

**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-2011-0337**
Water Service Provided in Missouri)
Service Areas.)

POSITION STATEMENT OF WATER DISTRICTS AND BRUNSWICK

COME NOW Public Water Supply District Nos. 1 and 2 of Andrew County ("Water Districts ") and the City of Brunswick, Missouri, ("Brunswick") and, pursuant to the Commission's *Order Granting Extension of Time* issued February 10, 2012, state their positions on the following issues in this matter:

The Joint Issues List, filed by the Staff on behalf of all of the parties on February 9, 2012, categorizes the issues in this matter under five (5) broad headings: A. Rate Base Issues; B. Cost of Capital Issues; C. Revenue Issues; D. Expense Issues; and E. Rate Design and Miscellaneous Issues. While the Water Districts and Brunswick will not actively participate in addressing the first four categories of issues in this proceeding, they intend to participate in the Rate Design portion of the case. Nevertheless, in addressing the revenue requirement issues in this proceeding, the Water Districts and Brunswick request that the Commission carefully consider the rate impacts that they have absorbed in past cases.

E. Rate Design and Miscellaneous Issues

1. Cost of Service/Revenue Requirements

How should rates be designed in order to collect the revenue requirement from each customer class (i.e., district specific, single tariff or hybrid)?

Should any district provide a revenue support or subsidy to another district? If so, which districts should receive support and which districts should be required to provide that support?

Should water service provide a revenue support or subsidy to sewer?

Position: Brunswick has offered testimony in this proceeding in support of a single tariff rate structure, as a means to help minimize rate shock and to try and keep rates in smaller districts as affordable as possible. The Water Districts and Brunswick continue to examine the various rate design proposals being offered and discussed among the parties and reserve their rights regarding final positions on these issues.

2. Class Cost of Service & Rate Design

What are the proper allocations for costs not directly assigned to a particular system?

What is the appropriate basis upon which to allocate costs to each customer class?

What is the appropriate way to establish the customer charge?

Should the customer charge be uniform across all districts?

Should the commodity charge be set as a declining block rate or should the commodity charge be uniform for all levels of usage?

How should any rate increases or rate decreases resulting from this case be spread or allocated?

Position: The Water Districts support the main adjustment for the Sale-for-Resale customers in the St. Joseph service territory. This is an appropriate recognition that the Sale-for-Resale customer class is connected directly to the transmission system and does not receive any benefit from the smaller distribution mains. The Water Districts and Brunswick reserve the right to inquire into all aspects of the allocation of costs to the customer classes within each district.

The Water Districts oppose the Company's proposed elimination of the existing declining block rate structure for the Sale-for-Resale class, as declining block rates allow

larger customers who generally experience better load factors to pay a lower tail block rate to reflect the lower cost to serve them. The Water Districts further support any rate increases or decreases resulting from this case being spread or allocated on an equal percentage basis to the customer classes within a district.

The Water Districts and Brunswick reserve the right to inquire into the above issues at hearing and to formulate final positions thereon.

Regarding **Category E. Sub-Issues 3, 4, 5, 6, 7, 8, 9 and 10**, the Water Districts and Brunswick take no position on these issues at this time.

The Water Districts and Brunswick reserve the right to cross-examine witnesses and to file post-hearing briefs on any issue in this case.

Respectfully submitted,

/s/ Larry W. Dority

James M. Fischer Mo. Bar No. 27543
email: jfischerpc@aol.com

Larry W. Dority Mo. Bar No. 25617
email: lwdority@sprintmail.com

Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383

Attorneys for Public Water Supply District
Nos. 1 and 2 of Andrew County and City of
Brunswick, Missouri

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 15th day of February, 2012, 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/ Larry W. Dority

Larry W. Dority