

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

The Staff of the Missouri Public)
Service Commission,)
)
Complainant,)
)
v.)
)
Franklin County Service Company,)
Melody Lake Water & Sewer, LLC,)
Melody Lake Ranch Associates, Inc.,)
Gerald Johnson.)
)
Respondents.)

Case No. WC-2006-0363

STAFF'S RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and respectfully submits as follows:

1. On March 22, 2006, Staff filed a Complaint against Respondents. Staff's Complaint is against Franklin County Service Company (FCSC), Melody Lake Water & Sewer (the LLC), Melody Lake Ranch Associates, Inc. (Association), and Gerald Johnston. Staff's Complaint alleges that the assets of FCSC were transferred without Commission authorization and that a water and sewer utility is being operated without the necessary Certificates of Convenience and Necessity from the Commission.

2. On April 24, 2006, Respondents FSCS and the LLC filed a Joint Application For the Sale of Water and Sewer Supply System (Joint Application) in this case.

3. Staff did not object to the Joint Application being in this case. Instead, Staff has prepared an Official Case File Memorandum (attached hereto as Appendix A and incorporated

by reference) that includes a comprehensive recommendation, which if adopted, disposes of both Staff's Complaint and the Joint Application.

4. The sale of utility assets is governed by Section 393.190, RSMo 2000, and applications to the Commission for approval of utility asset sales are governed by Commission rules 4 CSR 240-2.060 and 4 CSR 240-3.310. Relevant case law provides that the Commission may approve an asset transfer if it is "not detrimental to the public interest." *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980).

5. Staff's recommendation provides a history of the problems of the FCSC, its current status and then recommends that the Joint Application be approved on a prospective basis if the conditions specified in Staff's Official Case File Memorandum are met. Staff has concluded that the transaction will not be detrimental to the public interest.

6. In the attached Official Case File Memorandum, the Staff summarizes its review of the Application and recommends that the Commission enter an Order approving the Joint Application in this case. Staff also recommends that a public hearing be held in the Melody Lake area in this case.

7. Though not specifically addressed in its memorandum, Staff also recommends that a public hearing be held in the Melody Lake area in this case.

WHEREFORE, Staff respectfully submits Staff's Memorandum in this case and requests that the Commission issue an Order consistent with Staff's Memorandum.

Respectfully submitted,

/s/ Robert V. Franson

Robert V. Franson

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 8th day of August, 2006.

/s/ Robert V. Franson