

# John R. Ashcroft

Secretary of State / Administrative Rules

## RULE TRANSMITTAL

Administrative Rules Stamp

**RECEIVED**

By Administrative Rules SOS at 3:58 pm, Oct 02, 2024

**RECEIVED**

JCAR Stamp

By JCAR at 2:55 pm, Oct 02, 2024

Rule Number 20 CSR 4240-60.050

Use a SEPARATE rule transmittal sheet for EACH individual rulemaking.

Name of person(s) Administrative Rules can contact with questions about this rule:

Content Nancy Dippell Phone 573-751-8518 Fax 573-526-6010

Email address Nancy.Dippell@psc.mo.gov

Data Entry Kayla Kliethermes Phone 573-751-4256 Fax 573-526-6010

Email address Kayla.Kliethermes@psc.mo.gov

Interagency mailing address Public Service Commission, 9<sup>th</sup> Floor Gov. Office Bldg, JC, MO

### TYPE OF RULEMAKING ACTION TO BE TAKEN

Emergency Rulemaking >  Rule  Amendment  Rescission  Termination

Effective date for the emergency \_\_\_\_\_

Proposed Rulemaking >  Rule  Amendment  Rescission

Rule Action Notice

In Addition

Rule Under Consideration

Request for Non-Substantive Change

Statement of Actual Cost

Order of Rulemaking >  Withdrawal  Adoption  Amendment  Rescission

Effective date for the order \_\_\_\_\_

Statutory 30 days OR Specific date \_\_\_\_\_

Does the Order of Rulemaking contain changes to the rule text?  NO

YES—LIST THE SECTIONS/SUBSECTIONS WITH CHANGES:

---

---



## *Missouri Public Service Commission*

**MAIDA J. COLEMAN**  
Commissioner

**KAYLA HAHN**  
Chair

**JASON R. HOLSMAN**  
Commissioner

**GLEN KOLKMEYER**  
Commissioner

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://psc.mo.gov>

**JOHN P. MITCHELL**  
Commissioner

October 2, 2024

John Ashcroft  
Secretary of State  
Administrative Rules Division  
600 West Main Street  
Jefferson City, Missouri 65101

### **Re: 20 CSR 4240-60.050 Filing Requirements for Sewer Utility Applications for Certificates of Convenience and Necessity**

Dear Secretary Ashcroft,

#### CERTIFICATION OF ADMINISTRATIVE RULE

I do hereby certify that the attached is an accurate and complete copy of the proposed rule lawfully submitted by the Missouri Public Service Commission.

The Public Service Commission further certifies it has conducted an analysis of whether or not there has been a taking of real property pursuant to section 536.017, RSMo, that the proposed rule does not constitute a taking of real property under relevant state and federal law.

The Public Service Commission has determined and hereby also certifies that if the proposed rule does affect small business pursuant to sections 536.300 to 536.310, RSMo, a small business impact statement has been filed as required by those sections. If no small business impact statement has been filed the proposed rule either does not affect small business or the small business requirements do not apply pursuant to section 536.300.4, RSMo.

Statutory Authority: *section 386.250, RSMo 2016.*

If there are any questions regarding the content of this proposed rule, please contact:

Nancy Dippell  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street  
P.O. Box 360  
Jefferson City, MO 65102  
(573) 751-8518  
Nancy.Dippell@psc.mo.gov



*Nancy Dippell*

Nancy Dippell  
Secretary

Enclosures



## *Missouri Public Service Commission*

**MAIDA J. COLEMAN**  
Commissioner

**KAYLA HAHN**  
Chair

**JASON R. HOLSMAN**  
Commissioner

**GLEN KOLKMEYER**  
Commissioner

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://psc.mo.gov>

**JOHN P. MITCHELL**  
Commissioner

October 2, 2024

Sarah Schappe  
Director  
Joint Committee on Administration Rules  
State Capitol, Room B8A  
Jefferson City, Missouri 65101

### **Re: 20 CSR 4240-60.050 Filing Requirements for Sewer Utility Applications for Certificates of Convenience and Necessity**

Dear Director Schappe,

#### CERTIFICATION OF ADMINISTRATIVE RULE

I do hereby certify that the attached is an accurate and complete copy of the proposed rule lawfully submitted by the Missouri Public Service Commission.

