

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Spokane Highlands Water Company for)
MAWC to Acquire Certain Water Assets)
Of Spokane Highlands and, in)
Connection Therewith,)
Certain Other Related Transactions)

Case No. WM-2018-0104

STAFF RECOMMENDATION

COMES NOW the Public Service Commission Staff (Staff), by and through counsel, and for its *Staff Recommendation* states that Staff recommends that the Commission, with conditions, approve the transfer of assets from Spokane Highlands Water Company (SHWC or Spokane) to Missouri-American Water Company (MAWC) (jointly referred to hereafter as the Applicants). In support of this *Staff Recommendation*, Staff states as follows:

1. On October 24, 2017, Applicants filed a *Joint Application and Motion for Waiver* in which SHWC and MAWC seek approval of the Missouri Public Service Commission (Commission) for Spokane to sell, and for MAWC to purchase, substantially all of the water assets of Spokane, including the transfer to MAWC of the Certificate of Convenience and Necessity currently held by Spokane.
2. Staff files its *Staff Recommendation* pursuant to the *Order Directing Filing of Staff Recommendation* entered on December 4, 2017.
3. Pursuant to § 393.190 RSMo, no regulated utility shall sell or transfer its assets or franchise without having first secured authorization from the Commission.

4. When deciding whether to approve a regulated entity's request to transfer assets, the Commission must determine that the transfer is not "detrimental to the public interest."¹ As a part of that consideration, a "detriment [to the public interest] is determined by performing a balancing test where attendant benefits are weighed against direct or indirect effects of the transaction that would diminish the provision of safe or adequate of service or that would tend to make rates less just or less reasonable."²

5. As more fully detailed in the *Staff Memorandum* attached hereto as Appendix A, based on its investigation, Staff recommends that, with the proposed conditions as detailed in the *Staff Memorandum* and as set forth in paragraph 6 of this pleading, the transfer of assets to MAWC is not detrimental to the public interest.

6. Staff makes the following proposed conditions in addition to recommending approval of the transfer of assets:

- a. Authorize SHWC to sell and transfer water utility assets, including its CCN, to MAWC, and for MAWC to provide water service in the Spokane Highlands service area, as requested;
- b. Authorize MAWC to apply its existing rules and District #3 rates to the Spokane Highlands service area;
- c. Require MAWC to submit new tariff sheets showing the Spokane Highlands service area, and a revised District #3 rate sheet and revised service charge sheet

¹ *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App. E.D. 1980); *State ex rel. City of St. Louis v. P.S.C.*, 335 Mo. 448, 459-460, 73 S.W.2d 393, 400 (Mo. banc 1934).

² *In the Matter of Great Plains Energy, Inc., Kansas City Power & Light Company and Aquila, Inc.*, 266 P.U.R.4th 1 (Mo. P.S.C. July 1, 2008); see also *In the Matter of Union Electric Company, d/b/a AmerenUE*, 2005 WL 433375 (Mo. P.S.C. Feb. 10, 2005).

showing applicability to the Spokane Highlands service area in its PSC MO No.13 tariff prior to closing on the assets;

d. Approve MAWC's existing depreciation rates for water utility plant accounts to apply to the Spokane Highlands service area assets;

e. If closing on the water system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such sale and transfer of the assets, require MAWC and/or SHWC to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until either MAWC or SHWC determines that the transfer of the assets will not occur;

f. If MAWC or SHWC determines that a transfer of the assets will not occur, require MAWC and/or SHWC to notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and require MAWC to submit tariff sheets as appropriate that would cancel tariff sheets filed and effective, if any, applicable to the Spokane Highlands service area;

g. Require MAWC to keep its financial books and records for Spokane Highlands plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;

h. Require MAWC to provide an example of its actual communication with the Spokane Highlands service area customers regarding its acquisition and operations of the Spokane Highlands water system assets, and how customers may reach MAWC regarding water matters, within ten (10) days after closing on the assets;

