

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File Nos. WO-2014-0113 and SO-2014-0116
Emerald Pointe Utility Company and Missouri-American Water Company
Seeking Authority to Transfer Water and Sewer System Assets

FROM: Jim Merciel – Water & Sewer Unit, Case Coordinator
Lisa Hanneken – Auditing Unit
Sarah Sharpe – Auditing Unit
Art Rice – Engineering and Management Services Unit
Kay Niemeier – Engineering and Management Services Unit
Zephania Marevangapo – Financial Analysis Unit

/s/ Jim Busch 1/24/2014 /s/ Amy Moore 1/24/2014
Water and Sewer Unit / Date Staff Counsel's Office / Date

SUBJECT: Staff Recommendation Regarding Sale and Transfer of Assets

DATE: January 24, 2014

PROCEDURAL HISTORY AND BACKGROUND INFORMATION

On October 25, 2013, Missouri-American Water Company (MAWC) and Emerald Pointe Utility Company (EPUC) filed a *Joint Application and, if Necessary, Motion for Waiver* (Application) with the Missouri Public Service Commission (Commission) seeking authority for EPUC to sell and transfer its sewer utility assets to MAWC, including its Certificate of Convenience and Necessity (CCN) to provide water and sewer service. On October 28, 2013, the Commission issued its *Order Directing Notice, Setting Intervention Deadline and Directing Filing*, in which, among other things, it set November 18, 2013 as the date by which interested parties should submit applications to intervene, and set December 10, 2013 as the date by which the Staff shall file a recommendation in this case. No parties requested to intervene in this proceeding. On December 10, 2012 Staff requested an extension of its recommendation file date to January 24, 2014, and on December 16, 2013 the Commission granted this extension request. This memorandum is intended to comply with the Commission's Orders of October 28, 2013 and December 16, 2013.

MAWC AND EPUC BACKGROUND

MAWC is a regulated water and sewer utility serving more than 450,000 customers throughout the state. It has been in business for more than a century, and over the years it has acquired some of its systems, both large and small, through various mergers and acquisitions.

APPENDIX A

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EPUC is a regulated water and sewer utility that obtained its original CCN in Case No. WA-96-96. It subsequently expanded its certificated areas for water service and sewer service (sometimes one but not the other) in several cases before the Commission. EPUC's service area is located in Taney County, in an area generally known as Emerald Pointe near Hollister, Missouri. EPUC serves approximately 380 customers consisting mostly of single family residential homes and condominium units. The water system includes a single well producing 290 gallons per minute along with a 177,000 gallon standpipe, a distribution system and water meters. The sewer system consists of a gravity and pressure collecting system, individual pump units for some customers; several lift stations, and a transmission sewer through which sewage is sent to the City of Hollister for wholesale treatment.

OVERVIEW OF CASE MATTERS

In the Application MAWC and EPUC seek authority to transfer water utility and sewer utility plant assets. In addition, MAWC requests that the Commission approve MAWC to adopt existing EPUC water rates but with application of MAWC's No. 13 "consolidated" water tariff. MAWC states that it intends to request that EPUC customers be converted to St. Louis Metro rates, included in the No. 13 tariff, in its next general rate case. MAWC requests that the Commission approve MAWC to convert current EPUC sewer customers to MAWC's Stonebridge B sewer rates, along with application of MAWC's No. 16 (Stone-Christian-Taney) sewer tariff. Additionally, MAWC and EPUC seek creation of a "connection charge," which in Staff's view is actually a Contribution-in-aid-of-Construction (CIAC) charge, for stated recovery of infrastructure capital expense. The money collected through this proposed charge would be paid either to Emerald Pointe, LLC the original developer of most of the service area per the Application, or ** _____

_____ ** in the amount of \$1,000 per new water connection and \$1,000 per new sewer connection, to remain in effect for ten (10) years.

STAFF'S INVESTIGATION, FINDINGS, AND CONCLUSIONS

Staff generally supports transfer of the utility assets, but not all of the ancillary requests, as discussed further herein.

