

# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water Company's ) **File No. WR-2010-0131**  
Request for Authority to Implement a ) Tracking No. YW-2010-0310  
General Rate Increase for Water Service ) YS-2010-0311, YS-2010-0312,  
Provided in Missouri Service Areas ) YS-2010-0313, YS-2010-0314

## ORDER REGARDING ISSUES

Issue Date: May 13, 2010

Effective Date: May 13, 2010

The Missouri Public Service Commission is setting forth, for the convenient reference of the parties and the Commission, a uniform numbering system for the issues. The issues appear in the joint list of issues that the Commission's staff filed on May 11, 2010.<sup>1</sup> That document organized the issues (numbered below in Arabic numerals) under topics (*italicized below*). But because the issues are so numerous, a uniform numbering system will assist the parties in drafting any position statements yet to be filed, and for other purposes. Therefore, the Commission is setting forth a uniform numbering system as follows.

### *REVENUE REQUIREMENT*

#### *Rate of Return Issues*

##### *Capital Structure:*

1. What capital structure, MAWC stand alone or American Water consolidated, should be used for determining MAWC's rate of return?

##### *Long Term Debt Cost:*

2. What cost of long term debt should be used for determining MAWC's rate of return?

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<sup>1</sup> The correct version was not posted to the Commission's electronic filing and information system until May 12, 2010.

*Return on Common Equity:*

3. What return on common equity should be used for determining MAWC's rate of return?

*Rate Base Issues*

*Cedar Hill Sewage Treatment Plant:*

4. Should any portion of the capital costs and depreciation expense associated with the capacity expansion project of Cedar Hill Sand Creek sewage treatment facility be disallowed for ratemaking in this proceeding?

*Cash Working Capital:*

5. What is the appropriate amount to be included in MAWC's rate base for cash working capital?

*Rate Base for Security AAO Deferral:*

6. Should the unamortized balance of deferred Security AAO costs be included in rate base?

*Accumulated Deferred Income Taxes Associated with the Security AAO:*

7. Should accumulated deferred income taxes associated with the Security AAO be included as an offset to rate base?

8. Does this change if the unamortized balance of the security AAO is not included in rate base?

*OPEB Contribution to External Fund (related to St. Louis County Water Company Amount):*

9. Should the regulatory asset, associated with the unrecovered St. Louis County Water Company FAS106 transition cost be included in rate base?

10. Comprehensive Planning Study: Should the costs incurred by MAWC as part of its Comprehensive Planning Study be included in rate base?

*Business Transformation Costs:*

11. What is the appropriate accounting treatment for costs currently being incurred by MAWC for implementing its Business Systems conversion?

*Pension and OPEB Trackers (related to Service Company costs):*

12. Should the current MAWC Pension and OPEB Trackers be extended to include the Service Company Pension and OPEB costs?

*Tank Painting Tracker:*

13. Should the existing tank painting tracker be continued?

14. Should the balance of the current Tank Painting Tracker be included in rate base?

*Revenue Issues*

*Customer Water Usage Normalization (Usage per Customer per Day):*

15. What is the appropriate method to use to normalize customer water usage?

*Revenue Normalization (Weather):*

16. What is the appropriate test year, weather normalized revenue to be used for purposes of this case?

*Revenue Associated with Economic Development Contracts:*

17. Should an adjustment to revenues be made related to the Contract rates paid by Triumph Foods, LLC and Nestle/Purina in St. Joseph pursuant to the Economic Development Rider tariff?

*MSD Contract Revenue:*

18. What is the appropriate amount of compensation MAWC should receive for the billing data provided by MAWC to MSD?

*Expense Issues*

*Amortization of OPEB Assets (related to St. Louis County Water Company and Service Company):*

19. What is the appropriate level of expense to be included in MAWC's cost of service for recovery of the regulatory asset created by OPEBs associated with the Service Company and the former St. Louis County Water Company?

*Tank Painting Expense:*

20. What is the appropriate level of tank painting expense to be included in MAWC's cost of service?

*Fuel & Power Expense (related to Ameren Rate Increase):*

21. Should the test year fuel and power expense be adjusted to reflect any increase to be authorized AmerenUE in its current rate case?

*Rate Case Expense:*

22. What is the appropriate level of rate case expense to be included in MAWC's cost of service?

23. Should rate case expense be normalized or amortized and should prior rate case expense be recovered in this rate case?

*Depreciation Expense:*

24. What are the appropriate depreciation rates and resulting depreciation expense to be authorized in this case?

*Bad Debt Expense:*

25. What is the appropriate level of bad debt expense to be included in MAWC's cost of service?

## ADEQUACY OF SERVICE AND OTHER ISSUES

### *Main Extensions:*

26. Are the existing tariff provisions and company policies appropriate for customer charges, contributions and refunds for main extensions?
27. Are the existing tariff provisions and company policies appropriate for developer charges, contributions and refunds for main extensions?
28. How should the construction of main extensions beyond that necessary for service in a new development or projects be apportioned?

### *Residential Fire Sprinkler Service:*

29. Are the current tariff provisions and company policies appropriate for adequate residential fire sprinkler service?

### *Sufficiency of Fire flow, related infrastructure maintenance, improvements and quality of service (Riverside issues):*

30. Is the water service provided by MAWC in the Riverside District safe and adequate?
31. How should contributions made by the City of Riverside to MAWC for water system improvements/expansion be treated for ratemaking purposes?

### *Metering of certain large volume customers in St. Joseph District:*

32. 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?
33. 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?

## RATE DESIGN/COST OF SERVICE/OTHER ISSUES

### *Class Cost of Service Studies:*

34. What is the appropriate basis upon which to allocate costs within a district to each customer class?
35. Should there be a small mains adjustment?
36. What is the appropriate basis upon which to allocate purchase power expense?
37. What is the appropriate basis upon which to allocate corporate costs?
38. What is the appropriate basis upon which to allocate administrative and general (A&G) costs?
39. What is the appropriate basis upon which to allocate revenues and/or costs associated with the Economic Development Rider Contract Customers?

### *Inter-District Support or Revenue Contribution:*

40. 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?

41. If so, which district(s) should receive support and which district should be required to provide that support?

*Phase-In:*

42. Is a phase-in of rates appropriate or lawful?

43. Which, if any, districts should have their rate increase phased in?

44. How should any carrying cost associated with a phase-in deferral be recovered and from whom?

*Rates:*

*Commodity Charge*

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

46. Should commodity rates be uniform across all classes in a district?

*Customer Charge*

47. What is the appropriate way to establish the customer charge?

48. Should the customer charge be uniform across the districts?

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

*Low Income Provision:*

50. Should MAWC be authorized to include a low income provision in its tariffs?

*MSD Rate:*

51. What is the appropriate rate to charge MSD for customer usage information?

*Consolidated Tariff:*

52. Should existing tariff rules and regulations be consolidated into one tariff?

53. Miscellaneous fees

**THE COMMISSION ORDERS THAT:**

1. The parties shall employ the uniform numbering system for the issues as set forth in the body of this order.
2. This order shall be effective immediately on issuance.

**BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

Daniel Jordan, Regulatory Law Judge,  
by delegation of authority pursuant to  
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this 13<sup>th</sup> day of May 2010.