

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

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement) File No. WR-2017-0285
General Rate Increase for Water and Sewer)
Service Provided in Missouri Service Areas.)

APPLICATION FOR REHEARING

COMES NOW the Midwest Energy Consumers' Group ("MECG"); and for its Application for Rehearing, respectfully states as follows:

1. On May 2, 2018, the Commission issued its Report and Order in this matter. Among other things, that Report and Order addressed the issue of consolidation of the Missouri American service districts.

2. The Commission's Report and Order is unlawful and unreasonable in that it seeks to consolidate rate districts in a manner that is unsupported by competent and substantial evidence. Unlike previous cases in which the Commission ordered the parties to present evidence consistent with a certain position, the Commission in this case implemented a consolidation approach that was not presented in evidence. Moreover, the consolidation approach was never even mentioned at the evidentiary hearing. Instead, the first inkling that other parties had that the Commission was considering such an approach was in the deliberations in this matter. As such, the Commission's order is unreasonable in that it is not supported by competent and substantial evidence. Moreover, the order is unlawful in that it failed to provide notice that the Commission was considering such an arbitrary approach to consolidation.

3. The implication of the Commission's consolidation decision has a profound impact on certain customers. Specifically, in the interest of administrative convenience, the

Commission has turned its back on cost of service ratemaking and imposed rate impacts on certain customers *in excess of 65%*. Commercial and industrial customers made decisions in this case regarding the scope of their participation in this issue based upon the positions advanced in prefiled testimony. Suddenly, and without any warning, the Commission, after hearing, proposed an alternative methodology. The Commission's decision was largely made in the dark because, unlike previous cases, the Commission never issued any scenarios by which it could judge the impact on certain customers or sought to implement mechanisms by which to mediate the impact on these customers. Frankly, the Commission made its decision without any regard to the impact that its decision would have on customers. Such narrow-minded decisionmaking flies directly in the face of the primary focus of the Commission – to protect the ratepayer.

4. There are methods by which the Commission may move towards its desired consolidated approach. For instance, given notice, the parties in the GMO rate case were able to study the consolidation approach and consider mediation approaches. Similarly, the Kansas Commission, when it sought to consolidate the KGE and KPL service areas, implemented the approach over several rate cases in order to mediate the impact on customers. In a similar vein, the Iowa Utilities Board consolidated the service areas of MidAmerican over the course of several rate cases. Unlike those cases, in which the state utility commission took a measured and thoughtful approach to the issue, this Commission simply ordered a consolidation approach that had not been studied and without any regard for the impact on customers. Again, this approach was taken for seemingly no apparent reason.

WHEREFORE, MECG respectfully requests that the Commission grant this application for rehearing and order the filing of additional testimony for the purpose of considering the

Commission's desired consolidation approach including methodologies by which the impact on customers may be mitigated.

Respectfully submitted,



David L. Woodsmall, MBE #40747
308 E. High Street, Suite 204
Jefferson City, Missouri 65101
Telephone: (573) 636-6006
Facsimile: (573) 636-6007
david.woodsmall@woodsmalllaw.com

ATTORNEY FOR THE MIDWEST
ENERGY CONSUMERS GROUP

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.



David L. Woodsmall

Dated: May 25, 2018