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Missouri Public Service Commission

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May 25, 2000

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Executive Director

GORDON L. PERSINGER
Director, Research and Public Affairs

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: WR-2000-281

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **PROPOSED LIST OF ISSUES, ORDER OF WITNESSES AND ORDER OF CROSS-EXAMINATION.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Keith R. Krueger
Deputy General Counsel
(573) 751-4140
(573) 751-9285 (Fax)

KK/jb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

MAY 25 2000

Missouri Public
Service Commission

In the Matter of Missouri-American Water)
Company's Tariff Sheets Designed to)
Implement General Rate Increases for)
Water and Sewer Service Provided to)
Customers in the Missouri Service Area of)
the Company)

Case No. WR-2000-281

PROPOSED LIST OF ISSUES, ORDER OF WITNESSES
AND ORDER OF CROSS-EXAMINATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), on behalf of all parties to this case, and submits the following Proposed List of Issues, Order of Witnesses and order of Cross-Examination, for the evidentiary hearing to be held in this case June 5-9, 15-16, 2000:

1. On October 15, 1999, Missouri-American Water Company ("MAWC" or "Company") filed revised tariff sheets in Case No. WR-2000-281 for the purpose of implementing a general rate increase for water service provided by the Company. On the same date, the Company filed revised tariff sheets in Case No. SR-2000-282 for the purpose of implementing a general rate increase for sewer service provided by the Company.

2. On October 28, 1999, the Commission issued its Suspension Order and Notice and Order Consolidating Cases, in which it ordered that Case No. WR-2000-281 and Case No. SR-2000-282 were to be consolidated for all purposes.

3. On December 27, 1999, the Commission issued its Order Adopting Procedural Schedule. The said Order directed the parties to agree on and file a list of issues to be

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determined in this case, and made Staff responsible for actually drafting and filing the list of issues. The said Order also directed each party to file a list of the witnesses to appear on each day of the hearing and the order in which they shall be called. The said Order also directed the parties to establish the order of cross-examination and file a joint pleading indicating the same. In the said Order, the Commission adopted a procedural schedule, which ordered that "List of Issues, List of Witnesses, Order of Cross" be filed by no later than 3:00 p.m. on May 18, 2000.

4. On April 4, 2000, the Commission issued its Order Amending Procedural Schedule, in which it ordered that all conditions contained in the Order Adopting Procedural Schedule dated December 27, 1999, would continue to apply, and ordered that the "List of Issues, List of Witnesses, Order of Cross" be filed by no later than 3:00 p.m. on May 25, 2000.

5. In addition to the Company, the Staff, and the Office of the Public Counsel ("OPC"), the list of parties to this case includes the following intervenors: Ag Processing Inc, a cooperative, Friskies Petcare, a division of Nestle USA, and Wire Rope Corporation of America Inc. (collectively, "St. Joseph Industrial Water Users"); The Boeing Company, Ford Motor Company and Hussmann Refrigeration (collectively, "MIEC"); Public Water Supply District Nos. 1 and 2 of Andrew County, Public Water Supply District No. 1 of DeKalb County, and Public Water Supply District No. 1 of Buchanan County (collectively, "St. Joseph Area Water Districts"); City of Warrensburg, City of Joplin, City of St. Peters, City of O'Fallon, City of Weldon Spring, St. Charles County, Central Missouri State University, Hawker Energy Products, Inc., Stahl Specialty Company, and Swisher Mower and Machine Company (collectively, "Municipal & Industrial Intervenors"); St. Joseph Building and Construction Trades Council ("Trades Council"); Public Water Supply District No. 2 of St. Charles County ("St. Charles

Water District”); City of St. Joseph (“St. Joseph”); City of Joplin (“Joplin”); and City of Mexico (“Mexico”).

6. The parties have conferred and have unanimously identified a list of contested issues, and have also unanimously agreed upon the order of witnesses and order of cross-examination. The Staff is filing this document on behalf of all parties to this case in an effort to comply with the Commission’s Order Adopting Procedural Schedule, as amended on April 4, 2000. The agreed upon List of Contested Issues, Order of Witnesses, and Order of Cross-Examination is as follows:

I. LIST OF CONTESTED ISSUES

The parties have agreed upon the following list of contested issues:

1. Accounting Authority Order. Should MAWC be allowed to include in the cost of service, through rate base and expense adjustments, amounts related to post-in-service AFUDC and deferred depreciation expense for the period from the in-service date of the new St. Joseph water treatment plant to the operation of law date in this case?

