

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

In the Matter of the Joint Application of)
Missouri-American Water Company and both)
Osage Water Company and Environmental)
Utilities, L.L.C. for Authority for Missouri-)
American Water Company to acquire the)
water and sewer assets of both entities, and)
for the transfer to Missouri-American Water)
Company of Certificates of Convenience and)
Necessity to continue operation of such assets)
as Water and Sewer Corporations regulated)
by the Missouri Public Service Commission)

Case No. WO-2005-0086

**NOTICE REGARDING STAFF REPLY TO RESPONSE OF
OSAGE WATER COMPANY TO STAFF'S RATE ANALYSIS**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through Counsel, and for its *Notice Regarding Staff Reply to Response of Osage Water Company to Staff's Rate Analysis* states the following to the Missouri Public Service Commission (Commission).

1. On March 3, 2005¹, Osage Water Company (OWC) filed a response to the ratemaking analyses that the Staff filed in this case on February 18 and February 25.

2. Although the Staff would normally file a detailed reply to such a responsive filing, and notes that it believes it could provide more than adequate replies to the various responses contained in the filing, the Staff does not plan to file a detailed reply in this instance for the reasons set forth in Paragraphs 3, 4 and 5 below.

3. Although OWC characterized a filing that it made in this case on February 2 as a "small company rate increase request," the Staff does not believe that the issue of whether OWC's rates are appropriate is a matter that is at issue in this case. Rather, the Staff believes it is

¹ Unless noted otherwise, all dates herein refer to the year 2005.

clear that the relevant issue in connection with the proposed transactions that are the subject of this case is as follows: Do OWC's current rates need to change if Missouri-American Water Company acquires the assets owned/leased/used by OWC? In fact, the issue of OWC's rates was not raised in the Joint Application, nor was it raised in any of the contracts related to the Joint Application. Additionally, OWC's rates have not been made an issue in this case as a result of any actions taken in the case since the Joint Application was filed.

4. The Staff does not believe it is appropriate to further burden, or confuse, the record in this case with filings regarding matters that are not at issue.

5. The Staff does not believe it is appropriate to perhaps delay the necessary actions in this case with filings regarding matters that are not at issue.

6. Even though the Staff does not plan on filing a detailed reply to OWC's March 3 response, the Staff is prepared to make such a filing if the Commission's directs it to do so, and would be able to make such a filing within one week of a Commission order directing it to do so.

WHEREFORE the Staff respectfully submits this *Notice Regarding Staff Reply to Response of Osage Water Company to Staff's Rate Analysis* for the Commission's consideration in this case.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Cliff E. Snodgrass

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel of record this 11th day of March 2005.

/s/ Cliff E. Snodgrass

Cliff E. Snodgrass