

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

<b>In the Matter of the Tariff Filing of</b>	)	
<b>Algonquin Water Resources of</b>	)	
<b>Missouri, LLC, to Implement a General</b>	)	<b><u>Case No. WR-2006-0425</u></b>
<b>Rate Increase for Water and Sewer</b>	)	
<b>Customers in its Missouri Service</b>	)	
<b>Areas.</b>	)	

**PROPOSED LIST OF ISSUES,  
ORDER OF WITNESSES,  
AND ORDER OF CROSS-EXAMINATION**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), on its own behalf and on behalf of Algonquin Water Resources of Missouri, LLC (“Algonquin” or “Company”) and the Office of the Public Counsel (“OPC”), and submits the following Proposed List of Issues, Order of Witnesses and Order of Cross-Examination for the evidentiary hearing to be held in this case January 22-26, 2007.

On July 5, 2006, the Commission issued its Order Setting Procedural Schedule, in which it: ordered the parties to agree upon and file a list of issues to be determined by the Commission; ordered each party to file, by January 5, 2007, a list of witnesses to appear on each day of the hearing; and ordered the parties to propose the order of cross-examination and file, by January 5, 2007, a joint pleading regarding the same.

The parties have conferred and have unanimously agreed upon the list of issues set forth in Section I, below, and have also agreed upon the list of witnesses, order of cross-examination, and order of opening statements as set forth in Sections II, III, and IV, below, respectively. The parties submit this pleading in compliance with the above-mentioned provisions of the Commission’s Order Setting Procedural Schedule.

## **I. LIST OF ISSUES**

The parties have unanimously agreed that the following issues need to be resolved in order for the Commission to make its decision in this case.

### **A. Plant.**

1. What amount, if any, should be reflected as plant-in-service for pre-1993 property?
2. What is the appropriate level of post-1992 plant that should be included as plant-in-service?

**B. Excess Capacity.** Do Algonquin's facilities include plant held for future use, which should not be included in plant in service, because they include excess capacity? If so, what is the value of the facilities that should not be included as plant-in-service?

**C. Construction Cost Overrun.** Were some of the costs of constructing the facilities imprudently incurred? If so, how much should the plant-in-service accounts be reduced?

**D. Contributions in Aid of Construction (CIAC).** What is the amount of contributions in aid of construction that should be used to reduce Algonquin's plant-in-service accounts?

**E. Depreciation Rates.** What depreciation rates should be applied to the various elements of Algonquin's plant in service?

**F. Capital Structure.** What capital structure should the Commission apply to Algonquin's investment in determining the proper rate of return on Algonquin's rate base?

**G. Return on Equity.** What return on equity should the Commission apply to Algonquin's investment in determining the proper rate of return on Algonquin's rate base?

**H. Payroll Expense.** What is the appropriate level of payroll expense that Algonquin should be allowed to recover in its rates?

**I. Rate Case Expense.** Should the Commission allow Algonquin to recover in its rates any allowance for the rate case expenses that it incurred in presenting this case to the Commission? If so, how much rate case expense did Algonquin prudently incur, and over how many years should the rate case expense be amortized?

**J. Rate Design.** Should the Commission's order establish separate rates for each of Algonquin's three service territories, or should the Commission's order establish a unified rate for water service to Algonquin's service to the Ozark Mountain and Holiday Hill service territories?

**K. Rate Mitigation.** Should any increase in rates be phased in, or be otherwise mitigated? If so, how?

## **II. ORDER OF WITNESSES**

Set forth below is the anticipated order of appearance of witnesses, along with an estimate as to the day and time each will testify. The parties desire to expedite the hearing and therefore agree to make all of the witnesses available to testify immediately following the conclusion of the testimony by the preceding witness.

**A. Plant Issues.**

Larry W. Loos (Monday morning)  
Cary G. Featherstone (Monday morning)  
Graham A. Vesely (Monday morning)  
James A. Merciel, Jr. (Monday afternoon)  
Dale W. Johansen (Monday afternoon)

**B. Excess Capacity Issue.**

Brian A. Hamrick (Monday afternoon)  
Larry W. Loos (Monday afternoon)  
James A. Merciel, Jr. (Monday afternoon)

- C. Construction Cost Overrun Issue.**  
Charles A. Hernandez (Tuesday morning)  
Graham A. Vesely (Tuesday morning)
- D. CIAC Issue.**  
Larry W. Loos (Tuesday morning)  
Cary G. Featherstone (Tuesday morning)  
Graham A. Vesely (Tuesday morning)  
James A. Merciel, Jr. (Tuesday morning)  
Dale W. Johansen (Tuesday morning)
- E. Depreciation Rates Issue.**  
Larry W. Loos (Tuesday afternoon)  
Rosella L. Schad (Tuesday afternoon)<sup>1</sup>  
Graham A. Vesely (Tuesday afternoon)
- F & G. Capital Structure Issue and Return on Equity Issues.**  
Larry W. Loos (Tuesday afternoon)  
Matthew J. Barnes (Tuesday afternoon)
- H. Payroll Expense Issue.**  
Charles A. Hernandez (Wednesday morning)  
Larry W. Loos (Wednesday morning)  
Graham A. Vesely (Wednesday morning)
- I. Rate Case Expense Issue.**  
Larry W. Loos (Wednesday afternoon)  
“Kofi” Agyenim Boateng (Wednesday afternoon)  
Cary G. Featherstone (Wednesday afternoon)  
Dale W. Johansen (Wednesday afternoon)
- J. & K. Rate Design Issue and Rate Mitigation Issues.**  
Larry W. Loos (Wednesday afternoon)  
James M. Russo (Wednesday afternoon)

### **III. ORDER OF CROSS-EXAMINATION**

The order of cross-examination shall be as follows:

- A. Algonquin Witnesses**
1. OPC
  2. Staff

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<sup>1</sup> Because of a scheduling conflict, Ms. Schad needs to testify on Tuesday, if possible, or as the first witness on Wednesday morning, at the latest.

- B. Staff Witnesses**
1. OPC
  2. Algonquin

#### **IV. ORDER OF OPENING STATEMENTS**

The order of opening statements shall be as follows:

- A. Company**
- B. OPC**
- C. Staff**

**WHEREFORE**, based on the foregoing, the Staff, on its own behalf, and on behalf of Algonquin Water Resources of Missouri, LLC and the Office of the Public Counsel, submits this Proposed List of Issues, Order of Witnesses, and Order of Cross-Examination to the Commission for its consideration.

Respectfully submitted,

**/s/ Keith R. Krueger**

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 5th day of January 2007.

**/s/ Keith R. Krueger**