

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

In the Matter of the Joint Application of            )  
Bilyeu Water Company, LLC for                    )  
Authority to Sell Assets to Bilyeu Ridge        )  
Water Company, LLC.                                )        File No. WM-2013-0329

**THE OFFICE OF THE PUBLIC COUNSEL’S RESPONSE  
TO STAFF’S RECOMMENDATION**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Response to Staff’s Recommendation states as follows:

1. On December 7, 2012, Bilyeu Water Company, LLC (Bilyeu) and Bilyeu Ridge Water Company, LLC (BRW) (jointly referred to as the Applicants) filed a Joint Application with the Missouri Public Service Commission (Commission) requesting authority for Bilyeu to sell certain assets to BRW.
2. On February 1, 2013, the Staff of the Missouri Public Service Commission (Staff) filed its Recommendation asking that the Commission approve the Joint Application subject to recommendations enumerated in the Memorandum attached as Appendix A.
3. After a thorough review of the Joint Application, Staff’s work papers, as well as discussion with several members of Staff and the Applicants, Public Counsel now states that it has no objection to Staff’s Recommendation.
4. On Page 5 of Appendix A to Staff’s Recommendation, Staff states that based upon its review of the assets, Staff cannot agree to the Applicant’s request that the full purchase price of the assets be recognized as the rate base of said assets. Public Counsel agrees with Staff’s findings of an acquisition premium and therefore, also cannot agree to Applicant’s request.

5. Staff's Recommendations on Page 7 of Appendix A suggests that the Commission should issue an order including the following language:

7. Orders no recovery of acquisition adjustment or acquisition premium in this case;

Public Counsel believes that Staff's Recommendations should be very clear that the issue in this case is one of an acquisition premium and that the sale of assets should be approved on the condition that the acquisition premium noted above not be reflected in rates in this or any future rate case. It is Public Counsel's position that Staff's Recommendation should therefore state:

7. Orders no recovery of the identified acquisition premium in this or any future rate case;

6. It is crucial that the owner of the utility have legal access to the well sites. On Page 3 of Appendix A to Staff's Recommendation, Staff states that the land on which the well house and storage tanks are located is not owned by the utility's current owners. Staff also states that it understands that the current owners of the two pieces of property on Lots 16 and 17 have agreed to sign over the rights to the land to BRW upon Commission approval of the transfer of assets.

7. Public Counsel has been in contact with the Applicants and has verified that there is an agreement to transfer to BRW, at no cost to BRW and immediately upon Commission approval of the transfer of assets, two parcels of land utilized in the Company's operations, but not owned by the current owner of the utility: 1) a 25X25 tract located on Lot 16, and 2) a 50X50 tract on Lot 17 where the well house and storage tanks are located. As the land will be transferred at no cost to BRW, there should be no increase in the cost of land currently recorded in the utility's books. Therefore, Public Counsel agrees with Staff's Recommendation #8 on Page 7 of Appendix A. Public Counsel asks that it also be provided with the notifications as described.

8. Staff's Recommendations on Page 8 of Appendix A suggests that the Commission should issue an order including the following language:

14. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters, including future expenditures by BRW, in any later proceeding;

Public Counsel believes that Staff's Recommendations should be very clear that it is, among other things, recommending that the Commission deny the Applicant's request that the full purchase price of the assets be recognized as the rate base of said assets in this and any future proceeding. Therefore, it is Public Counsel's position that Staff's Recommendation should state:

14. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters (except as specifically delineated above), including future expenditures by BRW, in any later proceeding;

**WHEREFORE**, Public Counsel respectfully submits its Response to Staff's Recommendation.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

**/s/ Christina L. Baker**

By: \_\_\_\_\_

Christina L. Baker (#58303)  
Deputy Public Counsel  
P O Box 2230  
Jefferson City, MO 65102  
(573) 751-5565  
(573) 751-5562 FAX  
christina.baker@ded.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 11<sup>th</sup> day of February 2013:

General Counsel Office  
Missouri Public Service Commission  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
GenCounsel@psc.mo.gov

Meghan Woolery  
General Counsel Office  
Missouri Public Service Commission  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
Meghan.Woolery@psc.mo.gov

Stacy Bilyeu, Manager  
Bilyeu Water Co, LLC  
109 Rosemary  
Ozark, MO 65669  
stacybilyeu@rocketmail.com

David Wieland  
Bilyeu Ridge Water Company, LLC  
1548 E Primrose  
Springfield, MO 65804  
rachel@wielandlaw.com

**/s/ Christina L. Baker**

---