

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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)
Neosho, Missouri.)

File No. WA-2026-_____
SA-2026-_____

**APPLICATION AND
MOTION FOR WAIVER**

COMES NOW Missouri-American Water Company ("MAWC") pursuant to Sections 393.140, 393.170, and 393.320, RSMo, and 20 CSR 4240-2.060, 20CSR 4240-3.305, 20 CSR 20 4240-3.600 and 20 CSR 4240-4.017(1)(D), and for its Application and Motion for Waiver, states as follows to the Missouri Public Service Commission:

BACKGROUND INFORMATION

1. This Application is being filed by MAWC to obtain a Certificate of Convenience and Necessity ("CCN") to install, own, acquire, construct, operate, control, manage and maintain the water and sewer systems in and around the City of Neosho, Missouri currently owned and operated by the City of Neosho ("Neosho").

2. MAWC is a Missouri corporation, active and in good standing with the Missouri Secretary of State, with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. Pursuant to Commission regulation 20 CSR 4240-2.060(1)(G), MAWC incorporates by reference the certified copies of its articles of incorporation and its certificate of good standing previously filed in File No. WO -2020-0190.

3. MAWC currently provides water service to approximately 485,000 customers and sewer service to approximately 24,000 customers in several counties throughout the state

of Missouri. MAWC is a "water corporation," a "sewer corporation," and a "public utility" as those terms are defined in Section 386.020 and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application.

4. Communications respecting this Application should be addressed to the undersigned counsel and:

Missouri-American Water Company:

Missouri-American Water Company
727 Craig Road
Creve Coeur, Missouri 63141

Attn: Stephen Kadyk, P.E.
Engineering Manager of Customer Development
Direct Dial 314-239-9515
steve.kadyk@amwater.com

CERTIFICATE OF CONVENIENCE AND NECESSITY

5. MAWC proposes to purchase the water and sewer assets of the currently unregulated system of Neosho and requests permission, approval and a CCN to own, acquire, construct, operate, control, manage and maintain the water and sewer systems for the public in an area in and around Newton County, Missouri.

6. To provide service to the proposed area, MAWC will purchase the water and sewer systems from Neosho. Neosho is a Home Rule Charter City located in Newton County. Neosho serves approximately 5,400 water accounts and approximately 5,400 sewer accounts. The City of Neosho has a population of approximately 13,000. The legal descriptions of the water and sewer areas sought to be certified are attached hereto as **Appendix A1** and **Appendix A2**. Maps of the

water and sewer areas sought to be certified are attached to this Application as Appendix B1 and Appendix B2.

APPRAISAL

7. MAWC seeks to establish the ratemaking rate base associated with Neosho water and sewer assets pursuant to Section 393.320, RSMo. Section 393.320.2 states as follows:

The procedures contained in this section may be chosen by a large water public utility, and if so chosen shall be used by the public service commission to establish the ratemaking rate base of a small water utility during an acquisition.

8. MAWC is a “large water public utility” as it is a “public utility regularly provides water service or sewer service to more than eight thousand customer connections and that provides safe and adequate service.” Section 393.320.1(1), RSMo. Neosho is a “small water utility” as it is a “a water system or sewer system owned by a municipality that regularly provides water service or sewer service to eight thousand or fewer customer connections.” Section 393.320.1(2), RSMo.

9. Section 393.320.3(1), RSMo requires an appraisal to be performed by three appraisers. Neosho selected Goodman Appraisal Consultants, LLC. as their appraiser in September of 2024, MAWC selected Dinan Real Estate Advisors, Inc. as their appraiser shortly thereafter, and Utility Valuation Experts, Inc. was selected as the third-party appraiser by the other two appraisers. The selection of the appraisers and the appraisal was completed prior to the effective date of changes to Section 393.320, that became effective on August 28, 2025. The appraisers completed a fair market value of the City of Neosho water and sewer systems and determined the fair market value in accordance with Missouri law and with the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal of the City of Neosho water and sewer systems for the portion of the assets involved is attached hereto as

Appendix C. The appraisal references the Hartman Consultants, LLC engineering report, which is included in **Appendix C.** The appraisal estimated the value of the subject assets to be \$34,500,000 (\$17,400,000 water and \$17,100,000 sewer).

10. A description of the existing water system is set forth below:

- The Neosho water system serves approximately 5,400 customers and is supplied by a 3.6 MGD surface water treatment plant that was constructed in 1942 and draws its water supply from Shoal Creek. The City maintains two active wells for secondary supply and a third well that is inactive.
- The distribution system consists of two ground storage tanks, three elevated tanks, and approximately 750,000 feet of main that ranges in size from 1-inch to 20-inch. A majority of the main is constructed with PVC, cast iron or ductile iron, but small portions include copper, galvanized, or unknown materials.
- According to the Missouri Department of Natural Resources (DNR), the current customer counts are approximately 5,200 residential, 175 commercial, and 50 industrial. Neosho expects moderate growth over the next five years but does not have projected numbers as of this application. The water demand by customer category was not available at the time of this application.
- The last five years of Missouri DNR water violations are included in **Appendix D1.**

11. A description of the existing sewer (collection and treatment) system is set forth below:

- The Neosho sewer system serves approximately 5,400 customers and is treated by a 3.0 MGD oxidation ditch wastewater treatment plant that was constructed in 1985 and discharges to Shoal Creek.

- The collection system consists of five lift stations, approximately 575,000 feet of gravity main, and 47,000 feet of force main. The gravity main ranges in size from 8-inch to 48-inch and is constructed of VCP, PVC, CIPP, and RCP. The force main ranges in size from 10-inch to 16-inch and is constructed of ductile iron pipe.
- The permitted design population listed by the Missouri DNR is 30,000. Neosho expects moderate growth over the next five years but does not have projected numbers as of this application.
- The last five years of Missouri DNR sewer violations are included in **Appendix D2**.

12. Section 393.320.5(1), RSMo, states, in part, that the “lesser of the purchase price or the appraised value, together with the reasonable and prudent transaction, closing, and transition costs incurred by the large water public utility, shall constitute the ratemaking rate base for the small water utility as acquired by the acquiring large water public utility...” In this case, the purchase price of \$34,500,000.00 (\$17,400,000.00 for water system assets and \$17,100,000.00 for sewer system assets) was set to be equal to the appraised value. Therefore, the purchase price together with the reasonable and prudent transaction, closing, and transition costs incurred by MAWC, shall constitute the ratemaking rate base.

PUBLIC INTEREST

13. The grant of the requested CCN (and approval of the underlying transaction) is in the public interest and will result in the provision of regulated water and sewer service to the current and future residents of the service area. The water and sewer assets of Neosho to be acquired by MAWC, a Missouri public utility, would be subject to the jurisdiction of the Commission. MAWC has considerable expertise and experience in providing water and sewer utility services to residents of the State of Missouri and is fully qualified, in all respects, to own

and operate a portion of the water and sewer systems currently being operated in and around the City of Neosho.

14. Neosho water and sewer customers will benefit from this acquisition for various reasons, including the need for investment to replace aging infrastructure, the need for investment to maintain compliance with existing and new regulations, to relieve the responsibility of operating and maintaining systems in the face of ever-increasing complexity and liability and the desire to maintain affordability.

15. If this application is approved, MAWC plans on completing over \$35 million of improvements to the water and sewer systems within the first five years of ownership. These improvements will include, but not be limited to, the following:

- Reducing the water loss within the distribution system by creating new metering zones that can be monitored and targeted for main replacement
- Continuing Neosho's Lead and Copper compliance program
- Replacement of water mains that are aged or in high frequency break zones
- Installation of monitoring and control systems that will improve operational efficiency at both the water and sewer treatment plants
- Lining and point repairs of sewer mains that have been targeted for Inflow & Infiltration removal

ADDITIONAL INFORMATION

16. The Neosho systems were built by the United States government in 1942, to support Fort Crowder during World War II. Neosho acquired the systems from the government on March 25, 1970.

17. Neosho has had a significant problem with water loss for many years, and at times this loss has been as high as 60%. City Council minutes dating back to 1989 refer to the water loss problem in Neosho.

18. Current Mayor Richard Davidson was on the Neosho City Council from April 2009 to April 2018, and was involved in trying to address the Neosho water system issues during his time on the council.

19. In 2015, Neosho engaged the services of Alliance Water Resources (“Alliance”) to help run the systems and address the water and sewer issues. The City has been paying Alliance approximately \$1M a year for the last ten years.

20. There have been discussions since 2019 about the possibility of selling the water and sewer systems.

21. Neosho had meetings with three companies that expressed interest in acquiring the systems: Central States Water Resources, Liberty Utilities and MAWC.

22. On July 25, 2025, Matt Barnhart, Director of Operations for MAWC presented information to the local business community known as *Grow Neosho*. The presentation materials provided are attached to this Application as **Appendix E1**.

