

**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,    ) File No. \_\_\_\_\_  
Operate, Control, Manage and Maintain    )  
a Sewer System in and around the City    )  
of Arnold, Missouri.                            )

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

*COMES NOW* Missouri-American Water Company (MAWC) pursuant to Sections 393.140 and 393.170, RSMo, and 4 CSR 240-2.060, 4 CSR 240-3.305, and 4 CSR 240-4.020(2)(B), and for its Application and, If Necessary, Motion for Waiver, states as follows to the Missouri Public Service Commission (Commission):

**SUMMARY**

On November 4, 2014, 69.18% of the votes cast in the City of Arnold, Missouri, voted in favor of the following proposition:

**Sale of the Arnold Wastewater (sewer) Proposition S**

Shall the City of Arnold, Missouri, be authorized to sell its wastewater (sewer) utility to [Missouri-American Water Company] for the sum of \$13,200,000.00 (Thirteen Million Two Hundred Thousand Dollars)?

On December 18, 2014, the City of Arnold entered into an Asset Purchase Agreement with MAWC, which outlines MAWC’s purchase of the Arnold sewer system in accordance with the vote of the people.

By this application, MAWC requests a certificate of convenience and necessity from the Commission to provide sewer service in and around the City of Arnold utilizing the sewer system to be purchased from the City of Arnold.

## **BACKGROUND**

1. This Application is being filed by MAWC to obtain certificates of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a sewer system in and around the City of Arnold, Missouri.

2. 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-2014-0161, WC-2014-0260, and WO-2014-0362.

3. Communications respecting this Application should be addressed to the undersigned counsel and:

Tim Ganz, Project Manager  
Missouri-American Water Company  
901 Hog Hollow Road  
St. Louis, Missouri 63017  
(314) 469-6050 Ext. 6404  
[timothy.ganz@amwater.com](mailto:timothy.ganz@amwater.com)

### **CERTIFICATE**

4. MAWC requests permission, approval and a Certificate of Convenience and Necessity to install, own, acquire, construct, operate, control, manage and maintain a sewer system for the public in an area in and around the City of Arnold, Missouri, as set forth on the maps attached to this Application as **Appendix A**.

5. MAWC proposes that the area to be certificated for sewer service be described as: “The City of Arnold and the surrounding area.”

6. Attached hereto and marked as **Appendix B** is a list of ten residents or land owners within the proposed service area.

7. Attached hereto and marked as **Appendix C** is a feasibility study for the sewer system, including estimated expenses and revenues during the first three years of operation by MAWC. No external financing is anticipated.

8. To provide service to the proposed area, MAWC will purchase a sewer system from the City of Arnold, Missouri (Arnold). Arnold is a Missouri city of the 3<sup>rd</sup> Class, located in Jefferson County, with a population of approximately 21,000 people. The Arnold sewer system currently consists of approximately 600,000 linear feet of sewer lines, with six pumping systems and a SCADA system that provides sewer service to approximately 8,800 residential, commercial and industrial customers within the City of Arnold and approximately 496 customers

located outside the City of Arnold, including an intergovernmental agreement with the Rock Creek Public Sewer District in or near the City of Arnold, Missouri.

9. On August 14, 2014, after presentations from MAWC, the Arnold City Council voted to place the question of the possible sale of the sewer system on the November, 4, 2014, ballot. A press conference was held on August 15, 2014, where both MAWC and Arnold provided information concerning the potential sale. MAWC later participated in six community events held on October 23, 28, and 29, 2014, where additional information was provided to the public.

10. At the November 2014 general election, Arnold asked its citizens to determine whether the city should sell its sewer system to MAWC. MAWC had proposed to purchase the Arnold sewer system for approximately \$13 million and the assumption of nearly \$8 million in debt owed to the Metropolitan Sewer District. MAWC further intends to invest over \$5 million in upgrades ensure the sewer system is compliant with applicable law. When this transaction was presented to the voters of Arnold, 69.18% (3,723 of 5,382 votes cast) voted in favor of the transaction.

11. After the election, Arnold and MAWC have engaged in the negotiation of an Asset Purchase Agreement that will govern the sale approved by the voters. Those discussions have culminated in the signing of an Asset Purchase Agreement (APA) on December 18, 2014. A copy of that APA is attached hereto as **Appendix D**.

12. Among other things, the APA calls for Arnold to deliver at closing an executed Franchise Agreement. (APA, Sec. 2.5) MAWC will furnish a copy of the franchise at such time as it is available.

13. MAWC proposes to provide service pursuant to the rates currently charged by the City of Arnold and to utilize the rules and regulations currently found in MAWC's sewer tariff book Mo. PSC No. 8 (Cedar Hill), until such time as the rates or rules and regulations may be modified according to law.

14. The grant of the requested certificates (and approval of the underlying transaction) will result in regulated water and sewer service to be provided to the current and future residents of Arnold and the surrounding area. The sewer assets of Arnold would be acquired by MAWC, a Missouri public utility, and be subject to the jurisdiction of the Commission. MAWC has considerable expertise and experience in providing water and sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own and operate the systems currently being operated in and around the City of Arnold.

#### **CONTINGENT REQUEST FOR WAIVER**

15. 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 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)(B).

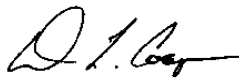
16. The reason for this request relates to the nature of an asset purchase negotiation as that which resulted in the execution of the subject Agreement and the filing of this Application. Sixty days prior to the filing, the parties did not have an agreement. Further, because of the nature of a transaction such as this, this Application has been filed as soon as possible after the execution of the Agreement. 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 Application.

**WHEREFORE**, MAWC requests the Commission grant it permission, approval and a Certificate of Convenience and Necessity authorizing MAWC to:

- a) install, acquire, build, construct, own, operate, control, manage and maintain a sewer system for the public within the area referred to above;
- b) acquire the sewer assets identified herein of the City of Arnold, Missouri; and,
- c) take such other actions as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Application and to consummate related transactions in accordance with the Agreement.

Respectfully submitted,



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Dean L. Cooper                      Mo. Bar 36592  
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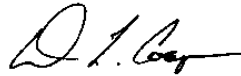
ATTORNEYS FOR MISSOURI-AMERICAN  
WATER COMPANY

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 19<sup>th</sup> day of December, 2014, to:

Kevin Thompson  
General Counsel's Office  
[Kevin.Thompson@psc.mo.gov](mailto:Kevin.Thompson@psc.mo.gov)  
[staffcounsel@psc.mo.gov](mailto:staffcounsel@psc.mo.gov)

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**AFFIDAVIT**

State of Missouri     )  
                                  )     ss  
County of St. Louis    )

I, Frank Kartmann, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that the matters and things stated in the foregoing application and appendices thereto are true and correct of the best of my information, knowledge and belief.



Subscribed and sworn before me this 10<sup>th</sup> day of December, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

**STACI A. OLSEN**  
**Notary Public - Notary Seal**  
**STATE OF MISSOURI**  
**St. Charles County**  
**My Commission Expires: March 20, 2017**  
**Commission #13519210**



## **APPENDICES**

Appendix A Map of Area

Appendix B List of Ten Residents or Land Owners

Appendix C Feasibility Study

Appendix D Asset Purchase Agreement