

**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 and Sewer            )  
System in and around the City of Ironton,         )  
Missouri

**File No. WA-2023-0434**<sup>1</sup>

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff),  
by and through counsel, and makes the following recommendation:

1. On June 22, 2023,<sup>2</sup> Missouri-American Water Company (“MAWC” or the  
“Company”) filed an Application and Motion for Waiver to acquire and operate the  
water and sewer systems of the City of Ironton. The Company seeks a certificate of  
convenience and necessity to own, acquire, construct, operate, control,  
manage and maintain the water and sewer systems for the public in an area in and around  
the City of Ironton. MAWC also seeks a waiver of Commission Rule 20 CSR 4240-  
4.027(1) requiring 60 days’ notice prior to filing an application. Staff recommends  
that the Commission grant the application and the waiver request, with the  
conditions set out in detail in Official Case File Memorandum, filed contemporaneously  
with this recommendation.

2. In its application, MAWC seeks to establish the ratemaking rate base  
associated with assets pursuant to Section 393.320, RSMo. It proposes to provide water  
service pursuant to the existing rates currently applicable to MAWC’s Jefferson City

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<sup>1</sup> Consolidated with SA-2023-0435 by order of July 12, 2023.

<sup>2</sup> All date references will be to 2023 unless otherwise stated.

Service Area and to use the rules governing the rendering of water service currently found in its water tariff P.S.C. MO No. 13 until such time as the rates and rules are modified according to law. MAWC proposes to provide sewer service pursuant to the existing rates currently in use for MAWC's Cedar Hill Service Area and the rules governing the rendering of sewer service currently found in MAWC's sewer tariff P.S.C. MO No. 26.

3. On July 12, the Commission ordered the Staff to file a recommendation or status report no later than August 11, and on August 4, the Commission ordered Staff to file a recommendation no later than October 12.

4. Staff is filing an Official Case File Memorandum. Staff's investigation, findings, conclusions and recommendations are set out there fully and in detail. Based upon its investigation, Staff has concluded that the CCN request meets the Tartan Factors. Staff recommends that the Commission approve MAWC's application and request for a CCN to provide water and sewer service in and around the City of Ironton, Missouri; Staff makes further recommendations, all as set out in its Memorandum; and Staff recommends that the Commission grant the Company a waiver of the Rule 20 CSR 4240-4.027(1) requirements.

**WHEREFORE**, Staff prays that the Commission accept this pleading and Staff Official Case Memorandum as compliance with the Commission's Orders.

**Respectfully Submitted,**

*/s/ Paul T. Graham #30416*

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**CERTIFICATE OF SERVICE**

The undersigned by his signature below certifies that the foregoing pleading was served upon all counsel of record on this October 12, 2023, by electronic filing in EFIS, electronic mail, hand-delivery, or U.S. postage prepaid.

*/s/ Paul T. Graham*

**MEMORANDUM**

**TO:** Missouri Public Service Commission  
Official Case File, File No. WA-2023-0434  
Missouri-American Water Company

**FROM:** Melanie Clark – Water, Sewer & Steam Department  
Daronn A. Williams – Water, Sewer & Steam Department  
Courtney Horton – Auditing Department  
Sherrye Lesmes – Auditing Department  
Seoung Joun Won, PhD – Financial Analysis Department  
Tammy Huber – Customer Experience Department

/s/ Melanie Clark                      10/12/23  
Case Manager / Date

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

**DATE:** October 12, 2023

**EXECUTIVE SUMMARY**

In its Application for a Certificate of Convenience and Necessity (“CCN”) authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water and sewer system in and around the City of Ironton (“City”), Missouri, Missouri-American Water Company (“MAWC”) has elected to exercise an option provided by Section 393.320, RSMo. The procedures outlined in this statute may be applied when a “large water public utility” as defined by the statute<sup>1</sup> acquires a “small water utility,” also as defined.<sup>2</sup> Section 393.320, RSMo, provides large water public utilities an alternative procedure to value acquisitions of small water utilities for ratemaking purposes (appraisal method). If a large water public utility chooses to use these procedures, the Commission, should it grant the large water public utility’s application, must use the appraisal method to establish the ratemaking rate base of the small water utility being acquired. For purposes

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<sup>1</sup> Section 393.320.1, RSMo, defines “Large water public utility” as, “a public utility that regularly provides water service or sewer service to more than eight thousand customer connections and that provides safe and adequate service but shall not include a sewer district established under Section 30(a), Article VI of the Missouri Constitution, sewer districts established under the provisions of chapter 204, 249, or 250, public water supply districts established under the provisions of chapter 247, or municipalities that own water or sewer systems[.]”

<sup>2</sup> Section 393.320.2, RSMo, defines “Small water utility” as, “a public utility that regularly provides water service or sewer service to eight thousand or fewer customer connections; a water district established under the provisions of chapter 247 that regularly provides water or sewer service to eight thousand or fewer customer connections; a sewer district established under the provisions of chapter 204, 249, or 250 that regularly provides sewer service to eight thousand or fewer customer connections; or a water system or sewer system owned by a municipality that regularly provides water service or sewer service to eight thousand or fewer customer connections; and all other entities that regularly provide water service or sewer service to eight thousand or fewer customer connections.”

of assessing compliance with Section 393.320, the Appraisal is discussed in further detail later in this memorandum.

The appraised value in this case is \$3,700,000 for both systems combined. The agreed upon purchase price for both together is also \$3,700,000. Staff reviewed the Application, Appraisal Report, and Engineering Report, performed an on-site investigation of both the water and sewer systems, reviewed City records as well as MAWC's responses to Staff issued data requests ("DR"), and has determined that MAWC's acquisition of the City's water and sewer assets is in the public interest. Staff recommends approval of MAWC's Application, subject to the conditions found at the end of this document.

### **CASE BACKGROUND**

On June 22, 2023, MAWC filed an Application with the Missouri Public Service Commission ("Commission") for CCNs authorizing it to install, own, acquire, construct, operate, control, manage, and maintain a water and sewer system in the City of Ironton, Missouri, which is located in Iron County. In its Application, MAWC states that it intends to acquire substantially all the water and sewer utility assets that are presently owned and operated by the City. The City's systems, as municipal utilities, are not presently subject to the jurisdiction of the Commission. The Application was docketed in two separate cases, Case Nos. WA-2023-0434 and SA-2023-0435, which were consolidated by the Commission, with Case No. WA-2023-0434 being designated the lead case.

On July 12, 2023, the Commission issued its *Additional Order Directing Filing*. The Commission established an initial date of August 11, 2023, by which Staff would file a recommendation or an alternative pleading. No parties sought to intervene in the case. On August 4, 2023, Staff filed a status report stating Staff's recommendation will be filed no later than October 12, 2023. On the same day the Commission issued an *Order Directing Filing* for October 12, 2023.

### **BACKGROUND OF MAWC**

MAWC is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. MAWC is currently providing water service to approximately 480,000 customers and sewer service to approximately 23,000 customers in several service areas throughout Missouri. In recent years, MAWC has acquired several existing small water and sewer systems.

MAWC is a subsidiary of American Water Works Company, Inc. ("American Water"), and is affiliated with other American Water companies that undertake some of the tasks associated with utility service, such as customer billing, and share technical resources. MAWC has no pending legal action or judgment from any state or federal agency or court which involves customer service or rates, nor been the recipient of a judgement in the three (3) years prior to the date of the Application.

On February 15, 2023, MAWC entered into a Purchase Agreement with the City to obtain the City's water and sewer utility assets.

## **BACKGROUND OF IRONTON**

The City of Ironton is a fourth-class city with a population of approximately 1,475, located in Iron County. According to the application, the City serves approximately 725 water accounts and 700 sewer accounts. The water and sewer systems are currently not subject to the jurisdiction of the Commission. The City's water system consists of a water treatment plant, three storage tanks, a pressure reducing valve vault, and the water distribution system. For sewer, owns a three-cell lagoon, partial irrigation, a wastewater treatment plant and the collection system.

## **STAFF'S INVESTIGATION**

Staff reviewed information provided in the application, Missouri Department of Natural Resources ("DNR") compliance records for the systems, and conducted a physical inspection of the system as part of this investigation. With the application, MAWC provided an engineering report prepared by Flinn Engineering dated March 14, 2022. This engineering report was completed as a part of the Valuation Report, dated May 25, 2022, prepared by Edward J. Batis & Associates, Dinan Real Estate Advisors, Inc., and Goodman Appraisal Consultants, LLC for MAWC.

Staff conducted a physical inspection of the City's water and sewer systems on August 30, 2023.

### **Description of the Water System**

The City water system is comprised of a water treatment plant, three storage tanks, one clearwell, a pressure reducing valve vault and the underground water distribution system. The water system operates under DNR Permit MO-4010402. The water treatment plant, which was originally built in 1928, is a conventional surface water treatment plant including flocculation, sedimentation, greensand filtration, and microfiltration. The water treatment plant includes raw water and finished water pumps, and various chemical feed systems.

The storage tanks include the Dent Street Tank, which is a 200,000-gallon welded steel tank and was built in 1965, and the Westwood Tank and North Tank, which are both 106,000 gallons and glass-lined steel tanks, were built in 2007. The Dent Street Tank and Westwood Tank are both in service. The North Tank was taken out of service a few years ago because it was believed to be contributing toward water age issues and the plant exceeding the permit limit of disinfection byproducts.

It is believed that the dark color paint of the North Tank, coupled with the sun's heat and lack of complete flushing, have contributed toward this problem. However, MAWC states in its response to DR No. 0032, if the Commission approves this CCN, it plans to evaluate the water system hydraulics and other data about the tank, and ultimately try to put the North Tank back online. MAWC will review minimum and maximum pressure zones, fire flow and other factors post acquisition.

During the field inspection, MAWC staff mentioned that bringing the North Tank back online would greatly improve fire protection for the City. The clearwell was constructed in 1955 and has a capacity of 46,000 gallons. The pressure reducing valve vault is believed to have been originally installed in 1928, but the actual valve system was replaced some time ago, per an e-mail from

MAWC. The exact date is not known by the City. The distribution system consists of the following: approximately 10,400 feet of two-inch, 53,200 feet of four-inch, 13,200 feet of six-inch, and 12,600 feet of eight-inch water main. It is believed that approximately 90% of the water main is cast iron and 10% is polyvinyl chloride (“PVC”). The water system also includes 91 fire hydrants.

The source of the water is Shepherd Mountain Lake, a 21.82-acre reservoir formed by a constructed dam. This dam was constructed in 1928 and, per an e-mail from MAWC, the reservoir is fed by the tributary area in between Stouts Creek and West Branch Knob Creek. The Lake is a part of a city-owned park. Upon the acquisition, the City of Ironton would retain ownership of the Lake, dam and park and MAWC would be given access via a written agreement. In turn, the City is expected to restrict usage on or around the lake that could reduce the quality of the water (such as disallowing gas-powered boat engines).

The City of Ironton also has emergency drinking water interconnections with the City of Arcadia and the City of Pilot Knob. Per MAWC’s response to DR No. 0038, the Cities do not currently have a written agreement for these interconnections. If the Commission approves this CCN, MAWC has stated it will work with all parties to establish a formal written agreement for emergency distribution between each City.

The Flinn Engineering report states that the water treatment plant is in fair condition. Staff agrees with this assessment. The paint on the walls inside the water treatment plant was peeling severely and the piping also had peeling paint and rust in several areas. The Flinn Engineering report further states that the water storage tanks and distribution system are in good condition. Staff agrees with this assessment as well. The tanks looked well-maintained and were painted. Based on an engineering sanitary survey conducted by DNR on March 1, 2021, non-revenue water was estimated to be eight percent, which was based on 2017 production. Staff feels this is an acceptable level.

### **Description of the Sewer System**

The City of Ironton was issued Missouri State Operating Permit No. MO-0026514 on February 9, 2007 and it expired on February 8, 2012. Per DNR, the City submitted a renewal application on February 8, 2012, but due to several issues such as DNR staff shortages and turnover, modeling and monitoring of a downstream impaired lake, and permit priority reassignments, a new operating permit has not yet been issued. The City of Ironton has continued to operate under this expired permit and will continue to do so until a new permit is issued. The design flow is 400,000 gallons per day (“gpd”) and 760,000 gpd during wet weather. The actual flow is 350,000 gpd and 710,000 gpd during wet weather. Sludge is retained in the lagoon.

Based on DNR’s Data Monitoring Report history, found on the DNR Web site, Ironton exceeded the following permit limits since 2020: biological oxygen demand (commonly called BOD), fecal coliform, and ammonia as nitrogen.

The wastewater system consists of a three-cell lagoon (one aerated cell and two holding cells), two land application sites, one lift station and the sewer collection system. The city is permitted to discharge from the lagoon as well as land apply. The lagoon was originally a two-cell lagoon and

built in 1928; and sometime after 1990, a third cell was constructed. Effluent from the lagoon system is land applied to a hay field, which the City owns and would be transferred to MAWC if the CCN is approved by the Commission, and a local golf course, owned by the City of Arcadia. The ownership of the golf course is not a part of the acquisition, however, the use of the golf course for land application via an irrigation system is a part of the acquisition by means of a contract to be developed between MAWC and the City of Arcadia. MAWC would continue to use both fields upon this acquisition. During the physical inspection, the City confirmed that the main valve to and multiple sprinkler heads at the hay field are inoperable, causing the City not to be able to land apply at the hay field and leaving only the golf course for land application. This has caused more water to be discharged from the lagoon. Because the lagoon cannot meet effluent limits, more water being discharged than necessary causes further pollution of waters of the state.

The lift station is on private property, but the City has an access agreement, which will be transferred to MAWC upon the CCN acquisition. The sewer collection systems consist of approximately 91,970 linear feet of gravity sewer line and approximately 7,624 linear feet of forced main lines. The gravity sewer lines are comprised up of six-inch, eight-inch, 10-inch, 12-inch, 15-inch, 18-inch and 24-inch pipe. The material of the gravity sewer lines are a mix of vitrified clay pipe and PVC. The forced main lines are comprised of four-inch and eight-inch PVC piping.

The City of Ironton also receives sewage from the City of Pilot Knob. The City of Pilot Knob is a wholesale customer to the City of Ironton. MAWC states they will continue this arrangement. Staff recommends requiring a copy of their agreement once executed. Pilot Knob has approximately 250 sewer connections.

During Staff's inspection, sludge was visible in the lagoon's first and second cells. Per DNR, excess sludge can be detrimental to the system by shortening the retention time resulting in partial treatment of wastewater; and the sludge can house bacteria that produce ammonia, which could contribute to the plant exceeding ammonia permit limits. The berms of the first cell could benefit from more rip-rap rock and excess vegetation removal, to prevent erosion and damage to the berm. The third cell was excessively covered with duckweed, which could lead to the plant exceeding the Total Suspended Solids (commonly known as TSS) permit limit. Concrete blocks were placed as substitute steps to the outfall. They were very unstable and dangerous. Per DNR, properly installed steps with a safety rail would provide for safer access to the facility's outfall, especially when carrying sampling equipment.

Per DNR's inspection report, dated October 14, 2021, sludge was removed in approximately 2013, and the sludge depth in approximately 2019 was three to ten feet deep. Per DR 0036, MAWC will complete a capital planning study on the lagoon, if the Commission approves this CCN. In addition, this report also discusses concern with Inflow and Infiltration ("I&I"). DNR states that the facility has high I&I that could lead to actual flows reaching a million gpd during a heavy rain event. I&I is most likely an issue with the collection systems in both Ironton and Pilot Knob. If this acquisition is approved, MAWC stated during the site inspection they will evaluate I&I in Ironton and implement projects to decrease it in Ironton. The collection system was video inspected in 2011 and 2012 by the City. This video inspection identified approximately 300 potential sources



for I&I across the entire collection system. Approximately two-thirds of the collection system is clay pipe that is assumed to date back to 1928. Over time, clay pipe tends to break and have significant I&I issues. Based on the age and material of the majority of the collection system and the significant I&I issues, Flinn Engineering and Staff assumes the collection system is in poor condition.

The DNR inspection resulted in the City of Ironton getting a Notice of Violation for the following violations:

1. Exceeding permit effluent limits;
2. Failure to develop and implement a program for maintenance and repair of the collection system; and
3. Discharging water contaminants into waters of the State which reduced the quality of such waters, causing “unsightly color or turbidity, offensive odor, or prevent[ing] full maintenance of beneficial uses.”

The Flinn engineering report states the overall wastewater system is in fair condition. Based on Staff’s observations, Staff agrees with Flinn Engineering. In addition, Flinn Engineering states the lift station is assumed to be in good condition and Staff concurs.

### **Proposed Improvements to the Water and Sewer Systems**

During the inspection at the water and sewer systems and further following communication, MAWC has mentioned the following possible improvements to the water and sewer systems:

1. Fix valve to and sprinkler heads in the hay field to make this field available for land application.
2. Replace concrete blocks used as substitute steps to outfall with actual steps and a railing for safe sampling.
3. Evaluate sewer system and complete projects so it meets DNR permit limits. Such projects may include adding a Moving Bed Biofilm Reactor (commonly referred to as a MBBR) and disinfection (such as using ultraviolet rays or chlorine).
4. Evaluate sludge depth and if necessary, remove excess sludge.
5. Evaluate the I&I sources and replace mains as necessary.
6. MAWC has already installed a flow meter from Pilot Knob to evaluate how much wastewater Ironton is receiving. They will use this meter to accurate bill Pilot Knob for sewage treatment.
7. Investigate the use of the North Tank and put it back in service if feasible.

The Company has not supplied an estimate on the cost of these projects.

### **Service Area**

Service area maps for the water and sewer systems and their corresponding legal descriptions were filed with the Application. Staff verified that the water and sewer assets are within the boundaries as filed. After reviewing the maps of the proposed service areas that were included

in the Application, Staff worked with MAWC to secure revised maps that shows the proposed areas with clear and defined boundary lines, shows roads and highways, and are without unnecessary surveying information and details. The listing of the attachments are found at the end of this memorandum.

## **RATE BASE**

### **Plant in Service Balances**

The Auditing Department reviewed information MAWC provided in response to Staff's DRs and informal e-mail requests as well as MAWC's application and its appendices including the asset purchase agreement (Appendix C), Appraisal report (Appendix G), the Flinn Engineering Report (Appendix H), and the confidential feasibility studies (Appendices I-C water and J-C sewer). In support of Staff's efforts to calculate plant in service, Staff submitted DR No. 0025, asking MAWC to provide copies of all documentation the City of Ironton and MAWC have in their possession to determine the value of the Ironton water and sewer assets. MAWC's response included an Independent Auditor's Report for the 12 months ending June 30, 2020, June 30, 2021, and June 30, 2022.

