

EXHIBIT NO.	KLR-1
ISSUE:	RATE DESIGN
WITNESS:	MAYOR KATHLEEN L. ROSE
TYPE OF EXHIBIT:	DIRECT TESTIMONY
SPONSORING PARTY:	CITY OF RIVERSIDE
CASE NUMBER:	WR-2017-0285
DATE PREPARED:	DECEMBER 13, 2017

**MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. WR-2017-0285**

**DIRECT TESTIMONY OF
MAYOR KATHLEEN L. ROSE**

**ON BEHALF OF
CITY OF RIVERSIDE**

DECEMBER 13, 2017

1 Missouri-American Water Company

2 WR-2017-0285

3 Rebuttal Testimony of Mayor Kathy Rose

4 **Q. PLEASE STATE YOUR NAME.**

5 A. My name is Kathy Rose.

6 **Q. ON WHOSE BEHALF ARE YOU APPEARING FOR THE PURPOSES OF THIS**
7 **DIRECT TESTIMONY?**

8 A. I am appearing on behalf of Intervenor City of Riverside (the “City”) for the purposes of
9 offering Direct Testimony filed in response to the Company’s request for Consolidated
10 Tariff Pricing (“CTP”) as well as their proposal to have separate residential and non-
11 residential water rates.¹ Being within the boundaries of the Platte County Water District
12 (“PCWD”), the City and its residents receive service directly from Missouri-American
13 Water Company (“MAWC”). The City is within the PCWD, and subject to the PCWD
14 tariff at issue in this case.

15 **Q. PLEASE DESCRIBE YOUR POSITION WITH THE CITY OF RIVERSIDE**
16 **MISSOURI.**

17 A. I am the Mayor of the City.

18 **Q. WHAT IS YOUR INTEREST IN THIS PARTICULAR CASE?**

19 A. As Mayor, I am testifying as a representative of the interests of the citizens of the City
20 and the other ratepayers within the PCWD, in order to protect our City’s and PCWD’s
21 citizens, especially those on fixed income from the continuation of increased cost of
22 drinking water.

¹ Direct Testimony Brian LaGrand, 17:17 thru 19:13; Direct Testimony James Jenkins, 38:9 thru 48:1

1 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A. Because the MAWC and others in testimony in this case and past cases have cast this
3 issue within the “policy” making realm, I am offering Direct Testimony to offer an
4 elected officials perspective as to appropriate rate design policy based upon the
5 widespread input I have received from residents of the City and the PCWD.
6 Since I was elected Mayor in April of 2006, the cost of water to the residential ratepayer
7 almost doubled in price in the PCWD. We continue to be concerned as to how the
8 MAWC calculates the average usage of a residential customer in the PCWD. My
9 testimony addresses two issues that are essential to the establishment of just and
10 reasonable rates, rate design and water quality.

11 **Q. WHY THE ISSUE OF RATE DESIGN?**

12 A. The policy decisions this Commission makes in regards to rate design has a significant
13 impact on how residential ratepayers are treated district to district, as well as the impact
14 on those citizens living on a fixed income. The resident ratepayers do not get to ask the
15 government to give them a 9% or 10% raise every year. The true residential ratepayer,
16 homeowner, apartment or duplex resident, is the only ratepayer who does not get to
17 recover their cost of water. It seems a just and reasonable design would take that into
18 consideration and establish a specific rate class for the true residential ratepayer who is
19 responsible for paying their individual water bill. In addition to the unjust and
20 unreasonable situation true residential ratepayers experience due to the current rate
21 design as to customer classes, it is aggravated by the rate design philosophy of “district

1 specific rate making”. It is unjust and unreasonable in this day and age for a resident to
2 pay a different amount for her water just because she lives in a particular area.

3 While some cities desire to return to “district specific rate making”, such a position seems
4 to be based upon the fact that significant capital expenses were assessed against those
5 cities and they did not get the benefit of consolidated rate making. I would suggest that
6 the cost of those improvements have not been satisfied as of this time and the MAWC
7 could establish a rate design to hold these cities “harmless”.

