

Exhibit No. 2

Exhibit No.:
Issues: Acquisition of Hallsville Assets
Witness: Logan Carter
Exhibit Type: Direct
Sponsoring Party: Missouri-American Water Company
Case No.: SA-2021-0017
Date: January 26, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. SA-2021-0017

DIRECT TESTIMONY

OF

LOGAN CARTER

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

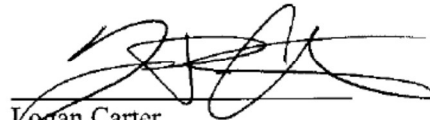
**DIRECT TESTIMONY
LOGAN CARTER
MISSOURI-AMERICAN WATER COMPANY
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TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. HALLSVILLE SYSTEM.....	3
III. PUBLIC INTEREST	5

AFFIDAVIT

I, Logan Carter, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am the Mayor of the City of Hallsville, Missouri, that if inquiries were made as to the facts in the accompanying testimony, I would respond as set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.


Logan Carter

January 25, 2021

DIRECT TESTIMONY

LOGAN CARTER

I. INTRODUCTION

1 Q. **Please state your name and business address.**

2 A. Logan Carter. My business address is 202 Highway 124 East, Hallsville, MO 65255.

3 Q. **Do you hold a position with the City of Hallsville?**

4 A. Yes. I am the Mayor of the City of Hallsville (“Hallsville”).

5 Q. **Are you providing testimony on behalf of a party to this case?**

6 A. Yes. I am providing testimony on behalf of -American Water Company (“MAWC” or
7 the “Company”) and I am supporting MAWC’s Application for a certificate of
8 convenience and necessity to install, own, acquire, construct, operate, control, manage
9 and maintain a sewer system in and around the City of Hallsville, Missouri.

II. HALLSVILLE SYSTEM

10
11 Q. **Does Hallsville desire to sell its wastewater system?**

12 A. Yes.

13 Q. **Why?**

14 A. The wastewater system in Hallsville faces multiple challenges, including, treatment,
15 discharge, I & I issues, as well as deterioration infrastructure. Providing funding to fix
16 all solutions over time would prove too costly to our residents if done by the
17 municipality. A private company can spread the investment over a much larger base,
18 ultimately bringing the monthly user costs to a reasonable rate. This would allow
19 Hallsville to focus Public Works and General Funds to other areas of our municipality.

20 Q. **Did Hallsville pass an ordinance to call for a vote on the sale of the wastewater
21 system?**

1 A. Yes. On August 26, 2019, the Hallsville Board of Aldermen passed Ordinance No.
2 370, *An Ordinance Calling For An Election In The City Of Hallsville, Missouri To Be*
3 *Held On November 5, 2019 For the Purpose Of Submitting To The Qualified Voters Of*
4 *The City A Proposition To Sell Certain Assets Associated With The City’s Wastewater*
5 *System To Missouri American Water (“Ordinance”).*

6 **Q. What was included in the Ordinance?**

7 A. Section 1 of the *Ordinance* provided notice of an election to be held on November 5,
8 2019, to vote on Proposition 1, whether the wastewater utility owned by the City of
9 Hallsville should be sold. Section 2 provided:

10 If a majority of the votes cast on the question by the qualified voters
11 voting thereon are in favor of the question, then the City may negotiate
12 a contract with Missouri American Water for a price of not less than
13 \$2,000,000.00 (Two Million Dollars) cash and a capital commitment of
14 \$3,300,000.00 (Three Million Three Hundred Thousand Dollars) over 5
15 (five) years, including terms that provide for future service,
16 maintenance, capital improvements and other terms and conditions.

17 **Q. Did Hallsville seek bids for such sale?**

18 A. Yes. Hallsville requested bids be provided by November 1, 2019. Bids were received
19 from MAWC, the Boone County Regional Sewer District, and Liberty Utilities.

20 **Q. After a review of those bids, did Hallsville take any action?**

21 A. Yes. MAWC, Boone County Regional Sewer District, and Liberty Utilities were given
22 the opportunity to present their proposals to the Board of Aldermen on January 22,
23 2020.

24 **Q. Were there public meetings in Hallsville to discuss the potential sale?**

1 A. Yes. Hallsville held a meeting on October 3, 2019, two additional meetings were held
2 by MAWC.

3 **Q. Did you attend those meetings?**

4 A. I attended the meeting held by Hallsville, City officials were advised by, then City
5 Attorney, John Whiteside to not attend meetings held by MAWC.

6 **Q. Did Hallsville ultimately conduct an election?**

7 A. Yes. The election was held on November 5, 2019, and a majority of votes cast were in
8 favor of Proposition 1.

9 **Q. Did Hallsville subsequently negotiate a Purchase Agreement with MAWC?**

10 A. Yes. A Purchase Agreement was signed on July 14, 2020.

11 **III. PUBLIC INTEREST**

12 **Q. Do you believe that a sale of the Hallsville system to MAWC is in the public
13 interest?**

14 A. Yes. Municipal systems, such as the City of Hallsville, frequently lack funding to
15 address critical needs, such as the treatment process in this case.

16 Currently, the largest anticipated capital need is the addition of some type of
17 wastewater treatment. Hallsville's current practice of land applying 100% of the
18 wastewater effluent is not a long-term solution as Hallsville does not own the property
19 or the application equipment and is dependent upon local landowners/partners.

20 Hallsville is confident in MAWC's commitment to compliance and solving water and
21 wastewater challenges and therefore wants to sell this system to MAWC. I believe it
22 is in the public interest for MAWC to own and operate the system and provide service.

23 **Q. What do you ask the Missouri Public Service Commission to do in this case?**

24 A. Approve MAWC's Application.

1 Q. **Does this conclude your direct testimony?**

2 A. Yes, it does.