

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

In the Matter of Missouri-American Water Company)
for a Certificate of Convenience and Necessity)
Authorizing it to Install, Own, Acquire, Construct,) Case No. WA-2012-0066
Operate, Control, Manage, and Maintain Water and)
Sewer Systems in Christian and Taney Counties,)
Missouri.)

THE OFFICE OF THE PUBLIC COUNSEL’S STATEMENT OF POSITION

COMES NOW the Office of the Public Counsel (Public Counsel) and states its position on the issues in this case as follows:

I. CERTIFICATES OF CONVENIENCE AND NECESSITY

Should MAWC be granted certificates of convenience and necessity to provide water and sewer service to the requested territory, which includes the Village of Saddlebrooke?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

A. Is it reasonable and necessary that the Commission impose conditions on any such approval?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

B. If so, what conditions should be imposed?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

a. As a condition of approval, should the approved rates reflect the fully allocated embedded cost of service or alternative concepts?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

i. Should Corporate Overheads be included in the Saddlebrooke cost of service on an incremental or fully allocated basis?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

ii. Should income taxes recovered from the Saddlebrooke district be included on a stand-alone or fully allocated basis?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

b. As a condition of approval, if rates are based on net original cost and an excess capacity adjustment, should a commitment be necessary from MAWC to continue to apply the excess capacity adjustment for a reasonable period of time?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

c. As a condition of approval, should a commitment be necessary from MAWC that it will never seek to increase rates to other MAWC districts so that the Saddlebrooke water or sewer district may be served at below-cost rates?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

II. RATES

A. Should the rates to be charged by MAWC within the subject territory approximate the cost of service associated with providing service to that territory?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

B. In assessing the cost of service:

a. What tax rate should be used?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

b. What return on equity should be used?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

c. Should rate base be based upon net original cost or the purchase price?

It is Public Counsel's position that the rate base should be based upon the purchase price as its use provides protection for the customer with no detriment to MAWC.

d. If rate base is based upon net original cost, under what conditions should plant held for future use be added to rate base in future rate cases?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

e. Should rate base include the \$31,000 in future capital improvements not yet in service designed to address security, reliability and DNR non-compliance letters?

It is Public Counsel's position that the rate base should not include the \$31,000 for future capital improvements as the improvements are not yet constructed so they are not used and useful.

f. Should the rate include expenses associated with incremental or full corporate allocations?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

C. What initial rates should be used by MAWC to serve the subject territory? Should the initial rates be based on estimated and actual costs associated strictly with Saddlebrooke, or by using existing rates approved for use in other service districts?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

WHEREFORE, Public Counsel respectfully submits its Position Statement on the issues in this case.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____
Christina L. Baker (#58303)
Senior Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 FAX
christina.baker@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 21st day of June 2012:

General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

Rachel Lewis
General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
rachel.lewis@psc.mo.gov

Dean Cooper
Missouri-American Water Company
P.O. Box 456
312 East Capitol
Jefferson City, MO 65102
dcooper@brydonlaw.com

Tracy Elzemeyer
Missouri-American Water Company
727 Craig Road
Saint Louis, MO 63141
Tracy.Elzemeyer@amwater.com

Stuart Conrad
AG Processing, Inc
3100 Broadway, Suite 1209
Kansas City, MO 64111
stucon@fcplaw.com

/s/ Christina L. Baker
