

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

In the Matter of the Joint Application of)	
Missouri-American Water Company and)	
Loma Linda Water Company for Authority for)	
Missouri-American Water Company to Acquire)	<u>Case No. WO-2011-0015</u>
Certain Assets of Loma Linda Water Company)	
and, in Connection Therewith,)	
Certain Other Related Transactions)	

STAFF’S SUPPLEMENTAL RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and hereby states to the Missouri Public Service Commission (Commission) *Staff’s Supplemental Recommendation* on the proposed sale and transfer of assets of Loma Linda Water Company (LLWC) to Missouri-American Water Company (MAWC) is not detrimental to the public interest and should be approved with the conditions cited in *Staff’s Recommendation*, attached Memorandum and this *Supplemental Recommendation*.

1. On July 15, 2010, LLWC and MAWC (hereafter “Applicants”) filed a *Joint Application* seeking to sell and transfer LLWC’s water system assets to MAWC.

2. On August 26, 2010, Staff filed *Staff’s Status Update on Date Staff’s Recommendation May be Filed* indicating that a recommendation would be filed by October 13, 2010.

3. On September 15, 2010, Applicants filed an *Amendment by Interlineation of Joint Application (Amendment)* stating that if the transfer and sale was approved, MAWC would apply existing rates that are in effect for LLWC instead of applying existing rates in effect for its Joplin Division as requested in the *Joint Application*.

4. On October 13, 2010, Staff filed its *Staff Recommendation* notifying the Commission that Staff had reviewed and investigated the Company’s *Joint Application* and

Amendment and incorporated by reference Exhibit A, the attached Memorandum prepared by James A. Merciel, Jr., P.E., Utility Regulatory Engineering Supervisor.

5. In that filing, Staff recommended that the Commission issue an order that approves the *Joint Application* and *Amendment* and incorporates Staff's recommendations as enumerated in Exhibit A to *Staff's Recommendation*.

6. On October 14, 2010, Staff received a phone call from a representative of MAWC inquiring into the acceptable depreciation rates for the property acquired from LLWC and expressed a preference for applying MAWC's current Commission-approved depreciation rates.

7. As a result of the subsequent discussion and in addition to the recommendations contained in *Staff's Recommendation* filed on October 13, 2010, Staff also recommends the depreciation rates for MAWC be applicable to any property transferred or acquired from LLWC as a result of this case, except for the building account, which was addressed in the Summary section, numbered paragraph 7 of Staff's Memorandum and initial *Recommendation*.

WHEREFORE, Staff respectfully requests the Commission grant Loma Linda Water Company the authority to sell and transfer all of its water utility assets to Missouri-American Water Company as requested in the *Joint Application* and *Amendment*; Staff also respectfully requests the Commission order all other recommendations contained in *Staff's Recommendation* and *Staff's Supplemental Recommendation*.

Respectfully submitted,

/s/ Rachel M. Lewis
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 15th day of October, 2010.

/s/ Rachel M. Lewis