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Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 3660
Jefferson City, Missouri 65102

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Missouri Public
Service Commission

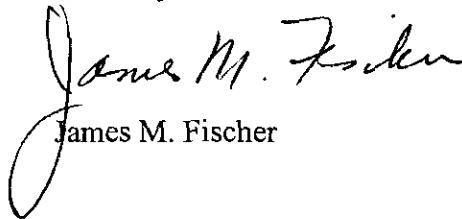
RE: *Missouri-American Water Company*
Case Nos. WR-2003-0500
Tariff Nos. YW-2003-2012, YW-2003-2013, YW-2003-2014, YW-2003-2015

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter is the original of the Position Statement of of Public Water Supply District Nos. 1 and 2 of Andrew County, and Public Water Supply District No. 1 of DeKalb County ("Water District Intervenors"). A copy of the foregoing Position Statement has been hand-delivered, emailed or mailed this date to parties of record.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

Enclosures

cc: Counsel of Record

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

In the Matter of Missouri-American Water Company's)	Case No. WR-2003-0500
Tariff to Revise Water and Sewer Rate Schedules)	Tariff Nos. YW-2003-2012, YW-2003-2013, YW-2003-2014, and YW-2003-2015

POSITION STATEMENT OF ST. JOSEPH PUBLIC WATER SUPPLY DISTRICTS

COME NOW Public Water Supply District No. 1 and 2 of Andrew County, and Public Water Supply District No. 1 of DeKalb County, ("Water Districts") and, pursuant to the Order Concerning Test Year And True-Up, Resetting Evidentiary And True-Up Hearings, Adopting Procedural Schedule And Concerning Local Hearings issued on July 17, 2003, states their position on the rate design issues in this matter:

INTRODUCTION

The Water Districts are not-for-profit political subdivisions that serve rural customers in areas outside of St. Joseph, Missouri. Although these Water Districts are among MAWC's larger customers, they are, in reality, representatives of their rural residential customers--since any increase in the cost of water must eventually be passed along to the Water Districts' rural customers.

As a result of the Commission's decision in the last Missouri-American Water Company rate case, the Water Districts' rates in the St. Joseph District increased by approximately 239% above previously approved rates, or approximately \$1.5 million annually. The 239% rate increase approved in the last rate case was unprecedented in sheer magnitude, and has been difficult for the Water Districts' customers to understand.

Although the Water Districts disagreed with the Commission's 3-2 vote to abandon Single-Tariff Pricing in favor of District Specific Pricing in the last MAWC rate case, we have decided not to ask the Commission to again reverse its policy on this issue in this case.

While we believe it was an unfortunate decision for the majority of the Commissioners to abandon Single-Tariff pricing in favor of District-specific pricing, we also believe that the Missouri-American and its customers need now to move forward.

In this case, the Water Districts are requesting that the Commission re-consider one aspect of the rate design that was adopted in the last case. Since the Water Districts are essentially wholesale customers, we take our water supplies, for the most part, directly from the mains of Missouri-American. The Water Districts themselves provide the distribution system to our customers beyond the Missouri-American meters. Unfortunately, in the last case, we believe too much of MAWC's distribution system was allocated to the Water Districts. The Water Districts should not be responsible for also paying for MAWC's distribution system that we don't use. On this issue, the Water Districts generally support the position of MAWC on the proper allocation of mains and distribution plant.

In this case, the Water Districts are encouraged by the Staff Recommendation to reduce the overall rates of Missouri-American by \$20 million. However, only \$395,000 of the \$20 million rate reduction is being recommended by Staff to reduce the rates of the St. Joseph Water Districts. If the Staff's position is adopted, in full, it would represent a 19.2% rate reduction for the Sales for Resale class as a whole in St. Joseph. While this is certainly a step in the right direction, we would encourage the Commission to do whatever it can to lessen the very large increase that was approved for the Water Districts in the last rate case.

The Water Districts are also concerned about changes that are being proposed to the rate structure for the Sales For Resale Class in St. Joseph. MAWC's rate structure for our class currently consists of a declining block rate structure. This means that there are volume discounts built into the rate structure so that larger users get a volume discount to reflect economies of scale. The Staff is proposing to eliminate all volume discounts, and instead replace the declining block rate structure with a flat rate structure. Since the Water Districts are large volume users, we take much of our water from the last block of the rate schedule. Staff is proposing to increase that last block of the rate structure by 21.03%.

Although Staff is proposing an overall reduction for the Sales For Resale Class of 19.1% in the St. Joseph District, various Water Districts may not experience a 19% rate reduction since they use substantial water from the last rate block where the Staff is proposing to increase the rate.

In summary, the Water Districts request that the Commission carefully consider the impact of the changes in rate structure when it decides this case. The Water Districts in the St. Joseph area have already absorbed an unprecedented increase as a result of the last case. As the Commission reviews the various rate proposals in this case, the Water Districts respectfully request that the Commission keep in mind the 239% rate increase that the Water Districts in St. Joseph have already absorbed as a result of the last rate case.