- i. Require SHWC to provide to MAWC and for MAWC, as best as possible prior to or at closing, to take physical possession of and maintain all records and documents with respect to regulated operations, and any and all books and financial records of SHWC, including but not limited to all plant-in-service original cost documentation, along with depreciation reserve balances and records, invoices and purchase orders and purchase agreements, documentation of contribution–in-aid-of construction transactions, and any capital recovery transactions, all customer billing records and customer deposit records to the extent the Company has customer deposits;
- j. To the extent any acquisition premium that may result from the purchase of Spokane Highlands utility assets by MAWC exists, require that any related acquisition adjustment be excluded from rate recovery in any future rate case;
- k. Order MAWC to, within ninety (90) days after closing on the assets, correct its books and records to reflect the adjusted plant, depreciation reserve and Contributions in Aid of Construction balances reflected in Staff Accounting Schedules;
- l. Require MAWC to provide in a general rate case an analysis documenting its proposed rate base values for Spokane Highlands water system assets, including an appropriate offset for associated CIAC;
- m. Order MAWC to develop and implement, or continue to maintain any existing allocation process already implemented, with the review and assistance of Staff if necessary, a comprehensive allocation procedure to allocate costs and investments between regulated and non-regulated operations and between the various regulated entities of MAWC, consistent with accounting for and incorporating the newly acquired Spokane Highlands system into MAWC's existing water and sewer operations;

- n. Direct that MAWC continue to develop and/or maintain a comprehensive time reporting system specifically to identify time spent and cost incurred by Company personnel for Spokane Highlands and other MAWC-owned systems. This time reporting should be developed and maintained for use in MAWC future rate cases;
- o. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining MAWC, including expenditures related to the Spokane Highlands certificated service area and capacity adjustments, in any later proceeding;
- p. Require MAWC to ensure adherence to Commission Rule 4 CSR 240-13 with respect to Spokane Highlands customers;
- q. Require MAWC to include the Spokane Highlands customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues;
- r. Require MAWC to distribute to the Spokane Highlands customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service, consistent with the requirements of Commission Rule 4 CSR 240-13.040 (2) (A-L), within ten (10) days of closing on the assets;
- s. Require MAWC to provide adequate training for the correct application of rates and rules to all customer service representatives prior to Spokane Highlands customers receiving their first bill from MAWC; and,
- t. Require MAWC to provide to the Customer Experience Department Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days of such billing.

WHEREFORE, Staff respectfully submits this *Staff Recommendation* for the Commission's information and consideration, and requests the Commission approve the transfer of assets with Staff's proposed conditions.

Respectfully submitted,

/s/ Alexandra L. Klaus

Alexandra L. Klaus
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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 parties and or their counsel of record on this 22nd day of January, 2018.

/s/ Alexandra L. Klaus

MRMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WM-2018-0104 - In the Matter of the Joint Application of
Missouri-American Water Company and Spoke Highlands Water Company
For MAWC to Acquire Certain Water Assets of Spokane Highlands and, in
Connection Therewith, Certain Other Related Transactions

FROM:: James A. Merciel, Jr - Water and Sewer Department
Cary Featherstone - Auditing Department
Stephen Moilanen – Engineering Analysis Unit
Scott Glasgow - Customer Experience Department

<u>/s/ James A. Merciel, Jr. 01/22/18</u>	<u>/s/ Alexandra Klaus 01/22/18</u>
Case Coordinator	Staff Counsel
Date	Date

SUBJECT: Staff Memorandum to Recommend Approval of Transfer of Assets and Transfer of
Certificate of Convenience and Necessity

DATE: January 22, 2018

CASE BACKGROUND

On October 24, 2017, Missouri-American Water Company (MAWC or Mo-American) and Spokane Highlands Water Company (SHWC or Spokane) filed a *Joint Application and Motion for Waiver* (Application)(EFIS #1) with the Public Service Commission (Commission). In the Application, SHWC, a regulated water utility, seeks to sell and transfer its water utility assets along with its Certificate of Convenience and Necessity (CCN) to MAWC. MAWC would then continue the provision of regulated water service to the customers.

On December 20, 2017, MAWC filed its *Motion for Leave to Amend Application* (Motion)(EFIS # 6), addressing applicability of tariff rules and rates. After a response from Staff stating no objection to the Motion, on January 5, 2018 (EFIS #7) the Commission issued its *Order Granting Motion to Amend Application*.

BACKGROUND OF SHWC AND MAWC

SHWC obtained a CCN from the Commission in Case No. WA-96-246. The Spokane Highlands water system dates to approximately 1994. SHWC provides water service to 49 single-family residential customers, according to SHWC's most recent annual report, in a subdivision located to the east of the town of Spokane in Christian County. The source of water is a single well with an 80 gallon per minute submersible pump, along with chlorine disinfection. Water is stored in a 15,000 gallon ground storage tank. Water is pumped from the storage tank to the distribution system and the customers by two (2) electric high-service pumps, with small bladder tanks to normalize water pressure as the high service pumps cycle on and off. There are water meters for each customer. The water system is of adequate capacity for the existing service area. Based upon previous system inspections and contact with SHWC, and recent communication with the Missouri Department of Natural Resources, Staff is not aware of any operational or compliance issues.

