

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

In the Matter of Missouri-American	)	
Water Company's Request for Authority to	)	<b>Case No. WR-2010-0131</b>
Implement a General Rate Increase for	)	
Water Service Provided in Missouri	)	<b>Tracking No. YW-2010-0310</b>
Service Areas	)	

**ST. JOSEPH STATEMENT OF POSITIONS**

COMES NOW the City of St. Joseph, Missouri (hereinafter referred to as "St. Joseph"), by and through counsel, and files its Statement of Positions in this matter. References are to the *Joint List of Issues, Order of Witnesses, Order of Cross-Examination and Order of Opening Statements* filed in this matter on May 11, 2010. Missouri-American Water Company is referred to as "MAWC."

**St. Joseph Witness – J. Bruce Woody, PE**, Director of Public Works and Transportation, City of St. Joseph – Direct and Surrebuttal Testimony.

**REVENUE REQUIREMENT (*Joint List of Issues, p. 2*)**

The City of St. Joseph urges the Commission to do everything in its power to minimize the amount of any rate increase in this case. The citizens of St. Joseph and the City Council that represents them are very upset by the massive rate increase that MAWC is proposing in this case, which is 26.19% overall for the St. Joseph District, 29.81% for residential customers and 29.15% for fire protection services. Such huge increases bear no reasonable relationship to inflation rates in the economy. (*Direct Testimony of J. Bruce Woody for the City of St. Joseph, page 2, lines 6-13.*)

## **ADEQUACY OF SERVICE AND OTHER ISSUES (*Joint List of Issues, p. 4*)**

### **Main Extensions:**

- (A) Are the existing tariff provisions and company policies appropriate for customer charges, contributions and refunds for main extensions?
- (B) Are the existing tariff provisions and company policies appropriate for developer charges, contributions and refunds for main extensions?
- (C) How should the construction of main extensions beyond that necessary for service in a new development or projects be apportioned?

### **St. Joseph Positions:**

1. MAWC should not be allowed to eliminate the limited free main extensions and refund provisions contained in the existing St. Joseph District tariff. The Commission should reject MAWC's proposed, unified rules and regulations tariffs in this case. (*Direct Testimony of J. Bruce Woody for the City of St. Joseph, page 3, line 1 through page 4, line 1.*)

2. Rather, St. Joseph asks the Commission to require MAWC to share, at least 50-50, in the costs of all main extensions and upgrades that are currently paid by customers or developers. (Woody Direct, p. 4, ll. 1-2; p. 10, ll. 5-13.)

3. The concept of a public utility is that the utility will make needed investments in utility infrastructure to fulfill its obligation to serve all customers in its service area, in exchange for a monopoly status and a reasonable opportunity to earn a reasonable return on its investment. MAWC's main extension policies shift that investment burden to customers and have a serious, negative impact on economic development in the City of St. Joseph and other cities. MAWC will earn

a return of and a return on all reasonable investments in utility infrastructure.  
(Woody Direct, p. 6, ll. 15-21; Woody Surrebuttal, p. 4, ll. 8-16.)

4. A public utility's obligation to serve all customers in its PSC-certificated service territory does not end at some arbitrary point of previous community development. Rather, it extends to the entire certificated service area.  
(Woody Surrebuttal, p. 2, ll. 2-5.)

5. MAWC witness Dunn states that "the cost causer (normally the developer) should be responsible for the cost of the main extension." Mr. Dunn argues that it is not reasonable for all ratepayers in the district "to support the developer by subsidizing the cost of the main extension." However, "developers" are not the only people affected by main extension policies. For example, individuals building homes and businesses, and churches building new houses of worship or expanding existing ones, are all affected by main extension policies. In addition, "developers" are not second-class citizens, but are people who invest in the future and growth of our communities and take financial risks to do so. Also, if all main extension costs had to be paid by the "cost-causer," as argued by MAWC, the utility never would have invested its own money in building water utility infrastructure in the first place. "Costs paid by the cost-causer" is not the standard applied by the regulatory compact to the utility's obligation to serve.  
(Woody Surrebuttal, p. 1, l. 13 through p. 2, l. 11.)

6. MAWC should also be required to pay for main upgrades that benefit the Company's system, and to work with local governmental officials to coordinate main extensions and upgrades with local government projects.

(Woody Direct, p. 4, l. 5 through p. 6, l. 11; Woody Surrebuttal, p. 3, l. 1 through p. 4, l. 7.)

7. The Commission should reject MAWC's proposed Sheet 52, Rule 21, Section 1. This language appears to try to preempt the legitimate police powers of municipalities and create new Public Service Commission jurisdiction in their stead. This language is also in direct opposition to St. Joseph's Municipal Code, Chapter 29, Article 5, "Public Utility Right-of-Way Management Ordinance." (Woody Direct, p. 7, ll. 12-21; Woody Surrebuttal, p. 4, l. 17 through p. 5, l. 20.)

**RATE DESIGN/COST OF SERVICE/OTHER ISSUES (*Joint List of Issues*, p. 4)**

**Rates:** (*Joint List of Issues*, p. 5)

- B) Customer Charge
  - i) What is the appropriate way to establish the customer charge?
  - ii) Should the customer charge be uniform across the districts?

**St. Joseph Positions**

1. St. Joseph opposes making the customer charge uniform across the districts of MAWC. (Woody Direct, p. 8, l.1 through p. 9, l. 8.) MAWC's proposed, uniform customer charge would increase the customer charge in the St. Joseph District by 64%. (Woody Direct, p. 8, ll. 16-19.) The proposed customer charge would be higher than St. Joseph District costs under any cost study in the case.

**Consolidated Tariff:** (*Joint List of Issues*, p. 5)

- (A) Should existing tariff rules and regulations be consolidated into one tariff?
- (B) Miscellaneous fees

**St. Joseph Positions**

1. St. Joseph opposes consolidation of MAWC's existing tariff rules and regulations into a single, Company-wide tariff. (Woody Direct, p. 9, l. 9 through p. 10, l. 3.)

2. St. Joseph opposes the consolidated miscellaneous fees proposed by MAWC in this case. They are not cost-based as to the St. Joseph District and could result in St. Joseph customers subsidizing customers in other MAWC districts. (Woody Direct, p. 9, l. 9 through p. 10, l. 3.) St. Joseph supports OPC's proposed miscellaneous fees.

**OTHER ISSUES**

The City of St. Joseph did not file testimony on other issues in this case, but reserves the right to take positions not stated herein based on the testimony elicited at hearing.

Respectfully submitted,

***/s/ William D. Steinmeier***

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JOSEPH, MISSOURI

### **CERTIFICATE OF SERVICE**

I hereby certify that the undersigned has caused a complete copy of the attached document to be electronically filed and served on the Commission's Office of General Counsel (at [gencounsel@psc.mo.gov](mailto:gencounsel@psc.mo.gov)), the Office of Public Counsel (at [opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov)), counsel for Missouri-American, and all counsel of record on this 12<sup>th</sup> day of May 2010.

***/s/ William D. Steinmeier***