

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

Rita Hill,)	
)	
Complainant,)	
)	
v.)	<u>Case No. WC-2011-0111</u>
)	
Missouri-American Water Company,)	
)	
Respondent.)	

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through its attorney, and submits to the Missouri Public Service Commission (“Commission”) its Staff Report as follows:

1. On October 25, 2010, Rita Hill (“Customer”) filed a complaint with the Commission against Missouri-American Water Company (“MAWC”).
2. On October 2, 2010, the Commission issued an Order giving notice of Contested Case, directing MAWC to file an answer by November 29, 2010, and directing the Staff to investigate and file a report by December 6, 2010.
3. On November 26, 2010, MAWC filed its Answer to the complaint, which included its Affirmative Defenses, and its Motion to Dismiss. Further, on December 2, 2010, MAWC filed an Amended Answer, which stated MAWC’s willingness to credit the Complainant’s account \$25.00, in effect, waiving the Connection/Turn-On Fee.
4. Staff has reviewed and investigated the Complaint and incorporates herein the attached Staff Report prepared by James A. Merciel, Jr., P.E.

WHEREFORE, Staff respectfully recommends the Commission order that Missouri-American Water Company waive the Temporary Water Service charge of \$61 on the

Customer's bill, which will result in a corrected bill of \$41.59. Staff also requests the Commission order the Company to cooperate with Staff's further exploration of their Temporary Water Service charge.

Respectfully submitted,

/s/ Meghan E. McClowry

Meghan E. McClowry
Legal Counsel
Missouri Bar No. 63070

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 6th day of December, 2010.

/s/ Meghan E. McClowry

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

STAFF REPORT

**Rita Hill
Missouri-American Water Company**

CASE NO. WC-2011-0111

Prepared by

JAMES A. MERCIEL, JR., P. E.

Jefferson City, Missouri
December 6, 2010

Staff Report
Case No. WC-2011-0111
Prepared by James A. Merciel, Jr., P.E.
Water and Sewer Department
December 6, 2010

Background

On October 25, 2010, Rita Hill (Hill or Customer) filed a Formal Complaint against Missouri-American Water Company (Company). The primary issue of the complaint is the amount of the Customer's bill for 13-days of temporary water service, and specifically a \$61 charge for Temporary Water Service which the customer states was not explained when service was initiated. The Customer states that upon calling the Company to have water service turned on, which was to be on a temporary basis for a home inspection, she was told of a \$25 Connection/Turn-On Fee for new service, but was later assessed the additional \$61. The Customer also complains about water usage of 200 cubic feet (two ccf), which amounts to additional billing for "water service" of \$15.56 (\$10.77 customer charge pro-rated for partial-quarter billing, and \$4.79 commodity charge).

The Company issued a bill to the Customer for \$102.59. This bill is comprised of the \$25 Connection/Turn-On Fee, the \$61 temporary service charge (which was added on when the customer requested termination of service within three months after requesting the service be turned on), the rates for water service, plus a Primacy Fee of \$0.04 which is required by the Missouri Department of Natural Resources, and a local Gross Receipts tax of \$0.99.

The Customer filed this Formal Complaint after having contacted the Staff about the matter as an informal complaint, C201002401.

Discussion of Approved Charges

The Customer's service address is in St. Louis County, and thus the Company's tariff for its St. Louis County operations applies. New customers applying for service on a permanent, or indefinite, period of time are required to pay a Connection/Turn-On Fee of \$25. The purpose of this charge is to cover the costs to set up a new account, to obtain an initial meter reading and to turn on service by operating a valve if service had been turned off at the location. This charge is specified in the Company's tariff in the Miscellaneous Charges, Sheet RT12.0, included herein as Attachment A, and is described in Rule 1.4 on Sheet R1.4, included herein as Attachment B. Other provisions for initiation of water service of permanent service are included on Sheet R1.0, included herein as Attachment C.

Customers may request Temporary Water Service, which is service for a period of less than 90 days per a definition in the Company's tariff on Sheet No. DF1.11, included herein as Attachment D. Customers requesting Temporary Water Service are required to pay a charge of \$61 "in advance," as specified in the Miscellaneous Charges, and as described in the fifth

paragraph of Rule 1.0 on Sheet R1.0, Attachment C. The purpose of this \$61 charge is to cover the cost of turn on and subsequent turn-off, as well as costs for the billing and special handling. Special handling is necessary, because customers may request temporary service at any time, and so billings for temporary service is “off-cycle,” meaning meter readings and issuance of bills is not done on schedule with other customers on the meter route. Since this charge covers the cost of turn-on and turn-off, the Staff believes that when this charge is applicable it should be applied in lieu of the \$25 Connection Charge.

The approved rates for water service for a residential customer include a pro-rated customer charge for service during a portion of a quarterly billing cycle of \$10.77, plus \$2.3925 per ccf of water usage as registered by a Company-owned water meter. The rates for water service as specified in “Rate A” of the Company’s tariff apply to all residential customers including those on Temporary Water Service. The Customer, according to the bill issued by the Company, used two ccf (approximately 1,500 gallons) as indicated by the beginning meter reading of 629 ccf and the ending meter reading of 631 ccf, resulting in a total commodity charge amount of \$4.79. These rates are included in the Company’s tariff on Sheet No. RT1.0, included herein as Attachment E.

Charges Applicable to Hill Billing

The Customer states in the Formal Complaint that when she called the Company to request service, she stated that the service was for a home inspection, and was told that the Connection/Turn-On Fee of \$25 would apply. The Company denies that the customer indicated this was for Temporary Water Service. Although the Company records calls to its call center for quality control, the Company could not produce a recording of the telephone call from Ms. Hill when the Staff requested it during handling of Ms. Hill’s informal complaint. Thus, it is not clear, and cannot be verified by the Staff at this time, exactly what was stated by the Customer, nor what was stated or asked by the Company representative. Regardless of what may have been said by the Customer and the Company representative at that time however, for some reason the Company representative apparently did not understand the Customer really wanted Temporary Water Service to be turned on only for the home inspection, and so applied the \$25 Connection/Turn-On Fee as if the Customer were requesting permanent service. The Customer states in the formal complaint that she requested termination of service thirteen (13) days after initiating service and that is when the Company applied the Temporary Water Service charge of \$61 to the account in addition to the \$25 Connection/Turn-On Fee. Given the circumstances of initiation of service, the Staff believes that the \$25 should have been removed at the point when the \$61 was applied, but it was not. However, on December 2, 2010, the Company filed a supplemental response to the Formal Complaint indicating its willingness to remove the \$25 Connection/Turn-On Fee.

The Staff believes that applying the pro-rated Customer Charge of \$10.77 is proper. This is applied instead of the approved quarterly customer charge that normally applies for service to permanent customers for an entire quarterly billing period. Additionally, applying the

Commodity Charge of \$2.3925 is appropriate but at this point the Staff will have to rely on the Company's meter reading records with respect to the Customer's recorded usage of two ccf to arrive at the calculated amount of \$4.79 for water usage.

Conclusion and Recommendation

The Staff has reviewed the Company's existing filed and approved tariff and other documents related to this Complaint. Staff finds that the Customer's bill, as amended per the Company's filed supplemental answer in this Formal Complaint, is in accordance with the Company's tariff.

However, considering the Customer's claims with regard to her experience in requesting service, and taking into consideration that the Company cannot prove whether or not their representative properly determined if service was for permanent service or for temporary water service for a home inspection, as the Customer states was requested, the Staff believes that the Company should waive the Temporary Water Service charge of \$61. Removing this charge would result in a corrected bill of \$41.59 (ignoring any change in the calculation of the Gross Receipts tax).

The Staff desires to further explore the Temporary Water Service charge, most specifically how the Company addresses applicability of the charge as customers call for new service along with applicability of the Connection/Turn-On Fee, as well as the Company's process in determining whether the request for service is for permanent or temporary service, or determining if charges for some other class of service are applicable.

Attachments:

- A – Tariff Sheet RT 12.0, Miscellaneous Charges
- B - Tariff Sheet R 1.4, Rule 1.4 Connection/Turn-On Fee
- C - Tariff Sheet R 1.0, Rule 1.0 Includes Paragraph for Temporary Water Service
- D - Sheet No. DF 1.11, Includes Definition for Temporary Water Service
- E - Tariff Sheet RT 1.0, Rate A, Applies to Residential Service

WC-2011-0111

Staff Report of Investigation
December 6, 2010

Attachment A

**Tariff Sheet RT 12.0
Miscellaneous Charges**

Missouri-American Water Company

For

St Louis County, Missouri
Jefferson County, Missouri

Name of Issuing Corporation

Community, Town or City

MISCELLANEOUS CHARGES

The following miscellaneous charges apply as authorized and described elsewhere in Company's filed Rules and Regulations.

