

**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 Water and Sewer Service Provided in )  
Missouri Service Areas. )**

**Case No. WR-2008-0311  
SR-2008-0312**

**JOINT LIST OF ISSUES, ORDER OF WITNESSES,  
ORDER OF CROSS-EXAMINATION AND ORDER OF OPENING STATEMENT**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), and states as follows to the Missouri Public Service Commission (Commission):

1. On June 30, 2008, the Commission issued its *Order Adopting Procedural Schedule*. This order directed Staff, on behalf of the parties, to file a final issues list, order of witnesses, order of cross-examination, and order of opening statements by October 21, 2008.

2. The following parties<sup>1</sup> are referenced by this pleading: the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (OPC), Missouri-American Water Company (MAWC), Missouri Energy Group (MEG), City of Riverside (Riverside), Missouri Gaming Company d/b/a Argosy Casino (MGC), AG Processing, Inc. (AGP), City of Jefferson (Jefferson City), Missouri Industrial Energy Consumers (MIEC), Utility Workers Union of America Local 335 (UWUA 335), City of Joplin (Joplin), and Public Water Supply District Nos. 1 and 2 of Andrew County and Public Water Supply District No. 1 of DeKalb County (St. Joseph Water Districts). The Metropolitan St. Louis Sewer District (MSD) did not authorize its agreement with this list of issues, order of cross-examination and order of opening statement. However, Staff has no basis to believe MSD opposes this pleading.

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<sup>1</sup> On October 20, 2008, the City of Parkville, Missouri, the City of Lake Waukomis, Missouri and Park University (collectively Parkville) filed a Withdrawal of Intervention motion in this case. Parkville has not joined in this joint filing and Staff has removed reference to Parkville in this filing due to Parkville's withdrawal request.

3. After receiving comments from the above referenced parties to this case, the following list of issues and schedules was assembled. The parties agree that the listing of issues below is not an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue, or is properly characterized and that the statement of an issue shall not be used or interpreted to limit a party's ability to explore further into the subject matter of the issue or limit his/her ability to cross-examine witnesses regarding the substantive areas involved in the issue:

## **LIST OF ISSUES**

### **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?

#### **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?

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?

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

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?

#### **Revenue Issues**

Customer Water Usage Normalization (Usage per Customer per Day): What is the appropriate method to use to normalize customer water usage?

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

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?

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?

## **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?

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?

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?

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

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?

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?

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?

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?

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?

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?

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?

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

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

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

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?

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?

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?

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?

## **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?

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

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

- A) Should there be a small mains adjustment?
- B) What is the appropriate basis upon which to allocate purchase power expense?

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?
  - ii) Should commodity rates be uniform across all classes in a district?
- B) Customer Charge
  - i) What is the appropriate way to establish the customer charge?
  - ii) Should the customer charge be uniform across the districts?
  - iii) Should the customer charge include some amount of usage?

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

Phase-in:

- (A) Is a phase-in of rates appropriate or lawful?
- (B) Which, if any, districts should have their rate increase phased in?
- (C) How should any carrying cost associated with a phase-in deferral be recovered and from whom?

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

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?

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

City of Riverside Services Issue: Should the Parkville rate be reduced due to inadequate water service in the City of Riverside? <sup>2</sup>

## **ORDER OF ISSUES, WITNESSES AND CROSS-EXAMINATION**

4. With input from the parties, the following order of issues, witnesses and cross-examination has been assembled. There has been an attempt to accommodate witness

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<sup>2</sup> As this issue was filed on October 20, 2008, by Riverside other parties have not yet had an opportunity to determine their responses respectively.

availabilities in this schedule; however, unforeseen eventualities may prompt parties to request changes to the below schedule.

**Thursday, October 30, 2008, 8:30 a.m.**

**Make Entries of Appearance**

**Mark Exhibits**

**Take Up Any Outstanding Matters**

**Opening Statements<sup>3</sup>**

MAWC

Staff

Public Counsel

Joplin

AG Processing, Inc.

MIEC

St. Joseph Water Districts (PWSD#1 & #2 Andrew County; PWSD#1 DeKalb County)

UWUA Local 335

Riverside (Riverside/ Missouri Gaming Company d/b/a Argosy Casino)

MSD

MEG

Jefferson City

**Return on Equity and Capital Structure (Rate of Return Issues)**

Pauline Ahern (MAWC)

Scott Rungren (MAWC)

Matthew Barnes (Staff)

Brian Janous (MIEC)

**Friday, October 31, 2008, 8:30 a.m.**

**Return on Equity and Capital Structure (Rate of Return Issues) continued**

***Recess until 8:30 a.m., Monday, November 3, 2008***

**Monday, November 3, 2008, 8:30 a.m.**

**Cedar Hill Sewage Treatment Plant Disallowance**

Kevin Dunn (MAWC)

Dennis Williams (MAWC)

Jim Merciel (Staff)

Kimberly K. Bolin (Staff)

Ted Robertson (OPC)

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<sup>3</sup> The parties may reserve that portion of their opening statements for the commencement of hearings on the issues of revenue/rate base/expenses on November 3, 2008, and the issues of rate design/cost of service on November 10, 2008.