TARIFF APPLICATIONS, AND RATES

Staff supports MAWC's proposed application of its existing No. 13 tariff for water service to the Emerald Pointe service area, since that tariff is written and intended to be applicable for substantially any of MAWC's water service areas, and there are no aspects of water service provided in the EPUC service area that are not provided for within that tariff. There is one difference that application of this tariff would create; that is that MAWC has, within its No. 13 tariff, a cost sharing provision in

the water main extension rule, where MAWC invests in a portion of all main extensions. That provision does not exist in EPUC's current water tariff. Although this change would affect investment in future water main extensions, it will have no direct present impact upon existing customers. This practice would be consistent with MAWC's practice in many of its other service areas. Staff also supports MAWC's proposed adoption of existing EPUC water rates, since those rates were set specifically for cost recovery for the EPUC service area. MAWC will need to submit new tariff sheets for its No. 13 water tariff that include maps and descriptions of the EPUC water service area, as well as rates and service charges specific to the EPUC service area. Some modifications to the index and rule number references may also be necessary. Staff does not take a position on MAWC's proposal to convert EPUC customer's to MAWC's St. Louis Metro rates at this time. Staff will make its recommendation regarding that proposal when MAWC files its next general rate case.

Staff does not support MAWC's proposed application of its existing No. 16 tariff for sewer service. Although that tariff is written for service similarly provided in certain other service areas in which MAWC provides sewer service, there would be some modifications necessary in order to accommodate some differences in the handling of customer pump unit ownership and maintenance. Staff takes the position that it would be most efficient for MAWC to adopt EPUC's existing tariff at this time; then consolidation of this tariff along with some or all of MAWC's existing seven (7) sewer tariffs could occur at a future time.

Staff also does not support conversion of EPUC customers to MAWC's Stonebridge Rate B. One reason is because of Staff's general opposition to the concept of making changes to rates or charges outside the context of a rate case, where all ramifications of rate changes can be studied, and when customers have adequate notice and a procedural timeline regarding changes in their rates. Another reason Staff does not support this specific proposed conversion is because EPUC just had a rate case decided by the Commission, SR-2013-0016, with a very recent effective date for new rates of August 23, 2013. Since these new rates have been in effect for less than a year, a change to another rate schedule is not warranted at this time. Staff notes, however, that the impact upon customer bills with a conversion to the Stonebridge B rates would not be substantial. A rate comparison is as follows:

water meter size	Emerald Pointe sewer rates	Stonebridge B sewer rates ¹
5/8 inch	\$ 46.22	\$ 36.69
3/4 inch		\$ 47.72
1 inch	\$ 105.57	\$ 69.74
1 1/2 inch		\$ 124.85
2 inch	\$ 323.22	\$ 190.96
3 inch		\$ 345.24
4 inch		\$ 565.66
	Plus \$3.32 per 1000 gallons above 2,000 gallons	Plus \$4.04 per 1000 gallons

A sewer bill comparison for several usages for a residential customer with a 5/8 inch water meter is as follows:

usage gallons/month	Emerald Pointe sewer bill	Stonebridge B sewer bill ²
3000	\$ 49.54	\$ 48.81
4000	\$ 52.86	\$ 52.85
5000	\$ 56.18	\$ 56.90
6000	\$ 59.50	\$ 60.94

As an alternative to MAWC’s proposal to convert EPUC customers to the Stonebridge B rate, Staff recommends MAWC simply adopt the existing EPUC sewer rates, just as it is adopting existing EPUC water rates. Rate adoption is common practice in asset transfer cases such as this one. It is also a sensible course of action in Staff’s view, because EPUC’s rates are set for operation of the specific water or sewer system albeit not for operation by a different utility entity, and also because the customers have existing rates that have been approved by the Commission, and those rates should not be changed without due public notice and expense review process as is done in rate case filings, which has not been done in this case.

¹ Each Stonebridge B residential customer’s monthly commodity charge amount for the entire year is based on the average monthly water usage in the months of December, January and February.

² Sewer bills year-round for Stonebridge B residential customers, as stated in the footnote above for rates, are determined by average usage for December, January and February, so as to exclude summertime outdoor water usage. Many Emerald Pointe customers have dedicated lawn sprinkler water connections, the use through which does not affect sewer bill calculation.

