

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

**In the Matter of the Joint Application)
of Stoddard County Sewer Company,)
Inc., R.D. Sewer Co., L.L.C. and the)
Staff of the Missouri Public Service)
Commission for an Order Authorizing)
Stoddard County Sewer Co., Inc. to)
Transfer its Assets to R.D. Sewer Co.,)
L.L.C., and for an Interim Rate)
Increase.)**

Case No. SO-2008-0289

STAFF'S STATEMENT OF POSITIONS ON ISSUES

COMES NOW the Staff of the Missouri Public Service Commission and provides the following Statement of Positions on Issues.

A. Is the proposed transfer of assets detrimental to the public?

Staff's Position: No.

B. Did Stoddard County or any other entity, at any time since Stoddard County acquired the real and personal assets described in Paragraphs 42 and 43 of the Application in this case, secure from the Commission an order authorizing it to sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber any of the assets that are described in Paragraphs 42 and 43 of the Application in this case?

Staff's Position: No.

C. Are any and all purported transfers of any security interest in the assets described in Paragraphs 42 and 43 of the Application in this case therefore void?

Staff's Position: Yes.

D. Should the Commission approve an interim rate increase for the customers who are now served by Stoddard County?

Staff's Position: Yes.

E. If the Commission determines that a rate increase for the customers who are now served by Stoddard County should be approved, how much should the rate increase be?

Staff's Position: The Commission should approve an interim rate increase in accordance with the results of the Staff's 2002 audit, as adjusted to reflect both charges for depreciation occurring since 2002, and changes since 2002 in the number of customers served.

F. If the Commission determines that a rate increase for the customers who are now served by Stoddard County should be approved, should the Commission make the increased revenues subject to refund?

Staff's Position: Yes.

Ancillary Issue: In an order that it issued on August 1, the Commission identified an ancillary issue regarding the provision of safe and adequate service, and stated that if it finds evidence of unsafe or inadequate service, it may authorize Staff to pursue a complaint action or to seek penalties for any established violations of statutes, rules or tariffs.

Staff's Position: Stoddard County Sewer Company is not able to provide safe and adequate service to its customers, without an increase in its rates and charges for sewer service, as alleged in Paragraphs 26 through 30 of the Application herein. However, R.D. Sewer Co. will be able to provide safe and adequate service, if the Commission establishes just and reasonable rates for such service, as alleged in Paragraphs 31 through 33 of the Application herein. The Staff does not request that the Commission direct the general counsel to seek penalties from Stoddard County Sewer Company.

WHEREFORE, the Staff submits its Statement of Positions of Issues to the Commission.

Respectfully submitted,

/s/ Keith R. Krueger
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronic mail to all counsel of record this 4th day of August, 2008.

/s/ Keith R. Krueger