2. Premature Retirement. Shall the net plant investment associated with the existing St. Joseph water treatment plant facilities that are no longer providing service to St. Joseph customers be included in MAWC’s rate base and amortized to expense?

3. AFUDC Capitalization Rate. Should MAWC’s rate base be adjusted to reflect a different capitalization rate for AFUDC?

4. St. Joseph Treatment Plant and Related Facilities (“SJTP”) Valuation. What valuation should be included in rate base for the water treatment plant and related facilities necessary to provide water for the St. Joseph District?

5. SJTP Capacity. What is the appropriate capacity for SJTP that should be included in rate base?

6. Deferred Taxes. Should MAWC's rate base be adjusted to reflect the amount of deferred taxes existing on the books of Missouri Cities Water Company prior to its acquisition by MAWC? If so, what is the appropriate adjustment?

7. Return on Equity. What return on equity is appropriate for MAWC?

8. Rate Design.

8a. Single Tariff Pricing, District Specific Pricing or Compromise. Shall MAWC's rates be designed consistent with a "single-tariff" rate design, "district-specific" rate design, or some other methodology?

8b. Allocation of Corporate District Expense. What is the proper allocation of MAWC's corporate district investment and expense?

8c. Allocation of Cost/Revenue Among Classes. On what basis shall the portion of revenues to be borne by MAWC's various customer rate classes be determined?

8d. Phase-In. Should MAWC's rate increase be phased in over a number of years? If so, what is the appropriate "phase-in" amount, and what is the appropriate phase-in period?

II. ORDER OF WITNESSES

At the prehearing conference in this case, the parties agreed to group the witnesses around three substantive subject areas: rate design, prudence and capacity, and other revenue requirement issues. In order to accommodate the schedules of various witnesses, the parties further agreed that all witnesses who will testify about rate design issues should appear first,

followed by those testifying about prudence and capacity issues, and then followed by those testifying about other revenue requirement issues.

Set forth below is the anticipated order of appearance of issues and witnesses, along with an estimate as to the day and time they will be testifying. However, the parties desire to expedite the hearing and therefore agree to make all of the witnesses available to testify immediately following the conclusion of the testimony of the preceding witness.

A. Rate Design and Phase-In Witnesses

Company Witnesses

William M. Stout (Monday morning)
Michael J. Hamilton (Monday afternoon)
James M. Jenkins (Monday afternoon)
James E. Salser (Monday afternoon)

St. Joseph and St. Joseph Area Water Districts Witness

Janice A. Beecher (Tuesday morning)
Helen Price (Tuesday morning)

OPC Witnesses

Hong Hu (Tuesday morning)
James A. Busch (Tuesday morning)
Russell W. Trippensee (Tuesday afternoon)

Staff Witnesses

Wendell R. Hubbs (Tuesday afternoon)
Stephen M. Rackers (Tuesday afternoon)

St. Joseph Industrial Water Users, Joplin, MIEC and Municipal & Industrial Intervenors Witness

Ernest Harwig (Wednesday morning)

City of Warrensburg Witness

James S. Landon (Wednesday morning)

B. Prudence, Capacity and SJTP Valuation Witnesses

Company Witnesses

John S. Young, Jr. (Wednesday morning)
James M. Jenkins (Wednesday afternoon)
Robert L. Amman, Jr. (Wednesday afternoon)

Staff Witness

James A. Merciel, Jr. (Thursday morning)

OPC Witnesses

Ted L. Biddy (Thursday afternoon)

Russell W. Trippensee (Thursday afternoon)

St. Joseph Industrial Water Users Witnesses

Charles D. Morris (Friday morning)

Ernest Harwig (Friday morning)

C. Premature Retirement Witnesses

Company Witness

James E. Salser (Friday afternoon)

Staff Witness

Jolie Mathis (Friday afternoon)

OPC Witness

Kimberley K. Bolin (Friday afternoon)

D. Return On Equity Witnesses

Company Witness

Harold Walker, III (Thursday, June 15, morning)

Staff Witness

Roberta A. McKiddy (Thursday morning)