The Public Service Commission further certifies it has conducted an analysis of whether or not there has been a taking of real property pursuant to section 536.017, RSMo, that the proposed rule does not constitute a taking of real property under relevant state and federal law.

The Public Service Commission has determined and hereby also certifies that if the proposed rule does affect small business pursuant to sections 536.300 to 536.310, RSMo, a small business impact statement has been filed as required by those sections. If no small business impact statement has been filed the proposed rule either does not affect small business or the small business requirements do not apply pursuant to section 536.300.4, RSMo.

Statutory Authority: *section 386.250, RSMo 2016.*

If there are any questions regarding the content of this proposed rule, please contact:

Nancy Dippell  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street  
P.O. Box 360  
Jefferson City, MO 65102  
(573) 751-8518  
Nancy.Dippell@psc.mo.gov



*Nancy Dippell*

Nancy Dippell  
Secretary

Enclosures



*Michael L. Parson*

GOVERNOR  
STATE OF MISSOURI

September 25, 2024

Ms. Kayla Hahn  
Public Service Commission  
PO Box 360  
Jefferson City, MO 65102

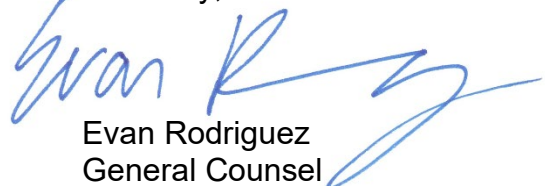
Dear Ms. Hahn:

This Office has received your Proposed Rule and Proposed Rescission for the following regulations:

- 20 CSR 4240-60.050 Filing Requirements for Sewer Utility Applications for Certificates of Convenience and Necessity
- 20 CSR 4240-3.305 Filing Requirements for Sewer Utility Applications for Certificates of Convenience and Necessity

Executive Order 17-03 requires this Office's approval before state agencies release proposed regulations for notice and comment, amend existing regulations, rescind regulations, or adopt new regulations. After our review, we approve the submission to the Joint Committee on Administrative Rules and the Secretary of State.

Sincerely,

  
Evan Rodriguez  
General Counsel



**Title 20—DEPARTMENT OF COMMERCE AND INSURANCE**  
**Division 4240—Public Service Commission**  
**Chapter 60—Standards of Service by Sewer Utilities**

**20 CSR 4240-60.050 Filing Requirements for Sewer Utility Applications for Certificates of Convenience and Necessity**

*PURPOSE: Applications to the commission requesting that the commission grant a certificate of convenience and necessity must meet the requirements set forth in this rule. As noted in the rule, additional requirements pertaining to such applications are set forth in 20 CSR 4240-2.060(1).*

- (1) The procedures and application requirements contained herein are in addition to the requirements of 20 CSR 4240-2.060(1).
- (2) If the application is for a service area where service is currently provided by an existing sewer system, notice shall be provided to all potential customers within the designated service area within twenty (20) days after the filing of an application for a certificate of convenience and necessity.
  - (A) The notice shall include a description of the approval being sought, proposed initial rates, an explanation that the proposed rates are subject to change pending approval of the application, the rates charged to other current customers of the buyer, and contact information for the buyer.
  - (B) The notice shall also include instructions for submitting public comments to the commission, the commission case number, and how to track the progress of the case in the commission's electronic filing and information system (EFIS).
  - (C) An example of this customer notice shall be filed in the certificate of a convenience and necessity case by the purchasing applicant with any customer-specific information redacted.
- (3) An application for a certificate of convenience and necessity by a sewer company must include the following or be subject to dismissal if the required information is not submitted within a commission established time period:
  - (A) If the application is for a service area where service is currently provided by an existing sewer system, the application shall contain the following items:
    1. The legal description of the area to be certified;
    2. A legible map of the proposed service area of appropriate scale that meets the following requirements:
      - A. Based on a color aerial or satellite photograph;
      - B. Includes a defined boundary of the entire service area encompassing all customers;
      - C. Shows nearby roads and highways with large and legible labels;
      - D. Includes a legend of map features;
      - E. Includes all collection, storage, and treatment features of the sewer system; and
      - F. Excludes unnecessary surveying information and detail;
    3. A description of the existing collection and treatment system, including:
      - A. Age and a general description of the type of treatment plant (such as "oxidation ditch, constructed in 2001");
      - B. Age and material of the collection system and whether the system is gravity, pressure sewer with septic tanks, or a mixture of both;



