

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 17th day of April, 2019.

In the Matter of Missouri-American Water)
Company's Application for Certificates of)
Convenience and Necessity Authorizing it)
to Install, Own, Acquire, Construct,)
Operate, Control, Manage and Maintain a)
Sewer System in an area of Clinton County,)
Missouri (Timber Springs Estates))

File No. SA-2019-0183

**ORDER GRANTING CERTIFICATE OF
CONVENIENCE AND NECESSITY**

Issue Date: April 17, 2019

Effective Date: May 17, 2019

Missouri-American Water Company ("MAWC") filed an application on December 18, 2018, with the Commission requesting a Certificate of Convenience and Necessity ("CCN") to install, own, acquire, construct, operate, control, manage, and maintain a sewer system in the Timber Springs Estates subdivision in Clinton County, Missouri. MAWC is a "water corporation," a "sewer corporation," and "public utility" as those terms are defined in Section 386.020, RSMo and is subject to the jurisdiction of the Commission.

The CCN would allow MAWC to acquire sewer utility assets of the Timber Springs Estates Homeowners Association ("Association"), a homeowner's association currently not subject to the Commission's jurisdiction. MAWC would provide Timber Springs Estates subdivision sewer service for 61 current wastewater customers. MAWC has requested that its approved monthly flat rate of \$38.75 for a single family residence contained in MO PSC No. 26 Sheet No. 3.1 be applied to Timber Springs.

The Commission issued notice and set a deadline for intervention requests, but received none. On February 11, 2019, the Commission's Staff filed its recommendation which included a modification of the proposed service area to exclude locations where the municipality of Trimble provides sewer service. Staff recommended the Commission approve the transfer of assets and grant a CCN, with 15 conditions. The Office of the Public Counsel, after talking to MAWC's counsel about the CCN service area, indicated that it does not oppose the approval of the CCN as put forth in Staff's recommendation. On March 8, 2019, MAWC filed its response to Staff's recommendations. MAWC has no objection to Staff's recommendations.

No party has objected to MAWC's application or Staff's recommendation. No party has requested an evidentiary hearing, and no law requires one.¹ Therefore, this action is not a contested case.²

The Commission may grant a sewer corporation a CCN to operate after determining that the construction and operation are either "necessary or convenient for the public service."³ The Commission applies the five "Tartan Criteria" established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994) when deciding whether to grant a new CCN. The criteria are: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.

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

² Section 536.010(4), RSMo.

³ Section 393.170.3, RSMo.

There is a need for the service as 61 residents of Timber Springs Estates currently make use of the existing sewer system. MAWC is qualified to provide the service as it is currently regulated and already provides water service to over 465,000 Missouri customers, and sewer service to over 13,000 Missouri customers. MAWC has the financial ability to provide the service and no external financing is anticipated. The proposal is economically feasible according to MAWC's feasibility study. The proposal, as modified by the Commission, promotes the public interest as demonstrated by a vote of approval to the sale of Timber Springs Estates' assets to MAWC by 51 of the Association's 56 eligible voting members.

The Commission may impose conditions it deems reasonable and necessary.⁴ The Commission does not agree that the service area agreed upon by the parties best serves the public interest. Two sewer systems not owned by MAWC and not currently regulated by the Commission operate within the service area proposed by the parties. The Commission finds that it is reasonable and necessary to limit the service area of the CCN to encompass the Timber Springs Estates Subdivision. No immediate harm results from approving a service area smaller than the parties' proposed service area. MAWC may file new CCN applications for consideration by the Commission to increase its service area as it contracts for additional sewer systems or water systems.

Based on the application and Staff's recommendations, the Commission concludes that the factors for granting a certificate of convenience and necessity to MAWC have been satisfied and that it is in the public's interest for MAWC to provide sewer service to the customers currently served by the Association. Further, the

⁴ Section 393.170.3, RSMo.

Commission finds that MAWC possesses adequate technical, managerial, and financial capacity to operate the sewer system. The Commission will authorize the transfer of assets and grant MAWC a certificate of convenience and necessity to provide sewer service subject to the conditions described in Staff's recommendation and memorandum, within the Timber Springs Estates subdivision.