Staff also submitted DR No. 0027, asking MAWC to provide copies of all the plant invoices for the original purchase and installation and subsequent capital repairs and additions. No documents were provided; just a reference was made to the feasibility studies attached to the Application. Staff used MAWC's confidential feasibility studies, and the most current Commission-approved depreciation rates from MAWC's Case No. WR-2022-0303 to determine its rate base for the water and sewer systems.

In preparing its confidential feasibility studies for this case, MAWC used similar systems it owns, engineering assessments, and due diligence visits to estimate the value of the water and sewer systems at today's cost. MAWC then converted those numbers into an estimate of what it cost at the time MAWC believes the plant was originally put in service. MAWC then calculated the depreciation reserves for the water and sewer systems from 1928 to 2022, resulting in a net plant valuation.

Using MAWC's estimated plant in service and the current Commission-approved depreciation rates, Staff calculated the accumulated depreciation balances for each system. Staff did not calculate Contributions in Aid of Construction ("CIAC") amounts since MAWC stated in its response to DR No. 0027 that there was no CIAC for either system. Based upon Staff's analysis, the net book value of assets proposed to be purchased from the City of Ironton by MAWC as of December 31, 2022, is approximately \$1,841,894 for the water system and \$1,540,853 for the sewer system, or \$3,382,747 combined. Several of the assets were originally installed in 1928 and have been fully depreciated, resulting in a net zero rate base value for those individual assets.

The following is a breakdown of the rate base components:

	Water	Sewer
Plant in Service	\$2,701,532	\$2,582,995
Accumulated Depreciation	\$859,638	\$1,042,142
CIAC	\$0	\$0
Net Plant minus CIAC	\$1,841,894	\$1,540,853
CIAC Amortization	\$0	\$0
Net Rate Base	\$1,841,894	\$1,540,853

### Appraisal

Section 393.320, RSMo, provides large water public utilities an alternative procedure to value acquisitions of small water utilities, for ratemaking purposes (appraisal method). On advice of Staff Counsel, if a large water public utility chooses to use these procedures, the Commission, should it grant the large water public utility's application, must use the "appraisal method," described below, to establish the ratemaking rate base of the small water utility being acquired.

The appraisal method outlined in the statute requires an appraisal of the small water utility being acquired to be performed by three (3) separate appraisers; one appointed by the small water utility, one appointed by the large water public utility, and a third chosen by the two appraisers so appointed. The three appraisers then shall perform a joint appraisal of the small water utility property and assets, coming to a common determination of the fair market value of the utility. The lesser of the purchase price or the appraised value, together with the reasonable and prudent transaction, closing, and transition costs incurred by the large water public utility, "shall constitute the ratemaking rate base for the small water utility as acquired by the acquiring large water public utility. . . ."

Staff reviewed the appraisal (Valuation Report) and Flinn Engineering Report MAWC filed with the Application, which included the methods and assumptions used to establish the value of the systems. The appraisal report assigns a market value of \$2,000,000 for the water system and \$1,700,000 for the sewer system, which combined is \$3,700,000. The agreed upon purchase price between MAWC and Ironton is \$2,000,000 for the water system and \$1,700,000 for the sewer system, which combined is \$3,700,000. Thus, if the Commission approves MAWC's Application in this matter, the Commission must use \$3,700,000 to establish rate base.

The appraisal method is used to estimate a market value for the utility systems as a whole to be used as rate base for the system, in lieu of the Commission's typical practice of determining rate base using the net book value of system assets. The appraisal method provides a market value for system assets, including those that are fully depreciated. The appraised value of the systems and the purchase price are the same in this CCN case (\$2,000,000 for the water system and \$1,700,000 for the sewer system). When compared to Staff's calculated net book value of assets, the appraised values of the systems and the purchase price are approximately \$158,106 higher for the water system than Staff's net book value, and \$159,147 higher than Staff's net book value for the sewer system.

While Staff's calculation of rate base resulted in a net book value less than the appraisal and subsequent purchase price, Staff reviewed the appraisal and supporting documentation submitted by MAWC, and finds the appraisal process to have been completed pursuant to the requirements of Section 393.320.

Should the Commission approve MAWC's Application, rate base for the Ironton systems must still be reflected on its utility plant account records. These records must be kept in accordance with the National Association of Regulatory Commissioners ("NARUC") Uniform System of Accounts ("USOA"), as required by Commission regulations 20 CSR 4240-50.030 for water utilities and 20 CSR 4240-61.020 for sewer utilities. The cost of individual plant assets must be booked into the appropriate plant account with original cost, along with information regarding the year constructed. MAWC will be tasked with making determinations, based on rate base as determined by the purchase price, of values for original cost, depreciation reserve, and CIAC amounts that can be booked in its plant records.

### **Depreciation**

In Case No. WR-2020-0344, the Commission ordered the continued use of the depreciation rates currently ordered for all divisions of MAWC. Staff recommends the use of these rates for all plant in the City service area. These depreciation rates are included as Attachment A.

### **Publicity and Customer Notice**

According to information provided to Staff by MAWC, a City ordinance was passed on August 10, 2023 calling an election to approve the sale of the City's water and wastewater systems to MAWC. There was a Public Meeting held on September 26, 2022, to discuss the proposed sale. Notifications of the Public Meeting and election were sent to residents. MAWC representatives were in attendance at the meetings to provide information and respond to questions. An election was held on November 8, 2022, with 70% of the votes in favor of Proposition S – which asked whether the City of Ironton should be authorized to sell its water and wastewater (sewer) utility to Missouri-American Water for the sum of Three Million Seven Hundred Thousand Dollars (\$3,700,000.00). There were 450 total votes cast of which 315 voted "yes" and 135 voted "no".

### **Customer Experience**

The same customer service team that takes care of all MAWC customers will be available for the City of Ironton customers to contact toll-free from 7:00 a.m. to 7:00 p.m., Monday through Friday, with 24/7 coverage for emergencies. MAWC proposes to serve the City of Ironton customers at its already established business office at 727 Craig Road, St. Louis, MO 63141. Customers will be able to visit the office location from 7:00 a.m. to 4:00 p.m., Monday through Friday, for billing and customer service inquiries.

MAWC will offer payment options including, cash, check, credit/debit cards, and electronic funds transfers. Online payments can be made using check or credit/debit cards. Customers can also make payments by cash or check in person at an approved payment location. Approved payment locations may be found at [www.amwater.com/myaccount](http://www.amwater.com/myaccount). Customers also have the ability to make

payments over the phone using the IVR or with a live agent by calling 855-748-6066 or by calling a customer service representative by calling 866-430-0820.

In order to incorporate the City of Ironton customers into its billing and customer service systems, it will be necessary for MAWC to properly enter the appropriate customer information into its systems and apply the Commission-approved rate. MAWC will also need to provide training to its call center personnel regarding rates and rules applicable to the City of Ironton customers so that customer service matters are handled accurately and in a timely manner.

### **Rate and Tariff Matters**

According to the Application, MAWC proposes to provide water service pursuant to the existing rates currently applicable to MAWC's Jefferson City Service Area and sewer service pursuant to the existing rates currently applicable to MAWC's Cedar Hill Service Area. MAWC states it will utilize the rules governing rendering of water and sewer service currently found in MAWC's water tariff P.S.C. MO No. 13 and sewer tariff P.S.C. MO No. 26, respectively, until such time as the rates and rules are modified according to law.

Per City Ordinance passed in September of 2022, the rate structure for water is as follows:

- Inside City Limits
  - Connection (Base Rate) \$21.42
  - Usage Charge (per 1,000 gallons) \$6.96
- Outside City Limits
  - Connection (Base Rate) \$42.84
  - Usage Charge (per 1,000 gallons) \$13.90

Per City Ordinance passed in September of 2022, the rate structure for sewer is as follows:

- Inside City Limits
  - Connection (Base Rate) \$3.75
  - Usage Charge (per 1,000 gallons) \$3.50
- Outside City Limits
  - Connection (Base Rate) \$7.50
  - Usage Charge (per 1,000 gallons) \$6.96

Based on a monthly average usage of 3,000 gallons, a customer inside city limits would currently pay \$42.30 and \$14.25 for water and sewer service per month, respectively, or \$56.55 total. Based on the same monthly average of usage, a customer outside city limits would currently pay \$84.54 and \$28.38 for water and sewer service per month, respectively, or \$112.92 total. Conversely, if the Commission were to approve the rate change proposed by MAWC, the average customer would pay \$35.13 and \$65.36 for water and sewer service per month, respectively, or \$100.49 total.

A map and a legal description of the proposed water and sewer service areas, similar to that as shown on the Attachments B, C, D and E to this memorandum, will need to be included in

MAWC's water and sewer tariff, MO P.S.C. No. 13, and MO PSC No. 26. Also, the table of contents in both MAWC's water and sewer tariffs will need to be updated to reflect the addition of new and/or revised sheets containing the service area map, legal descriptions, system rates and system charges.

Staff recommends that after approval but before MAWC closes on the utility assets, MAWC submit the new or revised water and sewer tariff sheets such that they may become effective on or before the date MAWC closes on the City assets.

### **Technical, Managerial, and Financial Capacity and Tartan Energy Criteria**

Staff utilizes the concepts of Technical, Managerial, and Financial capabilities ("TMF") in studying applications involving existing water and/or sewer systems. Staff has reviewed and stated its position on TMF regarding each of MAWC's affiliates in previous CCN and transfer of assets cases before the Commission. Staff's position on MAWC's ability to meet TMF criteria remains positive regarding those affiliates, and similarly takes the position that MAWC has adequate TMF capability in this case. It is Staff's position that MAWC has the ability to secure funding, to oversee construction of any necessary upgrades or repairs, and the ability to successfully manage operations of the City utility systems.

When considering a request for a new CCN, the Commission applies criteria originally developed in a CCN case filed by the Tartan Energy Company and referred to now as the "Tartan criteria." The Tartan criteria contemplate 1) need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the economic feasibility of the proposal; and, 5) promotion of the public interest. Similar to the TMF capabilities, in previous CCN cases Staff investigated these criteria and that investigation relates to this proposed acquisition. The results of Staff's investigation are outlined below:

#### **(1) Need for Service**

There is both a current and future need for water and sewer service. The existing customer base in the City has both a desire and need for service. Further, the City has made the decision to exit the water and sewer utility business, sell the existing system to MAWC, and rely upon MAWC to properly operate and maintain the existing water and sewer system in order that customers will continue to have safe and adequate service.

#### **(2) Applicant's Qualifications**

MAWC is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. MAWC is currently providing water service to approximately 480,000 customers and sewer service to approximately 23,000 customers in several service areas throughout Missouri. MAWC is a subsidiary of American Water Works Company, Inc., and is affiliated with other American Water companies that undertake some of the tasks associated with utility service, such as customer billing, and technical resources.

### **(3) Applicant's Financial Ability**

MAWC anticipates no need for external financing to complete this acquisition.<sup>3</sup> The purchase price is \$3,700,000 (\$2,000,000 for water system assets, and \$1,700,000 for sewer system assets).<sup>4</sup> Over many years, MAWC has demonstrated that it has adequate resources to operate utility systems 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 to respond and resolve emergency issues when such situations arise in a timely manner.<sup>5</sup> According to their strategic capital expenditure budget (2023-2027), MAWC planned about \$98 million - \$272 million on project investments.<sup>6</sup> With consideration of MAWC's financial capacity, the Applicant has the financial ability to provide the service. In addition, MAWC is a wholly owned subsidiary of American Water Works Company Inc. ("AWWC"). Over the next five years (2023-2027), S&P expects AWWC's elevated capital spending to reflect about \$14 billion - \$15 billion on utility investments.<sup>7</sup> S&P and Moody's rated AWWC as investment grade. S&P additionally rated AWWC as "A", while Moody's rated them as "Baa1".<sup>8</sup> Considering the fact that the proposed cost for the Project is less than 0.1% of AWWC's capital expenditures through 2023, it is reasonable to conclude that MAWC has the financial ability to construct, operate, and maintain the Project.

### **(4) Economic Feasibility of the Proposal**

MAWC's feasibility studies indicate purchase of the City's assets will generate positive income. MAWC can draw upon the significant resources of its parent company, should any shortfall arise prior to the next rate case. MAWC's proposals for operational changes and upgrades to bring the facilities into compliance appear to be reasonable.

### **(5) Promotion of the Public Interest**

The citizens of the City voted to approve the sale of the water and sewer systems, thereby demonstrating the public interest of these customers. There is significant need for upgrade, repair, and future maintenance, which MAWC can provide. There will be a *de minimis* impact to other MAWC customers, given the cost of the acquisition relative to MAWC's overall rate base. It is Staff's position that granting the CCN promotes the public interest.

Staff's conclusion is that the points regarding TMF capacities and the Tartan Energy criteria are all met, for this case.

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<sup>3</sup> Paragraph 19, The Application.

<sup>4</sup> Paragraph 18, The Application.

<sup>5</sup> Pages 11-25, Richard C. Svindland Direct Testimony, Case Nos. WR-2022-0303 and SR-2022-0304.

<sup>6</sup> Staff DR No. 0018 and January 13, 2023, BORD-2023-0403.

<sup>7</sup> RatingsDirect, S&P Global Ratings. February 6, 2023.

<sup>8</sup> S&P Capital IQ Pro.

### **OTHER ISSUES**

- The City, as an unregulated water and sewer operation, has no obligations due to the Commission, and has no pending actions before the Commission.
- MAWC is a corporation that is in “good standing” with the Missouri Secretary of State.
- MAWC is current with annual report filings with the Commission through calendar year 2022, as documented on the Commission’s Electronic Filing and Information System (EFIS).
- MAWC is current on its annual assessment quarterly payments through the second quarter of fiscal year 2023.
- There are no other active PSC cases that would have an impact on this application.

### **STAFF RECOMMENDATION**

Staff recommends the Commission find that MAWC has complied with the requirements of Section 393.320, RSMo, and approve MAWC’s request for CCNs subject to the following conditions and actions:

1. Grant MAWC the necessary CCNs to provide water and sewer service in the proposed City service areas, as outlined herein;
2. Approve existing MAWC water rates applicable to customers outside the St. Louis region for water and sewer rates applicable to Cedar Hill customers;
3. Require MAWC submit tariff sheets, to become effective before closing on the assets, to include adequately identified service area maps, service area written descriptions, rates and charges to be included in its EFIS tariffs P.S.C. MO No. 13 and 26, applicable to water and sewer service, respectively;
4. Require MAWC to notify the Commission of closing on the assets within five (5) days after such closing;
5. If closing on the water and sewer system assets does not take place within thirty (30) days following the effective date of the Commission’s order approving such, require MAWC to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until MAWC determines that the transfer of the assets will not occur;
6. If MAWC determines that a transfer of the assets will not occur, require MAWC to notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and require MAWC to submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the City service area in its water and sewer tariffs, and rate and charges sheets applicable to customers in the City service area in both the water and sewer tariffs;



7. Require MAWC to submit the following contracts within 90 days of closing on the assets as confidential documents in this case docket in EFIS:
  - a. Agreement established with the golf course owner for land application;
  - b. Contract for treatment of wastewater from Pilot Knob;
  - c. MAWC's access agreement to the reservoir; and
  - d. Emergency drinking water interconnection agreements with the City of Pilot Knob and the City of Arcadia.
8. Require MAWC to file a status report in docket for this case in EFIS within one year of closing on the Ironton assets, documenting that all necessary repairs have been completed to enable the hay field to be properly utilized for land application (such as repairing the valve(s) to and sprinkler heads in the field);
9. Within four years of closing on the Ironton assets, require MAWC to file a status report in docket for this case in EFIS documenting that all the necessary repairs, upgrades and/or maintenance to the wastewater facility has been completed so that: (a) the facility meets all Missouri State Operating Permit limits and/or becomes a no discharge system, and (b), no longer cause pollution of the receiving stream;
10. Require MAWC to develop a plan to book all of the City plant assets, with the concurrence of Staff and/or with the assistance of Staff, for original cost, depreciation reserve, and contributions (CIAC) for appropriate plant accounts, such that current rate base is broken down as \$2,000,000 for the water system, and \$1,700,000 for the sewer system, along with reasonable and prudent transaction, closing, and transition costs. This plan should be submitted to Staff for review within 60 days after closing on the assets;
11. Require MAWC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
12. Adopt for MAWC water and sewer assets the depreciation rates ordered for MAWC in Case No. WR-2020-0344;
13. Require MAWC to provide to the CXD Staff an example of its actual communication with the City's customers regarding its acquisition and operations of the water system assets, and how customers may reach Missouri American, within ten (10) days after closing on the assets;
14. Require MAWC to obtain from the City, as best as possible prior to or at closing, all records and documents, including but not limited to all plant-in-service original cost documentation, along with depreciation reserve balances, documentation of contribution-in-aid-of construction transactions, and any capital recovery transactions;
15. Except as required by Section 393.320, RSMo, make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the CCN to MAWC, including expenditures related to the certificated service area, in any later proceeding;

16. Require MAWC to distribute to the Ironton customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service, consistent with the requirements of Commission Rule 20 CSR 4240-13, within thirty (30) days of closing on the assets;
17. Require MAWC to provide to the CXD Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days after closing on the assets;
18. Require MAWC to provide training to its call center personnel regarding rates and rules applicable to the Ironton customers;
19. Require MAWC to include the Ironton customers in its established monthly reporting to the CXD Staff on customer service and billing issues, on an ongoing basis, after closing on the assets; and
20. Require MAWC to file notice in this case outlining completion of the above-recommended training, customer communications, and notifications within ten (10) days after such communications and notifications.