- C. Number of lift stations;
  - D. Design population equivalent that the treatment system is designed to serve according to the Missouri Department of Natural Resources (DNR), number of customers presently connected, and the projected number of customers within the next five (5) years; and
  - E. Any violations of DNR requirements within the last five (5) years;
4. A description of any proposed operation or capital improvements to the sewer system, including the reason for the improvements, estimated cost of capital improvements, and a proposed timeline for completion of the improvements which incorporates Missouri State Operating Permit (permit) requirements from DNR;
5. A description and copy of all notifications or meetings with existing customers prior to the filing of the application regarding the change in ownership--
- A. If the purchase was subject to a vote of customers and that vote was approved by voters, provide a copy of all customer notifications, meeting handouts, presentations, and outreach efforts, including documentation that supported the sale of the system, and provide a copy of the ballot language the voters reviewed when voting for the approval to sell the system and the results of that vote; or
  - B. If the purchase was not subject to a vote of customers, provide a copy of all notifications sent to customers, or if unable to provide a copy of a notification, provide a statement indicating the notification could not be produced and the reason it could not be provided;
6. An economic feasibility study with the proposed method for financing, proposed rates, and service charges, and revenues and expenses during the first three (3) years of operation;
7. A rate base calculation following the commission approved Uniform System of Accounts (USOA) requirements with workpapers and supporting documentation for the assets to be acquired. All workpapers and supporting documents for the valuation of the sewer utility assets being acquired shall include, but not be limited to, the following:
- A. A list of all USOA accounts that are in use or expected to be in use based on the capital improvements identified in paragraph (3)A.4.;
  - B. The existing plant in service balance by USOA account number for each plant item;
  - B. Copies of invoices for the original purchase, installation, and subsequent capital repairs and additions, if any;
  - C. The current depreciation reserve for each USOA account with supporting backup calculations showing how the amounts were derived and depreciation rates used; and
  - D. The amount of Contribution in Aid of Construction (CIAC);
8. A description of any other sewer service areas of commission-regulated companies or political subdivisions within one (1) mile of the proposed service area. If there are any customers within another service area currently being served by the system to be acquired, provide a list of the addresses of these customers;
9. A description of the estimated cost the buyer will incur to incorporate the seller's sewer system customers into the buyer's company;
10. Information and the detailed cost, including copies of source documents with invoices, for each of the following:
- A. Any contracts in effect necessary for the provision of service;
  - B. Estimated Public Service Commission assessments expense;
  - C. DNR fees and assessments expense;

- D. Estimated corporate allocation\expense including a detailed explanation of how the allocations were calculated;
- E. Chemical expense;
- F. Electrical expense;
- G. Postage expense;
- H. Repair and maintenance expense;
- I. Testing and sampling expense;
- J. Mowing expense;
- K. Office supplies expense;
- L. Customer billing expense;
- M. Outside services expense;
- N. Income tax expense; and
- O. Any other miscellaneous expenses; and

11. Financial Statements, general ledgers, invoices, and billing registers for the seller's water and/or sewer systems for the previous five (5) years.

