

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

In the Matter of the General Rate Increase)	
for Water and Sewer Service Provided)	Case No. WR-2003-0500,
by Missouri-American Water Company.)	Consolidated with WC-2004-0168

**RESPONSE TO STATUS REPORT
OF METROPOLITAN ST. LOUIS SEWER DISTRICT**

COMES NOW Missouri-American Water Company (“MAWC” or “Company”), and states the following to the Missouri Public Service Commission (“Commission”) in response to the Status Report of Metropolitan St. Louis Sewer District:

1. On August 26, 2004, the Metropolitan St. Louis Sewer District (“MSD”) filed a document in this case entitled “Status Report of Metropolitan St. Louis Sewer District” (“Status Report”).
2. This Status Report concerns issues discussed previously in Case No. WR-2003-0500. After the filing and initial approval of certain MAWC tariffs in this case, on April 15, 2004, the MSD filed an Application for Rehearing or Reconsideration and Opposition to Motion for Expedited Treatment, objecting to two tariff sheets that referenced the MSD. The Commission, in response, set a show cause hearing for April 19, 2004. The parties proceeded to appear before the Commission on April 19, 2004, and resolved the tariff dispute by agreement.
3. In its Second Order Approving Tariff in Compliance with Commission Order, Granting Motion for Expedited Treatment and Closing Case, issued on April 20, 2004, the Commission stated in regard to the issues raised by the MSD that “[a]s a settlement, the attending parties agreed that Missouri-American would withdraw its compliance tariffs and re-file them less the two sheets to which the Sewer District objected. *The issues encompassed by those sheets would*

be negotiated separately, while the compliance tariffs could be expeditiously approved.” (Emphasis added).

4. MAWC agrees with the MSD that no agreement between the parties has been reached. However, MAWC disagrees with the MSD’s statement that at the April 19, 2004 hearing, it was “further agreed by the parties that if agreement was not reached . . . they would report back to the Commission and seek guidance as to an appropriate resolution to any remaining disputes.” (Status Rep., p. 2-3).

5. In fact, the parties agreed, that if the negotiations were unsuccessful, they would bring the matter back to the Commission “for resolution.” This is supported by the MSD’s Application for Rehearing, which states “in the event negotiations prove unsuccessful within a reasonable period, the parties could bring the matter to the Commission *for resolution*.” (App. For Rehearing, p. 4). It is further supported by Mr. DeFord’s statement at the hearing, on behalf of MSD, that his client “would be more than pleased to engage in negotiations with the company and set a reasonable deadline to bring the matter back to the Commission *for resolution*.” (Tr., p. 2895) (emphasis added).

6. Based upon the current circumstances, this case should be brought back to the Commission “for resolution.” In fact, to the extent there is a dispute between MAWC and MSD based upon an allegation of “any act or thing done or omitted to be done by [MAWC], including any rule, regulation or charge heretofore established to be fixed by or for [MAWC], in violation, or claimed to be in violation, or any provision of law, or of any rule or order or decision of the commission” (Section 386.390.1, RSMo 2000), the Commission has exclusive jurisdiction to address the dispute.

7. It was discussed at the April 19, 2004 hearing that the charges that are the subject of the negotiations are “jurisdictional charges.” That is, they are reflected in existing tariff sheets (Sheets Nos. RT-15.0 and RT-16.0) and have been so reflected since approximately 1993.

Additionally, the contracts between sewer companies and water companies are addressed within the Commission law (Section 393.015, RSMo 2000).

8. The avenue to pursue disputes as to these charges is not, however, in a concluded rate case. The proper avenue is a complaint case filed pursuant to Section 386.390, RSMo and Commission Rule 4 CSR 240-2.070, whereby the MSD would alert the Commission to its specific complaints. Without such information, MAWC believes that it would be impossible for the Commission to determine what jurisdiction does, or does not, exist in regard to this dispute. In the alternative, if the parties agree, the Commission may act as arbitrators, in accordance with Section 386.230, RSMo 2000.

9. The Commission should have a great interest in this matter as the subject of these negotiations – what the MSD will pay for data and turn off services provided to it by MAWC – is directly connected to the rates to be charged by MAWC. Currently, these revenues are used by the Commission to reduce, dollar for dollar, the rates to be paid by MAWC’s regulated customers. A reduction in the amount received from the MSD will necessarily increase the amount to be paid by MAWC’s customers.

10. The MSD alleges that “during the course of the April 19 hearing, the consensus of the parties appeared to that without an underlying agreement between MSD and MAWC, the Commission could not impose a tariff to resolve disputed issues.” (Status Rep., p. 3). Having reviewed the transcript, it does not appear to MAWC that this issue was ever discussed, nevertheless that there was any “consensus” one way or the other. As cited above, the clear statement of the parties was that the matter would be brought to the Commission “for resolution.”

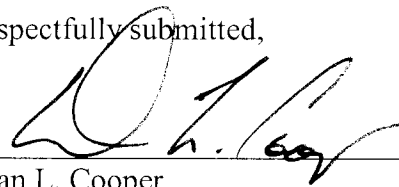
11. Moreover, MAWC also disagrees with the underlying allegations in the MSD’s Status Report -- that “MAWC now seeks to impose an even greater charge than the flat \$760,000 for the significantly reduced information MSD is requesting” and that “the status quo requires MSD to

continue making substantial payments for information it does not want or need.” MAWC’s interest is in receiving compensation equal to the costs necessary to obtain, maintain and provide the information the MSD desires. To receive compensation in a lesser amount, would require MAWC’s customers to subsidize the operations of the MSD. The costs identified by MAWC are necessary in order to provide the information requested by the MSD.

12. The rates suggested by MAWC are more than fair considering that if the MSD itself was required to read water company meters in order to accurately capture the two quarters of usage data that it believes it needs, a total of approximately 1,015,000 meter reads would be required. This is approximately 76.5% of the current meter reads made by the MAWC. Using MAWC’s cost structure, this would result in a cost to the MSD of \$1.4 million to read the meters and to accurately capture the required data. MAWC feels very strongly that the offers it has made are reasonable and appropriate based upon the costs involved.

WHEREFORE, MAWC respectfully requests that the Commission direct the MSD, to the extent the MSD has a grievance for which it seeks a resolution, to file a complaint in accordance with the statutes and regulations governing such process.

Respectfully submitted,



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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or electronic mail on this 3rd day of September, 2004, to the following:

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