NEW REQUESTED CIAC CHARGES

The requested CIAC charges of \$1,000 for a new water connection and \$1,000 for a new sewer connection are not charges that the Staff believes can be simply created by request of a utility and approved by the Commission. From time to time the Staff and the Commission find themselves dealing with charges that are related to the cost of installing or operating utility systems but are created outside the context of regulatory approval. Sometimes, but not always, these costs are intended for recovery of investment by a party other than the regulated utility, could obligate persons other than utility customers, or some combination of these or other circumstances which may or may not be clear. Some such charges related to utility systems are created by the terms of subdivision restrictions, or lot sales contracts, or both. Staff takes the position that a utility may request, Staff could recommend, and the Commission could approve charges that would be paid by utility customers as rates for utility service; and similarly, Staff could recommend and the Commission could approve charges that are paid to the utility by future customers or subdivision developers for costs to install utility facilities so that utility service may be provided. However, for this instant case, MAWC and EPUC are requesting that the Commission approve CIAC charges that are ostensibly one-time charges for the purpose of payment by future customers to a developer who sold the lot to the customer. The stated purpose of the charges then, arguably, would seem to be related to a lot sale matter, and not related to a utility matter.

Although the Commission, arguably, could assert jurisdiction over the use of funds affecting the utility system or utility service, these CIAC charges requested to be created and approved do not reflect recovery of capital expended by the utility; rather, they are one-time charges for subdivision lot development cost, involving expenses that the developer should have recovered in the sale price of the lot. A developer would typically construct water main and/or collecting sewer extensions to the development property, by the terms of a utility's water and/or sewer tariffs, as an "applicant." By so doing, the developer makes utility service available to the development property so that each of the lots of the subdivided property may be sold to prospective purchasers, who will be owners and occupants of new homes or commercial buildings that would utilize water and sewer utility service. The cost of main and sewer extensions is then a development cost, similar to the cost of constructing subdivision streets and rainwater drainage facilities.

As such, even though the Commission could have jurisdiction over such charges to the extent they may already exist, Staff does not believe it is justifiable to create such charges by utility request and Commission approval when they are intended for developers' recovery of capital expense rather than utility recovery. Further, these charges, if applied to all new connections, could apply to lots that Emerald Pointe, LLC did not develop and sell, since there are lots in other existing subdivisions, as well as undeveloped land, in which Emerald Pointe, LLC has no interest but rather other

utilization at another of MAWC's facilities. Therefore, Staff will review the status of these items and any such entries in the next MAWC rate case.

Another item which was reviewed by the Auditing Staff was amounts charged to customers for meter installations. There were several meter installations during 2013 for which EPUC collected \$400 from each of the customers receiving a meter. Per their previous tariff, this was the correct amount to charge each customer for meter installation (excluding cost of the meter itself). However, as of August 23, 2013, EPUC's new tariff took effect. From that point forward, EPUC was to only charge the actual amount incurred by EPUC to install the customer's meter. EPUC has stated that after the new tariff took effect they continued to charge the \$400 as a placeholder until such time as the meter was installed and the actual costs were known. At that time, EPUC would either reimburse or collect from the customer the amount of the installation which was less than or exceeded the \$400 amount. However, to date, EPUC has not tallied the actual costs in order to reimburse/charge the customer. Staff would expect that these over/under collected amounts will be addressed by either EPUC or MAWC. Therefore, Staff will review these items as part of any future rate case involving these customers.

** _____ ** Staff recommends that the Commission order no acquisition adjustment as a result of this transaction, which is consistent with Staff's historical approach of not recognizing either acquisition premiums or discounts, and also consistent with Commission orders in previous merger and acquisition cases.

DEPRECIATION

Staff recommends that for the acquired water assets, the Commission authorize MAWC to adopt the current EPUC depreciation rates that were approved in the recent EPUC rate case, WR-2013-0017. And, for the acquired sewer assets, that the Commission authorizes MAWC to apply its existing depreciation rate schedules that are presently approved and in effect for other MAWC sewer systems, prescribed in MAWC's rate case SR-2011-0338. Copies of the depreciation schedules that Staff proposes for this case are included as Attachments A and B to this memorandum, and incorporated by reference herein. These rates will address MAWC's needs on a going forward basis. These depreciation rates, or any other depreciation rates that might be approved alternatively, will have no affect on current customer rates until the time of MAWC's next general rate case filing.

After the acquisition, MAWC will need to include the EPUC water and sewer system expenses into its books and records in accordance with the NARUC Uniform System of Accounts, including recording in MAWC's ledger adjustments for new capital items placed into service, and recording the cost of removal and gross salvage for all replaced or retired plant.

CUSTOMER SERVICE AND BILLING ISSUES

In previous cases involving acquisitions of systems by MAWC, customer service and billing issues were stipulated or otherwise agreed upon in order to ensure: 1) transparency to the involved customers during the transition period, 2) that MAWC's billing information was accurate, 3) the involved customers were being properly billed, and 4) that MAWC adhered to applicable rules and regulations and its tariffs.

In the context of these previous cases, Staff has monitored customer billing statements for several months. Some of the issues noted during the monitoring of these customer billing statements included: 1) inaccurate customer water charge on some customers' billing statements, 2) some customers were not being charged the customer charge for wastewater where applicable, 3) proration of customer charges, water usage charges and primacy fees due to customers being billed for more than 35 days or less than 26 days of service, and 4) identification of customers that were not being billed by the Company. Staff also noted that there were numerous credit and debit adjustments on the customer billing statements, and that some billing statements lacked the notation of the billing period and the meter readings. After the first month's review, Staff broadened its request for copies of billing statements. Staff made MAWC aware of the errors on the billing statements and worked closely with MAWC to ensure all billing errors were corrected.

Staff wants to ensure that the EPUC customers are accurately billed by MAWC, and includes its specific requests for information in Staff's Recommendations below. MAWC should provide bills to the customers beginning upon the effective date of the acquisition of the assets.

Staff recommends that MAWC provide adequate training to all customer service representatives with respect to EPUC rates and rules adopted by MAWC, prior to the EPUC customers receiving their first bill from MAWC. Staff recommends that MAWC provide the Engineering and Management Services Unit (EMSU) Staff a sample of forty-five (45) billing statements of its first month bills issued to the EPUC customers, in order to verify their accuracy. These forty-five (45) customer billing statement copies should be provided to the EMSU staff within ten (10) days after being mailed to the customers.

Staff recommends that MAWC include the EPUC customers in their monthly Call Center reporting to Staff.

TARIFF MATTERS

Since MAWC intends to adopt water rates currently in effect for EPUC and include them in its existing tariff No. 13, it will need to submit water tariff sheet filings after approval and closing of the

assets. This will include new tariff sheets for water rates and service charges, the water service area map and service area written description, along with appropriate rule reference and index sheet modifications, to be included in MAWC's existing water tariff No. 13. Upon the effective date of the new water tariff sheets, the water tariff currently in effect for EPUC may be canceled. Staff recommends that a tariff filing with these new sheets be accomplished by MAWC with a thirty (30) day tariff filing, to be submitted within ten (10) days after closing, and that MAWC be authorized to utilize the rates and rules of EPUC's water tariff on an interim basis after closing but before the new water tariff sheets become effective.

If the Commission approves Staff's proposal for MAWC to adopt EPUC's sewer rates and tariff, then MAWC will need to simply file a sewer tariff adoption notice for the sewer tariff presently in effect for EPUC, along with a revised index to reflect the existence of the adoption notice sheet. Similar to the water tariff filing, Staff recommends that this sewer tariff filing be accomplished by MAWC with a thirty (30) day tariff filing, to be submitted within ten (10) days after closing, and that MAWC be authorized to utilize the rates and rules of EPUC's sewer tariff on an interim basis after closing but before the sewer adoption notice sheet becomes effective. However, should the Commission decide to approve conversion of EPUC customers to another rate, as MAWC proposes, then the filing of a revised sewer rate sheet would be necessary. Also, should the Commission approve MAWC's application of its existing sewer tariff No. 16, as proposed in the Application, then some modifications to certain rules in that tariff applying to pressure sewer pump units would be necessary, and would also necessitate the addition of new sheets for sewer rates, service charges, and the sewer service area map and written description to that tariff. If so approved, Staff would need to work with MAWC to properly modify that tariff, and then upon the effective date of such modification the current EPUC sewer tariff would be canceled.

OTHER MATTERS

MAWC has several other pending cases before the Commission: WC-2014-0161, a formal complaint pertaining to property damage; WC-2014-0138, a formal complaint filed by the Office of the Public Counsel pertaining to billing accuracy into which a number of individual customer formal complaints were consolidated; WC-2014-0169, also a formal complaint pertaining to inaccurate billing which the Commission has dismissed but has not yet closed; and, WF-2011-0173, a finance case that remains open for filing of finalization information. The pending cases will have no impact upon the acquisition of EPUC assets, nor will this matter affect any of the pending cases.

MAWC has no issues with respect to the submission of annual reports and assessments to the Commission. It has filed annual reports, as shown on the Commission's Electronic Filing and Information System (EFIS), through calendar year 2012, and is current on its quarterly payments for the annual assessment through the 3rd quarter of fiscal year 2014.

