

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri-American)	
Water Company's Request for Authority)	
to Implement a General Rate Increase)	Case No. WR- 2010-0131
for Water and Sewer Service Provided in)	SR- 2010-0135
Missouri Service Areas.)	

**JOINT LIST OF ISSUES, ORDER OF WITNESSES,
ORDER OF CROSS-EXAMINATION AND ORDER OF OPENING STATEMENT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and states as follows to the Missouri Public Service Commission (Commission):

1. On January 13, 2010, the Commission issued its *Order Adopting Procedural Schedule*. This order directed the Staff of the Missouri Public Service Commission (Staff), in cooperation with the other parties, to file a list of issues by May 10, 2010.

2. The following parties have cooperated with Staff in developing this pleading: the Office of the Public Counsel (OPC), Missouri-American Water Company (MAWC), City of Riverside (Riverside), City of Jefferson City (Jefferson City), City of Joplin (Joplin), City of St. Joseph (St. Joseph), City of Warrensburg (Warrensburg), AG Processing, Inc. (AGP), Missouri Industrial Energy Consumers (MIEC), Missouri Energy Group (MEG), St. Louis Fire Sprinkler Association (FSA), Public Water Supply District Nos. 1 and 2 of Andrew County (Water Districts), Triumph Foods, LLC (Triumph), the Metropolitan St. Louis Sewer District (MSD) and Utility Workers Union of America Local 335 (UWUA 335).

3. After receiving comments from the above referenced parties to this case, the following list of issues and schedules were assembled. The parties agree that the listing of issues below is not an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue, or is properly characterized and that the statement of an issue shall not be used or

interpreted to limit a party's ability to explore further into the subject matter of the issue or limit his/her ability to cross-examine witnesses regarding the substantive areas involved in the issue:

LIST OF ISSUES

REVENUE REQUIREMENT

Rate of Return Issues

Capital Structure: What capital structure, MAWC stand alone or American Water consolidated, should be used for determining MAWC's rate of return?

Long Term Debt Cost: What cost of long term debt should be used for determining MAWC's rate of return?

Return on Common Equity: What return on common equity should be used for determining MAWC's rate of return?

Rate Base Issues

Cedar Hill Sewage Treatment Plant: Should any portion of the capital costs and depreciation expense associated with the capacity expansion project of Cedar Hill Sand Creek sewage treatment facility be disallowed for ratemaking in this proceeding?

Cash Working Capital: What is the appropriate amount to be included in MAWC's rate base for cash working capital?

Rate Base for Security AAO Deferral: Should the unamortized balance of deferred Security AAO costs be included in rate base?

Accumulated Deferred Income Taxes Associated with the Security AAO: Should accumulated deferred income taxes associated with the Security AAO be included as an offset to rate base? Does this change if the unamortized balance of the security AAO is not included in rate base?

OPEB Contribution to External Fund (related to St. Louis County Water Company Amount): Should the regulatory asset, associated with the unrecovered St. Louis County Water Company FAS106 transition cost be included in rate base?

Comprehensive Planning Study: Should the costs incurred by MAWC as part of its Comprehensive Planning Study be included in rate base?¹

Business Transformation Costs: What is the appropriate accounting treatment for costs currently being incurred by MAWC for implementing its Business Systems conversion?¹

¹ This issue is subject to ongoing settlement discussions and may be resolved before hearing.

Pension and OPEB Trackers (related to Service Company costs): Should the current MAWC Pension and OPEB Trackers be extended to include the Service Company Pension and OPEB costs?

Tank Painting Tracker: Should the existing tank painting tracker be continued? Should the balance of the current Tank Painting Tracker be included in rate base?

Revenue Issues

Customer Water Usage Normalization (Usage per Customer per Day): What is the appropriate method to use to normalize customer water usage?

Revenue Normalization (Weather): What is the appropriate test year, weather-normalized revenue to be used for purposes of this case?

Revenue Associated with Economic Development Contracts: Should an adjustment to revenues be made related to the Contract rates paid by Triumph Foods, LLC and Nestle/Purina in St. Joseph pursuant to the Economic Development Rider tariff?