23. Neosho held a Town Hall Meeting on August 12, 2025 regarding Neosho’s water and sewer systems. The Town Hall Meeting was to facilitate discussion related to the potential sale of water and sewer assets to MAWC. The presentation materials provided by the Mayor are attached to this Application as **Appendix E2**. MAWC President, Rich Svindland, presented materials on the proposed capital investment for the Neosho water and sewer facilities. Mr. Svindland’s presentation is attached to this Application as **Appendix E3**. Additionally, informational materials were provided to the attendees at the Town Hall Meeting. These materials

are attached to this Application as **Appendix E4**. Mr. Svindland and several other representatives from MAWC were present at the Town Hall Meeting to answer questions. Also in attendance was a Staff member of the Missouri Public Service Commission.

24. Neosho is a Charter City and is governed by the Home Charter Rule. On August 19, 2025, the Neosho council members unanimously voted to pass Ordinance No. 641-2025 authorizing an Agreement with MAWC for the purchase of the water and sewer systems and authorizing the Mayor to execute same. The ordinance is attached to this Application as **Appendix F**. As a Home Charter Rule city, a referendum is not required relative to the sale of their water and sewer systems.

25. Attached hereto and marked as **Appendix G1-C** is the feasibility study for the water system and **Appendix G2-C** is the feasibility study for the sewer system. No external financing is anticipated. **Appendix G1-C** and **Appendix G2-C** have been marked as "Confidential" in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)3, 4 and 6 as they contain market specific information and information representing strategies employed in contract negotiations.

26. There are no customers within another service area currently being served by the Neosho water system. There are not any sewer service areas of commission-regulated companies or political subdivisions within one (1) mile of the proposed service area.

27. The estimated cost which MAWC will incur to incorporate the Neosho water and sewer systems is included in the Feasibility Studies that are attached in **Appendix G1-C** and **Appendix G2-C**.

28. The estimated costs related to assessments, fees, corporate allocations, chemicals, utilities, postage, repairs, testing, sampling, site upkeep, administrative, and taxes to operate the Neosho water and sewer systems can be found in **Appendix G1-C** and **Appendix G2-C**. There are no contracts in effect necessary for the provision of service and therefore **Appendix H** does

not apply.

29. **Appendix I** includes the financial statements and budgets for Neosho for the previous five years. The included Feasibility Studies identified as **Appendices G1-C** and **Appendix G2-C** have utilized Uniform System of Accounts (USOA) requirements to document the known assets to be acquired as of the date of this application. Calculations reflecting plant in service, depreciation and derived values are also reflected in the Feasibility Studies. Documentation of costs related to purchase, installation, and capital repairs provided by Neosho are referenced in the Neosho Appraisal Report in **Appendix C**. There are no Contributions in Aid of Construction (CIAC) for either the water or sewer system.

30. The rate base calculation following the Commission approved Uniform System of Accounts (USOA) requirements with workpapers and supporting documentation for the assets to be acquired is found in the Feasibility Studies identified as **Appendices G1-C** and **Appendix G2-C**.

31. On August 19, 2025, MAWC entered into an *Agreement for Purchase of the Water and Wastewater Systems from the City of Neosho, Missouri* ("*Purchase Agreement*") with Neosho. A copy of the Purchase Agreement is attached as **Appendix J**. The schedules and exhibits to the Purchase Agreement have not been created at this time. In most cases, they are prepared upon approval by the Missouri Public Service Commission as part of the closing process.

32. As an Application is under Section 393.320, RSMo, no acquisition premium will exist.

33. Within twenty (20) days after the filing of this Application, MAWC will provide notice to all existing customers within the designated service area. An example of this customer

notice is attached hereto as Appendix-K.

34. Attached hereto and marked as Appendix L includes information relevant to Customer Service Transition and the integration process of this proposed acquisition. Appendix L1 includes information related to the MAWC collections process. Appendix L2 contains a sample customer discontinuance notice, a final discontinuance notice and an overdue payment notice. Appendix L3 includes a sample customer welcome letter and customer rights and responsibilities. Appendix L4 includes a sample bill and Appendix L5 is an informational bill insert which includes detailed bill explanation for customer education purposes.

35. MAWC will be granted a franchise by Neosho upon PSC approval of this Application and subsequent closing of assets pursuant to city code Section 6.01. MAWC is not aware of any other permits from municipalities, counties, or other authorities that would be required in order to provide service in the requested area.