**ATTACHMENTS:**

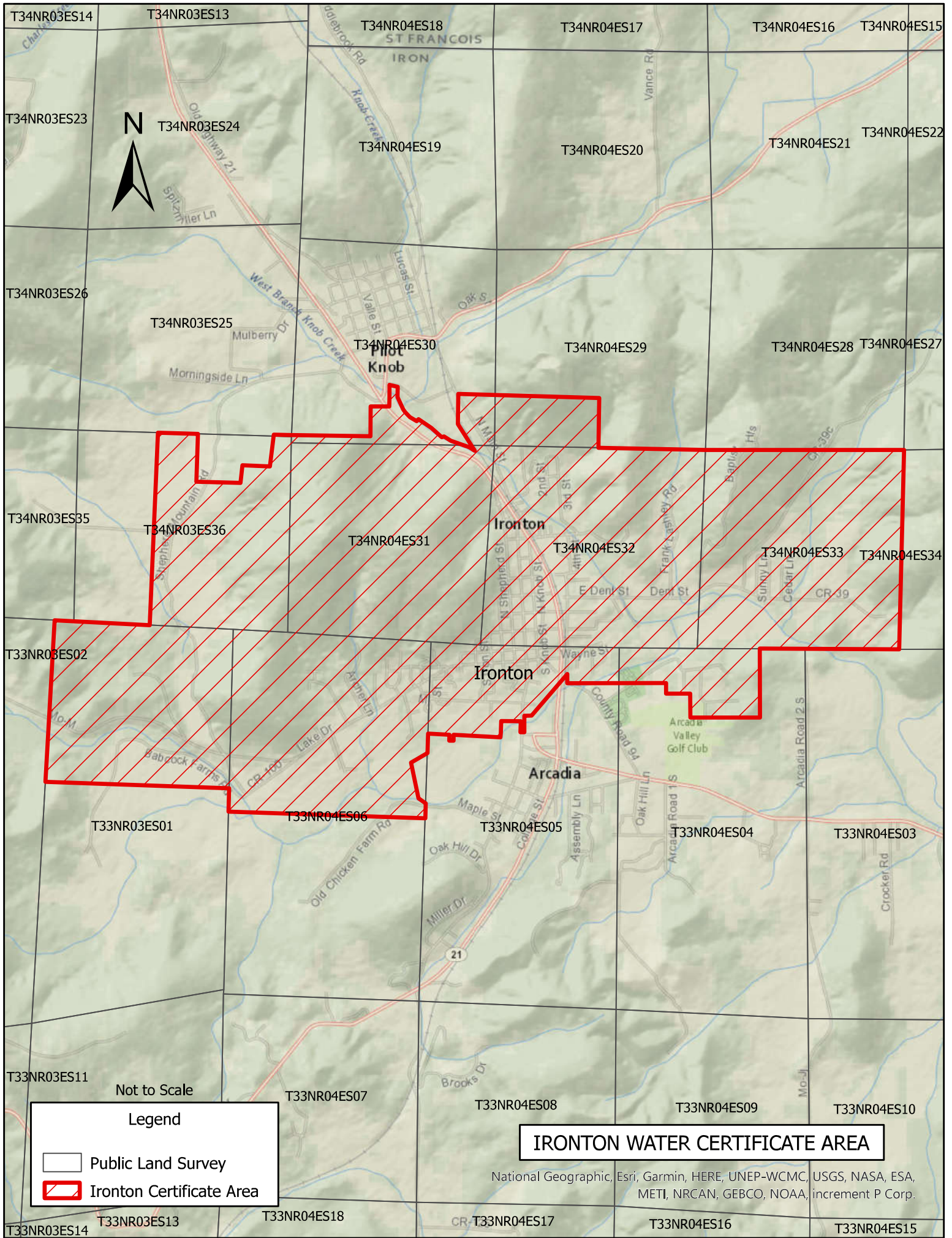
- A. Depreciation Rates
- B. Water System Map
- C. Water System Legal Description
- D. Sewer System Map
- E. Sewer System Legal Description
- F. Auditing's Asset Valuation

**MISSOURI AMERICAN WATER COMPANY – Water**  
**Schedule of Depreciation Rates**  
**WR-2020-0344**

<b>USOA Account Number</b>	<b>Account Description</b>	<b>Remaining Life Depreciation Rate %</b>	<b>Average Service Life (Years)</b>	<b>Iowa Curves</b>	<b>% Net Salvage</b>
<b><u>Source of Supply</u></b>					
311.0	Structures & Improvements	1.97%	60	R4	-25%
312.0	Collecting & Impoundment Reservoirs	0.35%	85	R3	0%
313.0	Lake, River & Other Intakes	3.57%	70	S0.5	-10%
314.0	Wells & Springs	2.52%	55	R1.5	-5%
315.0	Infiltration Galleries and Tunnels	1.77%	60	R2.5	0%
316.0	Supply Mains	1.45%	80	R3	-25%
317.0	Miscellaneous Source of Supply – Other	4.97%	25	SQ	0%
<b><u>Pumping Plant</u></b>					
321.0	Structures & Improvements	3.95%	75	R2.5	-15%
322.0	Boiler Plant Equipment	3.05%	37	R3	-5%
323.0	Power Generation Equipment	3.05%	37	R3	-5%
324.0	Steam Pumping Equipment	1.89%	47	R1	-10%
325.0	Electric Pumping Equipment	1.89%	47	R1	-10%
326.0	Diesel Pumping Equipment	1.89%	47	R1	-10%
327.0	Hydraulic Pumping Equipment	1.89%	47	R1	-10%
328.0	Other Pumping Equipment	1.89%	47	R1	-10%
<b><u>Water Treatment Plant</u></b>					
331.0	Structures & Improvements	2.34%	80	R2.5	-15%
332.0	Water Treatment Equipment	2.18%	48	R1.5	-20%
333.0	Miscellaneous Water Treat, Other	3.33%	30	SQ	0%
<b><u>Transmission and Distribution</u></b>					
341.0	Structures & Improvements	1.49%	55	R2.5	-20%
341.1	Structures & Improve - Special Crossing	1.49%	55	R2.5	-20%
342.0	Distribution Reservoirs & Standpipes	1.70%	65	R2.5	-25%
343.0,1,2,3	Transmission & Distribution Mains	1.39%	90	R2.0	-30%
344.0	Fire Mains	1.56%	85	S1	-30%
345.0	Customer Services	2.92%	65	R2.0	-100%
346.0	Customer Meters	2.40%	42	R1.5	-10%
347.0	Customer Meter Pits & Installation	2.40%	42	R1.5	-10%
348.0	Fire Hydrants	1.85%	65	R1.5	-30%
349.0	Misc Trans & Dist – Other	2.96%	50	R3	0%
<b><u>General Plant</u></b>					
390.0	Structures & Improve - Shop & Garage	3.02%	55	R2.5	-20%
390.1	Structures & Improve - Office Buildings	2.09%	47	S0	-20%
390.3	Structures & Improve – Miscellaneous	3.72%	55	R2.0	-20%
390.9	Structures & Improve – Leasehold	2.75%	25	R4	0%
391.0	Office Furniture	3.49%	20	SQ	0%
391.1	Computer & Peripheral Equipment	19.06%	5	SQ	0%
391.2	Computer Hardware & Software	19.06%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	10.46%	15	SQ	0%
391.4	BTS Initial Investment	5.00%	20		0%
392.1	Transportation Equipment - Light trucks	5.57%	9	L1.5	15%
392.2	Transportation Equipment - Heavy trucks	0.00%	10	L1.5	15%
392.3	Transportation Equipment – Autos	0.00%	6	L1.5	15%
392.4	Transportation Equipment – Other	6.15%	15	S3	5%
393.0	Stores Equipment	3.88%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	3.73%	20	SQ	0%
395.0	Laboratory Equipment	3.90%	15	SQ	0%
396.0	Power Operated Equipment	3.79%	12	L1	20%
397.1	Communication Equip - Non Telephone	5.76%	15	SQ	0%
397.2	Communication Equip – Telephone	8.94%	10	SQ	0%
398.0	Miscellaneous Equip	6.48%	15	SQ	0%
399.0	Other Tangible Equipment	2.43%	20	SQ	0%

**MISSOURI AMERICAN WATER COMPANY – Sewer**  
**Schedule of Depreciation Rates**  
**WR-2020-0344**

<b>USOA Account Number</b>	<b>Account Description</b>	<b>Remaining Life Depreciation Rate %</b>	<b>Average Service Life (Years)</b>	<b>Iowa Curves</b>	<b>% Net Salvage</b>
<b><u>Collection Plant</u></b>					
351	Structures & Improvements	2.03%	50	R3	-5%
352.1	Collection Sewers (Force)	1.64%	60	R2.5	-10%
352.2	Collection Sewers (Gravity)	1.58%	70	R3	-20%
353	Services To Customers	2.87%	55	R2.0	-40%
354	Flow Measuring Devices	3.38%	25	S2.5	0%
356	Other Collection Equipment	3.15%	50		0%
357	Communication Equipment	6.67%	15	SQ	0%
<b><u>Pumping Plant</u></b>					
361	Structures & Improvements	2.17%	45	R3	0%
362	Receiving Wells	2.87%	30	L2.5	0%
363	Electric Pumping Equip, (Includes Generators)	4.31%	15	L1.5	-5%
364	Diesel Pumping Equipment	4.31%	15	L1.5	-5%
365	Other Pumping Equipment	4.31%	15	L1.5	-5%
<b><u>Treatment and Disposal Plant</u></b>					
371	Structures & Improvements	1.43%	60	R2.5	-5%
372	Treatment & Disposal Equipment (Includes pumps, blowers, generators)	3.97%	30	S0.5	-20%
373	Plant Sewers	1.60%	50	R2.5	0%
374	Outfall Sewer Lines	3.04%	35	L2.0	0%
<b><u>General Plant</u></b>					
390.0	Structures & Improve – General	3.11%	35	R2.5	-5%
390.9	Structures & Improve – Leasehold	5.00%	20	R4	0%
391.0	Office Furniture	5.00%	20	SQ	0%
391.1	Computer & Peripheral Equipment	20.00%	5	SQ	0%
391.2	Computer Hardware & Software	20.00%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	6.67%	15		0%
391.4	BTS Initial Investment	5.00%	20		0%
392.0	WW Transportation Equipment	3.45%	10	L2.5	5%
392.1	Transportation Equipment - Light trucks	3.45%	10	L2.5	5%
392.2	Transportation Equipment - Heavy trucks	3.45%	10	L2.5	5%
392.3	Transportation Equipment – Autos	3.45%	10	L2.5	5%
392.4	Transportation Equipment – Other	3.45%	10	L2.5	5%
393.0	Stores Equipment	4.00%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	5.00%	20	SQ	0%
395.0	Laboratory Equipment	6.67%	15	SQ	0%
396.0	Power Operated Equipment	7.71%	15	L2.5	0%
397.1	Communication Equip - Non Telephone	6.67%	15	SQ	0%
397.2	Communication Equip – Telephone	6.67%	15	SQ	0%
398.0	Miscellaneous Equip	6.43%	15	SQ	0%
399.0	Other Tangible Equipment	0.00%	30	R2.0	0%



**Legend**

- Public Land Survey
- Ironton Certificate Area

**IRONTON WATER CERTIFICATE AREA**

National Geographic, Esri, Garmin, HERE, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, increment P Corp.

