

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE ESTATE OF MISSOURI

In the matter of the investigation of the)	
revenue effects upon Missouri utilities)	
of the Tax Reform Act of 1986.)	Case No. AO-87-48
)	
In the matter of Missouri-American Water)	
Company for authority to file tariffs)	Case No. WR-87- <u>177</u>
decreasing rates for water service)	
provided to customers in the Missouri)	
service area of the Company.)	

STIPULATION AND AGREEMENT

On or about December 15, 1986, and March 2, 1987, Missouri-American Water Company caused to be filed with the Commission, in case No. AO-87-48, certain information concerning the impact on Missouri-American Water Company of the Tax Reform Act of 1986 ("TRA"). Commencing in February, 1987, the Staff of the Missouri Public Service Service Commission ("Staff") conducted a review of the books and records of Missouri-American Water Company ("Missouri-American"). Subsequently, representatives of Staff, the Office of the Public Counsel ("Public Counsel") and Missouri-American engaged in discussions concerning the impact of the Federal Tax Reform Act of 1986 on Missouri-American's revenue requirement and the results of Staff's review of Missouri-American's books and records. As a result of these discussions, the parties stipulate and agree as follows:

1. That effective July 1, 1987, Missouri-American be authorized to implement revised tariffs for certain categories of water service designed to decrease Missouri jurisdictional gross annual revenues of approximately \$330,000, exclusive of license, occupation, franchise, sales, gross receipts

or other similar fees or taxes; Missouri-American customers in the Joplin District will realize approximately \$128,700 of said decrease, and Missouri-American customers in the St. Joseph District will realize approximately \$201,300 of said decrease;

2. That the tariffs designed to implement said revenue decrease are attached hereto as Appendix "A" and made a part hereof for all purposes; and that they have been reviewed by all parties and are designed to, and do, in fact, implement the revenue decrease agreed to herein;

3. That this Stipulation and Agreement is a negotiated dollar settlement. For purposes of Staff's review of Missouri-American's books and records and Case No. AO-87-48, "In the matter of the investigation of the revenue effects upon Missouri utilities of the Tax Reform Act of 1986", this Stipulation and Agreement is intended to include, reflect, and fully dispose of any decrease in Missouri-American's gross annual revenue requirement for its Missouri jurisdictional operations which presently have been determined to result from the provisions of the Federal Tax Reform Act of 1986. In addition, Missouri-American shall not be subject to any present or future requirements of the Commission's Federal Tax Reform Act docket, Case No. AO-87-48; it being understood, however, that neither Staff or any other party is bound in any proceeding other than the above captioned dockets regarding the effects of the Tax Reform Act on Missouri-American's revenue requirement;

4. That within five (5) days following the Commission's approval of this Stipulation and Agreement, Missouri-American will cause to be filed with the Commission duplicate originals of the tariffs attached hereto as Appendix 1, said tariffs to bear an effective date of July 1, 1987;

5. That Missouri-American shall not be subject to any further

requirements in Case No. AO-87-48, and should be dismissed therefrom;

6. The parties hereto remain, and shall be, free in any forum and in any future proceeding to raise any issue concerning the impact of the TRA (and/or any existing or future regulations or rulings promulgated thereunder) or the manner in which such impact should be reflected in Missouri-American's rates (the "TRA Issue"); provided, however, that until the commencement of a general rate proceeding in which it is alleged that Missouri-American's rates are excessive or inadequate, the parties shall not raise the TRA Issue before the Commission;

7. That this Stipulation and Agreement is intended to be binding on the parties and the Commission in Case No. WR-87-____, in Case No. AO-87-48 as it relates to Missouri-American Water Company, and as described in Paragraph "6" hereof; that none of the provisions of this Stipulation and Agreement, however, shall prejudice, bind or otherwise affect any party should the Commission decide not to approve this Stipulation and Agreement in its entirety or in any way condition its approval of same;

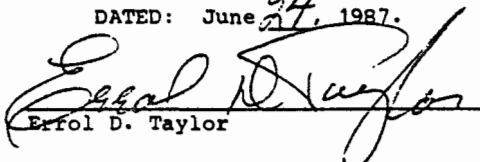
8. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any rate-making principle, value methodology, method of cost of service determination, rate design methodology, or cost allocation underlying any of the tariff rates provided for in this Stipulation and Agreement; and any number used in this Stipulation and Agreement or in the tariff rates provided for by this Stipulation and Agreement shall not prejudice, bind, or affect any party thereto, except to the extent necessary to give effect to the terms of this Stipulation and Agreement.

9. That in the event the Commission accepts the specific terms of this

Stipulation and Agreement, the parties waive their respective rights to: (a) present oral arguments or written briefs, pursuant to Section 536.080(1), RSMo. 1986; (b) require the Commission to read the full record pursuant to Section 536.080(3), RSMo. 1986; and (c) seek judicial review of case No. WR-87-____, or Case No. AO-87-48, as it relates to Missouri-American Water Company, pursuant to Section 386.510, RSMo. 1986;

10. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement, or in the event the tariff rates agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

DATED: June 24, 1987.



