

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

In the Matter of Missouri-American Water Company)
Request for Authority to Implement a General Rate)
Increase for Water and Sewer Service Provided in)
Missouri Service Areas.)

Case No. WR-2015-0301

RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and as directed by the Commission during the recent hearing in this matter, hereby tenders the requested comparison of differences in the customer charge as calculated by MAWC and by Staff. Also included is Staff's calculation of a statewide customer charge.

Respectfully submitted,

/s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this 7th day of April, 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.

/s/ Kevin A. Thompson

Customer Charge Differences

During the course of the evidentiary hearing in Case No. WR-2015-0301, Chairman Hall asked for a brief description of the differences between Staff and MAWC's calculation of the customer charge.

Staff and MAWC reviewed their respective workpapers to look for differences in the calculations.

For the most part, MAWC and Staff's respective methods are very similar. There are differences in the allocation methods of certain costs to the customer charge, but these are relatively minor and many of the differences cancel each other out when taken as a whole.

The major difference between the two studies is public fire.

MAWC allocates a lower amount of costs to this class than does Staff. In turn, MAWC redistributes the costs allocated to public fire to the other classes in a way that results in recovery of those costs through the customer charge.

Staff, on the other hand, allocates a larger amount of costs to the public fire class. Staff's method then redistributes those costs to the other classes such that they are recovered through the commodity charge.

It is this difference in distributing public fire costs that is the major contributor to the difference in customer charge calculation between Staff and MAWC.

Furthermore, Chairman Hall requested that Staff calculate a system-wide customer charge to compare to the customer charge proposals as submitted by MAWC and in the non-unanimous rate design stipulation supported by OPC, MIEC, and others.

Staff has performed that calculation and reports that Staff's system-wide customer charge calculation is \$15.33.