

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

In the Matter of Missouri American Water)	
Company's Tariff to Revise Water and Sewer)	Case No. WR-2003-0500
Rate Schedules)	

**POSITION STATEMENT
THE MISSOURI ENERGY GROUP**

COMES NOW the Missouri Energy Group ("MEG"), and pursuant to Commission Rule 4 CSR 240-2.080 and the Commission's Order dated July 17, 2003 Concerning Test Year and True-Up, Resetting Evidentiary and True-Up Hearings, Adopting Procedural Schedule, and Concerning Local Public Hearings presents the following Statement of Positions:

1. What is the appropriate cost of capital, including return on equity, for Missouri American Water Company ("MAWC")?

MEG Position: MAWC has risk reducing factors that should be taken into account when setting its ROE. These factors include the ISRS, small variation in year-to-year sales, and a rate structure that collects most of the customer costs in the minimum monthly charge.

2. What is the appropriate treatment of the transaction costs and premium that MAWC incurred to acquire the United Water, Florissant, Webster Groves, and Valley Park water systems?

MEG Position: MAWC should not be allowed to include the acquisition premium in its revenue requirement until it can prove that there are measurable savings.

3. What is the appropriate way in which to allocation costs among customer classes within each operating district?

MEG Position: The MEG agrees with MAWC's method of allocating costs among customer classes in the St. Louis County District. MAWC's method recognizes that large users use only a small portion of the smaller distribution mains and allocates the appropriate amount of these costs to the large rate classes.

4. Should there be consolidated billing?

MEG Position: Yes. Large customers with several locations on the same parcel or contiguous parcels that are owner occupied should be able to consolidate their usage as if they were being served at one location. The customer will still pay the minimum monthly charge for each account but allowing the volumetric charge to be at the industrial rate is fair and based on cost causation.

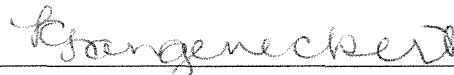
5. What is the appropriate amount to be included in MAWC's rate base for cash working capital as it relates to depreciation, deferred taxes, and the management fees expense lag?

MEG Position: Depreciation and deferred taxes should not be included in cash working capital. These are non-cash items and do not reflect day-to-day expenses.

6. The MEG currently takes no position on any of the other issues listed in the Issues List and Order of Witnesses filed by the Missouri Public Service Commission Staff on December

3, 2003. The MEG reserves the right to cross-examine witnesses on any issue in this case and to take a position on any issue in the evidentiary hearing or post-hearing briefs.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

Pursuant to 4 CSR 240-2.080 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day caused a copy of the foregoing to be served via electronic mail on all persons on the official service list in Case No. WR-2003-0500.

Dated at St. Louis, Missouri this 8th day of December 2003.



Lisa C. Langeneckert