

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

In the Matter of the Application and Petition )  
Of Missouri-American Water Company )  
Requesting the Commission Promulgate ) File No. \_\_\_\_\_  
A Revenue Decoupling Mechanism )  
For the Water and Sewer Industry. )

**APPLICATION AND PETITION  
FOR PROMULGATION OF RULE**

COMES NOW Missouri-American Water Company (MAWC) and, pursuant to Section 386.250, RSMo; Section 393.140, RSMo; Section 536.041, RSMo; and, Missouri Public Service Commission (Commission) Rule 4 CSR 240-2.180, states as follows to the Commission:

**BACKGROUND INFORMATION**

1. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC's certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Greene, Taney, Christian and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 457,000 customers. MAWC provides sewer service to approximately 4,750 customers in Callaway, Jefferson, Pettis, Cole, Morgan, Platte, Stone, Taney, and Warren Counties, Missouri.

2. MAWC is a "water corporation," a "sewer corporation" and a "public utility" as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment

fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application and Petition.

3. Communications in regard to this Application and Petition should be addressed to the undersigned counsel and:

Jeanne M. Tinsley  
Missouri-American Water  
Company 727 Craig Road  
St. Louis, Missouri 63141  
(314) 996-2390  
Jeanne.Tinsley@amwater.com

#### **PETITION TO PROMULGATE**

4. The Missouri Public Service Commission is empowered under Mo. Rev. Stat. § 393.140.5 (2000) to determine and prescribe the just and reasonable rates and charges.

5. Pursuant to section 393.140.4, The Commission shall, "Have power, in its discretion, to prescribe uniform methods of keeping accounts, records and books, to be observed by gas corporations, electrical corporations, water corporations and sewer corporations. . . ."

6. Section 536.041, RSMo states as follows:

Any person may petition an agency requesting the adoption, amendment or repeal of any rule. Any agency receiving such a petition or other request in writing to adopt, amend or repeal any rule shall forthwith furnish a copy thereof to the joint committee on administrative rules and to the commissioner of administration, together with the action, if any, taken or contemplated by the agency as a result of such petition or request, and the agency's reasons therefor.

7. Consistent with the above statute, Commission Rule 4 CSR 240-2.180(1) states that "Promulgation, amendment, or rescission of rules may be initiated by the commission through an internally-generated rulemaking case, or pursuant to a rulemaking petition filed

with the commission.”

8. MAWC hereby petitions the Commission to promulgate a Revenue Stabilization Mechanism (“RSM”) Rule for water and sewer corporations. Under its current rate structure, MAWC is incented to sell more water. Over seventy-five percent of MAWC’s revenues comes from volumetric sales.

9. Actual weather can also have a significant impact on MAWC’s revenues. MAWC will collect more revenue in a drought year and less revenue in a cool wet summer.

10. Despite weather variability, people in Missouri are using less water. Usage per customer is steadily declining by 1.5% to 2.0% annually. Missouri’s experience is consistent with a national trend of declining water usage per customer.

11. The proposed RSM will allow water and sewer corporations to track actual revenues against the Commission authorized revenue requirement during the period between general rate cases.

12. The RSM will account for both under- and over-collection of the Commission authorized revenue requirement. The under- and over-collections shall be netted against each other, deferred for recovery or refund through amortizations in the water and sewer corporations’ future general rate cases.

13. The RSM will provide a reasonable opportunity for the utility to earn its authorized rate of return and ensure that the utility collects no more and no less than the amount of revenue authorized by the Commission for the utility’s cost of service.

14. Moreover, the RSM will support consistency of revenues to support the most efficient deployment of resources, both to cover operation and maintenance expense as well as ongoing capital projects.

15. MAWC estimates the following effect of the rulemaking on private persons or entities with respect to required expenditures of money or reductions in income:

PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE COST: This proposed rule will not cost private entities more than \$500 in the aggregate.

### **PROPOSED RULE**

16. Attached hereto as **Appendix A** is the full text of the proposed RSM - Commission Rule, 4 CSR 240-50.060 -- that MAWC requests the Commission promulgate. MAWC does not seek to amend or rescind any existing Commission rule.

**WHEREFORE**, MAWC respectfully requests that the Commission consider the information provided herein and, thereafter, promulgate the Revenue Stabilization Mechanism Rule attached hereto as Appendix A.

Respectfully submitted,

Dean L. Cooper, MBE#36592  
**BRYDON, SWEARENGEN & ENGLAND P.C.**  
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**ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY**

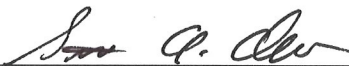
AFFIDAVIT

State of Missouri     )  
                              )  
County of St. Louis    )     ss

I, Frank Kartmann, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of MAWC, that the matters and things stated in the foregoing application and appendices thereto are true and correct of the best of my information, knowledge and belief.

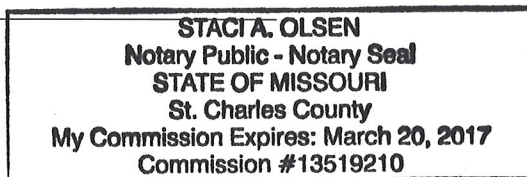


Subscribed and sworn before me this 27<sup>th</sup> day of February, 2015.



Notary Public

My Commission Expires \_\_\_\_\_



## CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on February 27, 2015, to the following:

Office of the General Counsel  
Governor Office Building  
Jefferson City, MO 65101  
staffcounselservice@psc.mo.gov

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Timothy W. Luft