

**STATE OF MISSOURI  
MISSOURI PUBLIC SERVICE COMMISSION**

<b>In the Matter of Missouri-American</b>	)	
<b>Water Company's Request for Author-</b>	)	
<b>ity to Implement a General Rate</b>	)	<b>WR-2010-0131</b>
<b>Increase for Water Service Provided</b>	)	
<b>in Missouri Service Areas</b>	)	

**STATEMENT OF POSITION ON LIMITED ISSUES BY  
AG PROCESSING INC A COOPERATIVE**

Intervenor Ag Processing Inc a Cooperative (AGP) is a large industrial customer of Missouri-American Water Company (MAWC or Company) in the St. Joseph District. Because of its interest in the specific rates that are charged in that district, AGP's positions on the issues are specific to that district except as may be indicated below. Further, except as indicated below, AGP did not submit testimony on several other issues and, accordingly, takes no position on them at this time, reserving its position on those issue pending the hearing and analysis and evaluation of evidence to be adduced therein.

**ADEQUACY OF SERVICE AND OTHER ISSUES**

Metering of certain large volume customers in St. Joseph District:

Should MAWC be required to install and maintain additional metering for the five large, industrial customers, the Water Districts, **and Sales for Resale Customers** in its St. Joseph District? If so, how should the additional costs associated with

installing and reading such meters, as well as analyzing the data from such meters, be recovered?

Additional metering should be installed, assuming reasonable costs consistent with those revealed in the collaborative from the last rate case. The costs should be recovered in due course subject to all relevant rate case procedures. Further, due to a last-minute miscommunication during final efforts to prepare a statement of issues, AGP's requested inclusion of the Sales of Resale Class in the group proposed to be metered was not included in the statement of issues submitted. This modification of the stated issue has been bolded above.

#### **RATE DESIGN/COST OF SERVICE/OTHER ISSUES**

PLEASE NOTE: AGP'S INTEREST IN THIS SECTION IS LIMITED TO THE SAINT JOSEPH DISTRICT. AGP DOES NOT ADDRESS OTHER DISTRICTS EXCEPT FOR THE PRINCIPLE OF DISTRICT SPECIFIC PRICING -- EACH DISTRICT SHOULD PAY RATES AND PROVIDE REVENUES DESIGNED TO EQUAL TO THE COSTS INCURRED IN PROVIDING SERVICE.

Class Cost of Service Studies: What is the appropriate basis upon which to allocate costs within a district to each customer class?

A class cost of service study should apportion the total cost of providing service among customer classes based on allocations that reflect the underlying customer usage

characteristics that drive costs. AGP qualifies its support of class cost-of-service study results because of the lack of load research to support the class usage characteristics.

(A) Should there be a small mains adjustment?

Yes, as reflected in AGP's class cost of service studies. Moreover, AGP qualifies its support of class cost-of-service study results as proposed because of the lack of load research to support the class usage characteristics.

(B) What is the appropriate basis upon which to allocate purchase power expense?

To AGP's knowledge this is not an issue in the St. Joseph District. That said, as reflected in the AGP class cost-of-service studies. AGP qualifies its support of class cost-of-service study results because of the lack of load research to support the class usage characteristics.

(C) What is the appropriate basis upon which to allocate corporate costs?

It is AGP's position that costs should be allocated among customer classes in the same manner in which they are in-

curred by the district, on a customer basis, to avoid cost shifting.

(D) What is the appropriate basis upon which to allocate administrative and general (A&G) costs?

It is AGP's position that the A&G allocation basis should reflect the underlying customer usage characteristics that drive costs.

(E) What is the appropriate basis upon which to allocate revenues and/or costs associated with the Economic Development Rider Contract Customers?

If the Commission approves the continuation of the Triumph contract and the continuing appropriateness of incremental costs as the basis for costs and pricing, then Triumph revenues and usage should be excluded from the allocation study (the St. Joseph District class cost-of-service study) and accounted for with a credit for Triumph variable costs and the assignment of the margin benefit to the industrial class.

If the Commission approves the continuation of the Triumph contract, but not the continuing appropriateness of incremen-

tal costs as the basis for the contract, then AGP supports the OPC position on revenue imputation.

Inter-District Support or Revenue Contribution: Should any district provide a revenue support or a subsidy so that another district may be provided service that is priced below that district's cost of service? If so, which district(s) should receive support and which district should be required to provide that support?

Consistent with the principle of district-specific pricing, it is AGP's position that district revenues should be aligned with district costs.

Phase-In:

(A) Is a phase-in of rates appropriate or lawful?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

(B) Which, if any, districts should have their rate increase phased in?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

(C) How should any carrying cost associated with a phase-in deferral be recovered and from whom?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

Rates:

(A) Commodity Charge

i) Should the commodity charge be set as a declining block rate or should the commodity charge be uniform for all levels of usage?

It is AGP's position that the current declining block structure is an appropriate design for the industrial class in the St. Joseph District that should be continued. As to other rate classes, AGP has not submitted testimony, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

ii) Should commodity rates be uniform across all classes in a district?

A single flat commodity rate across all classes in the St. Joseph District cannot possibly reflect cost causation in a reasonable manner and is opposed. A single uniform declining block structure is not proposed for the St. Joseph District and AGP asserts no position for the Parkville District in which it is proposed, pending analysis and evaluation of evidence adduced at the hearing.

(B) Customer Charge

i) What is the appropriate way to establish the customer charge?

It is AGP's position that the customer charge should reflect customer related costs.

ii) Should the customer charge be uniform across the districts?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

(C) How should any rate increases or decreases resulting from this case be spread or allocated?

It is AGP's position that the St. Joseph District customer classes should reflect the class cost-of-service study results supported by Mr. Johnstone.

Low Income Provision: Should MAWC be authorized to include a low income provision in its tariffs?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

MSD Rate: What is the appropriate rate to charge MSD for customer usage information?

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

Consolidated Tariff:



(A) Should existing tariff rules and regulations be consolidated into one tariff?

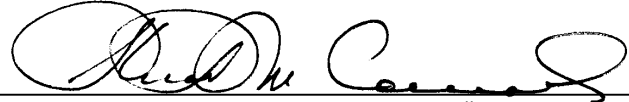
Given that MAWC has the burden of proof to establish that any changes it proposes are just and reasonable, AGP has concerns regarding the impact that this proposal could have on the St. Joseph district, given that MAWC has thus far been unable to identify specific provisions in that tariff that would be changed. Beyond that, however, AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

(B) Miscellaneous fees

AGP has not submitted testimony on this issue, hence it reserves its position pending analysis and evaluation of evidence adduced at the hearing.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.



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ATTORNEYS FOR AG PROCESSING INC A  
COOPERATIVE

**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the foregoing Application to Intervene on the designated attorneys or representatives of each party in accord with Commission Orders and the service list maintained in this proceeding by the Secretary of the Commission on EFIS.

Dated: May 13, 2010

A handwritten signature in black ink, appearing to read "Stuart W. Conrad", written over a horizontal line.

Stuart W. Conrad, an attorney for  
AG Processing Inc a Cooperative