

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

<b>In the Matter of the Joint Application of</b>	)	
<b>Missouri-American Water Company and</b>	)	
<b>Roark Water &amp; Sewer, Inc. for Authority</b>	)	<b>File No. <u>WO-2011-0213</u></b>
<b>For Missouri-American Water Company to</b>	)	
<b>Acquire Certain Assets of Roark Water &amp;</b>	)	
<b>Sewer, Inc. and, in Connection therewith,</b>	)	
<b>Certain Other Related Transactions</b>	)	

**STAFF’S PRELIMINARY RESPONSE TO JOINT APPLICATION AND  
REQUEST FOR ADDITIONAL TIME TO FILE RECOMMENDATION**

Comes now the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Preliminary Response to Joint Application and Request for Additional Time to File Recommendation* (“Preliminary Response”) states as follows:

1. On December 31, 2010, Missouri-American Water Company (“MAWC”) and Roark Water & Sewer, Inc (“Roark”) filed with the Missouri Public Service Commission (“Commission”) a *Joint Application for Authority for MAWC to Acquire Certain Assets of Roark and, in Connection Therewith, Certain Other Related Transactions* (“Joint Application”) were filed with the Commission.

2. MAWC and Roark have entered into an *Asset Purchase Agreement* dated December 20, 2010 (Agreement). Pursuant to the Agreement, MAWC proposes to purchase substantially all of the assets of Roark for consideration as described in the Agreement.

3. On January 17, 2011, Staff and MAWC had a meeting to discuss Staff’s concerns with the purchase price of Roark and the amount of plant, depreciation reserve, contribution in aid of construction, and other rate base items that have occurred since Roark’s last rate case in 2005.

4. As a result of the meeting, Staff submitted several data requests to MAWC on January 18, 2011, to obtain additional information and source documents needed regarding various aspect of the Joint Application. The time for MAWC to respond to these requests has not expired.

5. Staff's review of these responses once received and other documents received requires significant time, including a determination of an accurate current cost basis for Roark's assets and, a recommendation of an appropriate ratemaking treatment of any "acquisition adjustment" that may be reflected in MAWC's purchase price.

6. Staff and MAWC are attempting to arrange a telephone conference in the near future to discuss this Joint Application further.

7. As a result of the extensive review required in this case and the outstanding data requests, Staff requests an extension of thirty (30) days in which to file a Recommendation or provide the Commission with a Status Update.

**Wherefore**, Staff respectfully submits this *Preliminary Report* for the Commission's information and consideration and requests that the Commission grant an extension of thirty (30) days for Staff to file a Recommendation or a Status Report to the Commission.

Respectfully submitted,

/s/ RACHEL M. LEWIS  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 31st day of January, 2011.

**/S/ RACHEL M. LEWIS**