MAWC is an existing regulated water and sewer utility currently providing water service to more than 450,000 customers and sewer service to more than 11,000 customers in several service areas throughout Missouri. In recent years, MAWC has acquired several small existing water and sewer systems. MAWC is a subsidiary of American Water Works Company, Inc., and is affiliated with other companies that undertake some of the tasks associated with utility service, such as customer billing, and technical resources.

STAFF’S INVESTIGATION

Technical, Managerial, and Financial Capacity

DNR reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, or “TMF.” Staff utilizes the concepts of TMF in studying some situations involving existing water and sewer systems. Based on Staff’s experience working with MAWC, Staff concludes that MAWC has the appropriate TMF capabilities.

Tariff and Rate Impact

In the Application, MAWC stated that it proposes to provide water service in what Staff refers to herein as the Spokane Highlands service area, identical to SHWC’s existing approved service area,¹ pursuant to the existing rates, rules, and regulations currently applicable to SHWC. However, in its Motion filed on December 20, 2018, MAWC stated it will instead apply its existing “consolidated water tariff”, MO PSC No. 13, and its existing “District #3” rates currently applying to its service districts in southwest Missouri including the city of Joplin and areas near Branson. The Application of MAWC’s District #3 rates would result in decreased water bills for customers in the Spokane Highlands service area, as follows:

water bill for:		2000	3000	4000	5000
MAWC	\$ 15.33 customer charge	\$ 22.81	\$ 26.56	\$ 30.30	\$ 34.04
	\$ 3.7424 per 1000 gallons				
Spokane	\$ 14.67 customer charge	\$ 23.11	\$ 27.33	\$ 31.55	\$ 35.77
	\$ 4.22 per 1000 gallons				
percent decrease		-1.3%	-2.8%	-4.0%	-4.8%

Staff agrees with MAWC and SHWC that applying MAWC’s existing tariff rules and rates to customers in the Spokane Highlands service area is reasonable, because it would result in slightly lower rates for Spokane Highland customers, and it would be less cumbersome to include the customers on existing rates for purposes of billing and for handling customer inquiries at call centers on billing issues. Staff notes that MAWC has a pending rate case before the Commission, WR-2017-0285, which would impact customers in the Spokane Highlands service area in the same manner as the rate impact upon existing MAWC water customers, if this proposal is approved.

¹ The Spokane Highlands service area was approved by the Commission in SHWC’s CCN case and is shown in SHWC’s tariff.

To include the Spokane Highlands service area customers into MAWC's existing tariff and rate structure, Staff recommends that, assuming this proposed transaction is approved, MAWC file in its existing water tariff the following, to become effective prior to closing on the assets:

- New original tariff sheets, specifically Sheet Nos. CA 17.1 and 17.2, showing the Spokane Highlands service area map and description, along with a revised Certificated Area Table of Contents Sheet C, to reflect the additional original sheets;
- A revised Rate A sheet, specifically Sheet No. RT 1.3 applying to metered residential water service,² with all rates and charges identical to those on the sheet to be revised, but showing Spokane Highlands service area applicability; and
- A revised Miscellaneous Charges sheet, specifically Sheet No. RT 9.2, with all rates and charges identical to those on the sheet to be revised, but showing the Spokane Highlands service area applicability.

Staff recommends the Commission require that either MAWC or SHWC provide notification to the Commission if the parties determine after Commission approval that closing will not occur. Also, if such determination occurs after MAWC files new or revised tariff sheets as described herein, then MAWC should withdraw any such pending tariff filing(s), or file additional replacement tariff sheets for any such tariff sheets that may have become effective.

