

**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-2024-0320**  
Water and Sewer Service Provided in )  
Missouri Service Areas. )

**POSITION STATEMENT OF  
PUBLIC WATER SUPPLY DISTRICT NOS. 1 AND 2 OF ANDREW COUNTY**

**COME NOW** Public Water Supply District Nos. 1 and 2 of Andrew County, (“PWSD” or “Water Districts”), pursuant to 20 CSR 4240-2.080 and the Commission’s *Order Granting Motion for Extension and Amending Procedural* entered in this matter on January 31, 2025, files their Position Statement in the above-referenced matter and respectfully states as follows:

**LIST OF ISSUES**

1. The Water Districts takes no position at this time on the issues related to the overall revenue requirements of Missouri-American Water Company (“MAWC”), but reserve the right to assert a position if necessary.

**CLASS COST OF SERVICE AND RATE DESIGN ISSUES**

2. **Issue 3. Class Cost of Service (CCOS)/Rate Design**

a. **CCOS**

- i. **What allocation factors should be used for allocating the revenue requirement among rate classes? What is the appropriate allocation of revenue requirement among the rate classes? Should the Commission utilize the Class Cost of Service Studies filed in this case to determine the appropriate allocation of the revenue requirement to each class? How should the revenues associated with special contracts be treated in developing the class cost of service?**

**PWSD Position:** In this proceeding, the Commission Staff did not file a new Class Cost of Service Study, and instead stated that:

Staff did not prepare a CCOS study for MAWC’s water and sewer operations in this case, because it appears with MAWC’s submitted CCOS and the Staff prepared CCOS from the last rate case, there was not much difference in the cost allocations. Staff based its rates for MAWC’s water and sewer operations on both the results of Staff’s audit and the development of a cost of service (“COS”) study for MAWC’s water and sewer operations. (Markel Direct/Rebuttal, p. 3)(footnote omitted)

The Water District believes that the Commission should utilize the Staff’s Class Cost of Service Study filed in the 2022 MAWC rate case as a guideline to determine the appropriate allocation of the revenue requirement to the various classes. The competent and substantial evidence in the record filed by MAWC, Staff, and MIEC in the 2022 MAWC rate case each demonstrated that the Sales for Resale Class served by Rate B was paying substantially more than its cost of service, when evaluated by any cost study in the record in that case. (See Case No. WR-2022-0303, Selinger Direct, p. 16; Roth Rebuttal, Schedule Kr-r5, pages 1 and 2; and York Direct, p. 4)

In the 2022 MAWC rate case, the Commission adopted a settlement among the parties that took a modest step toward moving the classes closer to their respective cost of service.<sup>1</sup> However, additional steps should be taken in this proceeding. Since Rate B was over-recovering its cost of service in File No. WR-2024-0303, the Commission should take

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<sup>1</sup> See *Stipulation and Agreement as to Rate Design and Class Cost of Service*, File No. WR-2022-0303 (file 3/10/2023).

another step in this proceeding and make a substantial downward adjustment in the current rates charged in Rate B to the Sales for Resale Class.

At this time, the Water Districts generally support the use of the allocation factors utilized in Staff's Class Cost of Service in File No. WR-2022-0303 which used the "base-extra capacity" method as outlined in the American Water Works Association Manual of Water Supply Practices, Principals of Water Rates, Fees, and Charges, Seventh Edition (AWWA M1), which is the method generally accepted by the industry and utilized in the past MAWC rate cases by both Staff and MAWC. The Water Districts also reserve the right to inquire of other parties regarding the impact of their proposed CCOS studies upon the Sales For Resale Class.

For the convenience of the Commission, the corrected cost study summary results filed by the Staff in the 2022 MAWC rate case are attached to this Position Statement which shows that the Sales for Resale Class needed a substantial downward adjustment in rates. (See Case No. WR-2022-0320: Ex. 114, Roth Rebuttal, Schedule KR-r5, pages 1-2).

As stated above, it is the position of the Water Districts that the Commission should make a substantial downward adjustment in the current rates charged in Rate B to the Sales for Resale Class.

3. **Issue 3b. Rate Design: What are the appropriate rate structures and rate designs for MAWC customers? What are the appropriate customer charges? What are the appropriate commodity rates?**

**PWSD Position:** The Water Districts take the position that the current rate design for Rate B should be maintained. The Water Districts take no position at this time on the rate design issues related to other customer classes.

#### **OTHER CCOS AND RATE DESIGN ISSUES**

4. The Water Districts take no position on the remaining issues CCOS and rate

design sub-issues at this time, but reserve the right to take a position during the hearings, if necessary.

**WHEREFORE**, Public Water Supply District No. 1 and 2 of Andrew County request that this Commission enter its Order consistent with its position in this case.

Respectfully submitted,

**/s/ James M. Fischer**

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No. 1 and 2 of Andrew County

**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 21st day of February, 2025, 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/ James M. Fischer**

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James M. Fischer

Missouri-American Water Company  
 WR-2022-0303  
 Staff Class Cost of Service Study District 1

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
 FOR THE TEST YEAR ENDED June 30, 2022 UPDATED TO December 31, 2022

Customer Classification (1)	Cost of Service		Cost of Service After Reallocation of Public Fire		Present Revenues		Proposed Revenues		Cost of Service	
	Amount (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)		
Residential	\$ 181,264,686	63.1%	\$ 209,776,711	73.1%	\$ 175,102,487	72.8%	\$ 34,674,224	74.6%	\$ 209,776,711	19.8%
Commercial	43,780,700	15.2%	50,969,423	17.8%	45,597,239	18.9%	5,372,184	11.6%	50,969,423	11.8%
Industrial	6,114,034	2.1%	6,463,297	2.3%	4,886,354	2.0%	1,576,943	3.4%	6,463,297	32.3%
Other Public Authority	3,244,378	1.1%	3,841,733	1.3%	3,240,867	1.3%	600,866	1.3%	3,841,733	18.5%
Sales for Resale	6,515,381	2.3%	6,631,996	2.3%	8,055,469	3.3%	(1,423,473)	-3.1%	6,631,996	-17.7%
Private Fire Service	9,413,258	3.3%	9,413,258	3.3%	3,759,867	1.6%	5,653,391	12.2%	9,413,258	150.4%
Public Fire Service	36,763,981	12.8%								
Total Sales	287,096,417	100%	287,096,417		\$ 240,642,283	100%	46,454,134	100%	287,096,417	19.3%
Other Revenues	3,709,065									
Total	\$ 290,805,482		\$ 287,096,417		\$ 240,642,283		\$ 46,454,134		\$ 287,096,417	19.3%
True-Up Estimate	12,971,611						12,971,611		12,971,611	
Total w/ True-Up	\$ 303,777,093						\$ 59,425,745		\$ 300,068,028	

Note: Present Revenues and Proposed Revenues from Staff's EMS Run.

Missouri-American Water Company  
 WR-2022-0303  
 Staff Class Cost of Service Study District 2

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
 FOR THE TEST YEAR ENDED June 30, 2022 UPDATED TO December 31, 2022

Customer Classification	Cost of Service		Reallocation of Public Fire		Present Revenues		Proposed Revenues		Cost of Service	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Increase Percent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Residential	\$ 64,624,231	60.1%	\$ 70,176,452	65.3%	\$ 54,876,626	60.1%	\$ 15,299,826	94.3%	\$ 70,176,452	27.9%
Commercial	17,077,923	15.9%	18,235,283	17.0%	17,934,442	19.6%	300,841	1.9%	18,235,283	1.7%
Industrial	9,986,793	9.3%	10,115,815	9.4%	9,496,157	10.4%	619,658	3.8%	10,115,815	6.5%
Other Public Authority	3,908,433	3.6%	4,187,234	3.9%	3,938,759	4.3%	248,475	1.5%	4,187,234	6.3%
Sales for Resale	2,807,292	2.6%	2,842,856	2.6%	3,626,612	4.0%	(783,756)	-4.8%	2,842,856	-21.6%
Private Fire Service	1,967,066	1.8%	1,967,066	1.8%	1,434,399	1.6%	532,667	3.3%	1,967,066	37.1%
Public Fire Service	<u>7,152,968</u>	<u>6.7%</u>								
Total Sales	107,524,705	100%	107,524,705		\$ 91,306,995	100%	16,217,710	100%	107,524,705	17.8%
Other Revenues	<u>1,713,635</u>				<u>\$ 91,306,995</u>		<u>\$ 16,217,710</u>		<u>\$ 107,524,705</u>	17.8%
Total	<u>\$ 109,238,340</u>		<u>\$ 107,524,705</u>		<u>\$ 91,306,995</u>		<u>\$ 16,217,710</u>		<u>\$ 107,524,705</u>	17.8%
True-Up Estimate	5,463,204						5,463,204		5,463,204	
Total w/ True-Up	\$ 114,701,544				\$ 21,680,914		\$ 112,987,909			

Note: Present Revenues and Proposed Revenues from Staff's EMS Run.