OPC Witness

Mark Burdette (Thursday afternoon)

E. Accounting Authority Order Witnesses

Company Witness

James E. Salser (Thursday afternoon)

Staff Witness

Stephen M. Rackers (Friday morning)

OPC Witness

Russell W. Trippensee (Friday morning)

F. AFUDC Capitalization Rate Witnesses

Company Witness

James E. Salser (Friday morning)

Staff Witness

Stephen M. Rackers (Friday afternoon)

G. Deferred Tax Issue Witnesses

Company Witness

James E. Salser (Friday afternoon)

Staff Witness

Doyle L. Gibbs (Friday afternoon)

H. Other Witnesses – Cross-Examination Waived

All parties have waived their right to cross-examine the following witnesses. However, each of these witnesses remains available for questioning by the Commission or the regulatory law judge, if that is desired.

Company Witnesses

Linda J. Gutowski

John M. Watkins

Staff Witnesses

Dennis Patterson

Mark D. Griggs

Michael G. Gruner

III. ORDER OF CROSS-EXAMINATION

The order of cross-examination shall be as follows:

A. Rate Design and Phase-In Witnesses

Company Witnesses

St. Joseph Area Water Districts

St. Joseph

Trades Council

Mexico

St. Charles Water District

OPC

Staff
MIEC
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin

St. Joseph and St. Joseph Area Water Districts Witness
Trades Council
Mexico
St. Charles Water District
OPC
Staff
MIEC
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Company

OPC Witnesses
Staff
MIEC
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
Company

Staff Witnesses
OPC
MIEC
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
Company

St. Joseph Industrial Water Users, Joplin, MIEC and Municipal & Industrial Intervenors
Witness

Staff
OPC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
Company

City of Warrensburg Witness

Staff
OPC
St. Joseph Industrial Water Users
Joplin
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
Company

B. Prudence, Capacity and SJTP Valuation Witnesses

Company Witnesses

Staff
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
OPC
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin

Staff Witness

MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
OPC
St. Joseph Industrial Water Users

Municipal & Industrial Intervenors
Joplin
Company

OPC Witnesses

St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
St. Joseph Area Water Districts
St. Joseph
MIEC
Mexico
St. Charles Water District
Trades Council
Staff
Company

St. Joseph Industrial Water Users Witnesses

Municipal & Industrial Intervenors
Joplin
OPC
St. Joseph Area Water Districts
St. Joseph
MIEC
Mexico
St. Charles Water District
Trades Council
Staff
Company

C. Premature Retirement Witnesses

Company Witness

Staff
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
OPC

Staff Witness

MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
OPC
Company

OPC Witness
Staff
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Company

D. Return On Equity Witnesses

Company Witness
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
OPC
Staff

Staff Witness
OPC
MIEC
Mexico
St. Charles Water District
Trades Council

St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Company

OPC Witness

Staff
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Company

E. Accounting Authority Order Witnesses

Company Witness

MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
OPC
Staff

Staff Witness

OPC
MIEC
Mexico
St. Charles Water District
Trades Council
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St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin

Company

OPC Witness

Staff

MIEC

Mexico

St. Charles Water District

Trades Council

St. Joseph Area Water Districts

St. Joseph

St. Joseph Industrial Water Users

Municipal & Industrial Intervenors

Joplin

Company

F. AFUDC Capitalization Rate Witnesses

Company Witness

MIEC

Mexico

St. Charles Water District

Trades Council

St. Joseph Area Water Districts

St. Joseph

St. Joseph Industrial Water Users

Municipal & Industrial Intervenors

Joplin

OPC

Staff

Staff Witness

OPC

MIEC

Mexico

St. Charles Water District

Trades Council

St. Joseph Area Water Districts

St. Joseph

St. Joseph Industrial Water Users

Municipal & Industrial Intervenors

Joplin

Company

G. Deferred Tax Issues Witnesses

Company Witness

MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
OPC
Staff

Staff Witness
OPC
MIEC
Mexico
St. Charles Water District
Trades Council
St. Joseph Area Water Districts
St. Joseph
St. Joseph Industrial Water Users
Municipal & Industrial Intervenors
Joplin
Company

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 25th day of May 2000.



**Service List for
Case No. WR-2000-281, et al.
May 25, 2000**

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