

**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-2015-0301
Water and Sewer Service Provided in)
Missouri Service Areas)

INTERVENOR CITY OF RIVERSIDE'S INITIAL BRIEF

COMES NOW Intervenor City of Riverside, Missouri ("City"), by and through undersigned counsel, and for its initial brief states as follows:

Being within the boundaries of the Platte County Water District ("PCWD"), the City and its residents receive service directly from Missouri-American Water Company ("MAWC"). The City is within the PCWD, subject to the tariffs at issue in this case.

The Commission should escalate the consolidation of Water Districts because the policy known as "District Specific" rate-making has never been a pure policy in that it has been compromised in rate cases since 2006 through the consolidation of various Districts to establish rates, from the very small to those the size of St. Charles or Warrenton, and will continue to be compromised in an inequitable manner as no Statute has been enacted or Rule promulgated that establishes a process that determines when rates in a particular District are too high as to be unjust and unreasonable.

The failure to enact or promulgate standards for Consolidation has an inordinate negative impact on Rate Design for ratepayers for the simple reason that the raw number of ratepayers in any particular district combined with the raw number of commercial and industrial ratepayers, will result in an average residential monthly rate of anywhere between \$27.00 or \$77.00, depending upon how many ratepayers, and the type of ratepayers, in a particular District.

It is unjust and unreasonable for a resident to pay a different amount for his water just because the Water District in which he has been placed has fewer overall ratepayers, or fewer commercial or industrial ratepayers, or both. It must be remembered the ratepayers in these high cost Districts have NO control over the size of their District, the type and amount of commercial and industrial ratepayers that are located in their District, nor the condition of the infrastructure of their District. Their only choice is to sell their home and move out of the District.

The City believes that the consolidation as set forth in Missouri American Water Company's Hearing Exhibit 51R is reasonable and is fully supported by the evidence adduced at the hearing. It was elicited in testimony that Joplin was not opposed to such a consolidation if they themselves were not consolidated. If St. Joseph and Joplin wish to "opt out" of the District as a result of suffering the negative consequences of the so called "District Specific" rate-making policy of 2000, those Districts should be permitted to stand alone. Such a Consolidation maintains three Districts but establishes a rate design that removes the volatility that will result when Districts with fewer than 20,000 ratepayers have significant infrastructure improvements.

While the City wants a level playing field for both its residential ratepayers and its commercial and industrial rate-payers, the City is deeply concerned about the disparate impact "District Specific" rate-making has on the true residential rate payer. That is why it has suggested as an alternative consolidation option, the establishment of a specific rate class for the true residential ratepayer who is responsible for paying his or her individual water bill.

The policy decisions this Commission makes in regards to rate design has a significant impact on how residential ratepayers are treated district to district, as well as the impact on those citizens living on a fixed income. The true residential ratepayer, homeowner, apartment or duplex resident, is the only ratepayer who does not get to recover their cost of water. A just and

reasonable design takes that into consideration and establishes a specific rate class for the true residential ratepayer who is responsible for paying their individual water bill.

The Consolidation proposal of the City is reflected in Missouri American Water Company's Hearing Exhibit 51R. Such a rate design serves the public interest in that it reduces volatility and better protects the residential user from unjust and unreasonable rate increases such as those received in the last decade, and better insures the infrastructure improvements needed to deliver quality water are done in a timely fashion. Or the Commissioners should adopt in the alternative a Rate Design that would better protect the residential users of the state who suffer the most from the unreasonableness of perpetuating the myth of District Specific rate-making.

The City is very concerned about the water quality issues created by MAWC's water distribution system, and is not satisfied with MAWC's previous responses to this issue. The City believes that MAWC should take every reasonable action to investigate the cause of the quality issue, including proactively surveying their customers to determine how widespread the problem is in the water distribution system. At a minimum, MAWC must take action in good faith in order to address these issues.

CONCLUSION

WHEREFORE, the Commission should adopt the Consolidation proposal reflected in Missouri American Water Company's Hearing Exhibit 51R and adopt a rate design plan that is in the public interest and protects the residential users across the state. The Commission should further order a thorough investigation into the water quality issues certain residential customers are experiencing in the PCWD. The issues related to the quality of the water produced by MAWC's water distribution system should be a factor in determining the final tariff rates of the PCWD.

Respectfully submitted,

SPENCER FANE LLP

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CERTIFICATE OF SERVICE

I hereby certify that true copies of the foregoing Intervenor City of Riverside's Initial Brief to Missouri-American Water Company were sent by e-mail this 8th day of April, 2016, to the parties of record as set out in 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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