surcharge

- WO-2016-0098, MAWC's application to reconcile its Infrastructure Replacement Surcharge

This pending case will have no impact upon the other pending cases, nor will the other pending cases impact approval of this proposed transfer of assets. It is anticipated that rates at Jaxson Estates rates will be reevaluated in a future rate case, and not in MAWC's pending rate case.

TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY

The Department of Natural Resources (DNR) reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, or TMF. This review criterion method was developed by the United States Environmental Protection Agency in the context of continual updates with the federal Safe Drinking Water Act may be found at

http://water.epa.gov/type/drink/pws/smallsystems/state_guidance.cfm, and was adopted by DNR in its regulations, 10 CSR 60-3.030. Although utilized by DNR for new water systems, Staff finds the concepts of TMF useful in studying some situations involving existing water and/or sewer systems as well. Staff's TMF review is as follow:

Technical Capacity

MAWC, along with its affiliates, has experience in the design, operations and upgrades of water and sewer systems, both large and small. MAWC has a staff of professional operators, engineers, technicians, accountants and customer service specialists, including those within various supervisory levels, to undertake utility operations, and also has access to professional staff personnel of its affiliates. MAWC also utilizes contractors for various tasks primarily for extraordinary work or to supplement in-house work during unusually heavy workload times. Jaxson Estates is within reasonable working proximity to other systems owned and operated by MAWC in St. Charles, Lincoln, and Warren Counties. MAWC has demonstrated, over many years, its ability to operate water and sewer systems on a continual basis from a technical capacity perspective. The Jaxson Estates water system has no serious deficiencies. MAWC stated they will be installing individual meters so as to enable moving to a metered rate in the future. Any such capital costs will be reviewed in the context of future rate cases after new plant is placed into service.

Managerial Capacity

Similar to its technical capacity, MAWC's staff of professionals, along with staff associated with MAWC's affiliates, is able to undertake facility operations, and handle all aspects of customer service. MAWC has, at most times over the years, demonstrated such ability with other service areas; however, Staff points out that recently MAWC has experienced some issues with certain aspects of services provided to its customers through affiliates. MAWC utilizes a nationwide billing system and utilizes nationwide call centers through affiliates. In order to include Jaxson

Estates customers into its billing and customer service systems, it will be necessary for MAWC, along with its affiliates, to properly enter Jaxson Estates customer account information into its billing system, to accurately apply appropriate approved rates, and to obtain and record correct meter readings if and when meters are installed and used with future metered rates. Also, it will be necessary for MAWC or an affiliate to provide updated information to the call center personnel, and training as necessary, regarding rates and rules applicable to Jaxson Estates customers such that billings are accurate and customer service matters are handled accurately and properly.

Financial Capacity

MAWC has demonstrated over many years that it has financial resources to operate utility systems that 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. MAWC should record plant continuing balances and operating expenses for the Jaxson Estates service district in accordance with the NARUC Uniform System of Accounts, as is required by Commission regulations, just as it does for its other operations.

THE TARTAN ENERGY CRITERIA

As is customary with most cases involving a new CCN, Staff is using criteria similar to that which was studied by the Commission in a past CCN case that was filed by the Tartan Energy Company to justify granting a CCN, as follows:

Is there a need for service?

Yes, there is a need for service, in that residential customers desire and need water service. Additionally, proper operation and upkeep of this existing water system is necessary for customers to have safe and adequate service, and to maintain compliance with drinking water and water pollution control regulations.

Is the Company qualified to provide the service?

Yes, MAWC is qualified to provide the service, as is demonstrated by its providing the same or similar service in other areas of Missouri. Staff has determined that MAWC is able to assume operations of the existing system, and is capable of undertaking necessary future improvements for continued operations of these systems.

Does the Company have the financial ability to provide the service?

Yes, MAWC has demonstrated that it has sufficient financial resources, and is able to evaluate the costs of alternatives when undertaking operations and capital improvements.

Is the Company's proposal economically feasible?

Yes, the proposal is economically feasible, based on Staff's overall evaluation and MAWC's ability to combine the proposed operation into its existing operations.

Does the Company's proposal promote the public interest?

Yes, MAWC's proposal to acquire the responsibility from current owners and provide future service promotes the public interest.

Could the service be provided by another entity?

There are no other entities readily available to provide service.

STAFF'S FINDINGS & CONCLUSIONS

To summarize, Staff takes the position that MAWC's proposal seeking a CCN to provide water service, with conditions as described in this memorandum, is reasonable, feasible and is not detrimental to the public interest.

STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission issue an order that:

1. Approves the CCN for MAWC to provide water service in the proposed Jaxson Estates service area as shown in the attached map and boundary description;
2. Requires MAWC to notify the Commission of closing of the assets within five (5) days after such closing;
3. Approves residential flat rates of \$40.00 per month for water service;
4. Approves adoption of rules and regulations currently in effect for water service in its St. Louis Metro service area to apply to water service in the Jaxson Estates service area; Requires 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 Jaxson Estates service area with a written description that is consistent with that as included with the Application, a map that is consistent with that as shown by the Attachment A, and a modified rate sheet for the Jaxson Estates service area that retains existing monthly rates;
5. 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;
6. 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 Jaxson Estates service area that may have become effective;

7. Authorizes MAWC to utilize and apply water depreciation rates as shown in Attachment E;
8. 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;
9. Requires MAWC to keep operations records including those for customer complaints/inquiries, vehicle, equipment and telephone use records, maintenance activity, service calls and customer account records;
10. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded in any matters pertaining to the granting or transfer of the CCN to MAWC, including expenditures related to the certificated service area, in any later proceeding.

Staff will file a further recommendation regarding approval of tariff sheets that MAWC will be submitting in accordance with the Commission's order granting the CCN.

List of Attachments:

- Attachment A - Map of Service Area
- Attachment B - Metes and Bounds Description of Service Area
- Attachment C - Disallowance of Plant Value
- Attachment D - Estimated Rate Base for Water Plant
- Attachment E - Depreciation Accrual Rates for Water Plant

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Case No. WA-2016-0054

AFFIDAVIT OF JONATHAN DALLAS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Jonathan Dallas and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.


Further the Affiant sayeth not.



Jonathan Dallas

Subscribed and sworn to before me this 9th day of December, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

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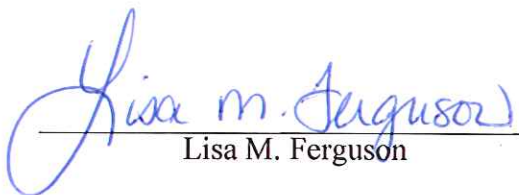
Case No. WA-2016-0054

AFFIDAVIT OF LISA M. FERGUSON

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

COMES NOW, Lisa M. Ferguson and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



 Lisa M. Ferguson

Subscribed and sworn to before me this 9th day of December, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Area of St. Charles County, Missouri.)	

AFFIDAVIT OF CURT B. GATELEY

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

COMES NOW, Curt B. Gateley and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



 Curt B. Gateley

Subscribed and sworn to before me this 9th day of December, 2015.

SUSAN L. SUNDERMEYER
 Notary Public - Notary Seal
 State of Missouri
 Commissioned for Callaway County
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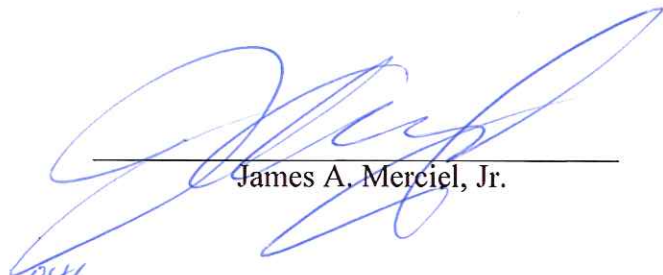
Case No. WA-2016-0054

AFFIDAVIT OF JAMES A. MERCIEL, Jr.

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

COMES NOW, James A. Merciel, Jr. and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



 James A. Merciel, Jr.

Subscribed and sworn to before me this 9th day of December, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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AFFIDAVIT OF DERICK MILES, PE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Derick Miles, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum Form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Derick Miles, PE

Subscribed and sworn to before me this 9th day of December, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public



ATTACHMENT B

The following described lots, tracts or parcels of land lying, being and situate in the County of St. Charles, State of Missouri, to-wit:

A tract of land lying in part of U.S. Survey 950 of Township 48 North, Range 1 East, the boundaries of said tract being described as follows: From the northwest corner of said section run S along the western section line to the centerline of Dietrich Rd for the point of beginning, thence leaving the point of beginning S along the western section line for a distance of approximately 1,547 feet; thence leaving the western boundary of said section E 1 degree 29 minutes 26 seconds S, 2,531 feet; thence N 0 degrees 25 minutes 4 seconds E, 606 feet to the centerline of US 61 North; thence northwesterly along said centerline to the centerline of Dietrich Rd; thence southwesterly along the centerline of Dietrich Rd back to the point of beginning.

WA-2016-0054 Missouri-American Water Company

Jaxson Estates water system

Staff Proposed Capacity Disallowance

merciel December 2, 2015

initial data
332 residential units plus 131,000 square feet commercial space, per EMC wastewater planning report 1,500 pe, or
310 planned residential lots (per inspection information) 405 customer equivalent
71 occupied residential lots use this number below
150,000 gallons per day sewage treatment proposed for the development
860,000 gpd production at 1,000 minutes per day

553,000 total tank volume
316,000 usable tank volume

assumptions

405 customer equivalent total planned (ignore extraordinary commercial use)
180 gallons per customer average day use 72,900 design average day total use

400 gallons per customer peak day use
0.4 gallons per minute per customer peak day use
1 gallons per minute per customer flow based on design guide number
405 total gpm needed for peak day

Tank Capacity

usable volume minus average day is 243,100 left for fire reserve
fire flow for 240 minutes 1,013 gpm seems ok

71 current customers
12,780 current customer average day use

60,120 gallons disallowance -- design average day customer use minus current customer average day

