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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 19th day of May, 1997.

In the Matter of Missouri-American Water Company's)
Tariff Designed to Increase Rates for Water Service) Case No. WR-97-237,
Provided to Customers in the Missouri Service Area) et al.
of the Company.)
)

ORDER MODIFYING FORM OF NOTICE

Missouri-American Water Company (MAWC) submitted proposed tariff sheets to the Missouri Public Service Commission on December 13, 1996, designed to implement rate increases for water and sewer service provided to customers in the company's Missouri service area. The Commission suspended both sets of tariff sheets until November 12, 1997, granted interventions and established a procedural schedule.

MAWC filed a Motion for Modification to the Form of Notice for the Mexico and Brunswick Districts on May 6. MAWC stated that the approved notice form notifies customers that their rates could be increased if the company's rate proposal is approved. In this case, because MAWC is proposing uniform rates for all districts, rates could actually decrease in the Mexico and Brunswick Districts. MAWC proposed language that would advise customers in these districts that the company's proposal would result in a decrease in rates.

The Office of the Public Counsel (OPC) filed a response to MAWC's motion on May 9. OPC argued that, although the proposed modifications would provide accurate information, all customers should be notified that

the company is proposing to average its rates among all seven service areas and not just the customers who would benefit from the averaging.

The Staff of the Commission (Staff) filed a response on May 15, offering its own modification designed to inform customers that the rates eventually approved in these districts may decrease by the amount requested by the company, may remain at current levels, or may increase by some amount. Staff proposed addition of the following language: "The final effect of the Company's proposal on rates with the _____ district will be determined by the Missouri Public Service Commission. An increase, a decrease or no change in current rates could result." Staff stated that MAWC had informed Staff that the additional language is acceptable to it.

MAWC filed a reply on May 15 to OPC's proposal that the language be changed for the customer notices in all seven districts. MAWC stated that because customers in the Joplin and St. Joseph districts are billed on a "cycle billing" schedule, the company has already printed the notices for these two districts. MAWC stated that the notices for the Parkville, St. Charles, and Warrensburg districts were sent to the printer on May 2. MAWC argued that attempting to modify the notices for these districts would be costly and pointed out that OPC admitted in its response that the language proposed by MAWC would "provide accurate information." MAWC asked the Commission to grant modification for the Mexico and Brunswick districts only.

The Commission has reviewed the pleadings and finds that the form of customer notice should be modified to give more accurate information. The Commission finds that, although OPC's argument **is** persuasive that all customers should be advised of the proposed averaging of rates, the modification proposed by MAWC provides accurate information and the need

for additional notice must be balanced against the cost of modifying notices already printed or prepared for printing. In addition, the notices to the other five districts all indicate that approval of MAWC's proposed rate increase would result in increased rates. This information puts the customers on notice that they have an interest at stake in the pending rate case. The form of notice proposed by MAWC should be approved with the addition of the language proposed by Staff and agreed to by MAWC as set out below.

IT IS THEREFORE ORDERED:

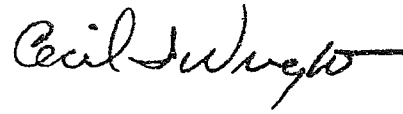
1. That the Motion for Modification to the Form of Notice for the Mexico and Brunswick Districts filed by Missouri-American Water Company on May 6, 1997, is granted with the modification proposed by the Staff of the Commission on May 15, 1997.

2. That the first paragraph of the customer notice for the Brunswick and Mexico districts should be modified to read as follows:

Missouri-American Water Company has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase the company's Missouri jurisdictional gross annual revenues for water service by approximately 16 percent. As part of its filing the Company has also proposed that its rates for water service be uniform throughout all of its districts. This means that for the average residential customer in the _____ district, the Company's proposal, if approved, would actually decrease rates by approximately \$_____ a month for water service for a customer using _____ of water a month. The final effect of the Company's proposal on rates with the _____ district will be determined by the Missouri Public Service Commission. An increase, a decrease or no change in current rates could result.

3. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton and
Drainer, CC., concur.
Murray, C., not participating.

ALJ: Wickliffe