

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

In the Matter of Missouri-American)
Water Company’s Request for Authority to)
Implement a General Rate Increase for) Case Nos. WR-2015-0301
Water and Sewer Service Provided in) SR-2015-0302
Missouri Service Areas)
)

STATEMENT OF POSITION

COMES NOW the City of St. Joseph, Missouri, Intervenor herein, and taking a position on Issue 31. District Consolidation/Consolidated Pricing, files its Statement of Position in this matter.

31. District Consolidation/Consolidated Pricing

Should the Commission adopt the consolidation of districts proposed by Staff, the alternative consolidation proposed by MAWC, or maintain the status quo as proposed by OPC?

The City of St. Joseph endorses the position of the Office of Public Counsel (“OPC”) that the Commission should not adopt the consolidation of districts proposed by either the Public Service Commission Staff (“Staff”) or Missouri American Water Company (“MAWC”) and therefore allow the status quo of District Specific Pricing to remain in effect.

The residents of the City of St. Joseph have born the cost of its recently constructed water treatment facility. No significant rate assistance or subsidization has been historically provided to St. Joseph customers from MAWC customers in other districts. Now, the rules are being changed and the residents of the City of St. Joseph are being told that they should subsidize improvements for the rest of the State. This is patently unfair. District consolidation would impose inequitable subsidization upon certain MAWC customers in this state. Under Staff’s proposal, the flagship communities would bear the burden of improvements for the smaller communities while receiving no benefit from those capital improvements. Under MAWC’s proposal, the majority of customers will subsidize capital improvements for the St. Louis Metro.

Rates should be set on a District Specific Pricing basis for the numerous reasons outlined by OPC: water service is local, principles of cost causation, inappropriate price signals to customers and overinvestment in infrastructure. The City of St. Joseph endorses the principle of cost causation in setting rates and District Specific Pricing as the only reasonable and equitable method.

32. Rate Design & Customer Charge

A. How should rates be designed?

The Commission should design rates in a manner that is efficient and equitable based upon the principle of cost causation. the Commission stated in WR-2011-0337 (Order

Approving Non-Unanimous Stipulation and Agreement, March 7, 2012), “[t]he Commission’s guiding purpose in setting rates is to **protect the consumer** against the natural monopoly of the public utility[.]”

B. How should the customer charge be adjusted?

The customer charge should be set in such a way to provide proper price signals and to not unduly burden any class or district for the benefit of another class or district.

The City of St. Joseph does not take a position on any other issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

WHEREFORE, the City of St. Joseph respectfully submits its Statement of Position in this proceeding.

Respectfully submitted,

TIEMAN, SPENCER & HICKS, LLC

By:

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically or on this **11th day of March, 2016**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

Jeffrey R. Lawyer