

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

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

**INTERVENOR CITY OF RIVERSIDE’S SUPPLEMENTAL STATEMENT OF
POSITIONS ON THE ISSUES**

COMES NOW Intervener City of Riverside Missouri (“City”), by and through counsel, and for its *Statement of Positions on the Issues*, states their position on the following limited issues:

16. Coordination with local Municipalities for Water Main Replacement –

Should MAWC’s five year main replacement program approved by the Missouri Department of Natural Resources (its Owner Supervised Program) prioritize the replacement of small dimension mains in Jefferson City and other municipalities that are connected to fire hydrants?

The City believes five year main replacement program approved by the Missouri Department of Natural Resources (its Owner Supervised Program) should prioritize the replacement of small dimension mains in Jefferson City and other municipalities that are connected to fire hydrants as it is a public safety issue.

a. Should MAWC be directed to provide on a regular basis the following described information to appropriate Jefferson City and other municipalities’ departments?

i. MAWC’s annual or multi-year capital expenditure or improvement plan for the Jefferson City and other municipality service areas, and any updates made to those plans

ii. Leak studies of the water system in the Jefferson City and other municipality service areas;

iii. The current pressure and volume model for the water system in the Jefferson City and other municipality service areas and the age of all facilities.

iv. The current and subsequent versions of MAWC's Resource Supervised Plan.

The City believes the above information should be provided to not only Jefferson City, but to all municipalities in which the MAWC is responsible for providing water to any district within the municipality's boundaries.

33. Revenue Stabilization Mechanism (RSM)

a. Should the Commission adopt a Revenue Stabilization Mechanism?

The Commission should not institute a Revenue Stabilization Mechanism as the Commission is the current Revenue Stabilization Mechanism. The current due process provided pursuant to Missouri Statutes and the Commission's own regulatory framework provides sufficient safeguards for both the ratepayer and the company in determining just and reasonable rates, as it is the Commission who establishes the sufficiency of evidence to support their ratemaking decisions. The current process of the Commission provides sufficient oversight to determine insure that the appropriate stakeholder is paying their fair share, be it the ratepayer or shareholder. To establish a Revenue Stabilization Mechanism would be tantamount to an admission that the rates established by the Commission were not just and reasonable without providing the various ratepayers the opportunity to offer evidence to the Commission as to why rates established in the previous case are still just and reasonable. A Revenue Stabilization Mechanism removes a valuable incentive for good management and stewardship of the company and removes a valuable safeguard to protect not only the ratepayer, but the shareholder as well, because it would require no evidence as to the cause of reduced revenue, only that revenue was reduced.

34. Water Rate Design

a. Single Tariff Pricing / District Specific Pricing –

Should the Commission keep the current water district structure, adopt single tariff pricing for the water customers, or return to eight water districts?

The Commission should adopt single tariff pricing to include all districts they currently serve in Missouri. Such an Order is supported by the recent decision by the Missouri Court of Appeals upholding this Commission’s decision in the last case. Consolidation into a single District would address the “fragmentation problem” that has created the “affordability problem” of so many of the smaller districts that can be resolved by consolidation. *MAWC v. OPC*, 526 S.W.3d 253, 271 (Mo. App. W.D. 2017). Single tariff pricing would reduce the financial burden created by Federal and State regulatory requirements. As the Court stated the difference in the annual cost per customer is not necessarily a difference in the actual cost to provide water service in a particular district...it can be attributable to a lack of size. *Id. at 268*.

a.i. Offset Mechanism – *If the Commission orders consolidated tariffs for water service, should it also order the implementation of the Coalition City Offset Mechanism to allow certain service areas to avoid paying certain capital investment costs?*

The City does not oppose the creation of an offset mechanism if it is just and reasonable, but does not believe it is a prerequisite to establishing single tariff pricing.

b. Customer Classifications – *Should Rate A rate be split into a Residential and a Non-residential rate?*

The City believes the Commission should take whatever steps are needed to insure that the true residential ratepayer, especially those on fixed incomes, receive their water service at the lowest price possible given they are the only customers who have no opportunity to recover their water costs, while maintaining just and reasonable rates for all and allowing MAWC the opportunity to generate revenue in an amount satisfactory to the Commission.

WHEREFORE, the City of Riverside reserves its right to modify its position on this or any other issue raised in the case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that true copies of the foregoing Intervenor City of Riverside's Statement of Position on the Issues was sent by e-mail this 21st day of February, 2018, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Joseph P. Bednar, Jr.
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