8 **Q. HOW WOULD YOU ADDRESS THE ISSUE OF RATE DESIGN?**

9 **A.** I can only speak to policy, but it seems just and reasonable to create a customer class
10 solely for those residents living in a home, apartment or duplex as they are the only
11 residents without the ability to recapture their water costs. I would also eliminate district
12 specific rate making and have the same cost per gallon of water for every residential
13 customer in the MAWC service territory. The residential ratepayer can pay a just and
14 reasonable rate while the price for a gallon of water is consistent from one resident to the
15 next, without reference to the city in which they live.

16 **Q. WHY THE ISSUE OF WATER QUALITY?**

17 **A.** As I testified in the last case, the City believed that the quality of water supplied by
18 MAWC’s water distribution system as described by residents in their testimony at the
19 public hearing in Riverside in that case was less than desirable. It is hardly just and
20 reasonable to pay the rate the residents of PCWD pay, only to have their appliances
21 ruined by something the distribution system processes. It is my understanding that
22 MAWC has been aware of the issue for several years and still has not found a solution to

1 the problem or at least has not communicated to their customers the cause or solution to
2 the problem. In fact I believe the MAWC has not been forthcoming as to the true extent
3 of the problem and what they have done to correct the problem.

4 **Q. DOES THE CITY BELIEVE THAT MAWC SHOULD TAKE FURTHER**
5 **ACTION TO ADDRESS THE CITY'S WATER QUALITY CONCERNS?**

6 A. Yes, the City is very concerned about the water quality issues created by MAWC's water
7 distribution system, and is not satisfied with MAWC's previous responses to this issue.
8 The City believes that MAWC should take every reasonable action to investigate the
9 cause of the quality issue, including proactively surveying their customers to determine
10 how widespread the problem is in the water distribution system. At a minimum, MAWC
11 must take action in good faith in order to address these issues. Further, MAWC should
12 hold a town hall meeting and issue written communication to every ratepayer advising
13 the ratepayer the extent of the problem and available relief.

14 **Q. BASED ON THE FOREGOING, WHAT RELIEF ARE YOU REQUESTING IN**
15 **RELATION TO THESE ISSUES?**

16 A. The Commission should adopt an alternative rate design plan that is in the public interest
17 and protects the residential users across the state. A rate design proposal should be
18 adopted that would reduce volatility and better protect the residential user from unjust
19 and unreasonable rate increases they have received in the last decade and a half. We
20 would urge the Commissioners to adopt any alternative that would protect the residential
21 users of the state who suffer the most from the unreasonableness of perpetuating the myth
22 of district specific rate-making and serving the commercial and industrial interests of the

1 State without an adequate alignment with the residential ratepayer's interest. We would
2 also request the Commission order a thorough investigation into the water quality issues
3 certain residential customers are experiencing in the PCWD and that the issues as to the
4 quality of the water produced by MAWC's water distribution system should be a factor in
5 determining the final tariff rates.

6 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

7 A. Yes.

**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 Service Provided)
in Missouri Service Areas)

Case No. WR-2017-0285

Affidavit of Mayor Kathy Rose

State of Missouri)
County of PLATTE) ss.

Kathy Rose, being first duly sworn, on her oath states:

1. My name is Kathy Rose. I am Mayor of the City of Riverside, Missouri.
2. The above Direct Testimony in question and answer form was prepared by me, or a my direction.
3. I hereby swear and affirm that the aforesaid written direct testimony is true and accurate to the best of my present knowledge, information and belief.

Kathy Rose
Kathy Rose

Subscribed and sworn to before me on this 13th day of December, 2017.

Robin L. Kincaid
Notary Public

My Commission Expires: March 8, 2019



ROBIN L. KINCAID
My Commission Expires
March 8, 2019
Clinton County
Commission #15390631