

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

In the Matter of Missouri-American Water )  
Missouri American’s Request for Authority to )  
Implement a General Rate Increase for ) File No. WR-2015-0301  
Water and Sewer Service Provided in )  
Missouri Service Areas )

**MIEC’S RESPONSE TO COMPANY’S AND  
STAFF’S JOINT REQUEST FOR CLARIFICATION**

COMES NOW, the Missouri Industrial Energy Consumers ("MIEC") and for its Response, states as follows:

**The Issue of District Allocations Was Resolved by Stipulation Dated March 16, 2016  
And Approved by The Commission On April 6, 2016 (Issues A, B and C)**

The issue addressed in the subject Motion involves the Company’s proposal to limit the allocation of Company A&G expenses to \$20 per customer for small water and sewer districts to subsidize those smaller districts. Staff opposed that limitation. The parties resolved this “District Allocations” issue by Stipulation dated March 16, 2016. See Stipulation, page 2. Although the Stipulation could be clearer, it was clear to the parties who negotiated the Stipulation that this issue was resolved in favor of Staff’s position, which was to impose no cap on the allocation of these expenses. The Stipulation was unopposed and was approved by the Commission on April 6, 2016. The Order approving the Stipulation expressly acknowledges that “17) district allocations” was one of the issues that “were resolved.” See Order, page 2. Even before the Stipulation was entered and approved, the Company had withdrawn its position on this issue. See March 11, 2016 Company Statement of Position, page 4 (“Staff opposes any cap on the allocation of these costs to the smaller districts and, for purposes of this case, the Company does not object to Staff’s proposal to allocate a full share of the joint and common costs to the smaller districts.”)

As the Motion for Clarification notes, the Commission appears to have decided the District Allocations issue even though the parties attempted to remove it from the case. The MIEC plans to seek rehearing on this issue since the Commission should have approved the resolution of that issue as contemplated by the Stipulation or run the risk that the Stipulation on revenue requirement is null and void and a hearing thus required. *See* Stipulation, page 7, paragraph 14. Moreover, the Stipulation contemplated a certain revenue requirement for water and a separate revenue requirement for sewer, the total of which is \$30.6 million higher than under current rates. The Commission's decision on this already-resolved issue could have the impact of undoing the Stipulation in that respect by allocating more of an increase to water customers than contemplated.

Because the issue of limiting allocations is not properly before the Commission, as it was resolved by Revenue Requirement Stipulation approved by the Commission, the following issues addressed in the Motion will become moot once the Commission amends its decision to follow the Stipulation: (1) whether such limits are for both water and sewer districts (Issue A); (2) whether existing rates for smaller districts are too high given that the Commission contemplated a subsidy by such limits (Issue B); and (3) whether the Arnold sewer district's allocation of corporate costs is under the company's or Staff's calculation (Issue C). All parties should be directed to follow the terms of the Revenue Requirement Stipulation approved by the Commission. Should the Commission determine that Issue B is not moot, the MIEC supports Staff's position.

**Rate Structure Issue (Issue D)**

The MIEC takes no position on Issue D.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 7th day of June, 2016, to all parties on the Commission's service list in this case.

*/s/ Edward F. Downey*