

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

**In the Matter of Missouri-American Water)
Company’s Request for Authority to Implement a)
General Rate Increase for Water Service Provided) **WR-2010-0131**
in Missouri Service Areas)**

**TRIUMPH FOODS, LLC
STATEMENT OF POSITION**

COMES NOW Triumph Foods, LLC (“Triumph Foods”), and hereby files its Statement of Position.

REVENUE REQUIREMENT.

Triumph Foods takes no position at this time on the Rate of Return, Rate Base, or Expense Issues listed on Staff’s May 11th Joint List of Issues (“Issues List”). Triumph Foods also takes no position at this time with respect to the Revenue Issues listed on Staff’s May 11th Issues List, with the exception that Triumph Foods supports Missouri-American Water Company’s (“MAWC”) position on the Revenue Associated with Economic Development Contracts issue.

ADEQUACY OF SERVICE AND OTHER ISSUES.

Triumph Foods takes no position at this time on the Adequacy of Service and Other Issues listed on Staff’s May 11th Issues List.

RATE DESIGN/COST OF SERVICE/OTHER ISSUES.

Triumph Foods takes no position at this time on the Rate Design/Cost of Service/Other Issues listed on Staff’s May 10th Issues List, except for the Class Cost of Service Studies issue. Triumph Foods supports MAWC’s position that a revenue imputation for this contract rate is not

reasonable, but otherwise Triumph Foods does not take a position with respect to the appropriate basis upon which to allocate revenues and/or costs associated with the Economic Development Rider Contract Customers within the St Joseph district class cost of service study. Triumph Foods asserts that its economic development contract rate was approved by the Missouri Public Service Commission (“PSC” or “Commission”) because of the economic benefits it provides to St. Joseph and the vicinity. Triumph Foods further believes that a review of the Triumph Foods Contract is inappropriate in the current rate case, and emphasizes that the economic development contract rate is not discriminatory, as revenue Triumph Foods provides to MAWC under this rate provides full recovery of all variable production costs MAWC incurs to provide service and makes a contribution to MAWC’s other costs.

I. The economic development contract rate was approved by the Missouri Public Service Commission because of the economic benefits it provides to St. Joseph.

The Triumph Foods economic development contract rate, based on a Contract for the Retail Sale and Delivery of Potable Water (“Contract”) entered into as of September 2, 2003 between MAWC and Triumph Foods’ predecessor in interest Premium Pork, LLC, is a discount to the full cost of service rate for MAWC. MAWC’s Economic Development Rider Tariff offers water service at a discounted rate “to encourage industrial and commercial development in the State of Missouri.” See MAWC EDR Tariff, PSC Mo. No. 1, Sheet 49. Triumph Foods’ Contract rate was approved by the Commission because of the economic benefits that flow from such development to the St. Joseph District of MAWC and to the local economy. See Order, Case No. WT-2004-0192 (Nov. 20, 2003). These benefits are in addition to the MAWC cost of service benefits created through the reduced revenue requirement that MAWC recovers from its other tariff customers.

II. A review of the Triumph Foods Contract is inappropriate in the current rate case.

Triumph Foods' position is that a review of the Triumph Foods Contract is inappropriate in the current rate case, as Triumph Foods has not yet received the five-year benefit contemplated by the Contract to support the commercial operation of the Triumph Foods facility.

The Commission has already ruled that review of the Triumph Foods Contract is inappropriate until Triumph Foods has received the benefit contemplated by the Contract for five years. See Order, Case No. WO-2009-0303 (May 21, 2009). In that case, the Commission determined that, because Triumph Foods did not begin its operations until January 2006, Triumph Foods has "not yet received the five-year benefit contemplated by the Contract and that Public Counsel's request [in that case] is premature." See Order, Case No. WO-2009-0303 (May 21, 2009) at 4. While Triumph Foods did take water service prior to the in-service date during the development of the facility, the annual volume of water taken during this development stage was small in relationship to the amount of water taken since the facility began commercial operation. MAWC installed a larger service and meter account in 2005, and Triumph Foods did not start taking commercial-level water usage through that larger account until January 2006.

Based on the Commission's finding that Triumph Foods has "not yet received the five-year benefit contemplated by the Contract," the earliest date on which review of the Triumph Foods Contract would be appropriate is January 2011, which is beyond the end of the true-up in this case of April 30, 2010. See File No. WR-2010-0131, Tracking No. YW-2010-0310.

III. The economic development contract rate is not discriminatory.

Further, Triumph Foods' Contract discount rate is just and reasonable, as the Contract rate provides fully recovery of MAWC's variable production costs serving the Triumph Foods

facility, and makes a contribution to the other costs in the St. Joseph District. See M. Gorman Rebuttal, Confidential Schedule Triumph-MPG-1. See also B. Meisenheimer Rebuttal, Schedule BAM REB-3-HC.

Because the economic development rate makes a contribution to MAWC's other costs, other customers benefit from the existence of this economic development discount rate. See MAWC EDR Tariff, PSC Mo. No. 1, Sheets 53, 55. These customers benefit from a discount economic development customer making contributions to other costs because the revenue requirement that MAWC recovers from its other full tariff rate customers of the District is reduced. Therefore, Triumph Foods' rate in this proceeding does not detrimentally impact other customers in the St. Joseph District, but actually provides benefits to St. Joseph customers by a reduction in the revenue requirement that would otherwise be recovered from those customers.

Respectfully submitted,

/s/ Karl Zobrist

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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was e-mailed on this 12th day of May, 2010, to the persons on the Commission's service list in this case.

/s/ Karl Zobrist
Attorney for Triumph Foods, LLC