

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

In the Matter of Missouri-American	)	<b><u>Case No. WR-2007-0216</u></b>
Water Company's Request for Authority	)	Tariff File Nos. YW-2007-0407, YW-2007-
to Implement a General Rate Increase	)	0409, YW-2007-0410, YW-2007-0411,
for Water Service Provided in Missouri	)	YW-2007-0412, and YW-2007-0413
Service Areas	)	

**REVISED LIST OF DISPUTED ISSUES**

**COMES NOW** Intervenor City of Joplin, by and through counsel, and for its revised list of disputed issues pursuant to the Commission's Order issued on August 15, 2007, states as follows:

During the August 14, 2007, hearing on this matter, this Commission ordered Joplin to file a revised list of disputed issues on or before August 22, 2007. On August 15, 2007, the Commission issued an Order shortening the time and requiring Joplin to file its revised list of disputed issues on or before August 17, 2007. Joplin hereby states that following issues are disputed or resolved as indicated herein.

**1. Proper basis for allocating Missouri American Water Company's (MAWC) corporate expenses to the various districts.**

The proper allocation of corporate expenses should be in a rational relationship to the district makeup that relates to the specific corporate expense. This allocation goes into the pro forma cost of service for each district. The individual district's cost of service flows into the revenue requirement and thus into the resultant rates that accrue from that cost of service. There are several appropriate factors for allocating the corporate expenses. The following list reflects the various corporate expense subcategories, as reflected in the Staff's Accounting Schedules, which have been allocated in the Non-Unanimous Stipulation and Agreement. The allocation of

these expenses have been in and /or are in dispute. This list reflects the proper method of allocating those expenses to the various districts, including Joplin.

### **Administrative and General Expenses**

a. Workman's Compensation, Injuries and damages, OPEB expenses and Pensions should be allocated based upon payroll, which is Staff's allocation factor No. 5. These expenses are currently allocated, in the Non-Unanimous Stipulation and Agreement, under this factor and thus there is no dispute with respect to these administrative and general expenses.

b. All other corporate Administrative and General Expenses should be allocated based upon the total number of customers, which is Staff's allocation factor No. 1. These administrative and general expenses have been allocated based upon payroll in the Non-Unanimous Stipulation and Agreement and thus are in dispute and improperly allocated under the Non-Unanimous Stipulation and Agreement.

### **Customer Accounts**

The corporate customer accounts expenses, allocated from the corporate accounts to the districts, should be allocated based upon the total number of customers, which is Staff's allocation factor No. 1. The corporate customer accounts expenses have been allocated based upon payroll in the Non-Unanimous Stipulation and Agreement and thus are in dispute and improperly allocated under the Non-Unanimous Stipulation and Agreement.

### **Depreciation**

The corporate depreciation expenses should be allocated to the districts based upon the length of mains allocation factor which is Staff allocation factor No. 4. The corporate depreciation expenses have been allocated based upon payroll in the Non-Unanimous Stipulation

and Agreement and thus are in dispute and improperly allocated under the Non-Unanimous Stipulation and Agreement.

### **Other General Taxes**

The corporate other general taxes should be allocated to the districts based upon the number of customers, which is Staff's allocation factor No. 1. The corporate other general taxes have been allocated based upon payroll in the Non-Unanimous Stipulation and Agreement and thus are in dispute and improperly allocated under the Non-Unanimous Stipulation and Agreement.

#### **2. Proper normalization of chemicals for treating water in the Joplin District.**

The normalization amount for the chemical expense in the Joplin District was improperly calculated. MAWC has revised its revenue request to reflect the proper chemical expense and this reduction has been stipulated to by Staff, Office of Public Counsel and by the City of Joplin, accordingly, based upon MAWC position of reducing its revenue request in the Joplin district by \$236,416, from the Stipulation and Agreement amounts, this issue is no longer in dispute.

#### **3. Payroll tax payment as annualized for the Joplin District and certain depreciation issues.**

The corporate payroll annualization is improperly calculated and thus it is overstated as is the payroll tax annualization which proportionally flows from the payroll amount. Corporate payroll was annualized from \$289,000 in actual corporate payroll (in administrative and general expenses category) to add \$700,000. This increase is unsupported by any facts and thus is improperly included in the Non-unanimous Stipulation and Agreement.

#### **4. Resulting Rates**

Joplin opposes the discriminatory rates that these issues impose upon Joplin ratepayers. The rates proposed in the Non-Unanimous Stipulation and Agreement cannot be supported by any facts or law.

#### **5. Other Issues**

At this time, Joplin does not oppose the resolution of any additional issues encompassed in the Non-Unanimous Stipulation and Agreement that it has not already identified in its pre-hearing filings or in this Statement.

WHEREFORE, Intervenor City of Joplin prays that this Commission deny the relief requested in the Non-Unanimous Stipulation and Agreement, revise the revenue requirements for the districts based upon the proper allocations referenced in this document, and properly craft rates that are just, reasonable, lawful and non-discriminatory.

Respectfully submitted,

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### Certificate of Service

I hereby certify that true copies of the foregoing List of Disputed Issues and Witnesses were sent to each of the following persons by electronic mail this 17<sup>th</sup> day of August, 2007:

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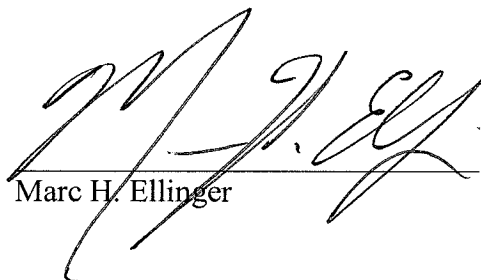
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