

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

In the Matter of the General Rate Increase     )  
for Water and Sewer Service Provided         )  
by Missouri-American Water Company.         )     **Case No. WR-2007-0216**

In the Matter of Missouri-American Water     )  
Company's Filing of Revised Sewer Tariff     )  
Sheets to Implement a Capacity Charge for     )  
Missouri-American's Warren County and       )  
Jefferson County Sewer Districts.            )     **Case No. ST-2007-0443**

**OFFICE OF THE PUBLIC COUNSEL'S SUGGESTIONS IN SUPPORT OF THE  
NON-UNANIMOUS STIPULATION AND AGREEMENT**

COMES NOW the Office of the Public Counsel on behalf of Missouri-American Water Company, the Staff of the Missouri Public Service Commission, AG Processing Inc., Missouri Energy Group, City of Warrensburg, Missouri Industrial Energy Consumers, and itself, and for its Suggestions in Support of the Non-Unanimous Stipulation and Agreement states as follows:

1. On August 9, 2007, Missouri-American Water Company (MAWC), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel), AG Processing Inc. (AGP), Missouri Energy Group (MEG), City of Warrensburg (Warrensburg), Public Water Supply District Nos. 1 and 2 of Andrew County and Public Water Supply District No. 1 of DeKalb County (Water Districts), Missouri Industrial Energy Consumers (MIEC), Metropolitan Sewer District (MSD), the City of Parkville (Parkville), and the Home Builders Association of St. Louis and Eastern Missouri, Inc. (HBA) filed a Non-Unanimous Stipulation and Agreement intended to settle among the Signatories all issues previously identified by some or all of the Signatories through testimony and/or schedules in both Case No. WR-2007-0216 and Case No. ST-2007-0443, except for the Jefferson City issues.

2. While not Signatories, the City of Jefferson (Jefferson City) and the City of St. Joseph (St. Joseph) have affirmatively stated that they have no objection to this Stipulation and Agreement and did not request a hearing concerning the matters resolved by this Stipulation and Agreement.

3. The City of Joplin (Joplin) stands as the sole party that has opposed this Stipulation and Agreement. On August 13, 2007, Joplin filed its Suggestions in Opposition to the Stipulation and Agreement Filed On August 9, 2007. In this filing, Joplin urged the Commission to reject the proposed Stipulation and Agreement and "...allocate MAWC corporate expenses in a rational manner, insure that the chemical expense is properly normalized...and provide for proper payroll tax annualization." Joplin stated in its List of Disputed Issues that it did not oppose the resolution of any additional issues encompassed in the Stipulation and Agreement that it had not identified as being unresolved.

4. During the evidentiary hearing held on August 14, 2007, MAWC made a correction to its calculation of the chemical expense in the Joplin district and proposed to reduce the agreed upon increase for Joplin in a like amount. Other Signatories, including Public Counsel, agreed to, or stated their non-opposition to, this change. Joplin's counsel of record and its witness, Ms. Leslie Jones, represented to the Commission on the record that, with that correction, Joplin's identified issue concerning the normalization of chemicals was resolved.

5. Also during the August 14, 2007 evidentiary hearing, Joplin's sole witness, Ms. Jones, was allowed to supplement her direct testimony with live direct testimony. In doing so, Ms. Jones made many statements reflecting material changes in the position Joplin advocated in its prefiled direct testimony, prehearing brief, list of disputed issues, and suggestions in opposition to the Stipulation and Agreement. Ms. Jones' live direct testimony indicated a shift in position

away from an allocation of corporate expenses based on linear feet of mains to a position almost completely in line with that of MAWC and Staff where allocations are in correlation with customer numbers and payroll. The outcome of this shift in position should place Joplin somewhere in between MAWC's composite allocation rate of 5.03% (based on test year per books) for corporate operation and maintenance costs to Joplin and Staff's allocation of 5.11% (based on test year per books) for corporate operation and maintenance costs to Joplin. Public Counsel, on behalf of the above stated parties, suggests that Joplin's position now substantially mirrors MAWC's and Staff's positions, indicating that this issue is resolved in the Stipulation and Agreement.

6. Ms. Jones did not indicate any disagreement with Staff's method of annualizing payroll and calculation of the annualized level of payroll tax in either her prefiled direct testimony or in her live direct testimony. She also did not identify any discrepancies in the inclusion of these annualized levels in the Staff's overall cost of service (accounting schedules). Public Counsel, on behalf of the above stated parties, suggests that Joplin's position on this issue mirrors Staff's position and that this issue is resolved in the Stipulation and Agreement.

7. The Non-Unanimous Stipulation and Agreement is the culmination of weeks of diligent communication and negotiation among the parties. The Signatories submit the Stipulation and Agreement as a fair, just and reasonable settlement of the issues in both Case Nos. WR-2007-0216 and ST-2007-0443, except for the Jefferson City issues.

8. It should be noted that Joplin's opposition of the Stipulation and Agreement was based on its pre-evidentiary hearing position. Joplin's Suggestions in Opposition to the Stipulation and Agreement was filed the day before the August 14, 2007 evidentiary hearing. Public Counsel, on behalf of the above stated parties, suggests that Joplin's position after the evidentiary hearing

substantially mirrors MAWC's and Staff's positions, indicating that all issues have been resolved in the Stipulation and Agreement.

9. Public Counsel, on behalf of the above stated parties, suggests that based upon the nearly unanimous Stipulation and Agreement, the statement of non-opposition by Jefferson City and St. Joseph, as well as Joplin's shift of position as evidenced in the record of the August 14, 2007 evidentiary hearing, the Stipulation and Agreement represents a fair, just and reasonable compromise of all issues in Case Nos. WR-2007-0216 and ST-2007-0443, except for the Jefferson City issues.

**WHEREFORE**, Public Counsel, on behalf of the above stated parties, respectfully requests that the Commission accept the Non-Unanimous Stipulation and Agreement.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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## **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 17<sup>th</sup> day of August 2007:

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