

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

In the Matter of Missouri-American )  
Water Company's request for a variance )  
from certain requirements set forth in 4 ) Case No. \_\_\_\_\_  
CSR 240-2.050 )  
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**APPLICATION**

**COMES NOW** Missouri-American Water Company (MAWC) pursuant to 4 CSR 240-2.060 and 4 CSR 240-13.065, and for its Application to the Missouri Public Service Commission (Commission) states as follows:

**BACKGROUND**

1. This Application is being filed by MAWC to obtain from the Commission a variance from certain requirements set forth in 4 CSR 240-13.050 (Commission rules on Discontinuance of Service.) MAWC proposes to modify the effective period of a notice of discontinuance from eleven (11) business days to twenty (20) business days for quarterly billed customers only.

2. MAWC is a Missouri corporation duly organized and existing under the laws of the State of Missouri with its principal office and place of business located at 727 Craig Road, St. Louis, MO 63141. A certified copy of MAWC's certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC is a "water corporation", "sewer corporation" and a "public utility" as those terms are defined in Section 386.020 RSMo. 2000, and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no pending action or final unsatisfied judgments or decisions against it from any

state or federal agency or court which involve customer service or rates having occurred within three years from the date of this Application. MAWC has no annual report or assessment fees that are currently overdue.

3. Communications respecting this Application should be addressed to the undersigned counsel and:

<p>Greg Weeks Interim Vice President - Operations Missouri-American Water Company 2650 E. 32<sup>nd</sup> Street, Suite 121 Joplin, MO 64804 (417) 623-3238</p>	<p>Frank Kartmann President Missouri-American Water Company 727 Craig Road St. Louis, Missouri 63141 (314) 996-2304</p>
<p>John Reichart Missouri-American Water Company 727 Craig Road St. Louis, Missouri 63141 (314) 996-2287</p>	<p>Denny Williams Senior Manager - Rate and Regulation Missouri-American Water Company 727 Craig Road St. Louis, Missouri 63141 (314) 996-2345</p>

**WAIVER**

4. MAWC requests permission for a waiver from subpart 3 of the Commission rules on Discontinuance of Service (4 CSR 240-13.050 subpart (3)) which reads in relevant part:

(3) On the date specified on the notice of discontinuance or within eleven (11) business days after that, and subject to the requirements of these rules, a utility may discontinue service to a residential customer between the hours of 8:00 a.m. and 4:00 p.m. Service shall not be discontinued on a day when utility personnel are not available to reconnect the customer's service, or on a day immediately preceding such a day. After the eleven (11) business day effective period of the notice, all notice procedures required by this rule shall again be followed before the utility may discontinue service.

Commission Rule 4 CSR 240-13.065.1, RSMo states that "a variance from all or parts of Chapter 13, . . . may be granted for good cause shown."

On October 30, 2009, MAWC filed with the Commission tariffs designed to implement a general rate increase, which tariff filing is the subject of Commission Case No. WR-2010-0131. Those tariff sheets included proposed consolidated rules and conditions for the provision of water service in all of MAWC's operating districts.

Among other things, those consolidated provisions provide that on the date specified on the notice of discontinuance or within twenty (20) business days for quarterly billed customers and eleven (11) business days for monthly billed customers after that and subject to the requirements of these rules, the Company may discontinue service to a residential Customer between the hours of 8:00 a.m. and 4:00 p.m. Service shall not be discontinued on a day when Company personnel are not available to reconnect the Customer's service or on a day immediately preceding such a day unless the Company is prepared to reconnect service on such day, subject to payment of the applicable standard charge as required. After the twenty (20) business day effective period of the notice for quarterly billed customers and eleven (11) business day effective period of notice for monthly billed customers, all notice procedures required by this rule shall again be followed before the Company will discontinue service. (See Attachment A)

MAWC hereby requests a variance from the provisions of 4 CSR 240-13.050(3) to allow the discontinuance of service process described above.

