

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

In the Matter of the Joint Application of)
Hickory Hills Water & Sewer Co., Inc. and)
Missouri-American Water Company, for)
MAWC to Acquire Certain Water and)
Sewer Assets of Hickory Hills and, in)
Connection Therewith, Issue Indebtedness)
and Encumber Assets.)

File No. WA-2016-0019

**THE OFFICE OF THE PUBLIC COUNSEL’S RESPONSE TO STAFF
RECOMMENDATION AND REQUEST FOR LOCAL PUBLIC HEARING**

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

1. On July 28, 2015, a Joint Application was filed with the Missouri Public Service Commission (Commission) by Hickory Hills Water & Sewer Company, Inc.¹ (Hickory Hills) and Missouri-American Water Company (MAWC) requesting authority for Hickory Hills to sell, and MAWC to acquire, the assets of Hickory Hills or, in the alternative, to grant MAWC new Certificates of Convenience and Necessity (CCNs) to provide water and sewer service in the areas now served by Hickory Hills. The Joint Application also requested authority for MAWC to enter into, execute and perform in accordance with the terms described in the Asset Purchase Agreement attached to the Joint Application as Appendix A-HC, and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition.
2. On October 2, 2015, the Staff of the Missouri Public Service Commission (Staff) filed its Recommendation stating that Staff had determined that the proposed transaction will not be

¹ Through the court-appointed receiver of Hickory Hills, Mr. Gary Cover.

detrimental to the public, and recommending that the Joint Application be granted with certain conditions, all as set out in detail in the Memorandum attached to Staff's Recommendation.

3. Public Counsel now states that it does not oppose the transfer of Hickory Hills to MAWC.

4. Given that Public Counsel does not oppose the transfer, Public Counsel believes it is just and reasonable for the Commission to transfer the CCNs now held by Hickory Hills to MAWC, effective upon MAWC and Hickory Hills completing closing on the assets, and for MAWC to adopt the existing Hickory Hills water tariff, and sewer tariff, including existing rates, rules and service area, by filing tariff adopting notice sheets, as 30-day filings, within ten (10) days after closing on the assets; and further, that MAWC be authorized to operate under the Hickory Hills tariffs on an interim basis until the adoption notice tariff sheets become effective.

5. Public Counsel agrees that it is just and reasonable that the net book value as of August 31, 2015 be used to determine Hickory Hills' rate base in this case.² Public Counsel also agrees that the net book value of Hickory Hills' assets as of August 31, 2015 was approximately \$8,902, all of which is attributed to the water system.³

6. However, Public Counsel does not necessarily agree with all of the statements in Staff's attached Memorandum. For example, Public Counsel has concerns with Staff's recommendation that the Commission authorize MAWC to book a regulatory asset, split equally between water and sewer, associated with amounts paid related to for Hickory Hills' receivership fees and loan payoff.⁴ Public Counsel reserves the right to take this, and many other issues addressed by Staff's Memorandum, up at the next MAWC rate case involving the current customers of Hickory Hills.

² Memorandum attached to Staff's Recommendation, page 4.

³ Id.

⁴ Id., pages 4 and 7.

7. Also, Public Counsel is concerned that customers of Hickory Hills have not been properly notified of the pending transfer.

8. Public Counsel believes that affording customers the opportunity to speak to the Commission at a hearing is a critical part of the Commission's process to ensure that a proposed transfer of assets is just and reasonable.

9. Public Counsel believes that customers should have the opportunity to voice their concerns, if any, to the Commission regarding the proposed transfer. Additionally, customers should have the opportunity to meet the potential owner of their water and sewer system and ask questions regarding future plans for their utility.

10. As a result, Public Counsel requests that the Commission schedule a local public hearing regarding the Joint Application. Public Counsel does not object to the Commission scheduling the hearing promptly, as long as customers are given sufficient notice.

WHEREFORE, Public Counsel respectfully submits its response.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____

Christina L. Baker (#58303)
Deputy Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 FAX
christina.baker@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the parties of record this 9th day of October 2015:

Missouri Public Service Commission
Kevin Thompson
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
Kevin.Thompson@psc.mo.gov

Missouri Public Service Commission
Office General Counsel
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Hickory Hills Water & Sewer Company, Inc.
Gary V Cover
137 West Franklin
PO Box 506
Clinton, MO 64735
gary@coverhiltonlaw.com

Missouri Department of Natural Resources
Timothy A Blackwell
P.O. Box 899
Jefferson City, MO 65102
tim.blackwell@ago.mo.gov

Missouri-American Water Company
Dean L Cooper
312 East Capitol
P.O. Box 456
Jefferson City, MO 65102
dcooper@brydonlaw.com

Missouri-American Water Company
Timothy W Luft
727 Craig Road
St. Louis, MO 63141
Timothy.Luft@amwater.com

/s/ **Christina L. Baker**
