

**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 for ) **File No. WR-2022-0303**  
Water and Sewer Service Provided in )  
Missouri Service Areas. )

**POSITION STATEMENT OF  
PUBLIC WATER SUPPLY DISTRICT NO. 2 OF ANDREW COUNTY**

COMES NOW Public Water Supply District No. 2 of Andrew County, and ("Water District"), pursuant to 20 CSR 4240-2.080 and the Commission’s *Order Setting Procedural Schedule* entered in this matter on August 17, 2022, files its Position Statement in the above-referenced matter and respectfully states as follows:

**LIST OF ISSUES**

1. The Water District takes no position at this time on the issues related to the overall revenue requirements of Missouri-American Water Company (“MAWC”), but reserves the right to assert a position if necessary.

**2. Issue 13: Class Cost of Service:**

**Cost of Service Studies:** What are the appropriate allocation factors to be used to determine the revenue requirement allocation? Should the Commission utilize the Class Cost of Service Studies filed in this case to determine the appropriate allocation of the revenue requirement to the various customer classes? If so, what should be the allocation of the revenue requirement to each class? How should the revenues associated with special contracts be treated in developing the class cost of service?

**Position:** The Water District believes that the Commission should utilize the Class Cost of Service Studies filed in the case to determine the appropriate allocation of the revenue requirement to the various classes. The competent and substantial evidence in the record filed by MAWC, Staff, and MIEC each demonstrate that the Sales for Resale Class served by Rate B is currently paying substantially more than its cost of service, when evaluated by any cost study in the record. (See Selinger Direct, p. 16; Roth Rebuttal, Schedule Kr-r5, pages 1 and 2; and York Direct, p. 4) As a result, the Commission should make a substantial downward adjustment in the current rates charge in Rate B to the Sales for Resale Class.

At this time, the Water District generally supports the Staff's recommendation that the Commission approve the allocation factors utilized in Staff's Class Cost of Service using the "base-extra capacity" method as outlined in the American Water Works Association Manual of Water Supply Practices, Principals of Water Rates, Fees, and Charges, Seventh Edition (AWWA M1), which is the method generally accepted by the industry and utilized in the past MAWC rate cases by both Staff and MAWC. (Roth Direct, p. 3:22-23 and p. 4:1-3). The Water District also reserve the right to inquire of other parties regarding the impact of their proposed CCOS studies upon the Sales For Resale Class.

The Water District also generally supports Staff's recommendation that the Commission approve Staff's methodology for conducting an appropriate Class Cost of Service Study. While other cost studies also demonstrate that the Rate B rates are in need of a substantial downward adjustment, the Staff's CCOS

study appears to appropriately allocate the cost of providing service to each customer classification in each of the districts. To develop rates, Staff used the results of its CCOS study and created Rates A, B, and J. Rate A combines residential, commercial, other public authorities and smaller industrial customers; Rate B is sale for resale; and Rate J is for industrial customers who meet certain usage requirements. These rates are consistent with MAWC's currently approved tariffs (Roth Direct, p. 4:4-11).

For the convenience of the Commission, the Commission should review the pre-filed corrected cost study results filed by the Staff attached to this Position Statement which shows that the Sales for Resale Class needs a substantial downward adjustment in rates. (See Roth Rebuttal, Schedule KR-r5, pages 1-2).

3. **14. Rate Design:**

a. **Meter Charge Consolidation:** What meter charges should be used?

b. **Single Tariff Pricing:** Should the Commission consolidate Rate Class A across St. Louis County and non-St. Louis County customers?

**Position:** The Water District takes the position that the current rate design for Rate B should be maintained. The Water Districts take no position at this time on the rate design issues related to other customer classes.

**WHEREFORE**, Applicants Public Water Supply District No. 2 of Andrew County requests that this Commission enter its Order consistent with its position in this case.

Respectfully submitted,

**/s/ James M. Fischer**

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Attorney for Public Water Supply District  
No. 2 of Andrew County

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, e-mailed or mailed, postage prepaid, this 21st day of February, 2023, to counsel of record for each party in accordance with the service list maintained in this proceeding by the Secretary of the Commission on EFIS.