10.9 percent of total tank volume to disallow

cost of the tank in account 342
\$56,589 Disallowance - Included on Schedule D

Pump Capacity

338 gpm fire reserve recovery, assume 12 hours (there is no design standard)
405 peak day customer use
71 current customer level peak day use
334 gpm disallowance - design peak day customer use minus current customer peak day use

743 total calculated gpm, this is ignoring contingencies beyond assumed fire reserve recovery, such as main breaks and need to flush, etc during peak days
860 use the total existing production capacity

38.8 percent of total gpm to disallow

cost of the pump in account 325.1
\$7,384 Disallowance - Included on Schedule D

WA-2016-0094
Missouri-American Water Co.
Jaxson Estates Water System

PLANT IN SERVICE AND RATE BASE SUMMARY

as of September 2015, as estimated by MAWC and Staff

Total Plant in Service	\$	1,271,443
Depreciation Reserve	\$	157,425
Total CIAC	\$	410,558
CIAC Amortization	\$	50,834

RATE BASE	\$	754,294
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Annual Depreciation Expense	\$	25,188
Annual CIAC Amortization	\$	5,377
NET DEPRECIATION EXPENSE	\$	19,811

STAFF CAPACITY ADJUSTMENTS

Capital Disallowance	\$	63,973
Adjusted Rate Base	\$	690,321
Depreciation Disallowance	\$	1,467
Adjusted NET Depreciation Expense	\$	18,344

MISSOURI AMERICAN WATER COMPANY - Water
(Adopted from Case WR-2011-0337)

DIVISIONS: ALL , Including former Aqua, Loma Linda, and Roark
Adding Jaxson Estates in WA-2016-0054

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	% DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	IOWA CURVE	% NET SALVAGE
Source of Supply					
311.0	Structures & Improvements	2.36	55	R4	-30
312.0	Collecting & Impoundment Reservoirs	1.25	80	R2.5	0
313.0	Lake, River & Other Intakes	1.77	65	R1.5	-15
314.0	Wells & Springs	1.82	55	R2.5	0
315.0	Infiltration Galleries and Tunnels	1.67	60	R2.5	0
316.0	Supply Mains	1.79	70	R3	-25
317.0	Miscellaneous Source of Supply - Other	4.00	25	SQ	0
Pumping Plant					
321.0	Structures & Improvements	1.80	75	R2.5	-35
322.0	Boiler Plant Equipment	2.22	45	R4	0
323.0	Power Generation Equipment	2.00	50	R3	0
324.0	Steam Pumping Equipment	2.62	42	R1.5	-10
325.0	Electric Pumping Equipment	2.62	42	R1.5	-10
326.0	Diesel Pumping Equipment	2.62	42	R1.5	-10
327.0	Hydraulic Pumping Equipment	2.62	42	R1.5	-10
328.0	Other Pumping Equipment	2.62	42	R1.5	-10
WaterTreatment Plant					
331.0	Structures & Improvements	1.69	80	R3	-35
332.0	Water Treatment Equipment	2.89	45	R2.5	-30
333.0	Miscellaneous Water Treat, Other	3.33	30	SQ	0
Transmission and Distribution					
341.0	Structures & Improvements	2.40	50	R2.5	-20
341.1	Structures & Improve - Special Crossing	N/A	N/A	N/A	N/A
342.0	Distribution Reservoirs & Standpipes	2.25	60	R3	-35
343.0,1,2,3	Transmission & Distribution Mains	1.39	90	R2.5	-25
344.0	Fire Mains	1.56	80	S1	-25
345.0	Customer Services	2.92	65	S0.5	-90
346.0	Customer Meters	2.40	40	R1	4
347.0	Customer Meter Pits & Installation	2.40	40	R1	4
348.0	Fire Hydrants	1.85	65	R1.5	-20
349.0	Misc Trans & Dist - Other	2.00	50	R3	0
General Plant					
390.0	Structures & Improve - Shop & Garage	2.40	50	R3	-20
390.9	Structures & Improve - Leasehold	5.00	20	R4	0
391.0	Office Furniture	5.00	20		0
391.1	Computer & Peripheral Equipment	20.00	5		0
391.2	Computer Hardware & Software	20.00	5		0
391.3	Other Office Equipment	6.67	15		0
391.4	BTS Initial Investment	5.00	20		0
392.1	Transportation Equipment - Light trucks	11.25	8	L1.5	10
392.2	Transportation Equipment - Heavy trucks	10.00	9	L2	10
392.3	Transportation Equipment - Autos	18.00	5	L2	10
392.4	Transportation Equipment - Other	5.67	15	S2.5	15
393.0	Stores Equipment	4.00	25		0
394.0	Tools, Shop, Garage Equipment	5.00	20		0
395.0	Laboratory Equipment	6.67	15		0
396.0	Power Operated Equipment	7.73	11	L1.5	15
397.1	Communication Equip - Non Telephone	6.67	15		0
397.2	Communication Equip - Telephone	10.00	10		0
398.0	Miscellaneous Equip	6.67	15		0
399.0	Other Tangible Equipment	5.00	20		0