

In the Matter of the Application of)
Missouri-American Water Company for) File No. _____
an Accounting Authority Order related to)
the Tornado in Joplin, Missouri)

Comes now Missouri-American Water Company (MAWC or Company) and, for its application for an accounting authority order (AAO), respectfully states as follows to the Missouri Public Service Commission (Commission):

1. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC's certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles, Warren, Jefferson, Pettis, Benton, Barry, Stone, Greene, Taney, Christian and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 453,000 customers. MAWC provides sewer service to approximately 3,000 customers in Pettis, Callaway, Benton, Morgan, Jefferson, Platte, and Warren Counties, Missouri.

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reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

3. Communications in regard to this Application should be addressed to:

Denny Williams
Missouri-American Water Company
727 Craig Road
St. Louis, MO 63141
(314) 996-2345
(314) 997-2250 (facsimile)
denny.williams@amwater.com

EXTRAORDINARY EVENT

4. Prior to May 22, 2011, MAWC provided water service to approximately 24,000 customers in and around the City of Joplin, Missouri. On May 22, 2011, the deadliest single tornado in more than half a century hit Joplin. One hundred sixty-one (161) people were killed and hundreds more injured. The tornado destroyed thousands of buildings. A map showing the path of the tornado (the “affected area”) is attached hereto as **Appendix 1**.

5. The storm impacted MAWC’s facilities and services in several ways. First, its physical facilities were damaged. A service center structure was destroyed, there was physical damage to facilities at the Company’s water treatment plant, damage to vehicles, and infrastructure damage throughout the system. This property damage totaled approximately \$4.4 million.

6. The Company further incurred additional costs such as overtime, lodging, meals, equipment, materials and supplies related to this event. In response to the storm, the Company assembled a rapid response team from across the state to respond to the severe damage sustained

by the Company and the community as a whole. Crews also concentrated on walking the damaged portions of the system, repairing and replacing the distribution system where possible and disconnecting supply where necessary. These additional costs totaled approximately \$480,000.

7. Finally, many customers had their homes or facilities substantially damaged or destroyed. The Company lost approximately 3,900 customers, with resultant loss in annual customer revenue of approximately \$1.9 M .

8. The Company took immediate steps to provide short term assistance to its customers in the affected area. The Company was flexible in regard to disconnect and reconnect fees, dedicated specific human resources to handle the incoming calls for information and assistance and used the last bill the customer received as the final bill, closing the account so the customer did not incur fixed charges or usage costs for water used after the last bill.

COMMISSION AUTHORITY

9. The Commission, pursuant to Section 393.140, RSMo, has promulgated Commission Rule 4 CSR 240-50.030, which prescribes the use of the Uniform System of Accounts (“USOA”) issued by the National Association of Regulatory Utility Commissioners. The USOA provides for the deferred treatment of extraordinary costs.

10. An application for an AAO contains a single factual issue -- whether the costs, which are asked to be deferred, are extraordinary in nature. *In the matter of the application of Missouri Public Service*, 1 Mo.P.S.C.3d 200, 203-204 (1991). “By seeking a Commission decision [regarding the issuance of an AAO] the utility would be removing the issue of whether the item is extraordinary from the next rate case. All other issues would still remain, including,

but not limited to, the prudence of any expenditures, the amount of recovery, if any, whether carrying costs should be recovered, and if there are any offsets to recovery.” *Id.*

11. The Commission has in the past issued AAO’s for costs “caused by unpredictable events, acts of government and other matters outside the control of the utility or the Commission.” *In the matter of St. Louis County Water Company’s Tariff Designed to Increase Rates*, MoPSC Case No. WR-96-263, p. 13 (December 31, 1996) (emphasis added). The Commission has further stated that it “has periodically granted AAOs and subsequent ratemaking treatment for various unusual occurrences such as flood-related costs, changes in accounting standards, and other matters which are unpredictable and cannot adequately or appropriately be addressed within normal budgeting parameters.” *Id.* at p. 14.

AAO

12. The above-described expenditures and losses are unusual, extraordinary and material. The Commission has previously granted AAOs for incremental expenses associated with extraordinary casualty losses such as fires, floods, ice and wind storm damage. The magnitude of the damage caused by the May 22, 2011, tornado and related severe weather is an extraordinary and unusual event.

13. As a consequence of the tornado that hit Joplin, Missouri on May 22, 2011, the Company requests a Commission order granting an AAO containing the following language:

- a) That Missouri-American Water Company (“MAWC”) is granted an Accounting Authority Order whereby the Company is authorized to record on its books a regulatory asset, which represents the actual incremental operation and maintenance expenses incurred as a direct result of the May 22, 2011 Joplin tornado, along with the usage loss associated with the loss of customers due to the tornado.
- b) That any insurance claim proceeds, if applicable, be used to offset the amount of the incremental expenses and/or loss of income.

c) That MAWC may maintain this regulatory asset on its books until the effective date of the Report and Order in MAWC's next general rate proceeding. Thereafter, MAWC shall commence amortization of the deferred amounts, with the amortization to be completed over a three-year period

MOTION FOR WAIVER

14. Commission Rule 4 CSR 240-4.020(2) states as follows:

Any regulated entity that intends to file a case likely to be a contested case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case. Such notice shall detail the type of case and issues likely to be before the commission.

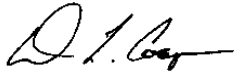
Commission Rule 4 CSR 240-4.020(2)(B) further states that a "party may request a waiver of this section for good cause."

15. It is unclear whether this case will be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2). However, in the event that the Commission nevertheless concludes that the filing of this Application is likely to be a contested case, MAWC requests a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

16. The timing of this request relates to the nature of the event that triggered this filing. The tornado of May 22, 2011 was extraordinary and unpredictable. This Application was filed after a reasonable assessment of the damage, the regulatory needs of the Company, and applications for insurance reimbursement. The Company has waited as long as possible to assess the ultimate impact. However, some unknowns still exist and it would serve no purpose to wait additional time before filing the application. Accordingly, to the extent that the Commission may find it to be applicable, MAWC requests a waiver from the provisions of Commission Rule 4 CSR 240-4.020(2) to allow for the filing of this Application.

WHEREFORE, MAWC respectfully requests that the Commission issue an Accounting Authority Order as described herein, and issue such further orders as the Commission should find reasonable and just.

Respectfully submitted,



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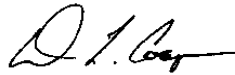
ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on December 23, 2011, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
gencounsel@psc.mo.gov

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



AFFIDAVIT


State of Missouri)
) ss
County of St. Louis)

I, Frank Kartmann, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of Missouri-American Water Company, that the matters and things stated in the foregoing Joint Application and appendices thereto are true and correct to the best of my information, knowledge and belief.



Subscribed and sworn before me this 22 day of December, 2011.

JULIE M. POLZIN
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires 6/11/2012
Commission # 08575308


Notary Public