Connection/Turn-On Fee	\$25.00	*
Connection/Turn-On Fee Overtime	\$150.00	*
Temporary Water Service	\$61.00/Per Application	+
Regular Hour Restoration Charge	\$50.00/Per Trip	+
After Hours Restoration Charge	\$150.00/Per Trip	*
Returned Deposit Items	\$12.00/Per Item	+
Meter Reading Appointment	\$20.00/Per Trip	
Rescheduled Taps	\$65.00/Per Trip	+
Discontinuation or Termination of Service (leaking service line)		
- Monday thru Saturday (8:00 a.m. – 5:00 p.m.)		
Except holidays	\$31.00/Per Trip	+
- All other days and hours when Company "Service Personnel" are on duty	\$31.00/Per Trip	+
- All other days and hours when Company "Service Personnel" are not on duty	\$150.00/Per Trip	+
Water Usage from Company Hydrant (except political subdivisions for street cleaning)	\$15.00/day of allowed usage	
Hydrant Inspection Fee	\$15.00/hydrant	
Service Line Inspection Fee	\$25.00	*
Meter Testing Fee	\$75.00	*

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE: June 18, 2010DATE OF EFFECTIVE: July 1, 2010ISSUED BY: Frank Kartmann, President
727 Craig Road, St. Louis, MO 63141FILED
Missouri Public
Service Commission
WR-2010-0131; YW-2010-0725

WC-2011-0111

Staff Report of Investigation
December 6, 2010

Attachment B

Tariff Sheet R 1.4
Rule 1.4 Connection/Turn-On Fee

Missouri-American Water Company

For

St Louis County & Jefferson County Areas
Only

Name of Issuing Corporation

Community, Town or City

RULES AND REGULATIONS
GOVERNING THE RENDERING OF SERVICE - Continued

Rule 1.4.

A Connection/Turn-On Fee will be charged for a service connection during the Company's regular business hours or after regular business hours or on Saturday, Sunday or Holidays. Refer to Sheet No. RT 12.0 for amounts. This Service Charge is applicable whenever the Company makes a special trip to read the meter for an initial meter reading and/or to make a connection for a new customer for the premises to which service is requested.

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* Indicates new rate or text

+ Indicates change

DATE OF ISSUE: June 18, 2010DATE OF EFFECTIVE: July 1, 2010

ISSUED BY: Frank Kartmann, President
727 Craig Road, St. Louis, MO 63141

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Staff Report of Investigation
December 6, 2010

Attachment C

Tariff Sheet R 1.0
Rule 1.0 Includes Paragraph for Temporary Water
Service

ST. LOUIS COUNTY WATER COMPANY For ST. LOUIS COUNTY, MISSOURI

RECEIVED

MAR 2 1992

INITIATION OF AND CONTINUATION OF WATER SERVICE
(GENERAL)MISSOURI
Public Service Commission

Rule 1.0 An application for meter installation and/or supply of service shall be made by each customer before service is turned on to any premises. This application may be made by mail, telephone, or at the Company office. This application, when accepted by the Company, constitutes the contract between the Company and the customer.

Application for general water service (excluding temporary water service or service for construction purposes) shall be for a minimum term of one (1) year with monthly or quarterly payments for service rendered in accordance with filed rate schedules.

The Company can refuse to provide water service through facilities that do not comply with the Company's Rules and Regulations pertaining to the nature and location of service lines or any other water facilities owned and maintained by the customer.

Excepting a request for a 5/8" or 3/4" tap for a single family residence without atypical water requirements, the Company may refuse to sell a tap in an existing main if adequate service is not available for the requested additional usage. In such a situation, Rule R22.0 will apply to provide for the necessary additional supply from the closest adequate and reliable source in the Company's distribution system.

Extension Rate
Where Temporary Water Service is requested by a customer and provided by the Company, a Temporary Water Service charge as provided under the Company's Tariff for Miscellaneous Charges will be made and must be paid in advance to cover the cost of turning on and turning off the water. This charge will be in addition to the billing under Rate A Tariff.

Service for construction purposes or for seasonal service shall be in accordance with Rate Tariff K or V, respectively.

Customers requesting a metered service connection may be subject to a "Customer Fair Share Cost" in accordance with Rule 22.0.

FILED

APR 2 1992

MO. PUBLIC SERVICE COMM.

*Indicates new rate or text
+Indicates change

DATE OF ISSUE March 3, 1992 DATE EFFECTIVE April 2, 1992

ISSUED BY *T. L. Reeder* T. L. Reeder, V.P., Admin., 535 N. New Ballas Rd., St. Louis, MO 63141

WC-2011-0111

Staff Report of Investigation
December 6, 2010

Attachment D

Sheet No. DF 1.11
Includes Definition for Temporary Water Service

FORM NO. 13

P.S.C.MO.No. 6

Original
Revised
Original
Revised

SHEET No. DF 1.11

Cancelling P.S.C.MO.No.

SHEET No.

ST. LOUIS COUNTY WATER COMPANY

For

ST. LOUIS COUNTY, MISSOURI

Name of Issuing Corporation

Community, Town or City

DEFINITIONS (CONTINUED)

TEMPORARY WATER SERVICE

Any water service for a duration period of less than 90 days.

VAULT

An underground enclosure, of a design acceptable to the Company, with a removable lid or entrance opening from ground level which houses or encloses Water Service Line components, which, when such components are installed, require accessibility for operation and/or inspection.

WATER SERVICE LINE (Ref. Appendix Sheet AP 1.0, Item (B))

The Company Rules and Regulations refer to Water Service Lines as any of the following:

- a) Domestic Water Service Line
- b) Master Water Service Line
- c) Private Fire Protection Service Line
- d) Dual Water Service Line
- e) Split Water Service Line

A Water Service Line is owned and maintained by party(s) other than Company.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE

SEP 21 1984

DATE EFFECTIVE

OCT 24 1984

month day year

month day year

ISSUED BY

H. E. Molman, V. P., Comp.; 535 N. New Ballas Rd., St. Louis, MO 63141

name of officer

title

address

WC-2011-0111

Staff Report of Investigation
December 6, 2010

Attachment E

Tariff Sheet RT 1.0
Rate A, Applies to Residential Service

Missouri-American Water Company
Name of Issuing Corporation

For

St Louis County & Jefferson County Areas
Community, Town or CityRATE A
METER RATE - RESIDENTIAL AND COMMERCIAL

AVAILABILITY – This rate is available to all residential ("domestic"), commercial and all other metered customers not eligible for Rate B, Rate D, Rate J, and Rate K tariff customers.

A "residential" ("domestic") customer, under this residential rate classification, is a customer who purchases water for "Domestic use", under this residential rate classification, includes that portion of water which is ultimately delivered to a single or multiple family dwelling, and shall apply to all such purchases regardless of whether the customer is the ultimate consumer.

This tariff is intended to satisfy the provisions of section 144.030 (23), RS Mo, by establishing and maintaining a system and rate classification of "residential" to cause the residential sales and purchases of water under this tariff to be considered as sales made for domestic use and thus exempt from sales tax.

(1) **CONTRACT TERM AND BILLING** - Standard contracts are on a yearly basis, with monthly or quarterly billing for service, except as provided by Rule 4.0.

RATE COMPONENTS:

MINIMUM CUSTOMER CHARGE (2) - The minimum charge for water service available through the facilities of the Company for the billing period and for the meter size furnished the customer is:

Meter Size	(AM) Monthly Billing	(AQ) Quarterly Billing	Prorated Service Charge (3)	
5/8"	\$9.65 (1)	\$14.14 (1)	\$10.77	+
3/4"	\$10.77 (1)	\$17.51 (1)	\$12.46	+
1"	\$13.05 (1)	\$24.29 (1)	\$15.82	+
1-1/2"	\$18.66	\$41.16	\$24.28	+
2"	\$25.40	\$61.40	\$34.39	+
3"	\$43.42	\$115.46	\$61.44	+
4"	\$63.67	\$176.25	\$91.82	+
6"	\$119.97	\$345.11	\$176.23	+
8"	\$187.51	\$547.74	\$277.55	+
10"	\$277.57	\$817.90	\$412.64	+
12"	\$367.63	\$1,088.08	\$547.72	+

COMMODITY CHARGE (2) - In addition to the Minimum Customer Charge, for all water used as registered by the meter the Commodity Charge is \$2.3925 per 100 cubic feet or \$3.1901 per 1,000 gallons.

PAYMENT TERMS - Bills are net, and are due and payable within ten (10) days after date of bill.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE: June 18, 2010DATE OF EFFECTIVE: July 1, 2010

ISSUED BY: Frank Kartmann, President
727 Craig Road, St. Louis, MO 63141

FILED
Missouri Public
Service Commission
WR-2010-0131; YW-2010-0725

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES A. MERCIEL, JR.

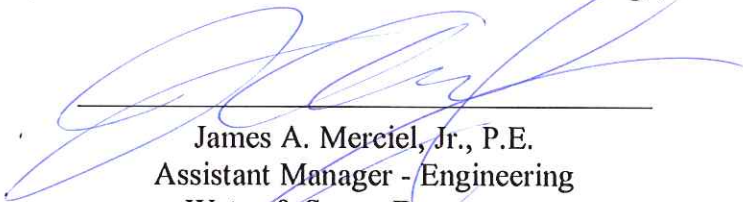
STATE OF MISSOURI)

) ss

Case No. WC-2011-0111

COUNTY OF COLE)

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Report*; (3) that he has knowledge of the matters set forth in the foregoing *Staff Report*; and (4) that the matters set forth in the foregoing *Staff Report*; are true and correct to the best of his knowledge, information and belief.


James A. Merciel, Jr., P.E.
Assistant Manager - Engineering
Water & Sewer Department
Utility Operations Division

Subscribed and sworn to before me this 6th day of December 2010.


Notary Public

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086