

STATE OF MISSOURI
MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of Missouri-American)	
Water Company's Request for Author-)	
ity to Implement a General Rate)	WR-2008-0311
Increase for Water Service Provided)	
in Missouri Service Areas)	

STATEMENT OF POSITION
FOR AG PROCESSING INC A COOPERATIVE

COMES NOW AG PROCESSING INC A COOPERATIVE ("AGP") and
for its statement of position on identified issues states:

REVENUE REQUIREMENT

Rate of Return Issues

Return on Common Equity: What return on common equity should be
used for determining MAWC's rate of return?

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

AGP supports the Commission Staff's positions on these
issues.

Rate Base Issues:

Cedar Hill Sand Creek Sewage Treatment Plant: Should the capital
and depreciation expense costs associated with the capacity

expansion project of Cedar Hill Sand Creek sewage treatment facility be disallowed for ratemaking in this proceeding?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Cash Working Capital (Management Fee Lag): What is the appropriate amount to be included in MAWC's rate base for cash working capital as it relates to the management fees expense lag?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Rate Base for Security Deferral: Should the unamortized balance of deferred Security costs be included in rate base?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Accumulated Deferred Income Taxes Associated with the Security AAO: Should accumulated deferred income taxes associated with the Security AAO be included as an offset to rate base? Does this change if the unamortized balance of the security AAO is not included in rate base?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Revenue Issues

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

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

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Revenue Normalization (Weather): What is the appropriate weather-normalized revenue?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Triumph Foods, LLC: Should an adjustment to revenues be made associated with the Special Service Contract rate paid by Triumph Foods, LLC in St. Joseph pursuant to the Economic Development Rider tariff?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

AWR Compensation to MAWC: Does MAWC provide services to American Water Resources? If so, what amount of revenues for services provided to American Water Resources by MAWC should be used to determine MAWC's revenue requirement?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Expense Issues

Pension/OPEB Methodology: How should pension and OPEB expense be treated for purposes of the revenue requirement and how should it be accounted for on a going forward basis?

AGP supports the position of the Public Counsel on this issue.

Amortization of Pension/OPEB Assets: What is the appropriate level of expense to be included in MAWC's cost of service related to recovery of the regulatory asset created by the transition to accrual accounting for pensions and OPEBs?

AGP supports the position of the Public Counsel on this issue.

Insurance Other than Group: What is the appropriate level of expense to be included in MAWC's cost of service related to insurance other than group?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Tank Painting Expense: What is the appropriate level of expense to be included in MAWC's cost of service related to tank painting expense?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Annual Incentive Program (AIP): What is the appropriate amount of costs associated with MAWC's incentive compensation plan that MAWC should recover from its customers?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

External Affairs: What is the appropriate level of expense to be included in MAWC's cost of service related to its external affairs department/employees?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Fuel & Power/Chemicals/Purchased Water Due to Unaccounted-for Water: What is the appropriate level or percentage for Unaccounted for Water as it relates to fuel & power/chemicals/purchased water expenses?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Belleville Lab: What is the appropriate amount of costs to be included in MAWC's cost of service for its use of the Belleville Laboratory facility?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Fire Hydrant Painting: What is the appropriate level of expense, if any, to be included in MAWC's cost of service related to fire hydrant painting? Should a tracker be established to track costs incurred for fire hydrant painting?

AGP supports the position of the Public Counsel on this issue.

Dues, Donations and Contributions: What dues, donations or contributions should be included in MAWC's cost of service?
Advertising: What is the appropriate level of expense to be included in MAWC's cost of service?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Rate Case Expense: Should rate case expense be normalized or amortized and should prior rate case expense be recovered in this rate case? What is the appropriate level of rate case expense to be included in MAWC's cost of service?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Property Tax: What is the appropriate level of property tax to be included in MAWC's cost of service?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Waste Disposal: What is the appropriate level of waste disposal expense to be included in MAWC's cost of service?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Corporate Costs Allocations: What is the appropriate basis upon which to allocate MAWC Corporate Administrative and General Expenses to the various districts?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Management Fee - SOX Compliance: What is the appropriate level to be included in MAWC's cost of service for SOX compliance costs allocated to MAWC from the Service Company through management fees?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Management Fee - Labor Costs: What is the appropriate level to be included in MAWC's cost of service for labor costs allocated to MAWC from the Service Company through management fees?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Joplin True-up Issue: What items should be examined for the true-up audit? What is the appropriate true-up date? Instead of a true-up, should a fully adjusted test year be utilized?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Jefferson City Issue on Joint Task Force Case No. WO-2008-0167:

