

**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-2010-0131**
Water Service Provided in Missouri)
Service Areas.)

POSITION STATEMENT OF WATER DISTRICTS

COME NOW Public Water Supply District Nos. 1 and 2 of Andrew County ("Water Districts") and, pursuant to the Commission's *Order Extending Time To File Position Statements* issued May 12, 2010, state their position on the following issues in this matter:

REVENUE REQUIREMENT

The Water Districts are not-for-profit political subdivisions that serve rural customers in areas outside of St. Joseph, Missouri. Although these Water Districts are among MAWC's larger customers, they are, in reality, representatives of their rural customers--since any increase in the cost of water must eventually be passed along to the Water Districts' rural customers. Having absorbed over a 200% increase in rates when the Commission adopted District-Specific Pricing concurrent with placing the St. Joseph water plant in rate base, the Water Districts request that the Commission carefully consider the rate impacts that these Water Districts have absorbed in past cases and minimize the amount of any rate increase in this case. The resulting rate impacts to our rural residential users, farmers and other customers would be very burdensome,

especially in this time of painful economic stress. (Local Public Hearing Testimony of Terry Campbell, St. Joseph, Missouri.)

While the Water Districts will not actively participate in addressing the revenue requirement issues in this proceeding, we intend to participate in the Rate Design portion of the case. The Water Districts' positions on the list of contested issues related to rate design and other specific issues are set forth below, in accordance with the general subject areas contained in the Joint List of Issues, Order of Witnesses, Order of Cross-Examination and Order of Opening Statements filed on May 11, 2010:

ADEQUACY OF SERVICE AND OTHER ISSUES

Metering of certain large volume customers in St. Joseph District: Should MAWC be required to install and maintain additional metering for the five large, industrial customers and the Water Districts in its St. Joseph District? If so, how should the additional costs associated with installing and reading such meters, as well as analyzing the data from such meters, be recovered?

Water Districts Position:

The Water Districts take no position on this issue at this time, other than they should not be assessed any additional costs associated therewith. The Water Districts reserve the right to base a final position on the testimony provided at hearing.

RATE DESIGN/COST OF SERVICE/OTHER ISSUES

Class Cost of Service Studies: What is the appropriate basis upon which to allocate costs within a district to each customer class?

- A) Should there be a small mains adjustment?
- B) What is the appropriate basis upon which to allocate purchase power expense?
- C) What is the appropriate basis upon which to allocate corporate costs?
- D) What is the appropriate basis upon which to allocate administrative and general (A&G) costs?
- E) What is the appropriate basis upon which to allocate revenues and/or costs associated with the Economic Development Rider Contract Customers?

Water Districts Position:

There should be a small mains adjustment resulting in a reduction in the allocation of the cost of smaller mains to the large customers in the Joplin, St. Joseph and St. Louis districts, which includes the Sale for Resale Class in the St. Joseph District. The Water Districts reserve the right to inquire into all aspects of the allocation of costs to the customer classes within each district.

Inter-District Support or Revenue Contribution: Should any district provide a revenue support or a subsidy so that another district may be provided service that is priced below that district's cost of service? If so, which district(s) should receive support and which district should be required to provide that support?

Water Districts Position:

Having abandoned Single-Tariff pricing in favor of District-Specific Pricing in the 2000 Missouri-American rate case when the new St. Joseph water plant was being placed in rate base, the Water Districts believe that the St. Joseph District should not be responsible for any revenue contribution to mitigate the impact of full cost of service rates for any other district.

Phase-In:

- (A) Is a phase-in of rates appropriate or lawful?
- (B) Which, if any, districts should have their rate increase phased in?
- (C) How should any carrying cost associated with a phase-in deferral be recovered and from whom?

Water Districts Position:

The Water Districts take no position on this issue at this time and reserve the right to base a final position on the testimony provided at hearing.

Rates:

- A) Commodity Charge
 - i) Should the commodity charge be set as a declining block rate or should the commodity charge be uniform for all levels of usage?
 - (ii) Should commodity rates be uniform across all classes in a district?
- B) Customer Charge
 - i) What is the appropriate way to establish the customer charge?
 - ii) Should the customer charge be uniform across the districts?
- C) How should any rate increases or decreases resulting from this case be spread or allocated?

Water Districts Position:

The Water Districts oppose the Staff’s proposed elimination of the Company’s existing declining block rate structure, and they propose no changes to the structure of block rates. Any district-specific rate increases or decreases resulting from this case should be spread or allocated on an equal percentage basis to the classes within the district. The Water Districts reserve the right to inquire into the other issues and to advocate a position at the conclusion of the hearings in this matter.

Low Income Provision: Should MAWC be authorized to include a low income provision in its tariffs?

Water Districts Position:

The Water Districts believe that a low income provision should not be included in MAWC’s tariffs at this time.

MSD Rate: What is the appropriate rate to charge MSD for customer usage information?

Water Districts Position:

The Water Districts take no position on this issue at this time.

Consolidated Tariff:

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

Water Districts Position:

The Water Districts take no position on this issue at this time.

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

Respectfully submitted,

/s/ Larry W. Dority

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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 13th day of May, 2010, 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