

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of Hickory Hills)
Water & Sewer Co., Inc. and Missouri-American Water)
Company, for MAWC to Acquire Certain Water and) File No. _____
Sewer Assets of Hickory Hills and, in Connection)
Therewith, Issue Indebtedness and Encumber Assets.)

**JOINT APPLICATION AND,
IF NECESSARY, MOTION FOR WAIVER**

COME NOW Hickory Hills Water & Sewer Co., Inc. ("Hickory Hills") and Missouri-American Water Company ("MAWC") and, pursuant to Sections 393.170 and 393.190, RSMo 2000, and 4 CSR 240-2.060, 3.305, 3.310, 3.600, 3.605, and 4.020(2)(B), state the following to the Missouri Public Service Commission ("Commission") as their Joint Application and, if necessary, Motion for Waiver:

BACKGROUND INFORMATION

1. Hickory Hills is a Missouri corporation. Its mailing address is 137 West Franklin Street (P.O. Box 506), Clinton, Missouri 64735. On December 19, 2014, Hickory Hills was administratively dissolved by the Corporation Division of the Missouri Secretary of State. Gary V. Cover was appointed by the Cole County Circuit Court as Receiver for Hickory Hills on January 2, 2007, in the matter of *Public Service Commission of the State of Missouri v Hickory Hills Water & Sewer Co., Inc.*, Cole County Circuit Court Case No. 06AC-CC00885. Under the Judgment Appointing the Receiver the Court determined that it was not in the best interests of customers that control and responsibility for the utilities developed and owned by Hickory Hills be returned to the owners of Hickory Hills and therefore directed the Receiver to transfer by sale or liquidate the assets of the utility.

2. Hickory Hills is the holder of Certificates of Convenience and Necessity from the

Commission to operate a water and sewer utility in Moniteau County, Missouri. Hickory Hills currently provides water and sewer service to approximately forty-eight (48) customers. Hickory Hills is a “water corporation,” “sewer corporation,” and a “public utility,” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. Presently, Hickory Hills is current with its Commission assessment fees.

3. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC’s certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Greene, Taney, Christian, and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 457,300 customers. MAWC provides sewer service to approximately 4,760 customers in Callaway, Jefferson, Pettis, Cole, Morgan, Platte, Taney, Stone, Christian, and Warren Counties, Missouri. MAWC is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application other than cases pending

before this Commission – Cases Nos. WC-2014-0138, WC-2015-0171, WC-2015-0311, WF-2015-0207, and WO-2014-0362, and the appeal of Case No. WO-2015-0211, which is pending before the Missouri Court of Appeals.

4. Communications in regard to this Joint Application should be addressed to the undersigned counsel and:

Missouri-American Water Company
727 Craig Road
St. Louis, Missouri 63141

Attn: Ms. Jennifer Smith
Jennifer.smith@amwater.com

Hickory Hills Water & Sewer Co., Inc.
137 West Franklin Street (P.O. Box 506)
Clinton, Missouri 64735

Attn: Gary V. Cover

THE TRANSACTION

5. On July 10, 2015, the Cole County Circuit Court authorized the Receiver to execute an Asset Purchase Agreement (“Agreement”) with MAWC, a copy of which is attached as **Appendix A-HC** and incorporated herein by reference. Appendix A has been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as it contains market specific information and information representing strategies employed in contract negotiations. Pursuant to the Agreement, MAWC proposes to purchase substantially all of the water and sewer assets of Hickory Hills, as specifically described in the Agreement under the terms and provisions further described in the Agreement. The water system consists of one well with a pressure tank. The distribution system consists of approximately 6,715 feet of 2”, 3”, and 4” PVC pipe. The sewer system consists of a lagoon and a gravity collection system with approximately 5,000 feet of 6” and 8” PVC pipe. The assets also include the Certificates of

Convenience and Necessity granted by the Missouri Public Service Commission to Hickory Hills as a result of Commission Cases Nos. 18,205 and 18,206.

6. Because Hickory Hills is a water corporation and a sewer corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo, which states, in pertinent part, that “no . . . water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

ADDITIONAL INFORMATION

7. MAWC’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix B** and incorporated herein by reference. Hickory Hills’ verification of authority authorizing the sale of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix C** and incorporated herein by reference

8. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for MAWC is attached as **Appendix D-HC** and incorporated herein by reference. Appendix D has been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as it contains market specific information and information representing strategies employed in contract negotiations.

9. The sale of assets should have no impact on the tax revenues of relevant political subdivisions as both MAWC and Hickory Hills are private entities and their status as taxpaying entities will not change as a result of this transaction.

FUTURE ACTIONS

10. Hickory Hills’ lagoon has been cited by the Missouri Department of Natural

Resources (MDNR) for non-compliance. The lagoon is in need of repair or replacement. The initial estimate on replacement of the sewage treatment facility is approximately \$400,000, with additional improvements needed to the collection system for a total of \$700,000 in improvements needed. MAWC proposes to make these improvements over a five (5) year period, with the approval of the DNR.

PUBLIC INTEREST

11. For the following reasons, the proposed acquisition of the specified assets of Hickory Hills and the related transactions are not detrimental to the public interest of the State of Missouri and in fact will be consistent with and will promote the public interest.

A. The assets of Hickory Hills would be acquired by MAWC and remain subject to the jurisdiction of the Commission.

B. MAWC is fully qualified, in all respects, to own and operate the systems currently being operated by Hickory Hills and to otherwise provide safe, reliable and affordable service.

RATEMAKING TREATMENT

12. MAWC proposes to utilize the Hickory Hills rates, rules and regulations and other tariffs currently on file with and approved by the Commission as Hickory Hills P.S.C. Mo. No. 2 water tariff and the Hickory Hills P.S.C. Mo. No. 2 sewer tariff until MAWC's next rate case, at which time it shall be consolidated with MAWC's St. Louis Metro District for ratemaking purposes.

CONTINGENT REQUEST FOR WAIVER

13. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2) because previous applications addressing the same issues presented in this filing have generally not become contested proceedings. However, in the event that the

Commission nevertheless concludes that the filing of this Joint Application is likely to be a contested case, Applicants request a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

14. The reason for this request relates to the nature of an asset purchase negotiation as that which resulted in the execution of the subject Agreement and the filing of this Joint Application. Due to the nature of this particular transaction, this Joint Application has been filed as soon as possible. It would serve no purpose to wait sixty days before filing the application for Commission approval. Accordingly, to the extent that the Commission may find it to be applicable, the parties request a waiver from the provisions of Commission Rule 4 CSR 240-4.020(2) to allow for the filing of this Joint Application.

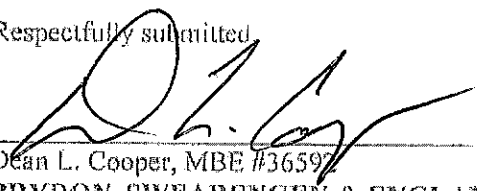
WHEREFORE, MAWC and Hickory Hills respectfully request that the Commission issue its order:

(A) authorizing Hickory Hills to sell and MAWC to acquire the assets of Hickory Hills identified herein, to include the certificates held by Hickory Hills or, in the alternative, grant MAWC new certificates to provide water and sewer service in the areas now served by Hickory Hills;

(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement;

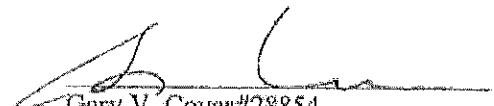
Respectfully submitted,



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(314) 997-2451 (telefax)
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**ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY**



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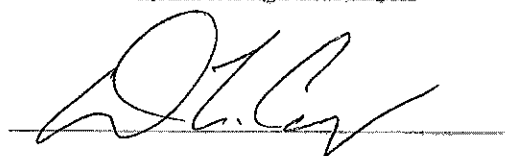
**ATTORNEY AND RECEIVER
FOR HICKORY HILLS WATER
& SEWER CO., INC.**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on July 28, 2015, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsel@psc.mo.gov

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



AFFIDAVIT

State of Missouri)
) ss
County of Henry)

I, Gary V. Cover, having been duly sworn upon my oath, state that I am the Court Appointed Receiver for Hickory Hills Water & Sewer Co., Inc. ("Hickory Hills"), that I am duly authorized to make this affidavit on behalf of Hickory Hills, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.


Gary V. Cover

Subscribed and sworn before me this 21 day of July, 2015.


Notary Public

My Commission Expires: 2-5-17

ROBIN E. WELLS
NOTARY PUBLIC-NOTARY SEAL
STATE OF MISSOURI
HENRY COUNTY
MY COMMISSION EXPIRES FEB. 5, 2017
COMMISSION #13497553

APPENDICES

Appendix A-HC	Asset Purchase Agreement between Missouri-American Water Company and Hickory Hills Water & Sewer Co., Inc.
Appendix B	MAWC Verification of Authority
Appendix C	Hickory Hills Verification of Authority
Appendix D-HC	Pro Forma Balance Sheet and Income Statement for MAWC