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)	File No. WM-2018-0104
Of Spokane Highlands and, in)	
Connection Therewith,)	
Certain Other Related Transactions.)	

RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM (CORRECTED)¹

COMES NOW Missouri-American Water Company (MAWC or Company)), and, in response to the *Staff Recommendation* and an associated Memorandum, states as follows to the Missouri Public Service Commission's (Commission):

- 1. On October 24, 2017, MAWC filed an *Application and Motion for Waiver* seeking approval for Spokane Highlands to sell, and 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. MAWC later filed a *Motion for Leave to Amend Application* on December 20, 2017. That Motion was granted by the Commission's *Order Granting Motion to Amend Application* issued on January 5, 2018.
- 2. On January 22, 2017, the Staff of the Commission (Staff) filed a Staff Recommendation and an associated Memorandum, wherein it recommended approval of the Application with conditions described both in the Staff Recommendation (para. 6.a. t., p. 2-5) and in the Memorandum (recommendations 1-20, p. 7-8)
- 3. MAWC has no objection to Staff Recommendation conditions 6.a. 1. and 6.o. t. (recommendations 1-12 and 15-20).

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¹ MAWC earlier this date filed a similar document that contained typographical errors and did not referenced the amended application. This version is filed to correct those issues.

4. MAWC does object to Staff Recommendation conditions 6.m. and 6.n., which

state as follows:

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;

5. Spokane Highlands is a 49 customer water system that, if purchased, is to be

served pursuant to the existing rules and found within MAWC's PSC Mo. No. 13 tariff, utilizing

the District #3 rates. MAWC currently has more than 450,000 customers. It is not a good use of

resources to implement special accounting and time keeping practices for these 49 customers

(approximately .01% of MAWC's customer base) and approximately \$17,000 in annual

revenues.

WHEREFORE, MAWC respectfully requests that the Commission consider this

Response to Staff Recommendation and Memorandum (Corrected), and, thereafter, issue such

orders as it shall find to be reasonable and just.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, or U.S. Mail, postage prepaid, on January 30, 2018, to the following:

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