**Cash Working Capital (Management Fee Lag)**

Tyler Bernsen (MAWC)  
Keith Foster (Staff)

**Rate Base for Security Deferral**

Tyler Bernsen (MAWC)  
Kimberly K. Bolin (Staff)  
Ted Robertson (OPC)

**Accumulated Deferred Income Tax Associated with AAO**

Tyler Bernsen (MAWC)  
Kimberly K. Bolin (Staff)  
Ted Robertson (OPC)

**Tuesday, November 4, 2008, 8:30 a.m.**

**Rate Base, Revenues and Expenses continued**

**Corporate Costs Allocations**

Edward Grubb (MAWC)  
Paul Harrison (Staff)  
Micheal Ileo (Joplin) <sup>4</sup>

**Joplin Issue**

Michael Ileo (Joplin) <sup>5</sup>  
Dennis Williams (MAWC)  
Kimberly K. Bolin (Staff)

**Wednesday, November 5, 2008, 8:30 a.m.**

**Rate Base, Revenues and Expenses continued**

**Customer Water Usage Normalization**

Edward Spitznagel (MAWC) <sup>6</sup>  
Edward Grubb (MAWC)  
Jerry Scheible (Staff)  
Mike Gorman (MIEC)

**Revenue Normalization (Weather)**

Edward Spitznagel (MAWC) <sup>7</sup>  
Edward Grubb (MAWC)  
Jerry Scheible (Staff)

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<sup>4</sup> Dr. Ileo will appear on November 4, 2008 and stand cross-examination on all issues then.

<sup>5</sup> Dr. Ileo will appear on November 4, 2008 and stand cross-examination on all issues then.

<sup>6</sup> Professor Spitznagel is only available on November 5, 6 and 7, 2008.

<sup>7</sup> Professor Spitznagel is only available on November 5, 6 and 7, 2008.

**Triumph Foods, LLC**

Edward Grubb (MAWC)  
Kofi Boateng (Staff)  
Barbara Meisenheimer (OPC)

**AWR Compensation to MAWC**

Edward Grubb (MAWC)  
Paul Harrison (Staff)

**Thursday, November 6, 2008, 8:30 a.m.****Rate Base, Revenues and Expenses continued****Pension/OPEB (Methodology and Asset)**

Edward Grubb (MAWC)  
Dana Eaves (Staff)  
Ted Robertson (OPC)

**Insurance Other than Group**

Donald Petry (MAWC)  
Dana Eaves (Staff)

**Tank Painting Expense**

Frank Kartmann (MAWC)  
Edward Grubb (MAWC)  
Kimberly K. Bolin (Staff)  
Brian Collins (MIEC)

**Annual Incentive Program (AIP)**

Edward Grubb (MAWC)  
Dana Eaves (Staff)

**External Affairs**

Dennis Williams (MAWC)  
Kimberly K. Bolin (Staff)

**Fuel & Power/Chemicals/Purchased Water Due to Unaccounted-for Water**

Frank Kartmann (MAWC)  
Donald Petry (MAWC)  
Keith Foster (Staff)  
Kofi Boateng (Staff)  
Mike Gorman (MIEC)

**Belleville Lab**

Edward Grubb (MAWC)  
Paul Harrison (Staff)



**Fire Hydrant Painting**

Frank Kartmann (MAWC)  
Kimberly K. Bolin (Staff)  
Ted Robertson (OPC)  
Brian Collins (MIEC)

**Dues, Donations and Contributions**

Dennis Williams (MAWC)  
Keith Foster (Staff)

**Advertising**

Dennis Williams (MAWC)  
Keith Foster (Staff)

**Rate Case Expense**

Dennis Williams (MAWC)  
Dana Eaves (Staff)

**Property Tax**

Donald Petry (MAWC)  
Dennis Williams (MAWC)  
Keith Foster (Staff)

**Waste Disposal**

Donald Petry (MAWC)  
Dana Eaves (Staff)

**Management Fee – SOX Compliance**

Edward Grubb (MAWC)  
Paul Harrison (Staff)

**Management Fee – Labor Costs**

Edward Grubb (MAWC)  
Paul Harrison (Staff)

