

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

In the Matter of the Joint Application of)	
Valley Woods Water Company, Inc. and)	
Valley Woods Utility, LLC for Authority)	Case No. WM-2012-0288
of Valley Woods Water Company, Inc. to)	
Sell Certain Assets to Valley Woods)	
Utility, LLC.)	

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

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

1. On March 7, 2012, Valley Woods Water Company, Inc. (Valley Woods) and Valley Woods Utility, LLC (VWU) filed a Joint Application seeking authority from the Missouri Public Service Commission (Commission) for Valley Woods to sell certain utility assets to VWU.
2. On April 20, 2012, the Staff of the Missouri Public Service Commission (Staff) filed its Recommendation to Approve Application in which Staff recommended the Commission issue an order that includes the following:
 - a. Approves the sale and transfer of water and sewer utility assets from Valley Woods to VWU;
 - b. Requires Valley Woods to transfer all books and records of the Company including, but not limited to, purchase orders, invoices, contracts and agreements relating to the Valley Woods operations, drawings and blue prints of the water and sewer systems, plant records, operations records, and expense records and all customer billing records to VWU upon closing of the assets, and requires VWU to adopt the individual plant-in-service, depreciation reserve and CIAC account balances utilized by the Audit Staff valued as of March 31, 2012, for purposes of determining the appropriate rate base in this proceeding as a starting point for plant-in-service, depreciation reserve and CIAC for the Valley Woods systems, to be recorded in the books and records of VWU, and requires VWU to maintain and retain proper plant in service,

depreciation reserve, cost of removal, salvage, and CIAC records on a going forward basis;

- c. Orders no recovery of acquisition adjustment or acquisition premium in this case;
 - d. Requires VWU to file adoption notice tariff sheets, and revised index sheets, as 30-day tariff filings, within five (5) days after closing of the assets, and authorizes VWU, upon closing, to provide water and sewer service under the existing tariffs of Valley Woods on an interim basis until the effective date of such tariff sheets;
 - e. On the effective date of the tariff sheets from Recommendation No. d, above, cancels the Certificate granted to Valley Woods for the provision of water and sewer service, and grants a Certificate to VWU for the provision of water and sewer service for the described service areas;
 - f. Requires VWU to use the schedule of depreciation rates set out in Attachments A and B to Staff's Memorandum that were prescribed by the Commission and used by Valley Woods, from the date of the transfer forward, until changed by any future order of the Commission;
 - g. Requires VWU to maintain utility plant records and all customer account records as acquired from VWU, and to keep all books and records, including plant property records, in accordance with the Uniform System of Accounts (USOA) as described in this memorandum;
 - h. Requires VWU to continue implementation of all recommendations made by EMSU Staff during the context of the most recent Valley Woods water and sewer rate cases, Case Nos. WR-2010-0139 and SR-2010-0140; and,
 - i. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters, including future expenditures by VWU, in any later proceeding.
3. Public Counsel now states that it has no opposition to Staff's Recommendation.

WHEREFORE, Public Counsel respectfully submits its Response.

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 30th day of April 2012:

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