

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

In the Matter of the Joint Application of Taney)
County Utilities Corporation and Taney County)
Water, LLC for Authority of Taney County) **Case No. WM-2011-0143**
Utilities Corporation to Sell Certain Assets to)
Taney County Water, LLC.)

SUPPLEMENTAL RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through Counsel, and for its *Supplemental Recommendation* states the following:

1. On November 18, 2010, the Missouri Public Service Commission (Commission) received a Joint Application of Taney County Utilities Corporation and Taney County Water, LLC for authority of Taney County Utilities Corporation (herein collectively referred to as “Applicants”) to sell certain assets to Taney County Water, LLC (*Joint Application*).

2. On March 4, 2011, Staff filed its *Recommendation*.

3. On March 14, 2011, the Office of the Public Counsel (Public Counsel) filed its Response to *Staff’s Recommendation* expressing opposition to Staff’s calculation of the ending estimated rate base balance, repayment of what it determines as acquisition premium in future rate cases, and concern with the ownership and control of customer deposits.

4. On May 3, 2011, Applicants filed an *Affidavit of Bert Brower* affirming that he is the manager of Taney County Water, LLC and that Taney County Water, LLC will not pursue using and will not use the full purchase price of the assets (as set forth in the Water Company Division Purchase Agreement, which is Exhibit “F” to its *Joint Application*) for the rate base or as a condition of this transaction.

5. On May 31, 2011, the Commission ordered Staff to file a report on the status of the application. This filing is meant to comply with that Order.

6. Staff has reviewed the filings of the Applicants and Public Counsel and participated in discussions with both parties regarding the status of this *Joint Application*.

7. In its previously filed *Staff Recommendation*, Staff recommended the Commission approve the sale and transfer of water utility assets, including specific enumerated recommendations. In addition to the recommendations included in the previous filing, Staff recommends the Commission issue an Order that includes the following:

- A. Requires Taney County Water, LLC to manage the existing deposits of customers, and as deposits are refunded by Taney County Water, LLC, Taney County Water, LLC will deduct those amounts from the sewer payment amounts sent monthly to Taney County Utilities Corporation.
- B. Requires Taney County Water, LLC to assume full responsibility for payment of the Commission assessment and filing the annual report with the Commission.
- C. Prohibits Taney County Water, LLC from asserting the purchase price of \$304,500.00 as its rate base when filing its next rate case with the Commission.
- D. Requires Taney County Water, LLC to adopt the Schedule of Rates, Rules and regulations (Tariffs) currently on file and approved for Taney County Utility Corporation.

8. Staff notes that paragraph 4 of the previously filed *Staff Recommendation* has been fulfilled, as Taney County Water, LLC, has paid \$678.62 for the Commission assesement. Therefore, Staff no longer believes it needs to be included in an order approving this *Joint Application*.

9. Applicants do not have any other cases pending before the Commission at this time.

WHEREFORE, Staff respectfully submits this *Supplemental Recommendation* for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the recommendations contained herein, in addition to those described in the previously filed *Staff Recommendation*.

Respectfully submitted,

/s/ Rachel M. Lewis

Rachel M. Lewis

Deputy Counsel

Missouri Bar No. 56073

Attorney for the

Staff of the Missouri

Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526-6715 (Telephone)

(573) 751-9285 (Fax)

rachel.lewis@psc.mo.gov

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 16th day of June, 2011.

/s/ Rachel M. Lewis