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July 3, 2000

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P. O. Box 360
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FILED

JUL 3 2000

**Missouri Public
Service Commission**

RE: WR-2000-281, et al. (Consolidated)

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **JOINT RECOMMENDATION AS TO RATES FOR SEWER SERVICE, DEPRECIATION STUDY, PROVISION OF BILLING INFORMATION, CONVERSION TO MONTHLY BILLING, AND PENSIONS AND OPEBS.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Keith R. Krueger
Deputy General Counsel
(573) 751-4140
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

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

FILED

JUL 3 2000

**Missouri Public
Service Commission**

In the Matter of Missouri-American)
Water Company's Tariff Sheets Designed)
to Implement General Rate Increases for)
Water and Sewer Service provided to)
Customers in the Missouri Service Area)
of the Company.)

Case No. WR-2000-281, et al.
(Consolidated)

**JOINT RECOMMENDATION
AS TO RATES FOR SEWER SERVICE,
DEPRECIATION STUDY, PROVISION OF BILLING INFORMATION,
CONVERSION TO MONTHLY BILLING,
AND PENSIONS AND OPEBS**

COME NOW Missouri-American Water Company ("Company"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), the City of Warrensburg, Missouri, the City of O'Fallon, Missouri, the City of Weldon Spring, Missouri, the City of St. Peters, Missouri, St. Charles County, Missouri, Hawker Energy Products, Harmon Industries, Inc., Stahl Specialty Company, Swisher Mower and Machine Company, Inc., and Central Missouri State University (the foregoing ten entities collectively known as "Municipal and Industrial Intervenors"), the City of Joplin, Missouri ("Joplin"), and Public Water Supply District No. 2 of St. Charles County, Missouri, ("St. Charles County Water District"), and for their Joint Recommendation as to Rates for Sewer Service, Depreciation Study, Provision of Billing Information, Conversion to Monthly Billing, and Pensions and OPEBS, state to the Missouri Public Service Commission ("Commission") as follows:

On October 15, 1999, the Company submitted to the Commission proposed tariffs reflecting increased rates for water and sewer service provided to customers in the Missouri service areas of MAWC. The proposed tariffs contained a requested effective date of November

15, 1999. Among other things, the tariffs were designed to produce an annual increase of approximately five percent (5%) or \$2,363.00 in the Company's sewer revenues, exclusive of applicable taxes. The sewer tariffs were assigned Case No. SR-2000-282.

On October 28, 1999, the Commission, among other things, suspended the proposed tariffs for a period of 120 days plus an additional six months beyond the proposed effective date and consolidated the two rate cases, and provided for notice to be given.

A prehearing conference was held on April 17-20, 2000. MAWC, the Staff, OPC and several intervenors appeared and participated at the prehearing conference. As a result of the prehearing conference and subsequent negotiations, the undersigned parties have agreed to jointly make the following recommendations to the Commission regarding rates for sewer service, conduct of a depreciation study by the Company, provision of billing information by the Company, conversion to monthly billing in the St. Joseph District of the Company, and pension and other post-employment employee benefits.

Sewer Rates

1. Company and Staff agree to recommend that MAWC shall be authorized to file tariff sheets containing rate schedules for sewer service designed to produce an increase in overall Missouri jurisdictional gross annual sewer revenues of Two Thousand Three Hundred Sixty-Three Dollars (\$2,363.00), exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes, upon the effective date of the order in this case. OPC does not join in this recommendation, but does not oppose it.

Company to Conduct Depreciation Study

2. Company agrees to perform a depreciation study prior to the filing of its next rate case. The Company agrees to supply the Staff with the actuarial retirement histories in the Gannett-Fleming format and provide cost of removal and gross salvage data for, at a minimum, the most recent 15 years.

Collection and Provision of Billing Information

3. In consideration of the settlement of the weather normalization issue and the dollar amounts connected with weather normalization in the above numbered cases, the Company and Staff agree to accumulate more detailed histories of billing cycle information than have been provided historically. At a minimum, the additional information shall include billing cycle meter read dates, customer rerouting information and significant billing adjustments for the Company's rate classes and sales districts in the State of Missouri.

a. Volumes And Meters by Billing Month, Rate Class and Sales District. The parties understand that the Company will continue to accumulate billing volumes and meter counts by billing month, rate class and sales district as it has historically. The parties also understand that the Company will continue to make the most recent ten (10) calendar years of this information available to the Staff and the OPC when the Company files a rate case in Missouri.