**Friday, November 7, 2008, 8:30 a.m.**

**Rate Base, Revenues and Expenses continued**

***Recess until 8:30 a.m., Monday, November 10, 2008***

**Monday, November 10, 2008, 8:30 a.m.****Inter-District Revenue Contribution**

Paul Herbert (MAWC)  
Edward Grubb (MAWC)

James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Brian Collins (MIEC)

**St. Louis Metro District**

Paul Herbert (MAWC)  
Edward Grubb (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)

**Allocations (small mains and purchase power expense)**

Paul Herbert (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Mike Gorman (MIEC)

**Commodity Charge**

Paul Herbert (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Michael Ileo (Joplin) <sup>8</sup>  
Don Johnstone (AGP)  
Don Johnstone (Riverside/MGC)  
Mike Gorman (MIEC)

**Customer Charge**

Paul Herbert (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Michael Ileo (Joplin) <sup>9</sup>  
Don Johnstone (AGP)  
Don Johnstone (Riverside/MGC)  
Mike Gorman (MIEC)

**Class Identification/Cost of Service**

Paul Herbert (MAWC)  
Edward Grubb (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Don Johnstone (AGP)  
Don Johnstone (Riverside/MGC)  
Mike Gorman (MIEC)

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<sup>8</sup> Dr. Ileo will appear on November 4, 2008 and stand cross-examination on all issues then.

<sup>9</sup> Dr. Ileo will appear on November 4, 2008 and stand cross-examination on all issues then.

**Phase-In**

Dennis Williams (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)  
Michael Ileo (Joplin) <sup>10</sup>

**MSD Rate**

Edward Grubb (MAWC)  
James Russo (Staff)  
Kofi Boateng (Staff)  
Barbara Meisenheimer (OPC)

**Allocation of Costs to Contract Sales Customers**

Paul Herbert (MAWC)  
James Russo (Staff)  
Barbara Meisenheimer (OPC)

**Revenue Imputation**

Paul Herbert (MAWC)  
Barbara Meisenheimer (OPC)  
James Russo (Staff)

**City of Riverside Services Issue** <sup>11</sup>

Michael Duffy (Riverside/MGC) <sup>12</sup>

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

Robert Rennick (Jefferson City)  
Jim Merciel (Staff)

*Recess until 8:30 a.m., Wednesday, November 12, 2008. (Veteran's Day November 11, 2008)*

**Wednesday, November 12, 2008, 8:30 a.m.**

**Rate Design/Cost-of-Service continued**

**Thursday, November 13, 2008, 8:30 a.m.**

**Rate Design/Cost-of-Service continued**

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<sup>10</sup> Dr. Ileo will appear on November 4, 2008 and stand cross-examination on all issues then.

<sup>11</sup> As this issue was filed on October 20, 2008, by Riverside other parties have not yet had an opportunity to determine the witness that can and should respond. Therefore, the parties reserve the ability to call witnesses as to this issue.

<sup>12</sup> On October 20, 2008, Riverside and MGC filed a Motion for Leave to File Rebuttal Testimony of Michael Duffy and accompanying testimony. Mr. Duffy's name is inserted into this filing pending the motion for leave's ruling by the Commission.

**Friday, November 14, 2008, 8:30 a.m.**

**Rate Design/Cost-of-Service continued**

**ORDER OF CROSS-EXAMINATION**

**MAWC witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, AGP, Public Counsel, Staff

**Staff witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, AGP, Public Counsel, MAWC

**Public Counsel witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, AGP, Staff, MAWC

**AGP witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, Public Counsel, Staff, MAWC

**MIEC witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, AGP, Public Counsel, Staff, MAWC

**Joplin witnesses**

Jefferson City, UWUA Local 335, Riverside, Parkville, Water Districts, MSD, MEG, MIEC, AGP, Public Counsel, Staff, MAWC

**Riverside witnesses (Riverside / Missouri Gaming Company d/b/a Argosy Casino)**

Jefferson City, UWUA Local 335, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, AGP, MAWC, Public Counsel, Staff

**Jefferson City witnesses**

UWUA Local 335, Riverside, Parkville, Water Districts, Joplin, MSD, MEG, MIEC, AGP, Public Counsel, Staff, MAWC

**WHEREFORE**, Staff respectfully requests that the Commission consider this pleading to comply with the Commission's relevant orders.

Respectfully submitted,

/s/ **Shelley Syler Brueggemann**

Shelley Syler Brueggemann

Missouri Bar No. 52173

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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 21<sup>st</sup> day of October 2008.

/s/ **Shelley Syler Brueggemann**