

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 11th day of May, 2011.

In the Matter of the Review of Economic, Legal)
and Policy Considerations of District-Specific) **File No. SW-2011-0103**
Pricing and Single Tariff Pricing)

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement) **File No. WR-2011-0337**
A General Rate Increase for Water and Sewer)
Service Provided in Missouri Service Areas)

**ORDER DIRECTING FILING AND
CLOSING FILE NUMBER SW-2011-0103**

Issue Date: May 11, 2011

Effective Date: May 11, 2011

On October 14, 2010, the Commission opened a working/investigatory docket to explore economic, legal and policy issues associated with the rate structures of district-specific pricing and single tariff pricing in relation to water and sewer utilities. To aid the Commission's investigation, the Commission held an on-the-record presentation on November 9, 2010. Aqua Missouri, Inc. ("Aqua"), Missouri-American Water Company ("MAWC"), the City of Joplin, Missouri, the Commission's Staff and the Office of the Public Counsel entered appearances through counsel. The following subject matter experts were sworn and provided information to the Commission:

Stan Szczygiel for Aqua Missouri;

Frank Kartmann and Don Petrie for Missouri American;

Derek Sherry for Timber Creek Sewer Company;

Jim Busch, Jim Russo, James Merciel and Kim Bowen for the Commission's Staff; and,

Barbara Meisenheimer and Ted Robertson for the Office of the Public Counsel.

The Commission also set a briefing schedule that concluded on January 12, 2011. Along with the briefing, analyses were performed by Aqua, MAWC and Staff to demonstrate the effects of the two pricing structures on the various classes of ratepayers. The two primary Missouri water and sewer utilities that currently employ district-specific pricing are Aqua and MAWC, and on April 6, 2011, the Commission approved the transfer of substantially all of Aqua's water and sewer assets to MAWC.

The Commission believes the legal, economic and policy considerations concerning these two rate structures deserve additional study. The Commission's statutory duties mandate that it ensure safe and adequate service at just and reasonable rates, and satisfying those mandates will require creative and diverse approaches in the ever changing regulatory environment. Bearing this in mind, the Commission observes that MAWC filed its sixty-day notice of intent to file its next rate setting case on April 11, 2011. Consequently, the Commission, while closing File Number SW-2011-0103, will direct MAWC to file comparative analyses of employing district-specific pricing and single tariff pricing to demonstrate the effect of each structure on its classes of ratepayers in File No. WR-2011-0337 so that the Commission may continue the dialog and exploration into which rate structure better serves the public interest.

THE COMMISSION ORDERS THAT:

1. File No. SW-2011-0103 is closed.

2. Missouri American Water Company shall file the analyses described in the body of this order no later than 45 days after filing its formal rate case in File Number WR-2011-0337.

3. This order shall become effective immediately upon issuance.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Clayton, Davis,
Jarrett, and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge