



Proposed Water Rate Changes Spring Valley

On June 30, 2011, Missouri American Water filed for a rate case with the Missouri Public Service Commission (PSC) requesting rates be consolidated. A consolidated rate, or single tariff pricing, is a unified rate structure for multiple water utility systems that are owned and operated by a single utility.

If this rate request is approved in full, for the typical residential customer using 3,500 gallons per month, the proposed *decrease* would be approximately \$8.75 per month under district specific rates. Under uniform statewide rates, the proposed rate *decrease* would be about \$19.29 per month.

The proposed change would reflect an overall *decrease* of 22 percent under district specific rates or 42 percent under uniform statewide rates. The resulting change in rates for the Spring Valley district may be greater or lesser, depending upon the resolution of various issues to be addressed in the case.

Rate Case Facts

- Under consolidated rates, all customers in the same rate class pay the same rate for the same service – a common practice among electric and natural gas utilities.
- Rates will not change until the MOPSC completes a comprehensive audit of the request. The process normally takes about 11 months and requires the company to provide thousands of pages of documentation to show the rate adjustment is needed. Missouri American Water cannot arbitrarily adjust rates. Any adjustment must be approved by the Missouri Public Service Commission.
- Missouri American Water is one company, with operations, maintenance and construction activities performed on a uniform basis. The consolidated rate structure recognizes the value and efficiency of a single Missouri American Water structure.
- Consolidated rates promotes ratepayer equity on a regional basis by allowing the utility to spread the fixed cost of providing quality water service over a larger customer base creating a higher quality of water service for the entire system and state.
- The main drivers behind this rate case are ongoing investment in water and wastewater system improvements and the increasing costs of delivering high-quality, reliable service to customers.
- The United States EPA estimates the nation's water utilities will need to make an additional \$335 billion in infrastructure investments – more than \$7 billion in Missouri – over the next 20 years to replace thousands of miles of pipe and for upgrades to treatment plants, storage tanks and other assets to ensure public health, safety and economic opportunity.

