

A:  
(P.B.H.)

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 18th  
day of May, 1999.

In the Matter of the Application of United    )  
Water Missouri, Inc. for an Accounting        )  
Authority Order Relating to FAS 106            )     Case No. WA-98-187

ORDER DENYING APPLICATION FOR RECONSIDERATION OR REHEARING AND  
CLARIFYING REPORT AND ORDER

On April 20, 1999, following an evidentiary hearing held on August 20, 1998, the Commission issued a Report and Order, which denied United Water Missouri, Inc.'s (UWM's) Application for Accounting Authority Order. The Commission's Report and Order provided that it would become effective on April 30, and on April 29, UWM filed an Application for Reconsideration or Rehearing and Motion for Clarification.

The subject of the Report and Order of which UWM seeks reconsideration or rehearing concerns an Application for Accounting Authority Order filed by UWM on November 5, 1997. UWM sought accounting authority to recognize as a deferral the excess of FAS 106 post-retirement benefits other than pension expense over the pay-as-you-go amount, which UWM has been booking since 1994. On February 4, 1998, the Commission issued an Accounting Authority Order that approved in part and denied in part UWM's application. The Commission's order authorized UWM to "maintain on its books its regulatory asset which represents the excess of its Financial Accounting Standard 106 Post-Retirement Benefit

Expense Other Than Pensions over the pay-as-you-go amount that the United Water Missouri, Inc. has been booking since January 1, 1997, with said deferral continuing until the effective date of a Report and Order in the next general rate proceeding of United Water Missouri, Inc."

On February 17, 1998, in response to the Commission's order, the Office of the Public Counsel (Public Counsel) filed an Application for Rehearing or Reconsideration. On April 23, after considering Public Counsel's application, the Commission issued an order granting in part Public Counsel's Application for Rehearing. The Commission vacated its Accounting Authority Order of February 4, and granted a rehearing on the narrow issue of whether the costs that UWM sought to defer were extraordinary in nature.

The Commission's Report and Order determined that the expenses for which UWM sought an Accounting Authority Order are not extraordinary, unusual and unique and do not qualify for an Accounting Authority Order under the Commission's standards. UWM's request for an Accounting Authority Order was denied. In its Application for Reconsideration or Rehearing, UWM argues that the change from pay-as-you-go to accrual accounting under FAS 106 was an extraordinary event that justified the issuance of an Accounting Authority Order. This argument is merely a reiteration of the argument UWM offered in its post-hearing briefs and offers nothing new for the Commission's consideration.

Section 386.500, RSMO (1994) provides that the Commission shall grant an application for rehearing if "in its judgment sufficient reason therefor be made to appear." UWM has, in the judgment of the Commission,

failed to establish sufficient reason to grant its Application for Reconsideration or Rehearing. The Application for Reconsideration or Rehearing will be denied.

Along with its Application for Reconsideration or Rehearing, UWM filed a Motion for Clarification. In this Motion for Clarification, UWM indicates that the Commission did not address the distinction that it had made in its Order of February 4, 1998 between the FAS 106 expenses incurred beginning January 1, 1997 and those expenses incurred prior to that date. The February 4, 1998 Order had authorized the Accounting Authority Order sought by UWM but had found that it was not appropriate to allow the Accounting Authority Order to reach back to 1994 as was sought by UWM. UWM now seeks clarification from the Commission as to whether or not UWM has an Accounting Authority Order for the FAS 106 expenses incurred after January 1, 1997.

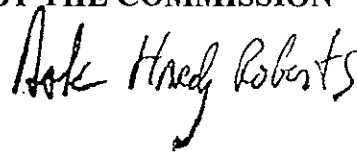
The February 4, 1998 Order that initially granted an Accounting Authority Order to UWM was vacated by the Commission in its Order Granting Rehearing and Scheduling Prehearing Conference, issued on April 23, 1998. That Order granted rehearing on the issue of "whether the costs which are asked to be deferred are extraordinary in nature." The Commission's Report and Order of April 20, 1999 resolved that issue by concluding that "the expenses for which UWM seeks an Accounting Authority Order are not extraordinary, unusual and unique and do not qualify for an Accounting Authority Order under the Commission's standards." The Report and Order specifically denied the Application for Accounting Authority Order filed by UWM on November 5, 1997. Clearly, UWM does not

have an Accounting Authority Order for FAS 106 amounts incurred either before or after January 1, 1997.

**IT IS THEREFORE ORDERED:**

1. That United Water Missouri, Inc.'s Application for Reconsideration or Rehearing is denied.
2. That this order shall become effective on May 18, 1999.

BY THE COMMISSION



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

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

Woodruff, Regulatory Law Judge

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COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION