

**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)	Case Nos. WR-2011-0337
Water and Sewer Services Provided in)	SR-2011-0338
Missouri Service Areas.)	

JOINT ISSUES LIST

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and on behalf of all of the parties, submits the following List of Issues for determination by the Commission in this proceeding:

A. Rate Base Issues:

1. Cash Working Capital

What is the appropriate amount of Cash Working Capital to include in Rate Base?

2. Tank Painting Tracker

Should the Tank Painting Tracker be discontinued? If not, at what level should the Tank Painting Tracker be continued?

3. Accrued Pension Liability

What is the appropriate amount of accrued Pension Liability to include in Rate Base?

4. Pension Tracker

Should the Pension Tracker be modified as proposed by Staff?

Should the Pension Tracker apply to Service Company employees as well as MAWC employees?

5. Acquisition Adjustment

How should the rate base of acquired small systems be established?
How should acquisition premiums and discounts be treated?

6. Security Costs – AAO

Should the unamortized balance of the security costs regulatory asset be included in Rate Base?

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

Should the regulatory asset (Tracker) associated with the unrecovered St. Louis County Water Company FAS 106 transition cost be included in rate base?

B. Cost of Capital Issues:

1. Capital Structure:

What is the appropriate capital structure for ratemaking purposes?

2. Return on Equity:

What is the appropriate return on common equity for ratemaking purposes?

C. Revenue Issues:

1. Revenue (Water Usage Volumes)

How should the volume of water used by residential and commercial customers be calculated?

2. Other Water/Sewer Revenue (Billing for municipals)

Should the revenues received by the Company for providing billing services to municipalities be treated as an offset to revenue requirement as Staff has proposed?

3. MSD Contract

Is the compensation received by the Company under its contract with MSD adequate? If not, should an additional amount of revenue be imputed to the Company in this case?

D. Expense Issues

1. Chemical Expense:

What prices and what quantities should be used in calculating chemical expense?

2. Tank Painting Expense

What is the appropriate amount of tank painting expense?

3. Bad Debt Expense – Bad Debt Factor Up

What is the appropriate amount of bad debt expense? Should bad debt expense be projected to increase with any increase in revenue requirement?

4. Service Company Expense:

What is the appropriate amount of Service Company expense to include in MAWC's revenue requirement?

5. Rate Case Expense

What is the appropriate amount of rate case expense?

6. Incentive Compensation

What is the appropriate amount of incentive compensation expense related to AIP and LTIP for employees of MAWC and Service Company?

7. Income Taxes

What is the appropriate income tax rate?

8. Amortization of OPEB Assets (related to St. Louis County Water Company)

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 former St. Louis County Water Company?

9. Pension Expense

What is the appropriate amount of pension expense?

10. Non-Revenue Water

What is the appropriate amount of non-revenue water?

11. Roark Sewer Plant Operating Expenses

What is the appropriate amount of Roark Sewer Plant operating expenses?

12. Platte County Water Treatment Facility Depreciation Rate

Should the rate of depreciation be accelerated on the Platte County Water Treatment Facility in order to account for the Company's anticipated retirement date for that facility?

13. Belleville Laboratory Expense

What is the appropriate amount of Belleville Laboratory expense to allocate to MAWC?

14. Fuel & Power Expense:

What is the appropriate amount of fuel and power expense?

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?

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?

3. Continuous Property Records

Is the Company adequately maintaining Continuous Property Records (CPR)?

4. Customer Billing and Service

Is the Company in compliance with the Commission's Rule 4 CSR 240-13.015, in providing bills to customers within the appropriate billing period? If not, what must the Company do to comply with the rule?

Are the Company's Customer Billing procedures adequate in other respects?

Is the Company providing adequate Customer Service?

Does the Company have appropriate prevention and detection controls in place to ensure adequate Customer Service?

Should the Company continue to routinely meet with Staff to ensure compliance with Commission rules and to address any Customer Service issues raised by Staff?

5. Union Issues

Should the Company expand its Valve Exercise Program?

Is MAWC appropriately utilizing union workers?

6. MAWC/PSC Small Water system Acquisition Policy

Should the Commission develop a policy regarding the acquisition of small water and/or sewer systems by the Company?

7. Riverside – Public Safety and Adequacy of Service

Is the service provided in Riverside adequate from a public safety perspective? If not, what must the Company do?

8. Empire Special Contract

Should the January 19, 2012, Stipulation and Agreement as to a Special Contract for The Empire District Electric Company be approved? If the Stipulation and Contract is not approved, should the Company's interruptible tariff remain in effect?

9. Special Accounting for Business Transformation Project/Request for AAO

What is the appropriate accounting treatment to use for the Business Transformation Project at this time?

10. Jefferson City Upgrades

What is the status of the Jefferson City upgrades?

Respectfully submitted,

s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **9th day of February, 2012**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson