

B✓
SG
RO
SW

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 23rd
day of April, 1998.

In the Matter of the Application of)
United Water Missouri Inc. for an)
Accounting Authority Order Relating)
to FAS 106.)
Case No. WA-98-187

ORDER GRANTING REHEARING AND SCHEDULING
PREHEARING CONFERENCE

On February 4, 1998, the Commission issued its Accounting Authority Order (AAO) based on the verified application filed by United Water Missouri Inc. (Company), the recommendation filed by the Staff of the Commission (Staff) and the responses filed by the Office of the Public Counsel (Public Counsel) and the Company. On February 17 Public Counsel filed its Application for Rehearing or Reconsideration. On February 27 the Company filed its response to Public Counsel's application.

Public Counsel requests that the Commission reconsider its February 4 AAO and deny the Company's application for a deferral of post-retirement benefits other than pensions (PBOP), or in the alternative, grant a rehearing to allow Public Counsel and other parties to present evidence on the issues and provide a schedule whereby the parties may fully litigate this matter. Public Counsel indicates that if granted the opportunity, it would offer evidence to prove that there has been no extraordinary, unusual, nonrecurring or unpredictable event that would justify the extraordinary remedy of an AAO deferral to Account 186 for the Company's PBOP expenses.

The Company argues that Public Counsel had adequate

opportunities to respond to the positions of Staff and the Company but that Public Counsel relied upon a request for hearing for which it had no statutory right. The Company asserts that the Commission's findings of fact and conclusions of law are adequate as a matter of law and that there is not a sufficient basis for rehearing or reconsideration.

The Commission has reviewed Public Counsel's Application for Rehearing or Reconsideration and the Company's response. The Commission has previously held that in an application for an AAO there is but one single factual issue. That issue is "whether the costs which are asked to be deferred are extraordinary in nature." The Company has properly cited prior Commission decisions for the proposition that "an accounting change of the magnitude of FAS 106 could probably be considered a 'extraordinary event'". In re Union Electric, 1 Mo.P.S.C.3d 328, 330 (June 12, 1992).

The Commission has previously concluded that there is no requirement, by law, to convene a hearing in a case involving an application for an accounting authority order. In re Missouri Public Service, 1 Mo.P.S.C.3d 200, 204 (December 20 1991). The Commission, however, will grant rehearing in this case solely on the narrow issue as to whether the costs which were asked to be deferred are, in fact, extraordinary in nature. If the costs are extraordinary, it may become necessary to reevaluate the totality of Company's request. Therefore, the Commission has determined it appropriate to grant Public Counsel's request for rehearing and will set a prehearing conference in order to facilitate moving this matter forward.

IT IS THEREFORE ORDERED:

1. That the Accounting Authority Order issued on February 4, 1998, is vacated pending final disposition of this case.

2. That the Application for Rehearing or Reconsideration filed by the Office of the Public Counsel on February 17, 1998, is granted in part as set out herein.

3. That a prehearing conference is scheduled in this matter for May 7, 1998, at 9:00 a.m. in Room 530 of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri.

4. That anyone with special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

3. That this order shall become effective on May 3, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton,
Murray, Schemenauer, and
Drainer, CC., Concur.

Roberts, Chief Regulatory Law Judge

RECEIVED

APR 23 1998

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION