

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 30th day of October, 2024.

In the Matter of the Joint Application of the)
City of Ozark and Missouri-American)
Water Company for Authority for Missouri-)
American Water Company to Sell and the)
City of Ozark to Acquire the Spring Valley)
Water System Assets located in Christian)
County)

File No. WM-2025-0017

ORDER GRANTING APPLICATION TO SELL ASSETS

Issue Date: October 30, 2024

Effective Date: November 9, 2024

Background

On July 9, 2024,¹ City of Ozark (Ozark) and Missouri-American Water Company (MAWC) (collectively, Applicants) jointly filed an application requesting that the Commission approve MAWC's sale of the Spring Valley water system to Ozark.

The Commission issued notice of the application and set a deadline for the filing of applications to intervene, but no applications to intervene were received. On October 8, 2024, the Staff of the Commission (Staff) filed its Recommendation with an attached Memorandum.

Staff recommended approval of the application subject to five² conditions. Staff's Recommendation also states that the transfer of assets would not be detrimental to the public interest. Staff explains that Ozark is already providing the drinking water for the

¹ All dates refer to 2024 unless otherwise indicated.

² Lettered a-e in ordered paragraph 3 below.

system as MAWC is a wholesale customer of Ozark. Since MAWC does not actually supply the water for the Spring Valley distribution system, it has little control over the treatment of the water that is being supplied. The system also has no ability for growth as it is surrounded by Ozark.

Ozark proposes to utilize its existing residential customer monthly rates for the Spring Valley water customers to be acquired. Those rates are as follows:

- within the city limits, customers will be charged \$12.50 for the first 1,000 gallons and \$3.30 per 1,000 gallons thereafter;
- outside the city limits, customers will be charged \$18.75 for the first 1,000 gallons and \$4.95 per 1,000 gallons thereafter.

Under MAWC's current tariffs, customers are paying a minimum monthly customer charge plus a commodity charge per 1,000 gallons of \$51.89 per month for a 5/8" meter and using 5,000 gallons per month; and \$60.31 per month for a 1" meter and using 5,000 gallons per month. Under Ozark's rate structure, no matter the meter size, customers within the city limits using 5,000 gallons per month would pay only \$25.70, while customers outside the city limits using 5,000 gallons per month would pay only \$43.50.

On October 17, 2024, Applicants filed their joint response to Staff's recommendation. Applicants stated that they had no objection to any of Staff's recommended conditions.

No other responses or objections to the application or to Staff's Recommendation were received.³ No party requested a hearing. The requirement for a hearing is met when

³ Commission Rule 20 CSR 4240-2.080(13).

the opportunity for a hearing has been provided.⁴ Thus, the Commission will rule on the unopposed application.

Discussion

MAWC is a water and sewer corporation as those terms are defined in Section 393.190.1, RSMo (2016), and is, therefore, subject to the jurisdiction of the Commission. MAWC provides service to customers in Missouri. American Water Works Company, Inc. is the parent company of MAWC. MAWC provides water service to approximately 484,000 customers and sewer service to approximately 24,000 customers across several counties in Missouri.

Ozark is a fourth-class city providing service to customers in Christian County, Missouri. Ozark currently provides water and sewer services to approximately 10,110 water accounts and 9,000 sewer accounts; however, Ozark is not generally subject to the jurisdiction of the Commission.

Based on the application, Staff's Recommendation and proposed conditions, and Applicants' response, the Commission concludes that it is not detrimental to the public interest for Ozark to provide water service to the customers currently served by the Spring Valley water system. The Commission further finds that the transfer of assets via purchase would not be detrimental to the public interest. Thus, the Commission will authorize the transfer of assets subject to the conditions described by Staff.

Waiver of 60-day notice rule

Applicants also sought a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D). Applicants verified that they had no communication with

⁴ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

the office of the Commission regarding any substantive issue likely to be in this case during the preceding 150 days. The Commission finds good cause to waive the notice requirement.

So that Ozark may begin providing service to the Spring Valley area as soon as possible, the Commission finds it is reasonable to make this order effective in less than 30 days.

THE COMMISSION ORDERS THAT:

1. Applicants' request for waiver from the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D) is granted.

2. MAWC is granted authority to sell all or substantially all of the water utility assets of the Spring Valley system as described in the application, subject to Staff's recommended conditions, as follows:

- a) Applicants shall notify the Commission of closing on the water assets within five (5) days after such closing;
- b) MAWC is authorized to cease providing service immediately after closing on the assets;
- c) If closing on MAWC's assets does not take place within thirty (30) days following the effective date of the Commission's order, 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 assets will not occur;
- d) If MAWC determines that a transfer of the assets will not occur, MAWC shall expeditiously notify the Commission of such;
- e) After the above notice of transfer of assets to Ozark is received from MAWC, the certificate of convenience and necessity for MAWC to provide service to Spring Valley and the current tariff on file for MAWC shall be canceled.

3. Upon closing of the asset transfer, Ozark is authorized to begin providing service in the Spring Valley service area.

4. The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters in any later proceeding.

5. Within ten days of the closing of the approved sale, the Applicants shall inform the county clerk of Christian County as to what, if any, impact the sale, assignment, lease, transfer, merger, consolidation or other disposition will have on the tax revenues of the various political subdivisions in the county and shall notify the Commission when such notice has been given.

6. This order shall become effective on November 9, 2024.

BY THE COMMISSION



A handwritten signature in black ink that reads "Nancy Dippell".

Nancy Dippell
Secretary

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

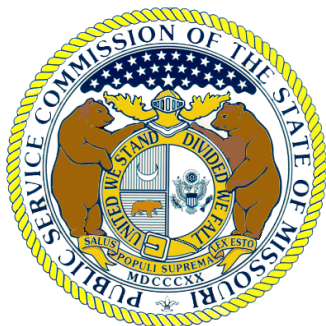
Fewell, Regulatory Law Judge.

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 30th day of October 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

October 30, 2024

File/Case No. WM-2025-0017

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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.