

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

In the Matter of Missouri-American Water            )  
Company for a Certificate of Convenience and        )  
Necessity Authorizing it to Install, Own, Acquire,    )  
Construct, Operate, Control, Manage, and Maintain   )  
Water and Sewer Systems in Christian and Taney     )  
Counties, Missouri.                                        )

Case No. WA-2012-0066

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

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

1. On August 26, 2011, Missouri-American Water Company (MAWC) filed an Application with the Missouri Public Service Commission (Commission) requesting that the Commission grant it permission, approval and a Certificate of Convenience and Necessity (CCN) authorizing MAWC to: a) install, acquire, build, construct, own, operate, control, manage and maintain water and sewer systems for the public within the areas referred to in its Application; b) acquire the assets identified in the Application of Saddlebrooke; and, c) take such other actions as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Application and to consummate related transactions in accordance with the Agreement.
2. On January 6, 2012, the Staff of the Public Service Commission (Staff) filed its Recommendation which requested the Commission issue an Order granting MAWC Certificates of Convenience and Necessity authorizing it to install, own, acquire, construct, operate, control, manage, and maintain water and sewer systems in Christian and Taney Counties, Missouri, subject to the provisions laid out in the sixteen numbered paragraphs under the section labeled “Staff’s Recommendation” in Appendix A.

3. On January 13, 2012, Public Counsel filed a response to Staff's Recommendation stating that it had no opposition to Staff's recommendation that the Commission issue an Order granting MAWC's request for Certificates of Convenience and Necessity. However, Public Counsel objected to Staff's recommended rates for service in this case also stating that it had only received Staff's work papers regarding the proposed rates on January 12, 2012, and the work papers received were not detailed enough to determine exactly how Staff's proposal was calculated. A cursory review revealed that Staff's recommendation was based on unaudited and estimated expenses, income and calculation of rate base. Staff's work papers also showed the inclusion of plant not yet in service as well as the inclusion of a return on an acquisition discount between the purchase price and the estimated rate base.

4. After a thorough review of Staff's workpapers as well as discussion with several members of Staff, Public Counsel now renews its objection and offers the attached Memorandum which includes a more detailed response to Staff's Recommendation.

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

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

**/s/ Christina L. Baker**

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

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 27<sup>th</sup> day of January 2012:

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