

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

In the Matter of Missouri-American Water)	
Company's Request for Authority to)	Case No. WR-2015-0301
Implement a General Rate Increase for)	Case No. SR-2015-0302
Water and Sewer Service Provided in)	
Missouri Service Areas.)	

OPC REPLY TO JOINT REQUEST FOR CLARIFICATION

COMES NOW the Missouri Office of the Public Counsel and for its Reply to Joint Request for Clarification, states:

1. On June 3, 2016, Missouri-American Water Company (“MAWC”) and the Commission’s Staff filed a joint request for clarification of the Commission’s May 26, 2016 Report and Order (“Order”).

2. The second issue where MAWC and Staff seek clarification involves the rates for sewer District 2 given the Commission’s decision to consolidate all existing sewer districts except Arnold. The Order states, “[A]ssuming there will be no shortfall in sewer revenue after the allocation of corporate expenses to small companies is implemented, the rates currently paid by the individual sewer systems shall remain unchanged, as originally proposed by Staff. If there is a revenue shortfall for sewer, it shall be recovered pro-rata among all the consolidated sewer systems and their individual rates shall be adjusted as necessary.” The joint request for clarification states “MAWC and Staff request the Commission clarify whether existing sewer rates for those sewer systems comprising Sewer District 2 must be reduced if the existing sewer revenues from those districts exceed their allocated cost of service.”

3. OPC urges the Commission to clarify that it was never its intention to require small sewer customers to pay *more* than their allocated cost of service, especially given the high rates those customers now pay. To be consistent with the Order's conclusion that a revenue shortfall would be "recovered pro-rata among all consolidated sewer systems and their individual rates shall be adjusted as necessary," the Commission should clarify that any revenue excess shall be allocated pro-rata among all consolidated sewer systems and their individual rates shall be reduced accordingly.

WHEREFORE, the OPC respectfully offers this reply to the joint request for clarification.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 7th day of June 2016.

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