b. Water Meter Reading Dates. The purpose of this provision of the agreement is to prevent significant differences in the lengths of billing cycle years from skewing the results of weather normalization calculations. Accordingly, the Company and Staff jointly agree to accumulate scheduled water meter read dates by billing cycle, billing month, rate class (where applicable) and service area, for use in weather normalization when rate cases are filed. The scheduled meter read dates shall be accumulated for the 12 billing months in the year ending in December of 2000, and for all billing months thereafter. The Company also agrees to assist the Staff in a reasonable effort to gather meter reading schedules for previous years. When schedules of billing cycle read dates for the Company's Missouri sales districts shall have been established or modified, the Company agrees to forward them to the Manager-Water and Sewer Department of the Staff and to the OPC. The Staff agrees to archive the schedules until they are needed for weather normalization in a Company rate case.

When the Company files a rate case, the Company also agrees to notify the Staff and the OPC of those instances when events such as inclement weather force the estimation of significant numbers of bills, or alternatively, when actual meter read dates differ significantly from the scheduled ones. However, the Company, the Staff and the OPC recognize that the billing volumes affected by such events are difficult to estimate, and therefore jointly agree to accept the use of reasonable approximations where necessary.

Finally, when the Company files a rate case, the Company agrees to provide to Staff and OPC billing cycle volumes and reading dates for those individual Commercial customers whose usage does affect weather normalization calculations. The Staff and OPC shall take reasonable precautions to preserve the confidentiality of these records.

c. Customer Rerouting. The purpose of this provision of the agreement is also to prevent significant differences in the lengths of billing cycle years from skewing the results of weather normalization calculations. Accordingly, the Company and Staff agree to accumulate meter reading date information relating to the rerouting of significantly large groups of customers from one billing cycle to another. The Company and Staff also agree to accumulate meter reading date information relating to the transition of significantly large groups of customers from quarterly to monthly billing. However, the Company and Staff recognize that such records are difficult to tabulate, and jointly agree to accept the use of reasonable approximations where necessary.

d. Billing Adjustments. The purpose of this provision of the agreement is to prevent large billing errors from skewing the results of weather normalization calculations, rather than to demand detailed accounts of minor billing errors that would have no significant effect. Accordingly, the Company and Staff jointly agree to accumulate billing month totals of volumes that were applied to bills in each billing month as adjustments for significant errors that occurred

in previous billing months. The Company and Staff recognize that such records are difficult to tabulate, and jointly agree to accept the use of reasonable approximations where necessary.

Change to Monthly Billing in St. Joseph District

4. Company, Staff and OPC recommend that the Commission order the Company to change from quarterly meter reading and billing to monthly meter reading and billing in the St. Joseph District.

Pension and Other Post-Retirement Employee Benefits

5. The Company agrees to make adjustments in the determination of revenue requirement, in future cases, for pension and other post-retirement employee benefits expenses, which amortize unrecognized gains and losses, using the method proposed by the Staff in this case. Company will be permitted to raise concerns regarding changed circumstances that it feels may affect these calculations.


Miscellaneous

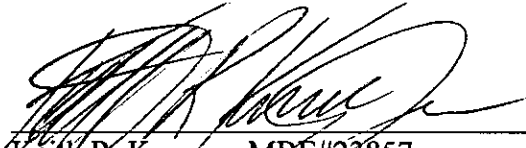
6. None of the parties to this Joint Recommendation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, any method of cost determination or cost allocation, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Joint Recommendation in this or any other proceeding, except as otherwise expressly specified herein.

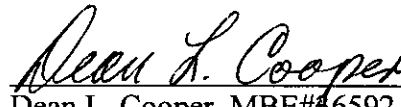
WHEREFORE, the undersigned parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions set forth in this Joint Recommendation, and that it order the parties to perform the terms hereof.

Respectfully submitted,

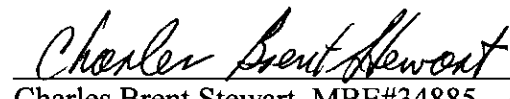
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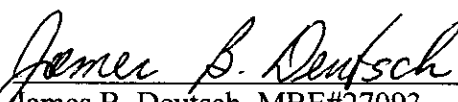

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Specialty Company, Swisher Mower and
Machine Company, Inc., and Central
Missouri State University

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 3rd day of July 2000.

A handwritten signature in black ink, appearing to read "Leland B. Curtis", is written over a horizontal line.

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