TARIFFS/RATES

36. MAWC proposes to provide water service pursuant to the existing rates of the City of Neosho and to utilize the rules governing the rendering of water service currently found in MAWC's water tariff, P.S.C. MO No. 13, until such time as the rates and rules are modified according to law. MAWC proposes to provide sewer service pursuant to the existing rates of the City of Neosho and to utilize the rules governing the rendering of sewer service currently found in MAWC's sewer tariff, P.S.C. MO No. 26, until such time as the rate and rules are modified according to law.

37. The current water and sewer rates for Neosho are as follows:

Water (per City of Neosho Ordinance passed in August 2025 effective October 2025)
Connection (Base Rate)\$13.97

Usage Charge (per 1000 gallons).....\$7.77

Sewer (per City of Neosho Ordinance passed in August 2025 effective October 2025)

Connection (Base Rate)\$23.50

Usage Charge (per 1000 gallons).....\$7.85

MOTION FOR WAIVER

38. Commission Rule 20 CSR 4240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application. As such, and to the extent required, MAWC seeks a waiver of the 60-day notice requirement.

39. Rule 20 CSR 4240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, MAWC declares (as verified below) that it has had no communication with the Office of the Commission (as defined by Commission Rule 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case, other than those pleadings filed for record. Accordingly, for good cause shown, MAWC moves for a waiver of the 60-day notice requirement of Rule 20 CSR 4240-4.017(1) and acceptance of this Application at this time.

WHEREFORE, MAWC requests the Commission issue an order:

1. Granting MAWC’s motion for a waiver of the 60-day notice requirement of Rule 20 CSR 4240-4.017(1);

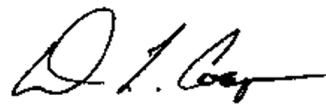
2. Granting MAWC permission, approval and a Certificate of Convenience and Necessity authorizing MAWC to install, acquire, build, construct, own, operate, control, manage and maintain the water and sewer systems of Neosho for the public within the areas referred to above;

3. Granting MAWC permission to acquire the water and sewer assets as identified herein of Neosho;

4. Ordering that the purchase price together with the reasonable and prudent transaction, closing and transition costs incurred by MAWC, shall constitute the ratemaking rate base; and,

5. Authorizing MAWC to take such actions as may be deemed necessary and appropriate to accomplish the purposes of the Purchase Agreement and the Application and to consummate related transactions in accordance with the Purchase Agreement.

Respectfully submitted,



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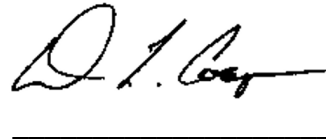
**ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 24th day of September, to:

General Counsel's Office
staffcounsel@psc.mo.gov

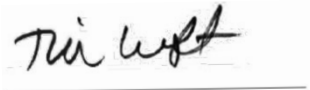
Office of the Public Counsel
opcservice@opc.mo.gov



VERIFICATION

State of Missouri)
)
County of St. Louis) ss

I, Timothy W. Luft, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am Vice-President - Legal of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that I have knowledge of the matters stated herein, and that said matters are true and correct to be best of my knowledge and belief. Additionally, no representative of MAWC has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the immediately preceding 150 days relative to any substantive issue likely to be in this case.



List of Appendices

- Appendix A1 – Legal Description (water)
- Appendix A2 - Legal Description (sewer)
- Appendix B1 – Map (water)
- Appendix B2 – Map (sewer)
- Appendix C – Appraisal and Engineering Reports
- Appendix D1 – DNR water violations
- Appendix D2 – DNR sewer violations
- Appendix E1 – Public outreach; Presentation to *Grow Neosho*
- Appendix E2 – Public outreach; Neosho Mayer presentation materials
- Appendix E3 – Public outreach; MAWC President presentation materials
- Appendix E4 – Public outreach; materials provided to Town Hall attendees
- Appendix F – City of Neosho Ordinance
- Appendix G1-C – Feasibility Study (water)
- Appendix G2-C – Feasibility Study (sewer)
- Appendix H – Contracts required for provision of service – Not applicable; no contracts
- Appendix I – Financial Statements and Budgets Five Year History (Appendices I1- I10)
- Appendix J – Purchase Agreement
- Appendix K- Proposed Customer Letter
- Appendix L - Customer Service Transition
- Appendix L1 - MAWC Collections Process Timeline
- Appendix L2 – Sample Customer Discontinuance, Final Discontinuance & Overdue Payment Notices
- Appendix L3 - Sample Customer Welcome Letter & Customer Rights and Responsibilities
- Appendix L4 – Sample Customer Bill
- Appendix L5 – Informational Bill Insert