(B) If the application is for a service area where service is not currently provided by an existing sewer system, the application shall contain the following items:

1. A description of the circumstances (economic, environmental, etc.) driving the need for service in the requested area and the facts showing that the granting of the application is required by the public convenience and necessity;

2. If there are ten (10) or more residents or landowners, provide the name and address of at least ten (10) proposed service area residents or landowners, or the name and address of all residents and landowners if fewer than ten (10) in the proposed service area;

3. A description of any other sewer service areas of commission-regulated companies or political subdivisions within one (1) mile of the proposed service area;

4. A report bearing the seal of a professional engineer registered in the state of Missouri, including:

A. A physical description of the proposed collection and treatment system to be constructed;

B. The cost of the proposed treatment system and the cost of alternative treatment systems examined; and

C. A timeline for completion of construction, which incorporates permit requirements from DNR;

5. Projected financial details including:

A. The proposed method for financing construction and the resulting capital structure;

B. An economic feasibility study detailing expected revenues earned and expected expenses to be incurred during all phases of the project;

C. Projected rate base over all phases of the project;

D. Proposed rates charged to ratepayers over all phases of the project. If the phases of the project will continue past five (5) years, estimated rate charges for phases beyond five (5) years may be submitted; and

E. Projections on customer growth over all phases of the project including the number of existing households currently utilizing an unregulated form of sewer sanitation expected to become utility customers;

6. The legal description of the area to be certificated; and

7. A legible map of the proposed service area, meeting the following requirements:

- A. Based on a color aerial or satellite photograph;
- B. Includes a defined boundary of the entire service area, which encompasses all customers;
- C. Shows nearby roads and highways with large and legible labels;
- D. Includes a legend of the map features;
- E. Includes all collection, storage, and treatment features of the sewer system within the service area; and
- F. Excludes unnecessary surveying information and details.

(C) If the application is for a new structure, such as construction of a new pipeline to convey sewage to a treatment facility that will not involve additional customers, the application shall contain the following items:

1. The legal description of the area to be certificated;
2. A legible map of the proposed service area, meeting the following requirements:
  - A. Is based on a color aerial or satellite photograph;
  - B. Includes defined boundaries of the entire service area(s);
  - C. Shows nearby roads and highways with large and legible labels;
  - D. Includes a legend of map features;
  - E. Includes all collection, storage, and treatment features of the sewer system within the service area; and
  - F. Excludes unnecessary surveying information and details; and
3. A report bearing the seal of a professional engineer registered in the state of Missouri, including:
  - A. A detailed physical description of the feature to be constructed;
  - B. A description of why the new features are necessary;
  - C. The cost of the proposed feature and any alternative examined;
  - D. A timeline for completion of construction, which incorporates permit requirements from DNR; and
  - E. The projected impact upon the applicant's revenue requirements.

(4) When no evidence of approval of the affected governmental bodies is necessary, a statement to that effect shall be submitted with the application.

(5) When approval of the affected governmental bodies is required, evidence must be provided as follows:

- (A) When consent or franchise by a city or county is required, approval shall be shown by a certified copy of the document granting the consent or franchise, or an affidavit of the applicant that consent has been acquired; and
- (B) A certified copy of the required approval of other governmental agencies.

*AUTHORITY: section 386.250, RSMo 2016. Original rule filed \_\_\_\_\_.*

*PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions in excess of five hundred dollars (\$500.00) in the aggregate.*

*PRIVATE COST: This proposed rule will not cost private entities in excess of five hundred dollars (\$500.00) in the aggregate.*

*NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: Anyone may file comments in support of or in opposition to this proposed rule with the Missouri Public Service Commission, Nancy Dippell, Secretary of the Commission, P.O. Box 360, Jefferson City, MO 65102. To be considered, comments must be received at the commission's offices on or before Dec. 15, 2024, and should include a reference to commission File No. SX-2025-0116. Comments may also be submitted via a filing using the commission's electronic filing and information system at <http://www.psc.mo.gov/efis.asp>. A public hearing regarding this proposed rule is scheduled for Dec. 18, 2024, at 1:00 p.m., in Room 139 of the James C. Kirkpatrick Building, 600 W. Main St., Jefferson City, MO. Interested persons may appear at this hearing to submit additional comments and/or testimony in support of or in opposition to this proposed rule, and may be asked to respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one (1) of the following numbers: Consumer Services Hotline 1(800)392-4211 or TDD Hotline 1(800)829-7541.*