EPUC also has no issues with respect to the submission of annual reports and assessments to the Commission. It has filed annual reports, as shown on EFIS through calendar year 2012, and is current on its quarterly payments for the annual assessment through the 3rd quarter of fiscal year 2014.

Staff has determined that there will be no tax impact for any governmental entities as a result of this transaction, since both MAWC and EPUC are privately owned corporations subject to payment of personal property and real estate taxes.

There are no issues regarding compliance with regulations of the Missouri Department of Natural Resources, or with respect to quality of service involving either the water or sewer system.

STAFF'S RECOMMENDATIONS

Staff recommends the Commission approve the *Application* with respect to the sale and transfer of utility assets, with certain conditions. Staff specifically recommends the Commission issue an order that includes the following:

1. Authorizes EPUC to sell and transfer its water and sewer utility assets to MAWC, authorizes MAWC to acquire EPUC's water and sewer utility assets, and grants MAWC the CCN presently held by EPUC to provide water and sewer service within the authorized service areas. The transfer of the CCN shall be effective concurrently with closing of the assets between MAWC and EPUC.
2. Requires MAWC to notify the Commission when it has closed on the EPUC assets within five (5) business days after such closing has occurred. If closing has not occurred within thirty (30) days after the effective date of an order approving this *Application*, Staff recommends that the Commission's order requires MAWC to file a status report on the status of the sale closing, and file a status report every thirty (30) days thereafter until the closing has occurred.
3. Authorizes MAWC to, upon closing, provide service on an interim basis under the water and sewer tariffs currently on file and approved for EPUC, until MAWC tariff sheets regarding rates, service areas, and adoption notices, to be filed as ordered herein, become effective.
4. Requires MAWC to file tariff sheets for its water tariff No. 13 that include rates, service charges with modifications to rule number references, service area maps, service area

descriptions, and appropriate modifications to the index sheet; then, EPUC's existing water tariff should be canceled upon the effective date of these tariff sheets.

5. Requires MAWC to file a sewer tariff adoption notice sheet, along with a modified index sheet to indicate the presence of the adoption notice sheet.
6. Requires MAWC to record a value of ** _____ ** for the amount of the EPUC acquisition plant in service, net of accumulated depreciation and CIAC, at December 31, 2013, as described within this memorandum, and that MAWC shall not seek recovery of any acquisition premium, related to this transaction, through rates.
7. Requires MAWC to adopt the EPUC depreciation schedule for water assets, and apply MAWC's existing depreciation schedule for sewer assets presently approved for MAWC – both depreciation schedules are shown in Attachments A and B.
8. Requires MAWC to calculate and record depreciation expenses on a going forward basis subsequent to the date of close, using the above-mentioned depreciation schedules.
9. Requires MAWC to maintain utility plant records and customer account records, and to keep all books and records, including plant property records, in accordance with the NARUC Uniform System of Accounts, as described in this memorandum.
10. Requires MAWC, after closing on the assets, to distribute to former EPUC customers an informational brochure detailing the rights and responsibilities of the utility and its customers, which shall adhere to the provisions of Commission Rule 4 CSR 240-13.040(3).
11. Requires MAWC to provide adequate training to all customer service representatives with respect to adopted EPUC rates and rules prior to the EPUC customers receiving their first bills for service from MAWC.
12. Requires MAWC to provide to the Commission's EMSU Staff a sample of forty-five (45) billing statements of its first month bills that include copies of water and sewer billings issued to the EPUC customers, in order to check for accuracy, within ten (10) days after issuance of those bills.

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13. Requires MAWC to include the former EPUC customers in its regular monthly Call Center reporting to Staff.
14. Requires MAWC to provide to the Commission's EMSU Staff, within thirty (30) days after this order, a completed transition schedule for the actions necessary to successfully transition former customers of EPUC into MAWC's customer information system, and implementation dates for when bills will begin to be issued to EPUC customers by MAWC.
15. Requires MAWC to provide to the Commission's EMSU Staff, within sixty (60) days after this order, a completed acquisition checklist.
16. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the transfer of the CCN, including future expenditures by MAWC, in any later proceeding.

