

**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) Case No. WR-2010-0131
for Water Service Provided in Missouri)
Service Areas.)

**MAWC RESPONSE TO ST. JOSEPH’S OBJECTIONS
AND SUGGESTIONS REGARDING CUSTOMER NOTICES**

Comes now Missouri-American Water Company (MAWC or Company) and, as its Response to St. Joseph’s Objections and Suggestions Regarding Customer Notices, states as follows to the Missouri Public Service Commission (Commission):

SUMMARY

MAWC responds to the changes to the form of notice suggested by the City of St. Joseph (St. Joseph). MAWC recognizes the concern expressed by St. Joseph in regard to the possible use of the state wide percentage increase reflected in the Commission’s notice. MAWC, however, believes the use of multiple percentages, as proposed by St. Joseph, will also be confusing and suggests, as a compromise, the use of the overall district increase associated with the rate increase that has been proposed by MAWC. Lastly, MAWC states that it has no objection to the change in the title of the notice proposed by St. Joseph.

INTRODUCTION

1. On January 21, 2010, the Commission issued its Order Regarding Customer Notices. On January 29, 2010, St. Joseph and MAWC provided suggestions concerning the notices provided by the Commission.

PERCENTAGE INCREASE TO BE REFLECTED IN THE NOTICE

2. St. Joseph's primary concern with the Commission-proposed notice concerned the percentage description of the increase in water rates requested by MAWC. The Commission's water customer notice accurately stated that the Company has requested an increase of its gross annual revenues (excluding sales and other gross receipts taxes) in the amount of \$48,558,667 and that this amount represents a percentage increase of 22.5%. However, St. Joseph correctly points out that because MAWC's rates are set by district, the percentage increase for each MAWC operating district associated with this proposed increase will be something different than the statewide increase requested by the Company.

3. MAWC's suggestion contained in its response to the Commission's notices attempted to address a portion of this issue by identifying the actual bill increase that would be experienced by a residential customer with average usage in each district. In MAWC's proposal, each district notice would be tailored both to that district's rates and usage patterns, as average residential customer usage varies significantly from district to district.

4. St. Joseph's proposed solution was provide in each district the percentage increase proposed by MAWC for each of the customer classes in that district, as well as the overall district increase percentage. For St. Joseph, this would include information for six customer classes in addition to the overall district-specific increase percentage.

5. MAWC has assumed in the past that the primary purpose of the customer notice is to inform the segment of MAWC's customer base containing the greatest number of customers – its residential customers. MAWC has approximately *417,000 residential customers*, which makes up *91 percent of its customer base*. Commercial and industrial customers are generally

more aware of the ratemaking process and have the ability to access the abundance of material that exists on-line either through the Commission's web sites or on the Company's website.

6. MAWC is concerned that the provision of percentages for all customer classes may be more confusing than it is helpful. For example, if St. Joseph's proposal is implemented, MAWC's residential customers in the St. Joseph district will be provided eight (8) different percentages in this notice (six individual customer class numbers, one percentage associated with the overall district increase and another percentage associated with the statewide increase). It may be a challenge to the lay person to understand the significance of each of those percentages and to ascertain which of those percentages may apply to him or her.

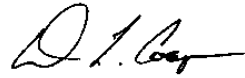
7. Instead of the approach suggested by St. Joseph, MAWC would propose that the notice include the overall rate increase percentage for the applicable district, in addition to the increase information associated with the "average" customer MAWC identified in its Response to Order Regarding Customer Notices. Utilizing the overall rate increase percentage by district will address St. Joseph's concern that the statewide number may not correspond with individual district increases, while being less confusing than providing as many as eight different percentages for customers to assess.

TITLE OF THE NOTICE

8. Lastly, St. Joseph suggests that the title of the customer notice be "Notice of Proposed Rate Increase and Public Hearings." MAWC has no objection to this suggested change.

WHEREFORE, MAWC requests the Commission issue its order establishing the form of customer notice to be that previously identified by the Commission with the amendments described herein.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 5th day of February, 2010, to:

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