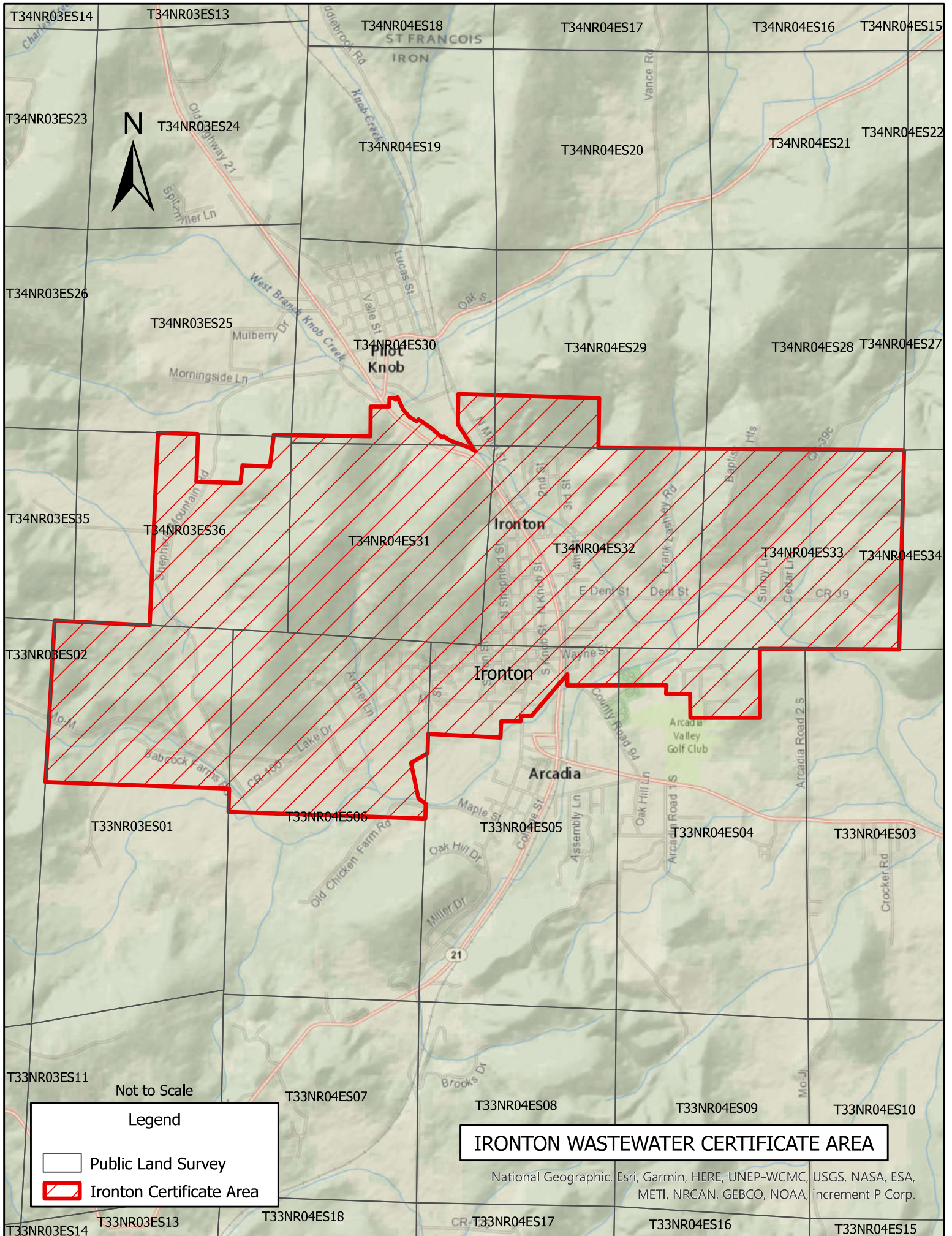
Legal Description Water System Area

A tract of land in part of **Section 1** of Township 33 North, Range 3 East and **Sections 25 and 36** of Township 34 North, Range 3 East, **Sections 3, 4, 5 and 6** Township 33 North, Range 4 East, **Sections 28, 29, 30, 31, 32 and 33**, Township 34 North, Range East, City of Ironton, Iron County, Missouri and being more particularly described as follows:

Beginning at the **Northeast corner of Section 33, Township 34 North, Range 4 East**; thence South, along the East line of said Section to the Southeast corner thereof, being also on the **North line of Section 3, Township 33 North, Range 4 East**; thence West, along the North line of said Section 3 to the Northwest corner thereof, being also the **Northeast corner of Section 4**; thence continuing West, along the North line of said Section 4 to the **Northwest corner of the Northeast Quarter of said Section 4**; thence South, along the West line of said Quarter-Quarter Section to the **Southeast corner of the North Half of the South Half of the Northwest Quarter of said Section 4**; thence West, along the South line of said North Half of the South Half and the Western prolongation thereof to the **Southwest corner of the Northeast Quarter of the South Half of the of the Northeast Quarter of the Northwest Quarter of said Section 4**; thence North, along the West line of said Northeast Quarter of the South Half, to the Northwest corner thereof, being also on the **North line of the South Half of the East Half of the Northwest Quarter of Section 4**; thence West, along said North line to the **Southwest corner of the North Half of the East Half of the Northwest Quarter of Section 4**; thence **North, along the West line of said North Half of the East Half, 285 feet, more or less**; thence West to the **intersection of the North line of Russellville Road and the East line of Hancock Street**; thence North, along the East line of Hancock Street to its **intersection with the City Limits Boundary Line of the City of Ironton**; thence, following said Boundary, Southwesterly, thence West to the East Line of S. Main Street; thence South, along the East Line of said S. Main Street to its intersection with the North Line of Pine Street; thence West to the West Line of said W. Main Street; thence North, along said west Line of W. Main to its intersection with the shared Boundary line with the City of Ironton and the City of Arcadia; thence following said shared Boundary, West, thence South, thence West to a point 60 feet more or less East from the West Line of the East Half of the Southwest Quarter of the Northwest Quarter of Section 5; thence South 100 feet, more or less; thence West 120 feet, more or less; thence North 100 feet more or less to the said shared Boundary Line between the City of Ironton and the City of Arcadia; thence along said shared boundary, West to the **Most Northwestern Corner of said City of Arcadia**; thence continuing along the Arcadia Boundary, South, and leaving its shared boundary with Ironton to a **point of intersection with the Southeast Corner of the Northeast Quarter of Section 6**; thence West, along the South line of said Quarter Section and the West prolongation thereof to the **Southwest corner of the Northwest Quarter of said Section 6, being also the Southeast corner of the Northeast Quarter of Section 1, Township 33 North, Range 3 East**; thence North, along the East line of said Quarter Section to the **Southeast corner of the North Half of the South Half of the South Half of the**

**Northeast Quarter of Section 1**; thence West, along the South line of said North Half and the West prolongation thereof to the **Southwest Corner of the North Half of the South Half of the South Half of the Northwest Quarter of said Section 1**, being also on the West line of said Section 1; thence North, along said West line to the **Northwest Corner thereof, being also on the South Line of Section 35, Township 34 North, Range 3 East**; thence East, along the South Line of said Section 35 to the Southeast Corner thereof, being also the Southwest Corner of Section 36; thence continuing East along said South Line to the **Southeast Corner of the West Half of the Southeast Quarter of the Southwest Quarter of Section 36**; thence North, along the East Line of said West Half of the Quarter-Quarter and the North prolongation thereof to the **Northwest Corner of the East Half of the Northeast Quarter of the Northwest Quarter of Section 36**, being also on the North Line of said Section 36; thence East, along said North Line to the **Northeast Corner of the West Half of the West Half of the Northwest Quarter of the Northeast Quarter of Section 36**; thence South, along the East Line of said West Half of the Quarter-Quarter and its South prolongation to the **South Line thereof**; thence East, along the South Line of said Quarter-Quarter and the East prolongation thereof to its **intersection with the Western Boundary Line of the City of Ironton**; thence following said Boundary Line North, East and thence North to a point on the **North line of said Section 36**, being North 116 feet more or less from a corner of the said City Boundary; thence East, along said North Line of Section 36 to **the Northeast Corner thereof** and being also a point on the **West line of Section 30, Township 34 North, Range 4 East**; thence continuing West and the West prolongation of the North Line of said Section 36 to a **point on the West Line of the East Half of the Southeast Quarter of the Southwest Quarter of Section 30**; thence North, along the West Line of said East Half of the Quarter-Quarter Section to a point **59 feet, more or less North of its intersection with the shared boundary line between the City of Ironton and the City of Pilot Knob**; thence East to its intersection with the **Northeast line of Veterans Memorial Highway / Highway 21**; thence North to its **intersection with the City of Pilot Knob Boundary Line**; thence continuing North to the South line of industrial Drive thence Southeast along said South Line 233 feet, more or less; thence South to point on the Shared Boundary Line with the City of Pilot Knob and the City of Ironton, being also the Northeast corner of the property now or formerly owned by Verla Dianne Strange, according to Deed Book 551, Page 2241 of the Iron County, Missouri Records; thence along said Boundary Line, Southeasterly to the intersection of the **Southeast line of Union Pacific Rail Road Right of Way and the Northeast Line of Veterans Memorial Highway / Highway 21**; thence Northwest, along said Rail Road right of way to its intersection with the **West Line of the East Half of the West Half of the Southeast Quarter of the Southeast Quarter of Section 30**; thence North, along said West Line and its North prolongation to the **Northwest Corner of the East Half of the West Half of the Southeast Quarter the Southeast Quarter of said Section 30**; thence East, along the North line of said East Half of a Quarter-Quarter and its East prolongation to the **Northeast Corner of the Southeast Quarter of the Southeast Quarter of said Section 30**; thence continuing East, along said prolongation to the **Northeast Corner of the Southeast Quarter of the Southwest Quarter of Section 29**; thence South, along the East Line of said Quarter-Quarter Section to the **Southeast Corner thereof**, being on the **South Line of said Section 29**; thence East, along the South Line of said Section 29 to the **Southeast Corner of said Section 29**, being also the **Southwest Corner of Section 28**; thence continuing East and along the South Line of said Section 28 to the Southeast Corner thereof and the POINT OF BEGINNING. Containing 3,965 acres more or less.





**IRONTON WASTEWATER CERTIFICATE AREA**

National Geographic, Esri, Garmin, HERE, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, increment P Corp.



Legal Description Sewer System Area

A tract of land in part of **Section 1** of Township 33 North, Range 3 East and **Sections 25 and 36** of Township 34 North, Range 3 East, **Sections 3, 4, 5 and 6** Township 33 North, Range 4 East, **Sections 28, 29, 30, 31, 32 and 33**, Township 34 North, Range East, City of Ironton, Iron County, Missouri and being more particularly described as follows:

Beginning at the **Northeast corner of Section 33, Township 34 North, Range 4 East**; thence South, along the East line of said Section to the Southeast corner thereof, being also on the **North line of Section 3, Township 33 North, Range 4 East**; thence West, along the North line of said Section 3 to the Northwest corner thereof, being also the **Northeast corner of Section 4**; thence continuing West, along the North line of said Section 4 to the **Northwest corner of the Northeast Quarter of said Section 4**; thence South, along the West line of said Quarter-Quarter Section to the **Southeast corner of the North Half of the South Half of the Northwest Quarter of said Section 4**; thence West, along the South line of said North Half of the South Half and the Western prolongation thereof to the **Southwest corner of the Northeast Quarter of the South Half of the of the Northeast Quarter of the Northwest Quarter of said Section 4**; thence North, along the West line of said Northeast Quarter of the South Half, to the Northwest corner thereof, being also on the **North line of the South Half of the East Half of the Northwest Quarter of Section 4**; thence West, along said North line to the **Southwest corner of the North Half of the East Half of the Northwest Quarter of Section 4**; thence **North, along the West line of said North Half of the East Half, 285 feet, more or less**; thence West to the **intersection of the North line of Russellville Road and the East line of Hancock Street**; thence North, along the East line of Hancock Street to its **intersection with the City Limits Boundary Line of the City of Ironton**; thence, following said Boundary, Southwesterly, West and then South to its **intersection with the City Limits Boundary Line of the City of Arcadia**; thence West, South and thence west, along the shared Boundary to the **Most Northwestern Corner of said City of Arcadia**; thence continuing along the Arcadia Boundary, South, and leaving its shared boundary with Ironton to a **point of intersection with the Southeast Corner of the Northeast Quarter of Section 6**; thence West, along the South line of said Quarter Section and the West prolongation thereof to the **Southwest corner of the Northwest Quarter of said Section 6, being also the Southeast corner of the Northeast Quarter of Section 1, Township 33 North, Range 3 East**; thence North, along the East line of said Quarter Section to the **Southeast corner of the North Half of the South Half of the South Half of the Northeast Quarter of Section 1**; thence West, along the South line of said North Half and the West prolongation thereof to the **Southwest Corner of the North Half of the South Half of the South Half of the Northwest Quarter of said Section 1, being also on the West line of said Section 1**; thence North,

along said West line to the **Northwest Corner thereof, being also on the South Line of Section 35, Township 34 North, Range 3 East**; thence East, along the South Line of said Section 35 to the Southeast Corner thereof, being also the Southwest Corner of Section 36; thence continuing East along said South Line to the **Southeast Corner of the West Half of the Southeast Quarter of the Southwest Quarter of Section 36**; thence North, along the East Line of said West Half of the Quarter-Quarter and the North prolongation thereof to the **Northwest Corner of the East Half of the Northeast Quarter of the Northwest Quarter of Section 36**, being also on the North Line of said Section 36; thence East, along said North Line to the **Northeast Corner of the West Half of the West Half of the Northwest Quarter of the Northeast Quarter of Section 36**; thence South, along the East Line of said West Half of the Quarter-Quarter and its South prolongation to the **South Line thereof**; thence East, along the South Line of said Quarter-Quarter and the East prolongation thereof to its **intersection with the Western Boundary Line of the City of Ironton**; thence following said Boundary Line North, East and thence North to a point on the **North line of said Section 36**, being North 116 feet more or less from a corner of the said City Boundary; thence East, along said North Line of Section 36 to **the Northeast Corner thereof** and being also a point on the **West line of Section 30, Township 34 North, Range 4 East**; thence continuing West and the West prolongation of the North Line of said Section 36 to a **point on the West Line of the East Half of the Southeast Quarter of the Southwest Quarter of Section 30**; thence North, along the West Line of said East Half of the Quarter-Quarter Section to a point **59 feet, more or less North of its intersection with the shared boundary line between the City of Ironton and the City of Pilot Knob**; thence East to its intersection with the **Northeast line of Veterans Memorial Highway**; thence North to its **intersection with the City of Pilot Knob Boundary Line**; thence along said Boundary Line, East, Southeast and thence Northeast to the **Center line of West Branch Knob Creek**; thence Southeast, along said creek center line and its Neader to its intersection with the **Southeast line of Union Pacific Rail Road Right of Way**; thence Northwest, along said right of way to its intersection with the **West Line of the East Half of the West Half of the Southeast Quarter of the Southeast Quarter of Section 30**; thence North, along said West Line and its North prolongation to the **Northwest Corner of the East Half of the West Half of the Southeast Quarter of the Southeast Quarter of said Section 30**; thence East, along the North line of said East Half of a Quarter-Quarter and its East prolongation to the **Northeast Corner of the Southeast Quarter of the Southeast Quarter of said Section 30**; thence continuing East, along said prolongation to the **Northeast Corner of the Southeast Quarter of the Southwest Quarter of Section 29**; thence South, along the East Line of said Quarter-Quarter Section to the **Southeast Corner thereof**, being on the **South Line of said Section 29**; thence East, along the South Line of said Section 29 to the **Southeast Corner of said Section 29**, being also the **Southwest Corner of Section 28**; thence continuing East and along the South Line of said Section 28 to the Southeast Corner thereof and the POINT OF BEGINNING. Containing 3,965 acres, more or less.