While the Water Districts have not taken a position on the revenue requirement issues in this proceeding, we intend to participate in the Rate Design portion of the case. The Water Districts' positions on the list of contested issues related to rate design (Issues Nos. 21-27, inclusive) are included below:

I. LIST OF CONTESTED ISSUES AND POSITION STATEMENTS

21. What is the appropriate way to allocate costs among MAWC's various operating districts?

WATER DISTRICTS' POSITION: WHILE THE WATER DISTRICTS CONTINUE TO BELIEVE THAT SINGLE-TARIFF PRICING IS AN APPROPRIATE RATEMAKING METHODOLOGY, IN LIGHT OF THE COMMISSION'S DECISION IN THE LAST MAWC RATE CASE TO UTILIZE DISTRICT-SPECIFIC PRICING, THE WATER DISTRICTS WILL ACCEPT THAT COSTS SHOULD BE ALLOCATED TO THE VARIOUS OPERATING DISTRICTS IN A MANNER CONSISTENT WITH DISTRICT-SPECIFIC COST STUDIES THAT HAVE BEEN FILED IN THIS PROCEEDING. HOWEVER, IN LIGHT OF THE LARGE RATE INCREASE TO THE ST. JOSEPH DISTRICT IN THE LAST RATE CASE, THE WATER DISTRICTS BELIEVE THAT THE COMMISSION SHOULD ADOPT THE METHODOLOGY THAT ALLOCATES THE LEAST COSTS TO THE ST. JOSEPH DISTRICT, CONSISTENT WITH THE EVIDENCE.

22. What is the appropriate way in which to allocate costs among customer classes within each operating district?

WATER DISTRICTS' POSITION: AS DISCUSSED ABOVE, THE WATER DISTRICTS BELIEVE THAT THE COMMISSION'S ADOPTION OF THE STAFF'S METHODOLOGY IN THE LAST MAWC RATE CASE RESULTED IN AN IMPROPER ALLOCATION TO THE WATER DISTRICTS OF MAINS AND DISTRIBUTION PLANT. IN THIS PROCEEDING, THE WATER DISTRICTS BELIEVE THAT THE COMPANY'S METHODOLOGY FOR ALLOCATING THE COSTS OF MAINS AND DISTRIBUTION SYSTEM MORE PROPERLY ALLOCATES COSTS TO THE WATER DISTRICTS. THE WATER DISTRICTS, HOWEVER, RESERVE THE RIGHT TO INQUIRE INTO ALL ASPECTS OF THE ALLOCATION OF COSTS TO THE CUSTOMER CLASSES WITHIN EACH DISTRICT.

23. What is the appropriate way to design rates for each customer class?

WATER DISTRICTS' POSITION: THE WATER DISTRICTS BELIEVE THAT THERE IS NO EVIDENCE IN THIS PROCEEDING TO SUPPORT DRAMATIC CHANGES IN RATE DESIGN FOR EACH CLASS. IN PARTICULAR, THE WATER DISTRICTS OPPOSE THE

ELIMINATION OF THE COMPANY'S EXISTING DECLINING BLOCK RATE STRUCTURE. THE WATER DISTRICTS, HOWEVER, RESERVE THE RIGHT TO INQUIRE INTO ALL ISSUES RELATED TO THE WAY THAT RATES ARE DESIGNED FOR EACH CUSTOMER CLASS.

24. Should there be any revenue contribution among districts to mitigate the impact of full, cost of service rates for any district?

WATER DISTRICTS' POSITION: UNLESS THE COMMISSION DECIDED TO UTILIZE A SINGLE-TARIFF PRICING METHODOLOGY, THE WATER DISTRICTS BELIEVE THAT THE ST. JOSEPH DISTRICT SHOULD NOT BE RESPONSIBLE FOR ANY REVENUE CONTRIBUTION TO MITIGATE THE IMPACT OF FULL, COST OF SERVICE RATES FOR ANY OTHER DISTRICT.

25. Should there be consolidated billing?

WATER DISTRICTS' POSITION: THE WATER DISTRICTS ARE GENERALLY SUPPORTIVE OF THE CONCEPT OF CONSOLIDATED BILLING, ON AN OPTIONAL BASIS, THROUGHOUT THE COMPANY'S SERVICE AREA, INCLUDING THE ST. JOSEPH DISTRICT.

26. Should there be an interruptible rate, and if so, what is an appropriate rate for that service?

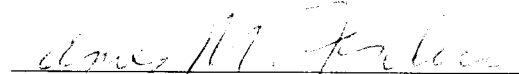
WATER DISTRICTS' POSITION: THE WATER DISTRICTS TAKE NO POSITION ON THIS ISSUE.

27. What are the appropriate customer class definitions for the Platte County and St. Joseph Districts?

WATER DISTRICTS' POSITION: THE WATER DISTRICTS RESERVE THE RIGHT TO INQUIRE INTO THIS ISSUE AND ADVOCATE A POSITION AT THE CONCLUSION OF THE HEARINGS IN THIS MATTER.

WHEREFORE, having complied with the Commission's order issued on July 17, 2003, the Water Districts respectfully request that the Commission accept its Position Statement, and render a decision in this matter consistent with the position stated herein.

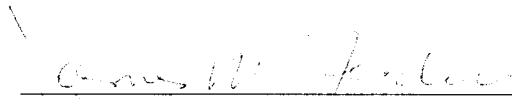
Respectfully submitted,


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Attorneys for Water District Intervenors

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, this 8th day of December, 2003, to all counsel of record in this proceeding.

A handwritten signature in dark ink, appearing to read "James M. Fischer", is written over a horizontal line.

James M. Fischer