MAWC's application also asks the Commission to waive the 60-day notice requirement of Commission Rule 4 CSR 240-4.017(1). MAWC filed an affidavit pursuant to Commission Rule 4 CSR 240-4.017(1)(D) stating that it has had no communication with the office of the Commission within the preceding 150 days regarding the subject matter of the application. The Commission finds good cause exists to waive the notice requirement, and a waiver of 4 CSR 240-4.017(1) will be granted.

THE COMMISSION ORDERS THAT:

1. Missouri-American Water Company is granted a certificate of convenience and necessity to provide sewer service to the Timber Springs Estates subdivision subject to the conditions and requirements contained in Staff's Recommendation, including the filing of tariffs as set out below:

- a. Missouri-American Water Company shall apply a monthly residential flat rate of \$38.75 for sewer service to Timber Springs;
- b. Missouri-American Water Company shall submit new tariff sheets, to become effective before closing on the assets, including a service area map, service area written description, sewer rates, pump unit rules and appropriate index modifications, applicable to sewer service in its Timber Springs service area, to be included in its EFIS sewer tariff P.S.C. MO No. 26;
- c. Missouri-American Water Company shall notify the Commission of closing on the assets within five (5) days after such closing;
- d. If the closing on the sewer system assets does not take place within 30 days following the effective date of the Commission's order

approving such, Missouri-American Water Company shall submit a status report within five days after this 30-day period regarding the status of closing and additional status reports within five days after each additional 30-day period until closing takes place, or until Missouri-American Water Company determines that the transfer of the assets will not occur;

- e. If Missouri-American Water Company determines that a transfer of the assets will not occur, it shall notify the Commission no later than the date of the next status report, as addressed above, after such determination is made. In addition, Missouri-American Water Company shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the Timber Springs service area in its sewer tariffs;
- f. Missouri-American Water Company shall keep its financial books and records for Timber Springs plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
- g. Missouri-American Water Company shall adopt the depreciation rates for the Timber Springs sewer assets ordered for Missouri-American Water Company in Case No. WR-2015-0301;
- h. Missouri-American Water Company shall obtain from Timber Springs, 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, depreciation reserve balances, documentation of contributions-in-aid-of-construction transactions, and any capital recovery transactions;
- i. The Commission specifically makes no finding that would preclude it from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the certificate of convenience and necessity to Missouri-American Water Company, including expenditures related to the Timber Springs certificated service area, in any later proceeding;
- j. Missouri-American Water Company shall provide training to its call center personnel regarding rates and rules applicable to the Timber Springs customers.
- k. Missouri-American Water Company shall include the Timber Springs customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues, on an ongoing basis, after closing on the assets;

- I. Missouri-American Water Company shall distribute to the Timber Springs customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13, within thirty (30) days of closing on the assets;
- m. Missouri-American Water Company shall provide to the Customer Experience Department Staff an example of its actual communication with the Timber Springs customers regarding its acquisition and operations of the sewer system assets, and how customers may reach MAWC, within ten (10) days after closing on the assets;
- n. Missouri-American Water Company shall provide to the Customer Experience Department Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days after closing on the assets;
- o. Missouri-American Water Company shall 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.

2. Missouri-American Water Company is authorized to acquire Timber Springs Estates Homeowners Association's assets identified in the application.

3. Missouri-American Water Company is authorized to take other actions as may be deemed necessary and appropriate to consummate the transactions proposed in the applications.

4. This order shall become effective on May 17, 2019.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Hall, Rupp, and
Coleman, CC., concur.

Clark, Regulatory Law Judge

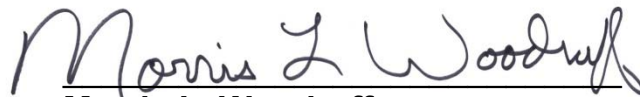
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 17th day of April 2019.**




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

April 17, 2019

File/Case No. SA-2019-0183

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.