

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri-American Water Company)
for a Certificate of Convenience and Necessity)
Authorizing it to Install, Own, Acquire, Construct,) **File No. WA-2012-0066**
Operate, Control, Manage, and Maintain Water and)
Sewer Systems in Christian and Taney Counties,)
Missouri.)

LIST OF ISSUES

COME NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, on behalf of Missouri-American Water Company (MAWC), the Office of Public Counsel (Public Counsel), and Ag Processing Inc., A Cooperative, (AGP), (collectively referred to hereafter as Parties), and submit to the Missouri Public Service Commission (Commission) the following *List of Issues*. The undersigned counsel has obtained permission from counsel of each of the above mentioned Parties to file this on behalf of all Parties involved in the case as follows:

I. CERTIFICATES OF CONVENIENCE AND NECESSITY

Should MAWC be granted certificates of convenience and necessity to provide water and sewer service to the requested territory, which includes the Village of Saddlebrooke?

- A. Is it reasonable and necessary that the Commission impose conditions on any such approval?
- B. If so, what conditions should be imposed?
 - a. As a condition of approval, should the approved rates reflect the fully allocated embedded cost of service or alternative concepts?
 - i. Should Corporate Overheads be included in the Saddlebrooke cost of service on an incremental or fully allocated basis?
 - ii. Should income taxes recovered from the Saddlebrooke district be included on a stand-alone or fully allocated basis?

- b. As a condition of approval, if rates are based on net original cost and an excess capacity adjustment, should a commitment be necessary from MAWC to continue to apply the excess capacity adjustment for a reasonable period of time?
- c. As a condition of approval, should a commitment be necessary from MAWC that it will never seek to increase rates to other MAWC districts so that the Saddlebrooke water or sewer district may be served at below-cost rates?

II. RATES

- A. Should the rates to be charged by MAWC within the subject territory approximate the cost of service associated with providing service to that territory?
- B. In assessing the cost of service:
 - a. What tax rate should be used?
 - b. What return on equity should be used?
 - c. Should rate base be based upon net original cost or the purchase price?
 - d. If rate base is based upon net original cost, under what conditions should plant held for future use be added to rate base in future rate cases?
 - e. Should rate base include the \$31,000 in future capital improvements not yet in service designed to address security, reliability and DNR non-compliance letters?
 - f. Should the rate include expenses associated with incremental or full corporate allocations?

- C. What initial rates should be used by MAWC to serve the subject territory? Should the initial rates be based on estimated and actual costs associated strictly with Saddlebrooke, or by using existing rates approved for use in other service districts?

WHEREFORE, the Parties respectfully submit this *List of Issues* for the Commission's information and consideration.

Respectfully submitted,

/s/ RACHEL M. LEWIS

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 18th day of June, 2012.

/s/ RACHEL M. LEWIS