

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 12th
day of September, 2000.

In the Matter of Missouri-American Water)	
Company's Tariff Sheets Designed to Implement)	Case No. WR-2000-281
General Rate Increases for Water and Sewer)	Tariff No. 200000366
Service Provided to Customers in the Missouri)	Tariff No. 200000367
Service Area of the Company.)	

ORDER OF CLARIFICATION

The Commission issued its Report and Order herein on August 31, 2000. Thereafter, on September 6, 2000, Missouri-American Water Company (MAWC) filed its Motion for Clarification and for Expedited Treatment. On September 7, 2000, the Staff of the Missouri Public Service Commission (Staff) filed its Motion for Clarification and Expedited Treatment. The Commission issued its Notice Setting Time for Response on September 7, 2000. On September 11, 2000, responses were filed by the City of Joplin, the St. Joseph Industrial Intervenors together with the City of Riverside, and the St. Joseph Area Public Water Supply District Intervenors.

In providing the requested clarifications, the Commission is mindful that "it is not methodology or theory but the impact of the rate order which counts in determining whether rates are just, reasonable, lawful, and non-discriminating." State ex rel. Associated Natural Gas Co. v. Public Service Com'n of Missouri, 706 S.W.2d 870, 879 (Mo. App., W.D. 1985).

Discussion:

MAWC states in its motion, "this means that the revenues derived from Joplin will remain unchanged and the increased revenue requirement of

\$10,268,551 will be spread among the remaining six districts." MAWC is mistaken in this assertion. Joplin will contribute approximately \$880,000 toward the total water system increased revenue requirement, as Staff correctly points out in its Motion.

MAWC must calculate its revenue requirement separately for each of its seven districts, as though each were a stand-alone water company, applying the Commission's Report and Order as appropriate. The Commission stated in its Report and Order that it "will move away from STP and toward DSP" because it is clear, on the extensive record developed in this case, that the Joplin district will produce surplus revenue.¹ Staff is correct in its suggestion that this surplus will be used to ameliorate the rate increase impact on the other six districts. A portion of the surplus, approximately \$225,000, will be allocated as Staff suggests to the Brunswick district so that rates there will not exceed the highest rates established in any other of the company's districts. The remaining \$655,000, will be allocated among the other five water districts, St. Joseph, Warrensburg, Parkville, Mexico, and St. Charles, to ameliorate the increased revenue requirement in each of these districts. The allocation to each of these districts will be in proportion to the increase of the revenue requirement for each district over the amount of revenue previously generated by that district.

MAWC also seeks a clarification of the application of Staff's Class Cost of Service (COS) study. Under that study, some classes will receive rate decreases, while others receive rate increases. That is the result intended by the Commission. While no *district* will receive a rate

¹ "STP" is single tariff pricing; "DSP" is district-specific pricing.

decrease, a class of customers within a district may receive a rate decrease, as determined by application of Staff's COS study.

All three responses assert that the Commission's procedural rules lack any mechanism for the clarification of a Report and Order and that, consequently, the Commission cannot do so. However, clarifications such as those requested here have been issued by the Commission on a regular basis since the agency was created. Consequently, the objections raised by the responses must be denied.

IT IS THEREFORE ORDERED:

1. That the Motions for Clarification and for Expedited Treatment filed by Missouri American Water Company and by the Staff of the Missouri Public Service Commission are granted in part and denied in part. The Report and Order issued herein on August 31, 2000, is clarified as described in this order.

2. That the objections contained in the responses filed on September 11, 2000, by the City of Joplin, the St. Joseph Industrial Inter-venors acting with the City of Riverside, and the St. Joseph Area Public Water Supply Districts are denied.

3. That this order shall become effective on September 22, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Schemenauer, and Simmons,
CC., concur.
Drainer, C., dissents.
Murray, C., not participating.

Thompson, Deputy Chief Regulatory Law Judge