Rate Base

Staff's audit review of this Application was conducted based on the following:

- Review of MAWC's Application
- Review of all of the Appendices that were included with the Application
- Review of relevant prior Commission Orders applying to SHWC
- Review of relevant previous Stipulation and Agreements applying to SHWC
- MAWC's responses to data requests
- Examination of past SHWC rate case work-papers and the final Exhibit Modeling System (EMS) Accounting Schedules

Additionally, the Commission's Audit Staff requested information relating to plant additions and retirements from the point of SHWC's last rate case, WR-2015-0104, to the most current information available. The plant additions and retirements to the extent any existed, were included in an analysis developed by the Audit Staff known as "Build-Out Schedule." A Build-Out Schedule was developed for SHWC assets. This Build-Out Schedule served as the basis for each of the rate base investments for the rate case and was used to include the additions and retirements along with the related depreciation expense in this transfer of assets review. The depreciation rates were approved and authorized for SHWC by the Commission in

² Other rates specified on Sheet Nos. RT 2.3, RT 3.3, RT 4.3, RT 5.5, RT 5.6 will not apply to residential customers in the Spokane Highlands service area.

Case No. WR-2015-0104. Thus, the final Build-Out Schedule for the last rate case was used as the basis for the starting point rate base investment valuations for this transfer of assets case.

The Auditing Department updated rate base for SHWC from the level determined in its last rate case. Staff has determined that total plant in service is \$82,453, and includes a CIAC amount of \$29,466, amortization of CIAC in the amount of \$24,662, a depreciation reserve of \$41,407, and currently there are no customer deposits. The result is a rate base of \$36,242 as of December 31, 2017. The annual net depreciation expense, based on Staff’s recommendation for depreciation rates to apply to MAWC, as stated in this memorandum below, would be \$2,131.

Staff’s analysis determined the total entity’s rate base valuation compared to Spokane’s last rate case, Case No. WR-2015-0104 as follows:

	Total Regulated Spokane Highlands Rate Base Valuation	
	Case No. WR-2015-0104	Case No. WM-2018-0104
	December 31, 2014	December 31, 2017
Plant in Service	\$80,364	\$82,453
Less: Depreciation Reserve	\$49,922	\$41,407
Net Plant	\$30,442	\$41,046
CIAC	\$29,466	\$29,466
Less: CIAC Reserve	\$22,246	\$24,662
Net CIAC	\$7,220	\$4,804
Net Plant less Net CIAC	\$23,222	\$36,242
Add: Materials & Supplies	\$104	\$0
Less: Customer Deposit	\$0	\$0
Total Rate Base	\$23,326	\$36,264

Source: Case No. WR-2015-0104-- Final Disposition Agreement-- EMS Run-- EFIS #5 and Staff’s Build-out Schedule as of December 31, 2017

These quantifications by Staff of plant in service, depreciation reserve, and CIAC are a result of studying current information made available by SHWC and/or MAWC. Plant in service balances and rate base information represent what Staff would recommend for inclusion in rate base at this time for the Spokane Highlands system, if rates were to be changed in this proceeding. However, these recommended levels are subject to further review and adjustments in future rate cases. Staff will take a position regarding the appropriate rate base valuation of the Spokane Highlands plant assets after conducting its audit in MAWC’s next rate case, including review of MAWC’s rate base valuation. Staff also recommends specifically that prior to the time of transfer, MAWC request any and all plant and asset valuation records from SHWC that are not already in MAWC’s possession, including all available documentation concerning transactions and transfers between SHWC,

developers and vendors, and properly enter those amounts in its plant account property records in order to quantify original plant costs, subsequent plant additions, depreciation, contributions, and capital recovery paid to developers or other parties.

The purchase price, based on the total asset value determined by Missouri-American and Spokane Highlands, is greater than the total asset values determined by Staff in this case. As noted in the table above, the total plant less CIAC asset value at December 31, 2017, is \$36,242 which, when compared to the purchase price identified in the Asset Purchase Agreement, is less than the purchase price, which will result in an asset premium being paid by Missouri-American. To the extent any acquisition adjustment results from this purchase, it is recommended that no recovery be included in future rates. The purchase price does not include the impact of customer deposits or other liabilities that will be assumed by Missouri-American so none of the liabilities were included for the above comparison.

By Commission regulations, MAWC should keep its financial records for utility plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts. Staff will recommend the Commission specifically order such recordkeeping requirements apply to MAWC's Spokane Highlands service area operations.

Depreciation

In Case No. WR-2015-0301, the Commission ordered water depreciation rates applicable to all divisions of MAWC. Staff recommends the use of these rates for all water accounts in the SHWC service area.

Customer Notice/Customer Service

SHWC sent notice to its customers on December 29, 2017, with information about the proposed transfer of assets, the rate impact, and contact information for Staff and the Office of the Public Counsel, which was prepared with the assistance of MAWC and Staff. Staff has received no customer comments in response to the notice.

In previous CCN or transfer cases where MAWC acquired systems and additional customers, Staff recommended that MAWC undertake actions and submit reports to the Customer Experience Department that address a variety of customer service and billing issues. These actions and reports were stipulated or recommended in Case Nos. WM-2001-0309, WR-2003-0500, WR-2007-0216, WA-2015-0019 and SA-2015-0150. The same information regarding the customers MAWC is acquiring from SHWC should be included within these reports.

MAWC utilizes a nationwide billing system and nationwide call centers through its affiliates. In order to incorporate Spokane Highlands customers into its billing and customer service systems, it will be necessary for MAWC to properly enter the Spokane Highlands customer information and apply the appropriate Commission-ordered-rate. MAWC will also need to provide training to its call center personnel regarding rates and rules applicable to the Spokane Highlands customers so that customer service matters are handled accurately and in a timely manner.

OTHER ISSUES

According to documentation on the Missouri Secretary of State website, SHWC is, as of October 21, 2009, a Missouri corporation that was administratively dissolved for failure to maintain a registered agent.

SHWC is current with annual report filings with the Commission through calendar year 2016, as documented on the Commission's Electronic Filing and Information System (EFIS).

SHWC is current on its annual assessments through fiscal year 2018.

SHWC has no other pending matters before the Commission.

MAWC is a Missouri corporation in "good standing" with the Missouri Secretary of State

MAWC is current with annual report filings with the Commission through calendar year 2016, as documented on the Commission's Electronic Filing and Information System (EFIS).

MAWC is current on its annual assessment quarterly payments through the second quarter of fiscal year 2018.

MAWC has other pending cases before the Commission, as follows:

WC-2018-0124	Formal Complaint (Harter)
WC-2018-0110	Formal Complaint (Jones)
WC-2018-0099	Formal Complaint (Lander)
SA-2018-0068	CCN (Radcliffe Place)
SA-2018-0019	CCN (Homestead Estates)
WU-2017-0351	AAO - Property Taxes
WR-2017-0285	Rate Case
WA-2017-0278	CCN (Pevely Farms)

These above-noted pending cases for MAWC will have no direct impact upon this proposed case involving a transfer of assets from another regulated water system, nor will approval of the transfer of assets impact the above-noted pending cases.

STAFF'S RECOMMENDATION SUMMARY AND CONCLUSIONS

Staff's position, based on its review as described herein, is that SHWC's and MAWC's proposal for a transfer of water utility assets is not detrimental to the public interest. MAWC's proposal to apply its existing water tariff and existing District #3 rates to customers in the Spokane Highlands area is reasonable. MAWC should be authorized and ordered to file new or replacement tariff sheets, as described herein, showing the service area, and rate applicability. MAWC should provide notice of closing on the assets, and status reports as necessary describing the status of closing on the assets. Staff therefore recommends approval of the transfer of assets with the conditions and actions as outlined herein.

STAFF'S RECOMMENDATIONS

Based upon the foregoing, Staff recommends that the Commission:

1. Authorize SHWC to sell and transfer water utility assets, including its CCN, to MAWC, and for MAWC to provide water service in the Spokane Highlands service area, as requested;
2. Authorize MAWC to apply its existing rules and District #3 rates to the Spokane Highlands service area;
3. Require MAWC to submit new tariff sheets showing the Spokane Highlands service area, and a revised District #3 rate sheet and revised service charge sheet showing applicability to the Spokane Highlands service area in its PSC MO No.13 tariff prior to closing on the assets;
4. Approve MAWC's existing depreciation rates for water utility plant accounts to apply to the Spokane Highlands service area assets;
5. If closing on the water system assets does not take place within thirty (30) days following the effective date of the Commission's order approving such sale and transfer of the assets, require MAWC and/or SHWC to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until either MAWC or SHWC determines that the transfer of the assets will not occur;
6. If MAWC or SHWC determines that a transfer of the assets will not occur, require MAWC and/or SHWC to notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and require MAWC to submit tariff sheets as appropriate that would cancel tariff sheets filed and effective, if any, applicable to the Spokane Highlands service area;
7. Require MAWC to keep its financial books and records for Spokane Highlands plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
8. Require MAWC to provide an example of its actual communication with the Spokane Highlands service area customers regarding its acquisition and operations of the Spokane Highlands water system assets, and how customers may reach MAWC regarding water matters, within ten (10) days after closing on the assets;
9. Require SHWC to provide to MAWC and for MAWC, as best as possible prior to or at closing, to take physical possession of and maintain all records and documents with respect to regulated operations, and any and all books and financial records of SHWC, including but not limited to all plant-in-service original cost documentation, along with depreciation reserve balances and records, invoices and purchase orders and purchase agreements, documentation of contribution-in-aid-of construction transactions, and any capital recovery transactions, all customer billing records and customer deposit records to the extent the Company has customer deposits;

