

RULE SUGGESTIONS

Based on its review of the proposed Commission Rule 20 CSR 4240-50.060, MAWC suggests that the changes reflected in redline on the attached Appendix A be adopted in any such rule that might be promulgated. In addition, MAWC provides certain comments in Appendix A where it believes an explanation may be helpful to the Commission.

The changes proposed by MAWC find their basis in MAWC's experience and participation in many prior CCN cases before the Commission, as well as matters where MAWC believes the Rule could be more clear or where revised language might facilitate the application and adjudication process.

MAWC respectfully requests that the Commission consider these comments.

Respectfully submitted,

//S// Brian LaGrand
Brian LaGrand
Director of Rates & Regulatory Support
Missouri American Water Company
727 Craig Road
St. Louis, MO, 63141
314-996-2357
brian.lagrand@amwater.com

TITLE 20—DEPARTMENT OF COMMERCE AND INSURANCE

Division 4240—Public Service Commission

Chapter 50—Water Utilities

PROPOSED RULE 20 CSR 4240-50.060 Filing Requirements for Water Utility Applications for Certificates of Convenience and Necessity

PURPOSE: This rule sets forth requirements for applications to the commission requesting that the commission grant a certificate of convenience and necessity. 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 water utility, 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, unless a public vote has been held.
 - (A) The notice shall include a description of the approval being sought, proposed initial rates, and an explanation that the proposed rates are subject to change pending approval.
 - (B) The notice shall also include a description for how to submit public comments to the commission, the commission case number, and how to track the progress of the case in the commission's electronic filing information system (EFIS).
 - (C) An example of this customer notice shall be filed in the certificate of 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 water utility shall include the following, if available, or be subject to dismissal if the required information is not submitted within any time period that may be commission-established-time-period by the commission:
 - (A) If the application is for a service area where service is currently provided by an existing water utility, 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 of appropriate scale that meets the following requirements:
 - A. Be created using professional mapping software, or be 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; and
 - E. Includes all features of the water system within the service area;
 3. A description of the existing utility providing water, including—

Commented [BL1]: In MAWC's experience, many of the items listed in this section will not be retained by the seller, or may not even exist. The application should not be subject to dismissal because a document does not exist.

Commented [BL2]: This is very broad - does this include service lines and meters? Or just major items like a treatment plant and water tower? The location of some of the features may not be fully known at the time an Application is filed.

- A. Age or, if unknown, the estimated age and a general description of the type of water system;
 - B. Age or, if unknown, the estimated age and material of the water system;
 - C. Water demand total and total for each customer class;
 - D. Design capacity the treatment system is authorized 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 water system, including the reason for the improvements, estimated cost of capital improvements, and proposed timeline for completion of the improvements that satisfy any outstanding 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 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 notifications sent to customers by seller or buyer, if any, or if unable to provide a copy of such notification(s), 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, service charges, and revenues and expenses during the first three (3) years of operation;
 7. If there are any customers within another service area currently being served by the system to be acquired, provide the addresses of these customers;
 8. A description of the estimated cost the buyer will incur to incorporate the seller's water system customers into the buyer's company;
 9. Provide ~~information and~~ the estimated expected costs to operate the system, detailed cost, including copies of ~~source documents with invoices~~ any available support documentation 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;
 - E. Chemical expense;

Commented [BL3]: Lettering skips a letter here

- 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
10. Financial statement, general ledgers, invoices, and billing registers for the seller's water and/or sewer systems, if available, for the previous five (5) years;
- (B) If the application is for a service area where service is not currently provided by an existing utility providing water, the application shall contain the following items:
- 1. A description of the circumstance including economic, environmental, or other, driving the need for services 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 water utility 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 water system to be constructed;
 - B. The cost of the proposed water system and the cost of alternative water systems examined; and
 - C. A timeline for completion of construction that 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 water system that are 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. Be created with professional mapping software, or be 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 treatment, storage, and distribution system of the water system within the service area; and
 - F. Excludes unnecessary surveying information and details; and

Commented [BL4]: See similar comment above

Commented [BL5]: Unclear what is meant by "unnecessary" details.

(C) If the application is for new structure, such as construction of a new water system or portions of the water system that will not involve additional customers, 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, meeting the following requirements:
 - A. Be created using professional mapping software, or be based on a color aerial or satellite photograph;
 - B. Include defined boundaries of the entire service area(s);
 - C. Show nearby roads and highways with large and legible labels;
 - D. Include a legend of map features;
 - E. Include all water treatment, storage, and distribution features of the water system with the service area; and
 - F. Exclude 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 features and any alternative examined;
 - D. A timeline for completion of construction, which incorporates permit requirements from DNR; and

Commented [BL6]: See similar comment as above

Commented [BL7]: See similar comment as above

- E-4. The projected impact upon the applicant's revenue requirement.
- (4) When no approval of any affected governmental body is necessary, a statement to that effect shall be submitted with the application.
- (5) When approval of affected governmental bodies is required, the following shall be provided:

Commented [BL8]: A revenue requirement calculation would be provided by the Applicant, and not included in the professional engineer's report.

- (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 Oct. 2, 2024.

PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed rule will not cost private entities more than five hundred dollars (\$500) 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, PO 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. WX-2025-0117. 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 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.