

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

In the Matter of the Application of Holtgrewe Farms)
Water Company, LLC, for a Certificate of Convenience)
and Necessity Authorizing it to Construct, Install, Own,) **Case No. WA-2010-0281**
Operate, Control, Manage, and Maintain a Water)
System for the Public, Located in an Unincorporated)
Area of Franklin County, Missouri.)

In the Matter of the Application of Holtgrewe Farms)
Sewer Company, LLC, for a Certificate of Convenience)
and Necessity Authorizing it to Construct, Install, Own,) **Case No. SA-2010-0282**
Operate, Control, Manage, and Maintain a Sewer)
System for the Public, Located in an Unincorporated)
Area of Franklin County, Missouri.)

SUPPLEMENTAL STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for the reasons stated herein supplements its recommendation in this matter to include an additional condition requiring Holtgrewe Farms Water Company, LLC and Holtgrewe Farms Sewer Company, LLC (collectively referred to hereinafter as “Holtgrewe Farms”) to submit to the Missouri Public Service Commission (“the Commission”) within ninety (90) days a request for financing authority. In support of this Supplemental Staff Recommendation, Staff states as follows:

1. On April 8, 2010, Holtgrewe Farms filed two applications with the Commission, seeking authority to own, operate, maintain, control and manage a water and sewer system in Franklin County, Missouri. These matters have been designated by the Commission as Case No. WA-2010-0281 and Case No. SA-2010-0282, respectively.

2. On August 13, 2010, Staff submitted to the Commission a Staff Recommendation, requesting that the Commission issue an order granting Holtgrewe Farms Certificates of Convenience and Necessity (“CCNs”), subject to the six (6) conditions contained therein.

3. On September 1, 2010, these matters were discussed by the Commission during its open Agenda meeting. Much of this discussion focused upon the Commission’s concerns related to future system viability, company succession planning, customer disclosure concerns, and potential future capitalization requirements.

4. Based upon the Agenda discussion involving capitalization, Staff subsequently reviewed the documentation submitted by Holtgrewe Farms in the context of these cases and is of the opinion that Holtgrewe Farms should be required to obtain authority from the Commission to enter into debt obligations in the manner proposed by the applicants.

5. Specifically, Section 393.190.1, RSMo (2000) requires water and/or sewer corporations to obtain Commission approval prior to encumbering any part of their systems. Section 393.200.1, RSMo (2000) requires water and/or sewer corporations to obtain Commission approval to issue promissory notes used to secure long-term debt financing necessary for the provision of service.

6. Because Staff believes that these statutory provisions may apply to the financing secured by Holtgrewe Farms in conjunction with the development of the subdivision and/or utility systems, Staff recommends that should the Commission grant to the Company the requested CCNs the Commission add the following condition to those contained in the Staff Recommendation filed on August 13, 2010:

- a. Within ninety (90) days of the effective date of a Commission order granting Holtgrewe Farms Certificates of Convenience and Necessity,

Holtgrewe Farms shall file with the Commission a request to obtain from the Commission any and all financing authority required by statute, including that required by Sections 393.190 and 393.200, RSMo (2000).

WHEREFORE, Staff submits this supplemental recommendation for the Commission's consideration and requests that should the Commission grant to the Company the requested CCNs the Commission add the above condition to those contained in the Staff Recommendation filed on August 13, 2010.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472 (Telephone)
(573) 751-9285 (Fax)
eric.dearmont@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 3rd day of September, 2010.

/s/ Eric Dearmont