

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

In the Matter of Missouri-American Water Company's)
Request for Authority to Implement General Rate) File No. WR-2017-0285
Increase for Water and Sewer Service Provided)
in Missouri Service Areas.)

**INITIAL BRIEF OF THE
CONSUMERS COUNCIL OF MISSOURI**

COMES NOW the Consumers Council of Missouri (“Consumers Council” or “CCM”), hereby submits its Initial post-hearing brief in this water rate case for Missouri-American Water Company (“Company” or “MAWC”). Consumers Council concurs in and incorporates all of the arguments contained in the Initial Brief of the Office of the Public Counsel in this case.

The rate design proposed by MAWC in this case is particularly unfair and discriminatory. Consumers Council strongly opposes MAWC’s single-tariff pricing (“STP”) proposal to force District One (primarily the St. Louis region) to subsidize the rates of other isolated districts throughout the state. Socializing the higher costs of the other MAWC districts which are disconnected from each other and diverse in their cost structures is not just and reasonable.

STP would encourage overinvestment, or “gold-plating” of future capital, which in turn would harm all MAWC ratepayers. This MAWC proposal would unreasonably penalize St. Louis County, St. Charles County, St. Joseph and Joplin ratepayers for costs they have not caused. Requiring lower cost districts to subsidize costs in other higher cost districts is unjust and unreasonable as it sends price signals that are

contrary to cost efficiency. Consumers Council prefers district specific water rates, but like the Office of Public Counsel, it can support maintaining the current zonal pricing as reasonable and an appropriate compromise.

With regard to the residential customer charges, the Consumers Council supports Staff's position to maintain the current customer charges at their respective amounts. MAWC's proposal to raise the residential customer charge for St. Louis ratepayers, while lowering it for the rest of MAWC's districts, is yet another example of extremely unfair treatment for ratepayers in the St. Louis region. MAWC is seeking to increase fixed costs where fixed costs are likely to be lower and decrease fixed costs where fixed costs are likely to be higher.

St. Louis County residents are already subject to the Infrastructure System Replacement Surcharge (ISRS), a surcharge which increases their water rates in-between rate case audits. This surcharge can add as much as 10% extra cost to their bills. Imposing STP or other comparably higher fixed charge increases would simply be adding insult to injury. Consumers Council urges the Commission to spare District One from further unfair charges, and approve a rate design in this case that applies equity and cost causation principles fairly.

Respectfully submitted,

/s/ John B. Coffman

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties listed on the official service list on this 30th day of March, 2018.

/s/ John B. Coffman