What rate impacts, if any, are being evaluated within the Task Force created by stipulation in Case No. WR-2007-0126?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

RATE DESIGN/COST OF SERVICE

Inter-District Support or Revenue Contribution: Should or may any district provide a support so that another district may be provided service that is priced below that district's cost of service? If so, which district(s) should receive support and which district should be required to provide that support?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing. AGP, however, does assert that no district should be required to subsidize service provided to any other district. The concept of a phase-in with carrying costs restricted to the

phased-in district is a concept on which we reserve our position for consideration following the hearing.

St. Louis Metro District: Should the St. Louis County, St. Charles, and/or Warren County water districts be combined?

AGP supports the position of the Public Counsel on this issue.

Allocations: What is the appropriate basis upon which to allocate costs to each customer class?

A) Should there be a small mains adjustment?

Unfortunately the St. Joseph District Class Cost of Service, like that for other MAWC districts, suffers from lack of defined customer classes, a lack of customer classes shown to be homogeneous, and a lack of district specific demand data, thereby detracting materially from the usefulness of any class cost of service that may have been attempted. To the extent such problems are resolved AGP would support an appropriate small mains adjustment.

B) What is the appropriate basis upon which to allocate purchase power expense?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

Rates:

A) Commodity Charge

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

AGP supports the position of the Public Counsel on this issue.

ii) Should commodity rates be uniform across all classes in a district?

AGP supports the position of the Public Counsel on this issue.

B) Customer Charge

i) What is the appropriate way to establish the customer charge?

AGP supports the MAWC-proposed customer charge for the St. Joseph District.

ii) Should the customer charge be uniform across the districts?

The rates in a particular district should reflect and recover correct patterns of cost incurrence within that district such that appropriate cost of service principles are recognized.

iii) Should the customer charge include some amount of usage?

AGP had not taken a position on this issue but believes it is worthy of development at the hearing.

Class Identification/Cost of Service: What is the appropriate way in which to identify the customer classes?

AGP's position is that customers should be grouped together within a particular district based on common load and usage characteristics rather than end use classifications that may or may not reflect common usage characteristics.

Phase-in:

(A) Is a phase-in of rates appropriate or lawful?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

(B) Which, if any, districts should have their rate increase phased in?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

(C) How should any carrying cost associated with a phase-in deferral be recovered and from whom?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

MSD Rate: What is the appropriate rate to charge MSD for customer usage information?

AGP supports the position of the Public Counsel on this issue.

Allocation of Costs to Contract Sales Customers: What, if any, adjustment should be made to the Class Cost of Service Studies associated with contract sales?

AGP's position is that cost of service principles should control and be the measure of this issue. MAWC's choices to provide discounts to particular customers should be the responsibility of MAWC to justify. If any portion of the discount is not justified, that portion should be the responsibility of MAWC and not other captive ratepayers.

Revenue Imputation: If a Triumph Foods revenue imputation is approved, how should the imputation be treated in offsetting costs to determine class revenue requirements?

AGP reserves its position on this issue and will indicate its position based on the evidence in the hearing.

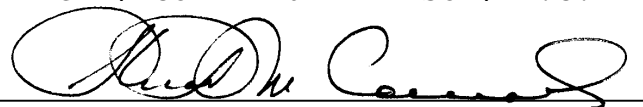
City of Riverside Services Issue: Should the Parkville rate be reduced due to inadequate water service in the City of Riverside?

AGP did not submit testimony on this issue and will indicate its position based on the evidence in the hearing.

WHEREFORE AGP requests that its position statement be received.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.



Stuart W. Conrad Mo. Bar #23966
David L. Woodsmall Mo Bar #40747

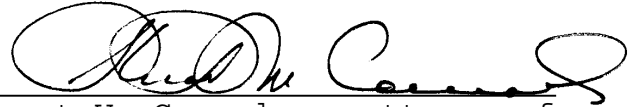
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ATTORNEYS FOR AG PROCESSING INC.

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Application to Intervene on the designated attorneys or representatives of each party in accord with Commission Orders and the service list maintained in this proceeding by the Secretary of the Commission on EFIS.

Dated: October 23, 2008

A handwritten signature in black ink, appearing to read "Stuart W. Conrad", written over a horizontal line.

Stuart W. Conrad, an attorney for
Ag Processing Inc a Cooperative