

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

In the Matter of Missouri-American Water)
Company’s Request for Authority to Implement)
a General Rate Increase for Water and Sewer) File No. WR-2015-0301
Service Provided in Missouri Service Areas)

INTERVENOR CITY OF RIVERSIDE’S REPLY BRIEF

COMES NOW Intervenor City of Riverside, Missouri (“City”), by and through undersigned counsel, and for its Reply Brief states as follows:

CONSOLIDATED TARIFF PRICING

The City remains in favor of further Consolidation and believes the hybrid Consolidated Tariff Pricing for all districts except Joplin and St. Joseph (MAWC Exh. 51R1) is the best option and would be the most just and reasonable, given the testimony and record of this case.

The arguments and proposal of the Office of Public Counsel puts off for another day the key policy issues facing the Missouri Public Service Commission (the “Commission”). The Commission, given the record in this case, has ample lawful authority to order further Consolidation. All parties agree to at least some level of Consolidation, the disagreement as to the extent of that consolidation becomes more personal for those parties who intervened. Clearly the Missouri Industrial Energy Consumers are obligated to save every penny they can for the businesses they represent. The City, while disagreeing, understands the basis for the cities of St. Joseph and Joplin position against further consolidation, and that is why it believes MAWC Exh. 51R1 is the best compromise for the Commission to adopt. While Warrensburg would experience % increase that some might believe is large, the actual rate paid by the ratepayer in

the Warrensburg District would still be significantly less than the current rates of the Platte County Water District (“PCWD”) ratepayer.

The City does take offense at accusations that it is being overly parochial, or selfish. The City has a long track record of executing a public policy in the best interests of their region and the State of Missouri. They have offered equipment and volunteered personnel to other communities in need. They lost one of their Public Safety Officers providing aid to the City of Joplin after the tornado. TR. 344:2-4. Their position in this case is consistent with the way they conduct public policy in their City. Because the PCWD took a different position in 2000 should bear little if any weight in deciding this case. The City has supported Consolidation in cases subsequent to the 2000 case.

The rates of the individual ratepayer in the PCWD are significantly higher both in % increase and actual dollars than almost every other district that has not been consolidated with another. The rates of PCWD should shock the conscience of the other parties and the Commission.

WATER QUALITY ISSUES

While the City is in agreement with the Missouri American Water Company (“MAWC”) on the issue of Rate Consolidation, it is deeply troubled by the lack of relief provided to those customers whose homes have been damaged and rendered unmarketable as a result of the less than adequate water quality as was partially described by Ms. Norton, Tr, pgs. 121-122. Ms. Norton agrees that damage has been suffered by a number of customers from faucets to multiple appliances. Tr. 122:16-23. She testified that the problem goes back to 2008. Tr. 123:11-15. In other words MAWC has concealed this problem through at least two rate cases. What is deeply

troubling is potential evidence that MAWC willfully concealed this information as a result of an Agreement customers who sought relief were asked to sign. Riverside Exhibit 3.

It is equally troubling that the President of the Company testified she was unaware of the Agreement that customers were being asked to sign and that she was unaware that customers would view it as a gag order.

That is why the Commission must provide relief to these customers in any Order it issues in regard to any requested revenue by MAWC.

In response to the question being asked if MAWC was compensating their customers who have suffered damages, and who are continuing to suffer damages (*see City of Riverside Public Hearing Transcript*), Ms. Norton did testify that MAWC was working on establishing a “... protocol for assessing each of those damages....”

Unfortunately, “working on” it doesn’t work for the families who are suffering financial damages at the hands of the MAWC. The MAWC has been working on the problem apparently since 2008, and has offered no process for submission of damages to MAWC, nor have they agreed to compensate anyone yet.

In the City’s Initial Brief the City urged the MAWC to take action in good faith to address these issues. Asking customers to sign Agreements the customers view as gag orders does not support the premise that a good faith investigation has been conducted, nor an honest assessment of damages caused by the actions of MAWC has taken place.

However, the City is optimistic that the new President will see this situation as an opportunity for her to establish a new standard for MAWC’s treatment of customers in the PCWD that they have not seen to date.

Therefore, the City urges the Commission to order MAWC to agree to

- Enter into arbitration proceedings pursuant to §386.280 RSMo; or
- Establish a new docket for each and every customer who has suffered damages as a result of this problem caused by MAWC so that the customers can bring evidence of their damages before the Commission and the Commission can award adequate compensation to the customers; or
- Reduce rates to the tariff of 2008 when this problem was first reported to MAWC until all customers who have suffered damages are compensated and the quality of the water is restored.

The City's concern is that if the Commission does not order relief or process to obtain relief, the customers' damages will continue to increase and they will incur unnecessary expenses as a result of the actions or inactions of MAWC.

CONCLUSION

WHEREFORE, the Commission should adopt the Consolidation proposal reflected in MAWC's Hearing Exhibit 51R1 and adopt a rate design plan that is in the public interest and protects the residential users across the state. The Commission should further order MAWC to agree to

- enter into arbitration proceedings pursuant to §386.280 RSMo; or
- establish a new docket for each and every customer who has suffered damages as a result of this problem caused by MAWC so that the customers can bring evidence of their damages before the Commission and the Commission can award adequate compensation to the customers; or

- Reduce rates to the tariff of 2008 when this problem was first reported to MAWC until all customers who have suffered damages are compensated and the quality of the water is restored.

The issues related to the quality of the water produced by MAWC's water distribution system should be a factor in determining the final tariff rates of the PCWD.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that true copies of the foregoing Intervenor City of Riverside's Reply Brief was sent by e-mail this 22nd day of April, 2016, to the parties of record as set out in the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Joseph P. Bednar, Jr.
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