MSD Contract Revenue: What is the appropriate amount of compensation MAWC should receive for the billing data provided by MAWC to MSD?

Expense Issues

Amortization of OPEB Assets (related to St. Louis County Water Company and Service Company): What is the appropriate level of expense to be included in MAWC's cost of service for recovery of the regulatory asset created by OPEBs associated with the Service Company and the former St. Louis County Water Company?

Tank Painting Expense: What is the appropriate level of tank painting expense to be included in MAWC's cost of service?

Fuel & Power Expense (related to Ameren Rate Increase): Should the test year fuel and power expense be adjusted to reflect any increase to be authorized AmerenUE in its current rate case?

Rate Case Expense: What is the appropriate level of rate case expense to be included in MAWC's cost of service? Should rate case expense be normalized or amortized and should prior rate case expense be recovered in this rate case?

Depreciation Expense: What are the appropriate depreciation rates and resulting depreciation expense to be authorized in this case?

Bad Debt Expense: What is the appropriate level of bad debt expense to be included in MAWC's cost of service?

ADEQUACY OF SERVICE AND OTHER ISSUES

Main Extensions:

- (A) Are the existing tariff provisions and company policies appropriate for customer charges, contributions and refunds for main extensions?
- (B) Are the existing tariff provisions and company policies appropriate for developer charges, contributions and refunds for main extensions?
- (C) How should the construction of main extensions beyond that necessary for service in a new development or projects be apportioned?

Residential Fire Sprinkler Service: Are the current tariff provisions and company policies appropriate for adequate residential fire sprinkler service?

Sufficiency of Fire flow, related infrastructure maintenance, improvements and quality of service (Riverside issues):

- (A) Is the water service provided by MAWC in the Riverside District safe and adequate?
- (B) How should contributions made by the City of Riverside to MAWC for water system improvements/expansion be treated for ratemaking purposes?

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 and the Water Districts 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?

RATE DESIGN/COST OF SERVICE/OTHER ISSUES

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

- A) Should there be a small mains adjustment?
- B) What is the appropriate basis upon which to allocate purchase power expense?
- C) What is the appropriate basis upon which to allocate corporate costs?
- D) What is the appropriate basis upon which to allocate administrative and general (A&G) costs?
- E) What is the appropriate basis upon which to allocate revenues and/or costs associated with the Economic Development Rider Contract Customers?

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?

Phase-In:

- (A) Is a phase-in of rates appropriate or lawful?
- (B) Which, if any, districts should have their rate increase phased in?
- (C) How should any carrying cost associated with a phase-in deferral be recovered and from whom?

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?
 - ii) Should commodity rates be uniform across all classes in a district?
- B) Customer Charge
 - i) What is the appropriate way to establish the customer charge?
 - ii) Should the customer charge be uniform across the districts?
- C) How should any rate increases or decreases resulting from this case be spread or allocated?

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

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

Consolidated Tariff:

- (A) Should existing tariff rules and regulations be consolidated into one tariff?
- (B) Miscellaneous fees

ORDER OF ISSUES, WITNESSES AND CROSS-EXAMINATION

4. With input from the parties, the following order of issues, witnesses and cross-examination has been assembled. There has been an attempt to accommodate witness availabilities in this schedule; however, unforeseen eventualities may prompt parties to request changes to the below schedule.

Monday, May 17, 2010, 8:30 a.m.

Entries of Appearance

Mark Exhibits

Take Up Any Outstanding Matters

Opening Statements²

MAWC
Staff
Public Counsel
Jefferson City
Joplin
Riverside
St. Joseph
AGP Inc.
Warrensburg
MEG
MIEC
Water Districts
Triumph
UWUA 335
MSD
St. Louis Fire Sprinkler Association

Return on Equity and Capital Structure

Pauline Ahern (MAWC)³
Scott Rungren (MAWC)⁴
David Murray (Staff)

Tuesday, May 18, 2010

Comprehensive Planning Study/Business Transformation Costs

John Young (MAWC)⁵

² Opening Statements on May 17 limited to issues of revenue/rate base/expenses.

³ Ms. Ahern is only available Monday of the first week of the Hearings.

⁴ Mr. Rungren is adopting the direct and rebuttal testimony of Michi Chao.

Dennis Williams (MAWC)
Amanda McMellen (Staff)⁶
Ted Robertson (OPC)

Depreciation Expense

John Spanos (MAWC)⁷
Guy Gilbert (Staff)

Cedar Hill Sewage Treatment Plant Disallowance

Kevin Dunn (MAWC)⁸
Dennis Williams (MAWC)
Jim Merciel (Staff)
Kimberly K. Bolin (Staff)
Ted Robertson (OPC)

Tank Painting Expense and Tracker

Greg Weeks (MAWC)⁹
Kimberly K. Bolin (Staff)
Ted Robertson (OPC)

Wednesday, May 19, 2010, 8:30 a.m.

Fuel & Power (related to Ameren Rate Increase)

Greg Weeks (MAWC)⁹
Don Petry (MAWC)
Jermaine Green (Staff)
Brian Collins (MIEC)¹⁰

Cash Working Capital

Gina Tierney (MAWC)
Jermaine Green (Staff)

Rate Base for Security AAO Deferral/Associated Deferred Taxes

Dennis Williams (MAWC)
Amanda McMellen (Staff)⁶
Kim Bolin (Staff)
Ted Robertson (OPC)

⁵ Mr. Young is only available Tuesday and Wednesday morning of the first week of the Hearings.

⁶ Ms. McMellen is not available Friday, May 21 or Friday, May 28.

⁷ Mr. Spanos is only available Tuesday and Wednesday morning of the first week of Hearings.

⁸ Mr. Dunn is available Monday, Tuesday and Wednesday morning of the first week of Hearings and Wednesday, Thursday and Friday of the second week of Hearings.

⁹ Mr. Weeks is available Monday, Tuesday and Wednesday of the first week of Hearings and Wednesday, Thursday and Friday of the second week of Hearings.

¹⁰ Mr. Collins is available the first week of Hearings and will be cross-examined on the issue of Inter-District Revenue Contribution on Thursday, May 19.

Bad Debt Expense

Don Petry (MAWC)
Paula Mapeka (Staff)¹¹

Thursday, May 20, 2010, 8:30 a.m.

Customer Water Usage Normalization/Revenue Normalization (Weather)

Edward Spitznagel (MAWC)
Don Petry (MAWC)
Jerry Scheible (Staff)¹²
Brian Collins (MIEC)¹⁰

Revenue Associated With Economic Development Contracts

Dennis Williams (MAWC)
James Russo (Staff)¹³
Don Johnstone (AGP)
Barbara Meisenheimer (OPC)

Pension/OPEB Issues (Expense, Tracker, Etc.)

Dennis Williams (MAWC)
Kimberly Bolin (Staff)
Ted Robertson (OPC)

Friday, May 21, 2010, 8:30 a.m.

MSD Rate

Dennis Williams (MAWC)
Barbara Meisenheimer (OPC)
Ted Robertson (OPC)
Jan Zimmerman (MSD)
Keith Barber (MSD)

Rate Case Expense

Dennis Williams (MAWC)
Jermaine Green (Staff)
Ted Robertson (OPC)

Monday, May 24, 2010, 8:30 a.m.

Opening Statements¹⁴

¹¹ Ms. Mapeka is not available Thursday, May 27 or Friday, May 28

¹² Mr. Scheible is not available beginning May 20 through May 28.

¹³ Mr. Russo is not available Friday, May 21 or Friday May 28

¹⁴ Opening Statements on May 24 Limited to the following issues: Class Cost of Service Studies and Related Allocations Issues, Interdistrict Revenue Contribution, Phase-In and Low Income Tariff.

Class Cost of Service Studies, including Allocations for Small Mains, Purchase Power Expense, Corporate Costs, A&G Costs & Economic Development Rider Contract Customers

Paul Herbert (MAWC)
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)
Mike Gorman (MIEC and Triumph)¹⁵
Don Johnstone (AGP)

Commodity Charge/Customer Charge

Paul Herbert (MAWC)
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)
Don Johnstone (AGP)
Mike Gorman (MIEC)¹⁵

Allocation of Rate Increases/Decreases to Customer Classes

Paul Herbert (MAWC)
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)
Don Johnstone (AGP)
Mike Gorman (MIEC)¹⁵

Tuesday, May 25, 2010, 8:30 a.m.

Inter-District Revenue Contribution

Paul Herbert (MAWC)
Dennis Williams (MAWC)
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)
Brian Collins (MIEC)¹⁰

Phase-In

Dennis Williams (MAWC)
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)

Low Income Tariff

Paul Herbert (MAWC)
James Busch (Staff)
Barbara Meisenheimer (OPC)

Wednesday, May 26, 2010, 8:30 a.m.

Opening Statements¹⁶

¹⁵ Mr. Gorman is available May 24, 27 and May 28.

Consolidated Tariff Issues, including Tariff Provisions for Residential Fire Sprinkler Service, Miscellaneous Fees, Extensions of Mains, etc.

Greg Weeks (MAWC)⁹
Kevin Dunn (MAWC)⁸
James Russo (Staff)¹³
Barbara Meisenheimer (OPC)
Kevin Kelly (FSA)
Jason Webb (FSA)
Bruce Woody (St. Joseph)

City of Riverside Issues

Michael Duffy (Riverside)
Gordon Foulston (Riverside)
Kevin Dunn (MAWC)⁸

Thursday, May 27, 2010, 8:30 a.m.

Rate Design et al. continued

Friday, May 28, 2010, 8:30 a.m.

Rate Design et al. continued

¹⁶ Opening Statements on May 26 limited to following issues: Adequacy of Service issues and Consolidated Tariff Issues, including provisions for Residential Fire Sprinkler Service, Miscellaneous Fees, Extensions of Mains, etc.; MSD Rate; and City of Riverside Issues.

ORDER OF CROSS-EXAMINATION

MAWC witnesses

Triumph, UWUA 335, Jefferson City, , Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, MIEC, AGP, Public Counsel, Staff

Staff witnesses

UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, MIEC, Triumph, AGP, Public Counsel, MAWC

Public Counsel witnesses

UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, MIEC, AGP, Triumph, Staff, MAWC

AGP witness

UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, MIEC, Triumph, Public Counsel, Staff, MAWC

MIEC witnesses

Triumph, UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, AGP, Public Counsel, Staff, MAWC

MSD witnesses

Triumph, MAWC, UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, FSA, Joplin, MEG, MIEC, AGP, Staff, Public Counsel,

Riverside witnesses

Triumph, UWUA 335, Jefferson City, St. Joseph, Warrensburg, Water Districts, Joplin, MSD, FSA, MEG, MIEC, AGP, Public Counsel, Staff, MAWC

FSA witnesses

Triumph, UWUA 335, Jefferson City, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, MSD, FSA, MEG, MIEC, AGP, Public Counsel, Staff, MAWC

Triumph witness

MAWC, UWUA 335, Jefferson City, UWUA 335, Riverside, St. Joseph, Warrensburg, Water Districts, Joplin, FSA, MSD, MEG, MIEC, AGP, Staff, Public Counsel

St. Joseph witness

Triumph, UWUA 335, Jefferson City, Riverside, Warrensburg, Water Districts, Joplin, MSD, FSA, MEG, MIEC, AGP, Public Counsel, Staff, MAWC

WHEREFORE, Staff respectfully requests that the Commission consider this pleading to comply with the Commission's relevant orders.

Respectfully submitted,

/s/ **Shelley Syler Brueggemann**

Shelley Syler Brueggemann

Missouri Bar No. 52173

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Missouri Public Service Commission

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 10th day of May 2010.

/s/ **Shelley Syler Brueggemann**