

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 28th
day of October, 1999.

In the Matter of Missouri-American Water)	
Company's Tariff Sheets Designed to Implement)	<u>Case No. WR-2000-281</u>
a General Rate Increase for Water Service)	Tariff No. 200000366
Provided to Customers in the Missouri Service)	
Area of the Company.)	

In the Matter of Missouri-American Water)	
Company's Tariff Sheets Designed to Implement)	<u>Case No. SR-2000-282</u>
a General Rate Increase for Sewer Service)	Tariff No. 200000367
Provided to Customers in the Missouri Service)	
Area of the Company.)	

**SUSPENSION ORDER AND NOTICE
AND ORDER CONSOLIDATING CASES**

On October 15, 1999, Missouri-American Water Company (Company) submitted to the Commission proposed tariff sheets intended to implement a general rate increase for water and sewer service provided to customers in the Missouri service area of the Company. The proposed tariffs bear a requested effective date of November 15, 1999. The proposed water service tariffs are designed to produce an annual increase of approximately 53.97 percent (\$16,446,277) in the Company's revenues. The proposed sewer service tariffs are designed to produce an annual increase of approximately 5.0 percent (\$2,363) in the Company's revenues.

For the convenience of all parties, the Commission will consolidate Cases WR-2000-281 and SR-2000-282 for all purposes. Case No. WR-2000-281 shall be the lead case and the style shall be "In the

3

Matter of Missouri-American Water Company's Tariff Sheets Designed to Implement General Rate Increases for Water and Sewer Service provided to Customers in the Missouri Service Area of the Company."

In order to allow sufficient time to study the effect of the proposed tariffs and to determine if they are just, reasonable and in the public interest, the proposed tariffs shall be suspended for a period of 120 days plus an additional six months beyond the requested effective date.

Inasmuch as the Commission is required by law to give rate increase cases preference over all other questions pending before it and to decide such cases as quickly as possible, and since the burden of proof that the proposed rates are just and reasonable is upon the company proposing the rates, the Company shall file its direct testimony in support of its proposed rate increase within thirty days of the issuance of this order. The Company shall include in its prefiled testimony its recommendation concerning the proper test year to be used in these proceedings. The Company shall submit any request for a true-up in a motion concurrent with its prefiled direct testimony. This request should include a proposed date to which the Company's financial data is to be brought forward as well as a proposed time for a true-up hearing. The Company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any mismatch in those areas. The Commission will not consider a true-up of isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue-expense-rate base match at a

proper point in time. See In re Kansas City Power & Light Company, 26 Mo. P.S.C. (N.S.) 104, 110 (1983).

The Commission will schedule the hearing dates in this order. By establishing the hearing dates the Commission will ensure this matter is heard as expeditiously as possible. Additionally, establishment of the hearing dates will allow for notice to be sent to customers. Company shall give notice to customers as directed in the ordered paragraphs below. The Commission will also set an early prehearing conference and require the parties to file a proposed procedural schedule with additional filing dates for testimony, a second prehearing conference, local public hearings, the statement of issues and position papers of the parties, and the reconciliation. The Staff of the Missouri Public Service Commission (Staff) shall have primary responsibility for the proposed procedural schedule. Staff should coordinate the proposed schedule with Company and the Office of the Public Counsel (OPC), where possible.

Staff, OPC, and all intervenors shall state their positions regarding the Company's true-up and test year proposals as hereinafter ordered. The test year is the twelve-month period which is used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to use in calculating a revenue requirement for a company. A resolution of the test year issue must be made early in the proceedings so that parties' testimony can be reconciled to the same period. The test year involves an audit of all books and records of a company so that a total revenue requirement can be calculated.

All test year proposals shall include a specific twelve-month period as a test year and should include any additional period for which a party has updated significant items from the test year. The test year with the additional period will be called a test year as updated, or updated test year. In addition to a proposed test year or a proposed test year as updated, a party may request isolated changes, such as those imposed by governmental bodies, as part of its case and the Commission will consider whether those isolated changes are known and measurable and whether they should be included in Company's revenue requirement. An issue to be considered in this determination is whether the proposed adjustment affects the matching of rate base, expenses and revenue.

The Commission finds that proper persons should be allowed 20 days from the issuance of this order to file a motion for leave to intervene. The Records Department of the Commission shall serve a copy of this order upon the mayor of each city and the county commission of each county in the Company's service area. In addition, the Commission's Information Office shall send notice of this order to the publisher of each newspaper located in the counties in which the Company provides service, as listed in the newspaper directory of the current *Official Manual of the State of Missouri*, and to the members of the General Assembly representing the residents of the Company's Missouri service area.

The parties are advised that any testimony or schedule filed without a protective order first being established shall be considered public information. Any party which considers information to be

proprietary or highly confidential must request a protective order to ensure the information is treated as designated. Any such request for a protective order must state sufficient grounds to support the issuance of such an order.

The Commission will authorize Staff to file a complaint seeking a reduction in the company's revenues if its audit reflects that the company's earnings are excessive.

IT IS THEREFORE ORDERED:

1. That Cases WR-2000-281 and SR-2000-282 are hereby consolidated for all purposes. Case No. WR-2000-281 shall be the lead case and the style shall be "In the Matter of Missouri-American Water Company's Tariff Sheets Designed to Implement General Rate Increases for Water and Sewer Service provided to Customers in the Missouri Service Area of the Company."

