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September 12, 2000

VIA UPS

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

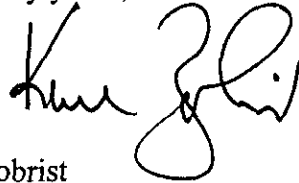
Re: Missouri American Water Co.
Case No.: WR-2000-281

FILED
SEP 13 2000
Missouri Public
Service Commission

Dear Secretary Roberts:

Enclosed is an original and eight copies of the Application for Rehearing by Intervenor City of St. Joseph. Please file the original and the eight copies, and return the extra copy to me, file-stamped, in the enclosed self-addressed stamped envelope. If you have any questions, please let me know.

Very truly yours,



Karl Zobrist

KZ/sm
Enclosures

cc: All Parties of Record

KC-792165-1

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

SEP 13 2000

Missouri Public
Service Commission

In the Matter of)
Missouri-American Water Company's)
Tariff Sheets Designed To Implement)
General Rate Increases For Water and)
Sewer Service Provided To Customers)
In The Missouri Service Area Of The Company)

Case No.: WR-2000-281

APPLICATION FOR REHEARING OF THE CITY OF ST. JOSEPH

Intervenor City of St. Joseph hereby requests, pursuant to Section 386.500, Mo. Rev. Stat. (1994) and 4 C.S.R. 240-2.160, that the Missouri Public Service Commission ("Commission") grant rehearing on its Report and Order issued August 31, 2000 with an effective date of September 14, 2000. The findings of fact and conclusions of law contained in the Report and Order ("Order") are not supported by the evidence of record and are based upon errors of law.

In support of this Application for Rehearing, the City of St. Joseph sets forth the following grounds upon which it considers the Order to be unlawful, unjust and unreasonable:

1. The Commission's decision to abandon Single Tariff Pricing ("STP") and to implement District Specific Pricing ("DSP") is not supported by substantial and competent evidence, and is based upon inadequate findings of fact and conclusions of law. Testimony adduced at the local public hearings failed to demonstrate that the witnesses had been informed of the actual impact of DSP on each district's rates for each customer class. To the contrary, the information distributed to the public by the Office of the Public Counsel and by the Staff, among other parties, failed to disclose the effect that a move from STP to DSP would have upon each district and upon the customer classes in each district. The witnesses at the hearings were advised that STP would result in a rate increase of 51 percent, and led to believe that

DSP would result in lower rates for all customers. Therefore, any reliance by the Commission upon evidence gathered at the local public hearings is error.

2. The Commission's decision to implement DSP and its direction to Missouri-American Water Company ("MAWC") to set rates separately for each service area in order to recover the appropriate revenue requirement for each service area will result in extraordinary and unconscionable rate increases. These new rates will result in "rate shock" for certain customers that are neither just nor reasonable, in violation of Sections 393.130¹, 393.150.2 and 393.270.2. Furthermore, the Commission's Order adopts DSP rates in an abrupt, "flash-cut" manner – no transition or phase-in period, no surcharges and no across-the-board increases. As a result, the Order is not supported by substantial and competent evidence, and is based upon inadequate findings of fact and conclusions of law.

3. The Commission's Order, to the extent that it purports to implement DSP but continues a rate structure whereby certain districts will be subsidizing costs in other districts, results in rates which are neither just nor reasonable and which grant an undue or unreasonable preference or advantage to certain ratepayers. As a result, the Order creates and sanctions a series of preferential, discriminatory and special rates, all in violation of Section 393.130.

4. The Commission's Order adopting Staff's Class Cost of Service Study results in rates to certain customers of MAWC's St. Joseph District which are neither just nor reasonable in violation of Sections 393.130, 393.150.2 and 393.270.2.

5. The Commission's Order adopting DSP creates an unjust and unreasonable rate design which causes gross inequities among customer classes, abandons the concept of gradualism in changing rates so as to avoid excessive rate shock, and creates financial disincentives for MAWC to maintain safe, reliable and affordable water systems. As a result, the Order unlawfully authorizes a rate design and rates

¹ All references are to the Missouri Revised Statutes (1994).

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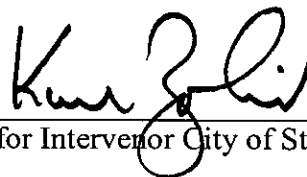
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