

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

In the Matter of Missouri-American)	
Water Company's Application for a)	
Certificate of Convenience and Necessity)	
Authorizing It to Install, Own, Acquire,)	Case No. WA-2008-0125
Construct, Operate, Control, Manage,)	
and Maintain a Water System in)	
Jefferson County, Missouri.)	

STAFF RECOMMENDATION
AND MOTION FOR EXPEDITED TREATMENT

COMES NOW the Staff of the Missouri Public Service Commission and, for its Recommendation, states to the Missouri Public Service Commission as follows.

1. On December 13, 2007, the Commission issued its Order Granting Certificate of Convenience and Necessity, authorizing Missouri-American Water Company to acquire and maintain the Paradise Valley water system in Jefferson County, Missouri. In the said Order, the Commission also ordered Missouri-American to submit new tariff sheets for its St. Louis County water tariff, to include a map of the revised service area, a written description of the revised service area, and the surcharge and distribution system extension charge.

2. On May 14, 2008, Missouri-American submitted new tariff sheets, including the map of the revised service area and a written description of the revised service area. Missouri-American did not, however, submit tariff sheets regarding the surcharge and distribution system extension charge, for reasons discussed below.

3. Missouri-American has informed the Staff that the surcharge and distribution system extension charge are not necessary, because the Paradise Valley residents have secured other funds to pay for all of the costs required to connect Paradise Valley customers to Missouri-

American's existing system. Therefore, Missouri-American did not file such tariff sheets, and will not assess either of these charges to current or future Paradise Valley customers.

4. Attached hereto as Attachment A is the Staff Memorandum regarding Missouri-American's tariff sheet filing. The Staff recommends that the Commission approve the two tariff sheets that Missouri-American has filed, on an expedited basis.

WHEREFORE, the Staff submits its Recommendation and Motion for Expedited Treatment, and requests that the Commission approve Missouri-American's Tariff Sheets PSC MO No. 6 Original Sheet No. CA 1.3 and PSC MO No. 6 Original Sheet No. CA 1.3a, on an expedited basis.

Respectfully submitted,

/s/ Keith R. Krueger

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

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Missouri Public Service Commission
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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 e-mailed to all counsel of record this 16th day of May 2008.

/s/ Keith R. Krueger

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WA-2008-0125 File No. YW-2008-0674
Missouri-American Water Company (Paradise Valley)

FROM: James Merciel – Project Coordinator
Water & Sewer Department

/s/ James Busch. 5/15/08
Water and Sewer Department Date

/s/ Keith R. Krueger 5/15/08
General Counsel's Office Date

SUBJECT: Recommendation Regarding Tariff Filing

DATE: May 15, 2008

BACKGROUND

On December 13, 2007, the Commission issued its ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY (Order) on Missouri-American Water Company's (MAWC's or Company's) Application seeking an expansion of its Certificate of Convenience and Necessity ("certificate") of its St. Louis County service area, to provide service to an area in Jefferson County, known as Paradise Valley subdivision. The Order became effective on December 23, 2007.

Among other things, the Order required MAWC to file revised tariff sheets for its St. Louis County service area tariff. To comply with the Order, on May 14, 2008, MAWC submitted water tariff sheets that include the map and written metes and bounds description of the Paradise Valley area, to be included in its existing tariff. These water tariff sheets bear an effective date of June 15, 2008.

THE STAFF'S REVIEW

The Staff has reviewed these proposed water tariff sheets, finds them to accurately depict the service area addition as contemplated in the case, believes that they comply with the Commission's Order, and should be approved to become effective.

As was noted in the case, MAWC is acquiring the existing Paradise Valley water distribution system which is owned by the homeowners, and will abandon the existing inadequate well and storage tank after connecting the system to MAWC's existing St. Louis County water system. Prior to filing these proposed tariff sheets, MAWC informed the Staff that related construction is

nearing completion, and closing on the sale of the Paradise Valley existing assets could take place as early as May 20. Considering this time frame, and given that the residents in Paradise Valley presently have an inadequate water supply as was noted in the case, the Staff recommends that these proposed tariff sheets be approved on an expedited basis so that MAWC may begin providing service to the customers as soon as construction and closing can be completed.