2. That the proposed water service tariff sheets (File No. 200000366) submitted on October 15, 1999, by Missouri-American Water Company for the purpose of increasing rates for water service are hereby suspended for a period of one hundred twenty (120) days from November 15, 1999, to March 14, 2000. The specific sheets suspended are:

Form No. 13, PSC Mo. No. 1
(8th Revised) Sheet No. 1
(7th Revised) Sheet No. 2

Form No. 13, PSC Mo. No. 2

(8th Revised) Sheet No. 3
(5th Revised) Sheet No. 5
(5th Revised) Sheet No. A-1
(4th Revised) Sheet No. A-2
(4th Revised) Sheet No. A-3
(5th Revised) Sheet No. B-1
(4th Revised) Sheet No. B-2
(4th Revised) Sheet No. B-3
(5th Revised) Sheet No. C-1
(4th Revised) Sheet No. C-2
(4th Revised) Sheet No. C-3
(6th Revised) Sheet No. D-1
(4th Revised) Sheet No. D-2
(4th Revised) Sheet No. D-3
(5th Revised) Sheet No. E-1
(4th Revised) Sheet No. E-2
(4th Revised) Sheet No. E-3
(5th Revised) Sheet No. E-4

3. That the water service tariffs suspended in ordered paragraph 1, File No. 200000366, are hereby suspended an additional six (6) months beyond March 14, 2000, to September 14, 2000, unless otherwise ordered by the Commission.

4. That the proposed sewer service tariff sheets (File No. 200000367) submitted on October 15, 1999, by Missouri-American Water Company for the purpose of increasing rates for sewer service are hereby suspended for a period of one hundred twenty (120) days from November 15, 1999, to March 14, 2000. The specific sheets suspended are:

Form No. 13, PSC Mo. No. 2
(2nd Revised) Sheet No. 4

5. That the sewer service tariffs suspended in ordered paragraph 4, File No. 200000367, are hereby suspended an additional six

(6) months beyond March 14, 2000, to September 14, 2000, unless otherwise ordered by the Commission.

6. That any proper person or entity desiring to intervene in this matter shall file an application no later than November 17, 1999, with:

Dale Hardy Roberts, Secretary
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

and send copies to:

W.R. England, III
Brydon, Swearingen & England, P.C.
Post Office Box 456
Jefferson City, Missouri 65102-0456

and:

Office of the Public Counsel
Post Office Box 7800
Jefferson City, Missouri 65102

7. That Missouri-American Water Company shall file fifteen (15) copies of its prepared direct testimony and schedules with the Secretary of the Commission on or before November 29, 1999, shall provide eleven (11) additional copies to Staff, and shall serve two (2) copies upon the Office of the Public Counsel and upon every party that has filed a timely application to intervene. Testimony, and any attachments to testimony, shall be marked and filed only in the manner prescribed by Commission Rule 4 CSR 240-2.130.

8. That Missouri-American Water Company shall file, concurrently with the filing of its prepared testimony and exhibits in this matter,

a pleading stating its recommendation concerning the proper test year for use in this case.

9. That Missouri-American Water Company shall file any request for a true-up audit and hearing in a separate pleading concurrent with its prepared direct testimony and exhibits.

10. That Commission Staff, the Office of the Public Counsel and persons or entities requesting intervention shall file, on or before December 7, 1999, a pleading indicating concurrence in Company's recommended test year, or shall recommend alternatives to Company's recommended test year.

11. That Commission Staff, the Office of the Public Counsel and intervenors shall file, on or before December 7, 1999, a pleading stating their recommendation concerning a true-up.

12. That an early prehearing conference is hereby scheduled for this case on December 14, 1999, at 10:00 a.m. The prehearing conference will be held in the Commission's offices, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person(s) 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.

13. That the parties shall file a proposed procedural schedule as described in this order on or before December 21, 1999. The Commission Staff shall have primary responsibility for preparing and filing the proposed procedural schedule.

14. That an evidentiary hearing is hereby scheduled for this case beginning May 9, 2000, and continuing through May 15, 2000, if needed. The hearing will commence at 9:00 a.m. on May 9, 2000, and be held in the Commission's hearing room, Room 520B, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person(s) 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.

15. That Missouri-American Water Company shall notify each affected customer of the hearings scheduled in this case by either a notice on or accompanying a bill, or in a separate notice, at least ten (10) days but not more than forty-five (45) days prior to the first day of the hearings, unless otherwise ordered by the Commission. The notice shall be in the following form, and Missouri-American Water Company shall insert in each such notice, the amount of the proposed increase for the average residential customer appropriate for the community in which each such customer resides:

NOTICE

Missouri-American Water Company has filed revised water service tariffs with the Missouri Public Service Commission (PSC) which would increase Company's Missouri jurisdictional annual gross revenues by approximately 53.97 percent. For the average residential customer, the proposed increase would be approximately \$_____ a month. Missouri-American Water Company has also filed revised sewer service tariffs with the PSC which would increase Company's Missouri jurisdictional annual gross revenues by approximately 5.0 percent. For the average

residential customer, the proposed increase would be approximately \$ _____ a month.

An evidentiary hearing has been set before the PSC at 10:00 a.m., May 9, 2000, in the PSC's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, telephone (573) 751-4857.

If any person has special needs as addressed by the Americans With Disabilities Act, please 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.

16. That the Records Department shall serve a copy of this order upon the mayor of each city and the county commission of each county in the Company's service area.

17. That the Commission's Information Office shall send notice of this order to the publisher of each newspaper located in the counties in which the Company provides service, as listed in the newspaper directory of the current *Official Manual of the State of Missouri*, and to the members of the General Assembly representing the residents of the Company's Missouri service area.

18. That prefiled testimony and other pleadings or papers shall only be filed under seal pursuant to a protective order approved by the Commission.

19. That this order shall become effective on November 9, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray,
and Schemenauer, CC., concur.
Crumpton, C., absent.

Thompson, Deputy Chief Regulatory Law Judge