

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

In the Matter of the Joint Application of  
Missouri-American Water Company,  
St. Louis County Water Company, d/b/a  
Missouri-American Water Company and  
Jefferson City Water Works Company,  
d/b/a Missouri-American Water Company  
for an accounting authority order relating  
to security costs.

Case No. WO-2002-273

STATEMENT OF POSITION OF  
INTERVENOR CITY OF JOPLIN

COMES NOW Intervenor City of Joplin and for its Statement of Position herein states:

ISSUE 1:       Should the Commission expressly adopt the four criteria proposed by the  
Staff for this Accounting Authority Order application?

Position: No.   The four criteria are a helpful clarification and a useful framework for  
decision.

A.       Do the Staffs proposed criteria constitute an unlawful change in  
statewide policy because such change would not be made through a rule-  
making proceeding?

Position: Yes. The Commission may act under Section 386.310 in individual cases. Rule  
making is not required.

B.       If the Commission adopts the Staffs four criteria, then:

Are the costs incurred and which are sought to be deferred in this  
proceeding at least 5% of MAWC's regulated Missouri income,  
computed before extraordinary items?

Position: No.   The costs that are claimed do not meet the 5% criterion. Missouri-American  
has not met its burden of proof.

(2)       Are MAWC's current rates inadequate to cover the event (i.e.,

are MAWC's existing rates sufficient to cover the extraordinary cost and still provide MAWC with a reasonable expectation of earning its authorized rate of return)?

Position: No. No evidence suggests that the costs associated with upgraded security will prevent Missouri-American from achieving its allowed rate of return.

Did the expenses result from:

- (a) an extraordinary capital addition that is required to insure the continuation of safe and adequate service in which unique conditions preclude recovery of these costs through a rate case filing, or
- (b) an extraordinary event that is beyond the control of the utility's management?

Position: No.

(a) No damage to Missouri property has occurred. All of the expenditures are the result of decisions of Missouri-American management and do not result from conditions beyond control of management.

(b) No facilities were damaged on September 11, 2001. Missouri-American made all decisions regarding what increased security measures were appropriate. The event is neither extraordinary as it relates to Missouri-American nor beyond management's control.

- (4) Is there a sufficient reason why MAWC cannot recover the costs resulting from these expenditures through the normal rate process?

Position: No. Missouri-American may file a rate case at any time to recover prudently incurred expenses.

- C. If the Commission does not adopt Staff's four criteria as requirements to granting an AAO, are the costs incurred by MAWC to increase security measures subsequent to the events of September 11, 2001,

"extraordinary, unusual, unique and nonrecurring?"

Position: No. These expenses do not qualify for recovery through special accounting procedures.

ISSUE 2: In light of the above, should the Commission grant to MAWC an Accounting Authority Order to defer recognition of the costs it incurred and attributed to increased security needs after the terrorist attacks of September 11, 2001 in New York City and Washington, D.C.?

Position: No. These expenditures do not meet the test for special account treatment.

ISSUE 3: If the Commission grants MAWC an Accounting Authority Order:

A. What conditions, if any, should be reflected in the Commission's Order?

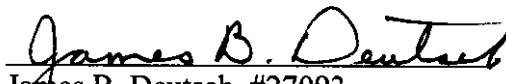
Position: No. No AAO should be authorized, with or without conditions.

B. Should the Commission make any indications regarding future rate making treatment of deferred expenditures in the Commission's Order? If yes, what indications should the Commission make?

Position: No. The Commission should indicate that it reserves the right and duty to decide future rate cases upon all relevant factors.

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the above and foregoing document were sent U.S. Mail, postage prepaid, to the following parties of record on this 22<sup>nd</sup> day of May, 2002:

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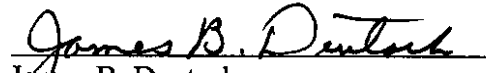
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