10. To the extent any acquisition premium that may result from the purchase of Spokane Highlands utility assets by MAWC exists, require that any related acquisition adjustment be excluded from rate recovery in any future rate case;
11. Order MAWC to, within ninety (90) days after closing on the assets, correct its books and records to reflect the adjusted plant, depreciation reserve and Contributions in Aid of Construction balances reflected in Staff Accounting Schedules;
12. Require MAWC to provide in a general rate case an analysis documenting its proposed rate base values for Spokane Highlands water system assets, including an appropriate offset for associated CIAC;
13. Order MAWC to develop and implement, or continue to maintain any existing allocation process already implemented, with the review and assistance of Staff if necessary, a comprehensive allocation procedure to allocate costs and investments between regulated and non-regulated operations and between the various regulated entities of MAWC, consistent with accounting for and incorporating the newly acquired Spokane Highlands system into MAWC's existing water and sewer operations;
14. Direct that MAWC continue to develop and/or maintain a comprehensive time reporting system specifically to identify time spent and cost incurred by Company personnel for Spokane Highlands and other MAWC-owned systems. This time reporting should be developed and maintained for use in MAWC future rate cases;
15. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining MAWC, including expenditures related to the Spokane Highlands certificated service area and capacity adjustments, in any later proceeding;
16. Require MAWC to ensure adherence to Commission Rule 4 CSR 240-13 with respect to Spokane Highlands customers;
17. Require MAWC to include the Spokane Highlands customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues;
18. Require MAWC to distribute to the Spokane Highlands customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service, consistent with the requirements of Commission Rule 4 CSR 240-13.040 (2) (A-L), within ten (10) days of closing on the assets;
19. Require MAWC to provide adequate training for the correct application of rates and rules to all customer service representatives prior to Spokane Highlands customers receiving their first bill from MAWC; and,
20. Require MAWC to provide to the Customer Experience Department Staff a sample of ten (10) billing statements from the first month's billing within thirty (30) days of such billing.

Staff will submit a further recommendation regarding any tariff sheets to be filed by MAWC in this matter.

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

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Spokane Highlands Water Company for)
MAWC to Acquire Certain Water Assets)
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Certain Other Related Transactions)

File No. WM-2018-0104

AFFIDAVIT OF SCOTT J. GLASGOW

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Scott J. Glasgow, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

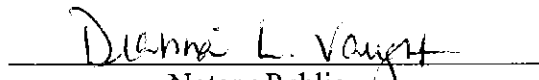
Further the Affiant sayeth not.



Scott J. Glasgow

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of January, 2018.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

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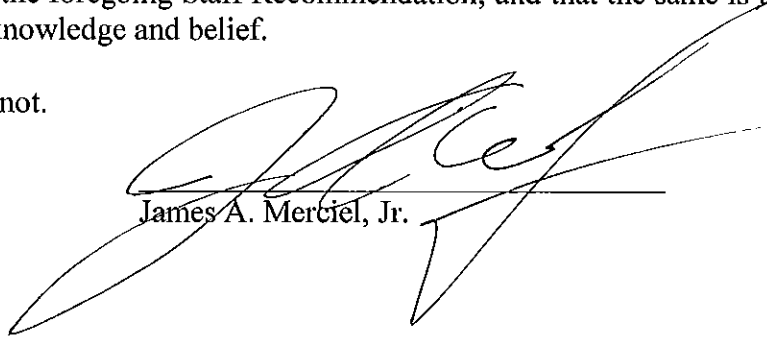
File No. WM-2018-0104

AFFIDAVIT OF JAMES A. MERCIEL, JR.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW James A. Merciel, Jr., and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


James A. Merciel, Jr.

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of January, 2018.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