**/s/ James M. Fischer**

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James M. Fischer



Missouri-American Water Company  
 WR-2022-0303  
 Staff Class Cost of Service Study District 1

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
 FOR THE TEST YEAR ENDED June 30, 2022 UPDATED TO December 31, 2022

Customer Classification (1)	Cost of Service		Reallocation of Public Fire		Present Revenues		Proposed Revenues		Cost of Service	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)		
Residential	\$ 181,264,686	63.1%	\$ 209,776,711	73.1%	\$ 175,102,487	72.8%	\$ 34,674,224	74.6%	\$ 209,776,711	19.8%
Commercial	43,780,700	15.2%	50,969,423	17.8%	45,597,239	18.9%	5,372,184	11.6%	50,969,423	11.8%
Industrial	6,114,034	2.1%	6,463,297	2.3%	4,886,354	2.0%	1,576,943	3.4%	6,463,297	32.3%
Other Public Authority	3,244,378	1.1%	3,841,733	1.3%	3,240,867	1.3%	600,866	1.3%	3,841,733	18.5%
Sales for Resale	6,515,381	2.3%	6,631,996	2.3%	8,055,469	3.3%	(1,423,473)	-3.1%	6,631,996	-17.7%
Private Fire Service	9,413,258	3.3%	9,413,258	3.3%	3,759,867	1.6%	5,653,391	12.2%	9,413,258	150.4%
Public Fire Service	<u>36,763,981</u>	<u>12.8%</u>								
Total Sales	287,096,417	100%	287,096,417		\$ 240,642,283	100%	46,454,134	100%	287,096,417	19.3%
Other Revenues	<u>3,709,065</u>									
Total	<u>\$ 290,805,482</u>		<u>\$ 287,096,417</u>		<u>\$ 240,642,283</u>		<u>\$ 46,454,134</u>		<u>\$ 287,096,417</u>	19.3%
True-Up Estimate	12,971,611								12,971,611	
Total w/ True-Up	\$ 303,777,093						\$ 59,425,745		\$ 300,068,028	

Note: Present Revenues and Proposed Revenues from Staff's EMS Run.

Missouri-American Water Company  
 WR-2022-0303  
 Staff Class Cost of Service Study District 2

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
 FOR THE TEST YEAR ENDED June 30, 2022 UPDATED TO December 31, 2022

Customer Classification	Cost of Service After Reallocation of Public Fire			Present Revenues			Proposed Revenues			Cost of Service	
	Amount	Percent		Amount	Percent	Amount	Percent	Amount	Percent	Increase	
(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)		
Residential	\$ 64,624,231	60.1%	\$	70,176,452	65.3%	\$ 54,876,626	60.1%	\$ 15,299,826	94.3%	\$ 70,176,452	27.9%
Commercial	17,077,923	15.9%	\$	18,235,283	17.0%	\$ 17,934,442	19.6%	\$ 300,841	1.9%	\$ 18,235,283	1.7%
Industrial	9,986,793	9.3%	\$	10,115,815	9.4%	\$ 9,496,157	10.4%	\$ 619,658	3.8%	\$ 10,115,815	6.5%
Other Public Authority	3,908,433	3.6%	\$	4,187,234	3.9%	\$ 3,938,759	4.3%	\$ 248,475	1.5%	\$ 4,187,234	6.3%
Sales for Resale	2,807,292	2.6%	\$	2,842,856	2.6%	\$ 3,626,612	4.0%	\$ (783,756)	-4.8%	\$ 2,842,856	-21.6%
Private Fire Service	1,967,066	1.8%	\$	1,967,066	1.8%	\$ 1,434,399	1.6%	\$ 532,667	3.3%	\$ 1,967,066	37.1%
Public Fire Service	<u>7,152,968</u>	<u>6.7%</u>									
Total Sales	107,524,705	100%	\$	107,524,705		\$ 91,306,995	100%	16,217,710	100%	107,524,705	17.8%
Other Revenues	<u>1,713,635</u>					<u>\$ 91,306,995</u>				<u>\$ 107,524,705</u>	
Total	<u>\$ 109,238,340</u>		\$	<u>107,524,705</u>		<u>\$ 91,306,995</u>		<u>\$ 16,217,710</u>		<u>\$ 107,524,705</u>	17.8%
True-Up Estimate	5,463,204									5,463,204	
Total w/ True-Up	\$ 114,701,544					\$ 21,680,914				\$ 112,987,909	

Note: Present Revenues and Proposed Revenues from Staff's EMS Run.