5. MAWC believes there is good cause for its requested variance. Presently, situations that necessitate authorized turnoffs/discontinuances do not occur at a level amount each day in the St. Louis County service area where nearly all customers are quarterly billed. Some days will have relatively few turnoffs while on other days as many as 2000 turnoff orders can be issued for the same day. The driving reason behind these variations is that MAWC's

billing and collections schedule corresponds to the meter reading schedule. In general, MAWC moves in a very precise path throughout the County in order to maximize efficiencies in the meter reading department. Since billing and collections are driven by elapsed days from the previous event in the entire cycle, as MAWC meter readers enter areas that are more prone to bills delinquencies, MAWC tends to see very high spikes in collection activity.

MAWC's practice is to maintain optimized and efficient staffing levels. As such, staffing is generally set for the average amount of turnoffs being generated. On those days that a high volume is generated, a small percentage will be worked in the first day and the rest will have to be manually held over for the next day. However, the next day may not be able to accommodate any of the previous day's work, as the second day is likely to be a high volume day as well. This type of occurrence could repeat and compound for several days. By the time the current 11 workday window elapses, it is possible that there could be numerous expired discontinue orders which then have to wait to go through the entire discontinuance letter and notice process again which adds more costs to all of the other customers as duplicate notices have to be generated. For this reason the current effective period of a notice of discontinuance (i.e., eleven business days) is not optimal. In order for customers to go through the notification process a second time, generally these customers will need to receive another scheduled billing. At that point, the prior balance remains unpaid and the current amount is then added to it. This ultimately results in an even higher bill balance which may cause many customers to be even less prone to pay their full bill. This issue is especially problematic for quarterly billed customers. That is, due to the quarterly billing cycle, and the timing of the next regular bill generation, the company may have to wait an additional 45 to 50 or more calendar days before being eligible to effectuate a turnoff. Under this scenario, because of the lag in opportunities for the Company to

attempt a turnoff, the customer's bill balance will likely increase significantly. Carrying and bad debt costs associated with outstanding/unpaid balances would likewise increase. The proposed change would allow MAWC nine additional business days to continue collection activity for quarterly customers, thus reducing potential accounts receivable and carrying costs.

MAWC's proposal to modify the effective period of a notice of discontinuance from eleven (11) business days to twenty (20) business days would help to avoid the situation described above and would provide the Company the desired flexibility to manage spikes in the turnoff cycle. The net result would be that the Company would act with efficiency and consistency in executing shut off orders. Such improved practice would benefit the majority of rate payers who pay their bill on time, as well as delinquent customers who find it increasingly difficult to pay their bill as it grows larger over extended periods of time without payment.

6. MAWC is the only public utility that would be affected by this change.

7. Lastly, Commission Rule 4 CSR 240-13.065.1, RSMo states that a "utility filing an application for a variance with the commission shall mail, contemporaneously with the filing, copies of the application by first class mail to the newspaper with the largest circulation in each county within the utility's service area affected by the variance, the public counsel and each party in the utility's most recent rate case who represented residential customers." MAWC has taken this step.

**WHEREFORE,** MAWC requests the Commission grant it variance from the requirements of subpart (3) of 4 CSR 240-2.050 (Commission rules on Discontinuance of Service), and allow MAWC to modify the effective period of its notices of discontinuance from eleven (11) business days to twenty (20) business days. MAWC also requests that the Commission issue such other orders, as the Commission may deem appropriate.

Respectfully submitted,

  
John Reichart MO Bar No. 59479  
Corporate Counsel  
American Water Company  
727 Craig Road  
St. Louis, MO 63141  
314-996-2287  
john.reichart@amwater.com  
ATTORNEY FOR MISSOURI-AMERICAN  
WATER COMPANY

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 30th day of October 2009, to:

Kevin Thompson  
General Counsel's Office  
[Kevin.Thompson@psc.mo.gov](mailto:Kevin.Thompson@psc.mo.gov)

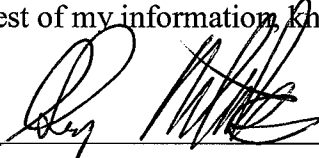
Christina Baker  
Office of the Public Counsel  
[christina.baker@ded.mo.gov](mailto:christina.baker@ded.mo.gov)

  
John Reichart


**AFFIDAVIT**

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

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

  
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Subscribed and sworn before me this 30<sup>th</sup> day of October, 2009.

  
\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

