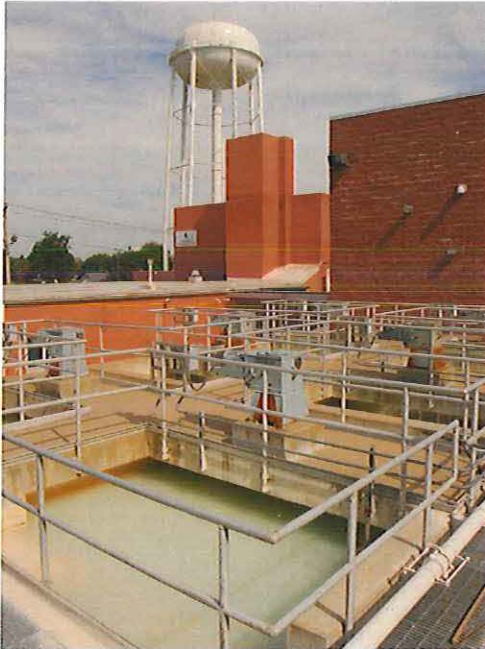




## Proposed Water Rate Changes Mexico

FILED  
February 22, 2016  
Data Center  
Missouri Public  
Service Commission



Missouri American Water has filed a request for a rate increase with the Missouri Public Service Commission (MoPSC). Our investment in local water system improvements is the primary driver behind this request.

If the rate request is granted in full, the average Mexico residential water customer (using about 3,600 gallons of water per month) would see their water bill increase by about **\$2.62 per month** from approximately \$38.49 to \$41.11. Your actual water bill may be higher or lower, depending on the amount of water your household uses.

### Requested rates – based on monthly household water usage Sample estimates

Low water usage 1,800 gallons/mo	Average water usage 3,600 gallons/mo	High water usage 5,500 gallons/mo
\$29.25	\$41.11	\$52.96

**Mexico water rates have not increased for four years. The cost for water service will remain at about a penny per gallon.**

## Mexico Facts

- **Investments made in the local water system are the driver behind this case.** From January 1, 2012 to January 31, 2016 Missouri American Water invested approximately \$3.6 million in improvements to Mexico's water system. These water system improvements are in place serving customers. The projects include:
  - Replacing a well pump and upgrading chemical feed systems used in the operation of the water system.
  - Upgrading almost 3 miles of water mains along E. Liberty, S. Calhoun, Central, N. Western, Venus, Josephine, Smiley, Agricultural and Summit Streets.
  - Replacing fire hydrants and water meters across the system to improve water service reliability.
- **No rate changes until the review process is complete.** This rate request represents an overall increase of about 6.8 percent for the average Mexico residential customer. The rate request is thoroughly reviewed by the MoPSC – a process that includes public hearings and opportunities for customers to comment by mail or online. Rates will not change until the MoPSC completes a comprehensive audit of this request.
- **Mexico water bill basics.** Mexico residential customers are billed monthly. The two major elements on your water bill are fixed and water usage charges.

Mexico Fixed Customer Charge (fixed monthly charge for water service)		Mexico Water Usage Charge (the unit cost per hundred gallons used)	
Current	Requested	Current	Requested
\$13.35	\$17.40	\$0.68 per hundred gallons	\$0.65 per hundred gallons

Exhibit No. 3  
Date 2-4-16 Reporter JL  
File No. WR-2015-030



- **Regulatory Requests.** This rate request also includes three regulatory requests.
  - A proposal to consolidate our 36 rate districts to five - three water and two wastewater rate zones. This more uniform pricing helps create economies of scale and maintain more stable rates for customers by spreading costs over the entire base of customers.
  - A revenue stabilization mechanism that allows up and down rate adjustments to ensure that the company recovers no more and no less revenue than authorized. This stabilizes revenue during wet and dry weather years, allowing us to make needed investments to improve aging systems. Missouri Public Service Commission review is part of the process.
  - An environmental cost adjustment mechanism that allows us to recover revenues associated with investments and costs required to comply with new federal, state and local environmental mandates through a surcharge between rate cases. This surcharge would be reviewed by the Missouri Public Service Commission.