Attachments: A – Water Depreciation Schedule
B – Sewer Depreciation Schedule

Missouri American Water Company - Emerald Pointe District
SCHEDULE of DEPRECIATION RATES (Dated 1/2/2014)
(WATER)
WO-2014-0113

USOA

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	50	0%
Pumping Plant				
321	Structures & Improvements	2.5%	44	-10%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.9%	35	0%
346.2	Customer Meters, Plastic (Throw Aways)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.9%	35	0%
348	Hydrants	2.5%	40	0%
General Plant				
390	Structures & Improvements	2.9%	38	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	13	13%
397	Communication Equipment	6.7%	15	0%

The above recommended depreciation rates are based on Staff's review of the Company's operation and records for Emerald Pointe rate case WR-2013-0017.

**MISSOURI AMERICAN WATER COMPANY- Sewer
SCHEDULE of DEPRECIATION RATES Case SO-2014-0116**

DIVISION: former Emerald Pointe Utilities

Revised Date 1/2/2014

<u>NARUC ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>% DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>Curves</u>	<u>% NET SALVAGE</u>
COLLECTION PLANT					
351	Structures & Improvements	2.50	50		-25
352.1	Collection Sewers (Force)	2.00	50		0
352.2	Collection Sewers (Gravity)	2.00	50		0
353	Services To Customers	2.00	50		0
354	Flow Measuring Devices	3.33	30		0
356	Other Collection Equipment	2.00	50		0
PUMPING PLANT					
361	Structures & Improvements	2.50	50		-25
362	Receiving Wells	4.00	25		0
363	Electric Pumping Equip, (Includes Generators)	10.00	10		0
364	Diesel Pumping Equipment	10.00	10		0
365	Other Pumping Equipment	10.00	10		0
TREATMENT & DISPOSAL PLANT					
371	Structures & Improvements	2.50	50		-25
372	Treatment & Disposal Equipment, (Includes pumps, blowers, generators)	5.00	26		-30
373	Plant Sewers	2.00	50		0
374	Outfall Sewer Lines	2.00	50		0
General Plant					
390.0	Structures & Improve - Shop & Garage	2.40	50	R3	-20
390.9	Structures & Improve - Leasehold	5.00	20	R4	0
391.0	Office Furniture	5.00	20		0
391.1	Computer & Peripheral Equipment	20.00	5		0
391.2	Computer Hardware & Software	20.00	5		0
391.3	Other Office Equipment	6.67	15		0
391.4	BTS Initial Investment	5.00	20		0
392.1	Transportation Equipment - Light trucks	11.25	8	L1.5	10
392.2	Transportation Equipment - Heavy trucks	10.00	9	L2	10
392.3	Transportation Equipment - Autos	18.00	5	L2	10
392.4	Transportation Equipment - Other	5.67	15	S2.5	15
393.0	Stores Equipment	4.00	25		0
394.0	Tools, Shop, Garage Equipment	5.00	20		0
395.0	Laboratory Equipment	6.67	15		0
396.0	Power Operated Equipment	7.73	11	L1.5	15
397.1	Communication Equip - Non Telephone	6.67	15		0
397.2	Communication Equip - Telephone	10.00	10		0
398.0	Miscellaneous Equip	6.67	15		0
399.0	Other Tangible Equipment	5.00	20		0

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Point Utility Company for Missouri-)
American Water Company to Acquire Certain)
Water and Sewer Assets of the Emerald Point)
Utility Company in Connection Therewith,)
Certain Other Related Transactions.)

File No. WO-2014-0113

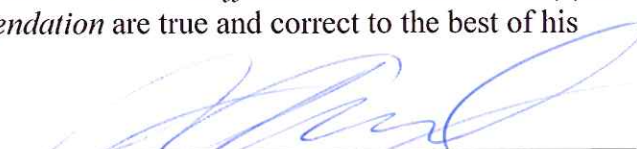
In the Matter of the Joint Application of)
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American Water Company to Acquire Certain)
Water and Sewer Assets of the Emerald Point)
Utility Company in Connection Therewith,)
Certain Other Related Transactions.)

File No. SO-2014-0116

AFFIDAVIT OF JAMES A. MERCIEL, JR., P.E.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Merciel, Jr., P.E., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation*, in memorandum form; (3) that certain information in the *Staff Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff Recommendation*; and (5) that such matters set forth in the *Staff Recommendation* are true and correct to the best of his knowledge, information and belief.



James A. Merciel, Jr., P.E.

Subscribed and sworn to before me this 24th day of January 2014.