Errol D. Taylor

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Respectfully submitted,


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FORM No. 13 P.S.C. MO. No. 1(2nd Revised) SHEET No. 1

(XXXXXXX)

Cancelling P.S.C. MO. No. 1(1st Revised) SHEET No. 1

(XXXXXXX)

MISSOURI-AMERICAN WATER COMPANYFor CITY OF ST. JOSEPH, MO. AND VICINITY

Name of Issuing Corporation

Community, Town or City
(ST. JOSEPH DISTRICT)CLASSIFICATION OF SERVICE
GENERAL WATER SERVICECustomer Charges

All metered general water service Customers shall pay the Customer charge based on the size of meter installed, set forth below.

Size of Meter	Charge	
	Per Month	Per Quarter
5/8 - inch	\$ 4.47	\$ 8.02
3/4 - inch	5.36	10.69
1 - inch	7.14	16.02
1 1/2 - inch	11.58	29.35
2 - inch	16.91	45.35
3 - inch	29.35	82.67
4 - inch	47.12	135.99
6 - inch	91.56	269.29
8 - inch	145.09	429.89

Meter Rates

The following shall be the rates for monthly and quarterly usage, subject to the customer charges provided for herein.

	Cubic Feet Per Month	Cubic Feet Per Quarter	Rate Per 100 Cubic Feet
For the First	100,000	300,000	\$.9922*
For all over	100,000	300,000	.4576*

*Indicates new rate or text

+Indicates change

DATE OF ISSUE June 25, 1987
month day yearDATE EFFECTIVE July 1, 1987
month day yearISSUED BY S. W. Thornburg, President
name of officer2707 Pembroke Ln., St. Joseph, MO.
title address

FORM No. 13 P.S.C. MO. No. 2

(2nd Revised) SHEET No. 3

(XXXXXXX)

Cancelling P.S.C. MO. No. 2

(1st Revised) SHEET No. 3

(XXXXXXX)

MISSOURI-AMERICAN WATER COMPANY

For CITY OF JOPLIN, MO. AND VICINITY

Name of Issuing Corporation

Community, Town or City

(JOPLIN DISTRICT)

CLASSIFICATION OF SERVICE
GENERAL WATER SERVICE

Customer Charges

All metered general water service Customers shall pay the Customer charge based on the size of meter installed, set forth below.

<u>Size of Meter</u>	<u>Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
5/8 - inch	\$ 5.17	\$ 9.67
3/4 - inch	6.30	13.06
1 - inch	8.55	19.81
1 1/2 - inch	14.17	36.67
2 - inch	20.92	56.92
3 - inch	36.67	104.17
4 - inch	59.17	171.67
6 - inch	115.42	340.42
8 - inch	182.92	542.92

Meter Rates

The following shall be the rates for monthly and quarterly usage, subject to the customer charges provided for herein.

	<u>Cubic Feet</u> <u>Per Month</u>	<u>Per Quarter</u>	<u>Rate Per</u> <u>100 Cubic Feet</u>
For the first	60,000	180,000	\$.9659*
For all over	60,000	180,000	.4951*

*Indicates new rate or text

+Indicates change

DATE OF ISSUE June 25, 1987 DATE EFFECTIVE July 1, 1987
 month day year month day year

ISSUED BY G. W. Thornburg, President 7th & Joplin Streets, Joplin, MO.
 name of officer title address

Missouri-American Water Company

St. Joseph District

Docket No. AO-67-48

Line
No.

	Class/ Description	Sales 100 C. F.	Current Total Revenue	% of Revenue to Total	Proposed Total Revenue	% of Revenue to Total	Dollar Decrease	Total Revenue % Decrease
1								
2								
3								
4								
5								
6								
7	Residential	2,014,576	\$2,866,533	48.13%	\$2,778,391	48.29%	(\$88,142)	-3.07%
8								
9	Commercial	1,135,986	1,242,229	20.86%	1,196,423	20.79%	(45,806)	-3.69%
10								
11	Industrial	1,586,905	1,024,763	17.20%	983,401	17.09%	(41,362)	-4.04%
12								
13	Other Public Authorities	188,202	183,146	3.07%	176,338	3.06%	(6,808)	-3.72%
14								
15	Sales For Resale	888,827	495,269	8.32%	475,021	8.26%	(\$20,248)	-4.09%
16								
17	Private Fire Service	0	116,467	1.96%	116,467	2.02%	0	0.00%
18								
19	Franchise	0	0	0.00%	0	0.00%	0	0.00%
20								
21	Miscellaneous	13,500	5,448	0.09%	5,448	0.09%	0	0.00%
22								
23								
24	Total Water Sales	5,811,996	5,933,855	99.62%	5,731,489	99.61%	(202,366)	-3.41%
25								
26								
27	Miscellaneous Revenues		22,405	0.38%	22,405	0.39%	0	0.00%
28								
29								
30	Pro Forma Total Operating							
31	Revenues per Petitioner's							
32	Bill Analysis		\$5,956,260	100.00%	\$5,753,894	100.00%	(\$202,366)	-3.40%
33								

Missouri-American Water Company

Joplin District

Docket No. AO-87-48

Line
No.

	Class/ Description	Sales 100 C. F.	Current Total Revenue	% of Revenue to Total	Proposed Total Revenue	% of Revenue to Total	Dollar Decrease	Total Revenue % Decrease
1								
2								
3								
4								
5								
6								
7	Residential	1,330,173	\$1,885,802	49.10%	\$1,829,592	49.29%	(\$56,210)	-2.98%
8								
9	Commercial	1,033,327	1,006,152	28.28%	1,046,145	28.18%	(40,007)	-3.68%
10								
11	Industrial	961,642	615,495	16.02%	590,248	15.90%	(25,247)	-4.10%
12								
13	Other Public Authorities	60,387	72,366	1.88%	69,822	1.88%	(2,544)	-3.52%
14								
15	Sales For Resale	195,078	121,486	3.16%	116,436	3.14%	(\$5,050)	-4.16%
16								
17	Private Fire Service	0	49,254	1.28%	49,254	1.33%	0	0.00%
18								
19	Franchise	0	0	0.00%	0	0.00%	0	0.00%
20								
21	Miscellaneous	12,704	5,079	0.13%	5,079	0.14%	0	0.00%
22								
23								
24	Total Water Sales	<u>3,593,311</u>	3,835,634	99.86%	3,706,576	99.85%	(129,058)	-3.36%
25								
26								
27	Miscellaneous Revenues		5,459	0.14%	5,459	0.15%	0	0.00%
28								
29								
30	Pro Forma Total Operating							
31	Revenues per Petitioner's							
32	Bill Analysis		\$3,841,093	100.00%	\$3,712,035	100.00%	(\$129,058)	-3.36%
33								

ST. JOSEPH WATER COMPANY

Quarterly Bill Comparison
Usage in 100's of Cubic Feet

	A	B	C	D	E
1	ST. JOSEPH WATER COMPANY 5/8 IN. METER				
2					
3	Usage	Current	Proposed	Difference	Percentage
4		Rate	Rate		
5	=====				
6	3.00	11.13	11.00	-0.13	-1.1622%
7	6.00	14.23	13.97	-0.26	-1.8171%
8	9.00	17.34	16.95	-0.39	-2.2373%
9	12.00	20.44	19.93	-0.52	-2.5299%
10	15.00	23.55	22.90	-0.65	-2.7453%
11	18.00	26.66	25.88	-0.78	-2.9105%
12	21.00	29.76	28.86	-0.91	-3.0412%
13	24.00	32.87	31.83	-1.03	-3.1472%
14	27.00	35.97	34.81	-1.16	-3.2349%
15	30.00	39.08	37.79	-1.29	-3.3087%
16	33.00	42.18	40.76	-1.42	-3.3716%
17	36.00	45.29	43.74	-1.55	-3.4259%
18	39.00	48.40	46.72	-1.68	-3.4732%
19	42.00	51.50	49.69	-1.81	-3.5148%
20	45.00	54.61	52.67	-1.94	-3.5516%
25-Jun-87	09:35 AM				

Avg. Usage

JOPLIN WATER COMPANY

Quarterly Bill Comparison Usage in 100's of Cubic Feet

	A	B	C	D	E	
1	JOPLIN WATER COMPANY 5/8 IN. METER					
2						
3	Usage	Current	Proposed	Difference	Percentage	
4		Rate	Rate			
5	=====					
6	3.00	12.70	12.57	-0.13	-1.0137%	
7	6.00	15.72	15.47	-0.26	-1.6371%	
8	9.00	18.75	18.36	-0.39	-2.0593%	
9	12.00	21.78	21.26	-0.51	-2.3441%	
10	15.00	24.80	24.16	-0.64	-2.5945%	
11	18.00	27.83	27.06	-0.77	-2.7749%	
12	21.00	30.85	29.95	-0.90	-2.9196%	
13	24.00	33.88	32.85	-1.03	-3.0389%	
14	27.00	36.91	35.75	-1.16	-3.1384%	
15	30.00	39.93	38.65	-1.29	-3.2228%	
16	33.00	42.96	41.54	-1.42	-3.2954%	
17	36.00	45.99	44.44	-1.54	-3.3584%	
18	39.00	49.01	47.34	-1.67	-3.4136%	
19	42.00	52.04	50.24	-1.80	-3.4624%	
20	45.00	55.07	53.14	-1.93	-3.5058%	
25-Jun-87 09:32 AM						Avg. Usage