Legal Description Sewer System Area

A tract of land in part of **Section 1** of Township 33 North, Range 3 East and **Sections 25 and 36** of Township 34 North, Range 3 East, **Sections 3, 4, 5 and 6** Township 33 North, Range 4 East, **Sections 28, 29, 30, 31, 32 and 33**, Township 34 North, Range East, City of Ironton, Iron County, Missouri and being more particularly described as follows:

Beginning at the **Northeast corner of Section 33, Township 34 North, Range 4 East**; thence South, along the East line of said Section to the Southeast corner thereof, being also on the **North line of Section 3, Township 33 North, Range 4 East**; thence West, along the North line of said Section 3 to the Northwest corner thereof, being also the **Northeast corner of Section 4**; thence continuing West, along the North line of said Section 4 to the **Northwest corner of the Northeast Quarter of said Section 4**; thence South, along the West line of said Quarter-Quarter Section to the **Southeast corner of the North Half of the South Half of the Northwest Quarter of said Section 4**; thence West, along the South line of said North Half of the South Half and the Western prolongation thereof to the **Southwest corner of the Northeast Quarter of the South Half of the of the Northeast Quarter of the Northwest Quarter of said Section 4**; thence North, along the West line of said Northeast Quarter of the South Half, to the Northwest corner thereof, being also on the **North line of the South Half of the East Half of the Northwest Quarter of Section 4**; thence West, along said North line to the **Southwest corner of the North Half of the East Half of the Northwest Quarter of Section 4**; thence **North, along the West line of said North Half of the East Half, 285 feet, more or less**; thence West to the **intersection of the North line of Russellville Road and the East line of Hancock Street**; thence North, along the East line of Hancock Street to its **intersection with the City Limits Boundary Line of the City of Ironton**; thence, following said Boundary, Southwesterly, West and then South to its **intersection with the City Limits Boundary Line of the City of Arcadia**; thence West, South and thence west, along the shared Boundary to the **Most Northwestern Corner of said City of Arcadia**; thence continuing along the Arcadia Boundary, South, and leaving its shared boundary with Ironton to a **point of intersection with the Southeast Corner of the Northeast Quarter of Section 6**; thence West, along the South line of said Quarter Section and the West prolongation thereof to the **Southwest corner of the Northwest Quarter of said Section 6, being also the Southeast corner of the Northeast Quarter of Section 1, Township 33 North, Range 3 East**; thence North, along the East line of said Quarter Section to the **Southeast corner of the North Half of the South Half of the South Half of the Northeast Quarter of Section 1**; thence West, along the South line of said North Half and the West prolongation thereof to the **Southwest Corner of the North Half of the South Half of the South Half of the Northwest Quarter of said Section 1, being also on the West line of said Section 1**; thence North,

along said West line to the **Northwest Corner thereof, being also on the South Line of Section 35, Township 34 North, Range 3 East**; thence East, along the South Line of said Section 35 to the Southeast Corner thereof, being also the Southwest Corner of Section 36; thence continuing East along said South Line to the **Southeast Corner of the West Half of the Southeast Quarter of the Southwest Quarter of Section 36**; thence North, along the East Line of said West Half of the Quarter-Quarter and the North prolongation thereof to the **Northwest Corner of the East Half of the Northeast Quarter of the Northwest Quarter of Section 36**, being also on the North Line of said Section 36; thence East, along said North Line to the **Northeast Corner of the West Half of the West Half of the Northwest Quarter of the Northeast Quarter of Section 36**; thence South, along the East Line of said West Half of the Quarter-Quarter and its South prolongation to the **South Line thereof**; thence East, along the South Line of said Quarter-Quarter and the East prolongation thereof to its **intersection with the Western Boundary Line of the City of Ironton**; thence following said Boundary Line North, East and thence North to a point on the **North line of said Section 36**, being North 116 feet more or less from a corner of the said City Boundary; thence East, along said North Line of Section 36 to **the Northeast Corner thereof** and being also a point on the **West line of Section 30, Township 34 North, Range 4 East**; thence continuing West and the West prolongation of the North Line of said Section 36 to a **point on the West Line of the East Half of the Southeast Quarter of the Southwest Quarter of Section 30**; thence North, along the West Line of said East Half of the Quarter-Quarter Section to a point **59 feet, more or less North of its intersection with the shared boundary line between the City of Ironton and the City of Pilot Knob**; thence East to its intersection with the **Northeast line of Veterans Memorial Highway**; thence North to its **intersection with the City of Pilot Knob Boundary Line**; thence along said Boundary Line, East, Southeast and thence Northeast to the **Center line of West Branch Knob Creek**; thence Southeast, along said creek center line and its Neader to its intersection with the **Southeast line of Union Pacific Rail Road Right of Way**; thence Northwest, along said right of way to its intersection with the **West Line of the East Half of the West Half of the Southeast Quarter of the Southeast Quarter of Section 30**; thence North, along said West Line and its North prolongation to the **Northwest Corner of the East Half of the West Half of the Southeast Quarter of the Southeast Quarter of said Section 30**; thence East, along the North line of said East Half of a Quarter-Quarter and its East prolongation to the **Northeast Corner of the Southeast Quarter of the Southeast Quarter of said Section 30**; thence continuing East, along said prolongation to the **Northeast Corner of the Southeast Quarter of the Southwest Quarter of Section 29**; thence South, along the East Line of said Quarter-Quarter Section to the **Southeast Corner thereof**, being on the **South Line of said Section 29**; thence East, along the South Line of said Section 29 to the **Southeast Corner of said Section 29**, being also the **Southwest Corner of Section 28**; thence continuing East and along the South Line of said Section 28 to the Southeast Corner thereof and the POINT OF BEGINNING. Containing 3,965 acres, more or less.

Missouri-American Water Company-(Water) / Ironton Water  
Case No. WA-2023-0434  
Asset Valuation  
Ending Balance as of December 31, 2022

Plant in Service	\$2,701,532
Accumulated Reserve	\$859,638
<b>Net Plant in Service</b>	<b>\$1,841,894</b>
CIAC	
CIAC Amortization	
<b>Net CIAC</b>	<b>\$0</b>
<b>Rate Base</b>	<b>\$1,841,894</b>

Missouri-American Water Company-(Sewer) / Ironton Sewer  
Case No. WA-2023-0434  
Asset Valuation  
Ending Balance as of December 31, 2022

Plant in Service	\$2,582,995
Accumulated Reserve	\$1,042,142
<b>Net Plant in Service</b>	<b>\$1,540,853</b>

CIAC	
CIAC Amortization	
<b>Net CIAC</b>	<b>\$0</b>

<b>Rate Base</b>	<b>\$1,540,853</b>
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**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 and Sewer System in )  
and around the City of Wood Ironton, )  
Missouri )

File No. WA-2023-0434  
File No. SA-2023-0435

**AFFIDAVIT OF MELANIE CLARK**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW MELANIE CLARK**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *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.

Melanie Clark  
**MELANIE CLARK**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10<sup>th</sup> day of October, 2023.

Diana L. Vaught  
Notary Public

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

**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 and Sewer System in )  
and around the City of Wood Ironton, )  
Missouri )

File No. WA-2023-0434  
File No. SA-2023-0435

**AFFIDAVIT OF DARONN A. WILLIAMS**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW DARONN A. WILLIAMS**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

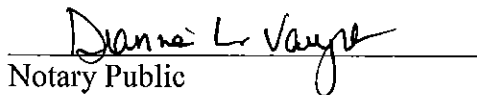
Further the Affiant sayeth not.

  
\_\_\_\_\_  
DARONN A. WILLIAMS

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10<sup>th</sup> day of October, 2023.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

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



**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 ) File No. WA-2023-0434  
it to Install, Own, Acquire, Construct, ) File No. SA-2023-0435  
Operate, Control, Manage and Maintain )  
a Water System and Sewer System in )  
and around the City of Wood Ironton, )  
Missouri )

**AFFIDAVIT OF COURTNEY HORTON**

STATE OF MISSOURI     )  
                                       )  
COUNTY OF COLE     )     ss.

COMES NOW COURTNEY HORTON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

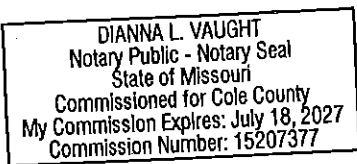
Further the Affiant sayeth not.

*Courtney Horton*  
\_\_\_\_\_  
COURTNEY HORTON

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10<sup>th</sup> day of October, 2023.

*Dianna L. Vaughn*  
\_\_\_\_\_  
Notary Public



**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	)	<u>File No. WA-2023-0434</u>
it to Install, Own, Acquire, Construct,	)	<u>File No. SA-2023-0435</u>
Operate, Control, Manage and Maintain	)	
a Water System and Sewer System in	)	
and around the City of Wood Ironton,	)	
Missouri	)	

**AFFIDAVIT OF SHERRYE LESMES**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

**COMES NOW SHERRYE LESMES**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

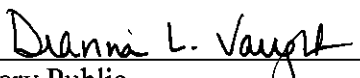
Further the Affiant sayeth not.

  
SHERRYE LESMES

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 11<sup>th</sup> day of October, 2023.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
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Notary Public

**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 and Sewer System in                                )  
and around the City of Wood Ironton,                                )  
Missouri

File No. WA-2023-0434  
File No. SA-2023-0435

**AFFIDAVIT OF SEOUNG JOUN WON, PhD**

STATE OF MISSOURI        )  
                                      )        ss.  
COUNTY OF COLE         )

**COMES NOW SEOUNG JOUN WON, PhD**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

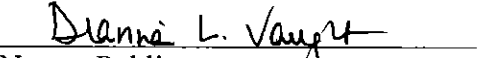
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**SEOUNG JOUN WON, PhD**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10<sup>th</sup> day of October, 2023.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

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

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

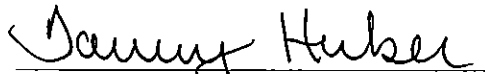
In the Matter of Missouri-American	)	
Water Company for a Certificate of	)	
Convenience and Necessity Authorizing	)	<u>File No. WA-2023-0434</u>
it to Install, Own, Acquire, Construct,	)	<u>File No. SA-2023-0435</u>
Operate, Control, Manage and Maintain	)	
a Water System and Sewer System in	)	
and around the City of Wood Ironton,	)	
Missouri	)	

**AFFIDAVIT OF TAMMY HUBER**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW TAMMY HUBER, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

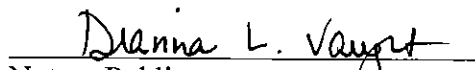
Further the Affiant sayeth not.

  
TAMMY HUBER

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 10<sup>th</sup> day of October, 2023.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
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Notary Public