Notary Public

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914

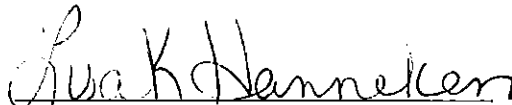
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Pointe Utility Company for) File No. WO-2014-0113; SO-2014-0116
Missouri-American Water Company to)
Acquire Certain Water and Sewer Assets of)
the Emerald Pointe Utility Company in)
Connection Therewith, Certain Other Related)
Transactions)

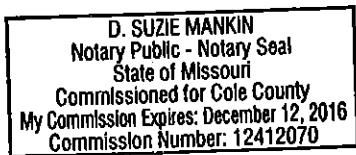
AFFIDAVIT OF LISA K. HANNEKEN


STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lisa K. Hanneken, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of her knowledge and belief.


Lisa K. Hanneken

Subscribed and sworn to before me this 22nd day of January, 2014.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

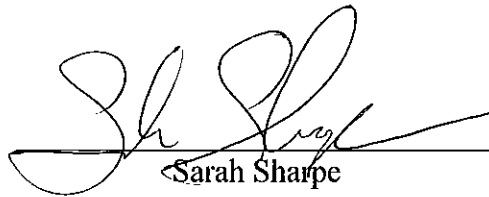
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Pointe Utility Company for) File No. WO-2014-0113; SO-2014-0116
Missouri-American Water Company to)
Acquire Certain Water and Sewer Assets of)
the Emerald Pointe Utility Company in)
Connection Therewith, Certain Other Related)
Transactions)

AFFIDAVIT OF SARAH SHARPE

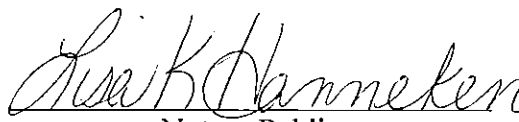
STATE OF MISSOURI)
) ss.
COUNTY OF ST. LOUIS)

Sarah Sharpe, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of her knowledge and belief.


Sarah Sharpe

Subscribed and sworn to before me this 21ST day of January, 2014.

LISA K. HANNEKEN
Notary Public - Notary Seal
State of Missouri
Commissioned for Franklin County
My Commission Expires: April 27, 2014
Commission Number: 10967138


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION


OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Pointe Utility Company for) File No. WO-2014-0113; SO-2014-0116
Missouri-American Water Company to)
Acquire Certain Water and Sewer Assets of)
the Emerald Pointe Utility Company in)
Connection Therewith, Certain Other Related)
Transactions)

AFFIDAVIT OF ARTHUR W. RICE, P.E.

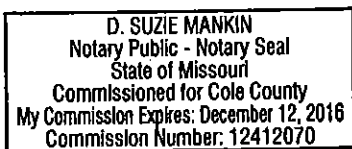
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

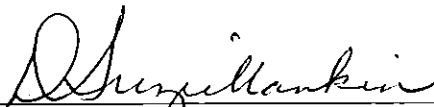
Arthur W. Rice, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form and Attachments A and B, to be presented in the above case; that the information in the Staff Recommendation and Attachments A and B, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachments A and B; and that such matters are true and correct to the best of his knowledge and belief.



Arthur W. Rice, P.E.

Subscribed and sworn to before me this 23rd day of January, 2014.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Pointe Utility Company for) File No. WO-2014-0113; SO-2014-0116
Missouri-American Water Company to)
Acquire Certain Water and Sewer Assets of)
the Emerald Pointe Utility Company in)
Connection Therewith, Certain Other Related)
Transactions)

AFFIDAVIT OF J. KAY NIEMEIER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

J. Kay Niemeier, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of her knowledge and belief.

J. Kay Niemeier

J Kay Niemeier

Subscribed and sworn to before me this 24th day of January, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070

D. Suzie Mankin

Notary Public

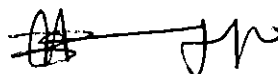
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Emerald Pointe Utility Company for) File No. WO-2014-0113; SO-2014-0116
Missouri-American Water Company to)
Acquire Certain Water and Sewer Assets of)
the Emerald Pointe Utility Company in)
Connection Therewith, Certain Other Related)
Transactions)

AFFIDAVIT OF ZEPHANIA MAREVANGÉPO

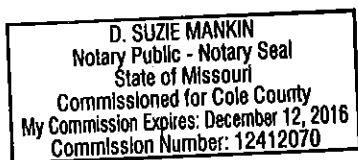
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Zephania Marevangepo, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.



Zephania Marevangepo

Subscribed and sworn to before me this 23rd day of January, 2014.





Notary Public