

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

In the Matter of the Joint Application of)
Missouri-American Water Company and Meramec)
Sewer Co. for Authority for Missouri-American) **File No. SO-2013-0260**
Water Company to Acquire Certain Assets of)
Meramec Sewer Co., and, in Connection Therewith,)
Certain Other Related Transactions)

MAWC RESPONSE TO STAFF RECOMMENDATION

COMES NOW Missouri-American Water Company (MAWC) and, in response to the Staff Recommendation, states the following to the Missouri Public Service Commission (Commission):

1. On November 2, 2012, MAWC and Meramec Sewer Co. (MSC) filed a Joint Application and If Necessary, Motion for Waiver seeking Commission approval for MAWC to purchase the assets of MSC.
2. On January 28, 2013, the Staff of the Commission (Staff) filed Staff's Recommendation and an associated Memorandum.
3. MAWC has reviewed Staff's Recommendation and has the following clarifications/objections to the conditions proposed by the Staff.
4. Staff indicates that "the Commission should not approve this transfer of assets unless MAWC agrees to adopt rates, service charges, and depreciation rates that are currently approved for MSC, and continue to charge those rates to customers in the acquired MSC service district until such time as the Commission may approve changes to those rates and charges in a future company-wide rate case." Staff Memo., p. 3.
5. MAWC does not object to an adoption of the rates and depreciation rates

currently applicable to MSC for purposes of the MSC service territory. However, a straight adoption of the MSC tariffs will create several issues for MAWC's operation of the properties:

CIAC - Given the current plant/customer numbers, the addition of more customers would potentially have an impact on plant operations and perhaps necessitate plant improvements. Ideally, that expansion would be partially funded by the new connections. However, the MSC tariff does not currently require contributions from new customers.

Shut-Offs - MAWC interprets the language of the current MSC tariff to allow MAWC to shut off water in the case of non-payment of sewer bills. If MAWC's interpretation is incorrect, adopting the MSC tariff would potentially create a bill collection issue for MAWC.

Fees/Service Charges - Fees would be different for MAWC water customers and MSC sewer customers. Leaving the MSC fees unchanged would create conflicts between the two tariffs.

6. MAWC has discussed these issues with the Staff and, as a result of those discussions, takes the following positions as to the referenced issues:

CIAC – MAWC agrees to accept the current Meramec tariffs as to this issue. However, MAWC reserves the right to propose different approaches for Commission consideration in future filings.

Shut-Offs – MAWC understands that Staff has taken the position that the language of the existing tariff would provide MAWC the authority to shut off water service for non-payment of a sewer bill in the Meramec territory. Given that position, MAWC will accept the Meramec tariff in regard to shut offs. However, MAWC reserves the right to propose clarifying language for Commission consideration in future filings.

Fees/Service Charges – It is MAWC's understanding that Staff agrees that MAWC should be authorized to file a tariff sheet (Sheet No. 5a) changing the Meramec fees/service charges in three respects, which will be beneficial to the MSC customers: 1) To eliminate the current Meramec "Late Charges" fee; 2) To reduce the "Returned Check Charge" from \$25 to \$12, in order to make it consistent with MAWC's water charge; and, 3) To add a sentence concerning the Disconnection/Reconnection charge that clarifies that where a combined water/sewer bill is delinquent or where it is unclear whether the customer is delinquent on his water service, sewer service or both, then disconnect/reconnect fees found in the water tariff would apply.

7. With the understandings identified above, MAWC has no objection to the conditions proposed by Staff.


WHEREFORE, MAWC respectfully requests that the Commission consider this response and, thereafter, issue its order:

(A) authorizing MSC to sell and MAWC to acquire the assets identified in the Joint Application to include the certificates held by these entities or, in the alternative grant MAWC a new certificate to provide sewer service in the areas now served by MSC;

(B) authorizing MAWC to enter into, execute and perform in accordance with the terms described in the Agreement attached to the Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on February 6, 2013, to the following:

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