

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Missouri-American Water	)	
Company's Tariff Sheets Designed to Implement	)	<b><u>Case No. WR-2000-281</u></b>
General Rate Increases for Water and Sewer	)	Tariff No. 200000366
Service Provided to Customers in the Missouri	)	Tariff No. 200000367
Service Area of the Company.	)	

**ORDER DIRECTING SCENARIOS**

The Commission will be aided in its deliberations by receiving information concerning the impact on the revenue requirement of Missouri American Water Company (MAWC) under different scenarios. The Staff of the Missouri Public Service Commission (Staff), with the assistance and cooperation of the parties, will be ordered to file responses to the scenarios described herein. The Commission will also shorten the time for responses to the filed scenarios as ordered below.

**Assumptions Common to All Scenarios**

For purposes of determining the revenue requirement under the two scenarios, the following assumptions shall be common to each scenario:

The parties shall use the figures from the Staff True-Up Accounting Schedules, filed on June 15, 2000, as modified by the conformed replacement pages filed on July 5, 2000, except as otherwise specifically provided below.

The revenue requirement shall be that proposed by the Staff, recognizing in rate base the full cost of the new St. Joseph Treatment Plant and related facilities (SJTP), with certain reductions as proposed by Staff to reflect the excess capacity of the new SJTP and a different capitalization rate for AFUDC. No offset shall be included for deferred income taxes relating to MAWC's acquisition of Missouri Cities Water Company.

The premature retirement of the old SJTP shall be treated as proposed by Staff and MAWC.

The issue of the Accounting Authority Order, that is, capitalization of post-in-service AFUDC and deferral of depreciation expense between the in-service date of the new SJTP and September 14, 2000, shall be resolved as proposed by Staff.

### **Scenarios**

A. The return on equity is 11.654 percent.

B. The return on equity is 10.5 percent.

The Staff shall fully explain the impact on the revenue requirement of each variable described in the scenario, as well as the total revenue requirement for each scenario. The Staff shall fully explain the way in which all calculations in the scenario were performed and shall also fully explain any additional assumptions made in the scenario.

**IT IS THEREFORE ORDERED:**

1. That the Staff of the Commission, with the assistance and cooperation of the parties, shall file a pleading responding to the scenarios discussed herein no later than 12:00 Noon on August 24, 2000. The pleading shall show the impact on the revenue requirement for each variable in the scenario and the total impact on the revenue requirement of that scenario.

2. That any party that disagrees with the response filed by the Staff of the Commission shall file a pleading explaining why it disagrees with that response and setting forth its own response to the scenarios no later than 3:00 p.m., August 25, 2000.

3. That this order shall become effective on August 24, 2000.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

Kevin A. Thompson, Deputy Chief  
Regulatory Law Judge, by delegation  
of authority pursuant to Section 386.240,  
RSMo 1994.

Dated at Jefferson City, Missouri,  
on this 23rd day of August, 2000.