OTHER MATTERS

The Commission previously approved a requirement that all Paradise Valley customers pay, in addition to existing quarterly rates in MAWC's St. Louis County service area tariff, a \$15 per month surcharge. The Commission also approved a requirement that all future customers that connect to the Paradise Valley distribution system pay a one-time \$1,550 distribution system extension charge. Both of these charges were intended to be used to offset capital costs MAWC incurs to extend distribution water mains and to construct a booster station, which are necessary to connect Paradise Valley customers to the MAWC system. However, MAWC has since informed the Staff that both of these charges are no longer necessary, because the Paradise Valley residents have secured other funds to pay for all of their share of the costs required to connect Paradise Valley customers to the MAWC system. Therefore, MAWC does not intend to file tariff sheets that would include these previously approved charges, and will not assess either of these charges to current or future Paradise Valley customers.

The Company has no delinquencies with regard to filing its annual reports and paying annual assessments. Jim Merciel conducted a review of the Commission's Administration Division's annual assessments records covering fiscal year 2000 through fiscal year 2008, and a review of the Commission's Electronic Filing and Information System (EFIS) annual report records covering calendar years 2002 through 2008.

The Company does not have any compliance-related issues involving the Missouri Department of Natural Resources. Also, the Company is presently in good standing with the Missouri Secretary of State.

MAWC has several other matters pending before the Commission. Case No. WC-2008-0160 is a formal complaint filed by the Staff pertaining to information to be made public in the Company's annual reports; this case is presently scheduled for hearing. In Case No. WO-2008-0167, the Jefferson City Task Force is studying planning needs for the Company's Jefferson City water system; this case is in negotiations between the parties. Case No. WO-2008-0301 pertains to approval of an extension agreement with a subdivision developer, referred to as the MLM Agreement. Case Nos. WR-2008-0311 and SR-2008-0312 are pending general rate increase cases. Approval of these proposed tariff sheets for Paradise Valley will have no impact upon any of these cases, and none of the cases have any impact upon the Paradise Valley tariff filing.

STAFF'S RECOMMENDATIONS

1. The Staff recommends approval of the following tariff sheets, included in Tracking File No. YW-2008-0674:

PSC MO No. 6 Original Sheet No. CA 1.3 (description)

PSC MO No. 6 Original Sheet No. CA 1.3a (map)

2. Furthermore, the Staff recommends that these tariff sheets be approved on an expedited basis, in order to allow MAWC to provide service as soon as possible to customers who are now served by an inadequate water system.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES A. MERCIEL, JR.

STATE OF MISSOURI

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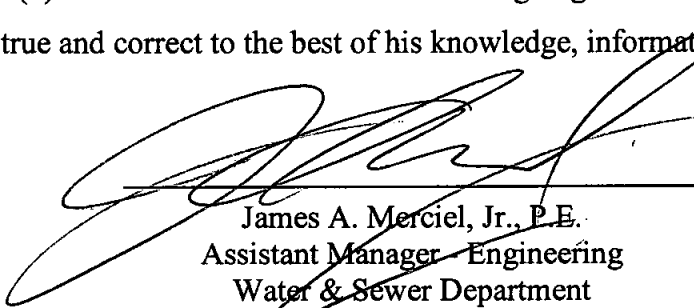
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Case No. WA-2008-0125

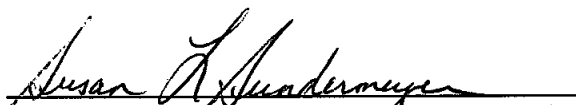
COUNTY OF CALLAWAY

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James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Recommendation Regarding Tariff Filing*; (3) that he has knowledge of the matters set forth in the foregoing *Recommendation Regarding Tariff Filing*; and (4) that the matters set forth in the foregoing *Recommendation Regarding Tariff Filing* are true and correct to the best of his knowledge, information and belief.


James A. Merciel, Jr., P.E.
Assistant Manager – Engineering
Water & Sewer Department
Utility Operations Division

Subscribed and sworn to before me this 16th day of May 2008.


Notary Public



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086