

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 14th day of August, 2024.

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 DeKalb,)
Missouri)

File No. WA-2024-0325

**ORDER APPROVING TRANSFER OF ASSETS AND
GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: August 14, 2024

Effective Date: September 13, 2024

Procedural History

On May 1, 2024, Missouri-American Water Company (MAWC) filed the above-referenced application. The application seeks a certificate of convenience and necessity (CCN) requesting the authority for MAWC to own, acquire, construct, operate, control, manage, and maintain the presently unregulated water system in and around the City of DeKalb, Missouri (DeKalb or City). MAWC also requests the Commission to waive the 60-day notice requirement.

MAWC is a “water corporation,” a “sewer corporation,” and “public utility” as those terms are defined in Section 386.020, RSMo (Supp. 2022), and is subject to the jurisdiction of the Commission. If the Commission approves MAWC’s application, MAWC would provide water service for DeKalb’s 100 water accounts.

The Commission issued notice and set a deadline for intervention requests, but received no requests.

On July 15, 2024, Staff of the Commission (Staff) filed its Staff Recommendation and supporting Memorandum recommending the Commission grant MAWC a CCN, subject to the conditions and actions described in Staff's Memorandum. Staff stated the requested CCN is necessary and convenient for the public service. On July 25, 2024, MAWC filed its Response To Staff Recommendation, stating that they have no objection to the proposed conditions and actions.

Commission Rule 20 CSR 4240-2.080(13) allows parties ten days to respond to pleadings unless otherwise ordered by the Commission. The Commission issued no order to the contrary of that rule and no party objected to MAWC's application or Staff's recommendation.

Discussion

Certificate of convenience and necessity

The Commission may grant a water corporation a CCN to operate after determining that the construction and operation are "necessary or convenient for the public service."¹ The Commission-articulated criteria to be used when evaluating applications for utility certificates of convenience and necessity are known as the *Tartan* factors.

The *Tartan* case combined the standards used in several similar certificate cases, and set forth the following criteria: (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

¹ Section 393.170.3, RSMo. (Supp. 2022).

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.²

There is a need for the service, as the residents of DeKalb currently use the existing water system. MAWC is qualified to provide the service, as it already provides water service to over 480,000 Missouri customers, and sewer service to over 24,000 Missouri customers. MAWC has the financial ability to provide the service because no external financing is anticipated. The proposal is economically feasible according to MAWC's feasibility study, which is realistic given its prior experience and past performance. The proposal promotes the public interest as demonstrated by DeKalb's city administration voting to proceed with MAWC's Asset Purchase Agreement.

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 water service to the customers currently served by DeKalb. Further, the Commission finds that MAWC possesses adequate technical, managerial, and financial capacity to operate the water and sewer system it wishes to purchase from DeKalb. Thus, the Commission will authorize the transfer of assets and grant MAWC the certificate of convenience and necessity to provide water service within the proposed service area, subject to the conditions described by Staff.

² See Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994).

Waiver of 60-day notice rule

MAWC's application also asks the Commission to waive the 60-day notice requirement in 20 CSR 4240-4.017(1). MAWC has filed a verified declaration that it has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue likely to be in this case. The Commission finds good cause exists to waive the notice requirement, and a waiver of 20 CSR 4240-4.017(1) will be granted.

THE COMMISSION ORDERS THAT:

1. MAWC is granted permission to acquire the water and sewer system assets of the City of DeKalb, Missouri.

2. MAWC is granted a certificate of convenience and necessity to provide water service in the City of Dekalb, Missouri, described in the map and legal description Missouri-American Water Company provided to Staff, subject to the conditions and requirements contained in Staff's Recommendation, including the filing of tariffs, as set out below:

- a. MAWC's water rates for the City system are approved;
- b. MAWC shall submit tariff sheets, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges to be included in its EFIS tariffs P.S.C. MO No. 13, applicable to water service;
- c. MAWC shall notify the Commission of closing on the assets within five (5) days after such closing;
- d. If closing on the water system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, MAWC shall 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;

- e. If MAWC determines that a transfer of the assets will not occur, MAWC shall notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and MAWC shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the City service area in its water tariff, and rate and charges sheets applicable to customers in the City service area in the water tariff;
- f. MAWC shall record depreciation of the City assets in accordance with the depreciation rates ordered in Case No. WR-2022-0303;
- g. MAWC shall provide to the Customer Experience Department (CXD) Staff an example of its actual communication with the City water system customers regarding its acquisition and operations of the water system assets, and how customers may reach MAWC, within ten (10) days after closing on the assets;
- h. MAWC shall provide to the CXD Staff an example of its actual communication with the City water and sewer system customers regarding its acquisition and operations of the water system assets, and how customers may reach MAWC, within ten (10) days after closing on the assets;
- i. MAWC shall 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;
- j. MAWC shall provide training to its call center personnel regarding rates and rules applicable to the City water system customers;
- k. MAWC shall include the City water system 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,
- l. MAWC 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.

3. MAWC is authorized to take other actions as may be deemed necessary and appropriate to consummate the transactions proposed in the application.

4. The 60 day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.

5. This order shall become effective on September 13, 2024.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Holsman
Kolkmeier, and Mitchell CC., concur.

Karolin S. Walker, 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 14th day of August 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 14, 2024

File/Case No. WA-2024-0325

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

Sincerely,



**Nancy Dippell
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.