

**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 |) | Case No. WR-2008-0311 |
| Water and Sewer Service Provided in |) | |
| Missouri Service Areas |) | |

**CITY OF JOPLIN, MISSOURI'S
FIRST SET OF DATA REQUESTS TO THE
UTILITY SERVICES DIVISION OF THE
MISSOURI PUBLIC SERVICE COMMISSION**

Comes now the City of Joplin, Missouri ("Joplin"), in accordance with Commission Rule 4 CSR 240-2.090(2) and the Order Adopting Procedural Schedule and Approving Motion to Modify Suspension Order and Notice, and submits the following data requests to the Utility Services Division of the Missouri Public Service Commission ("Staff") concerning its August 18, 2008 Direct Testimony and Cost of Service Report ("Report") filed in this proceeding, including revisions thereto filed on August 28, 2008:

1. Please provide copies of the Staff's responses to the data requests of all other parties regarding its indicated Direct Testimony and Report.

2. With respect to Ms. Bolin's Revised Direct Testimony at Page 10, Line 17 through Page 11, Line 9, please provide:

- (a) clarification as to whether the figures cited therein as "the Staff's recommended revenue requirement for Missouri-American in this proceeding ranges from approximately \$25,478,378 to \$29,956,886" truly mean that the Staff is recommending a revenue requirement increase by

the amounts cited for the range as suggested by the illustration at the top of Page 10;

- (b) clarification, as in (a), regarding the meanings of the amounts reported on Line 10 (Revenue Requirement) and on Line 12 (Gross Revenue Requirement) of Staff Accounting Schedules 1 for each Missouri-American District; and,
- (c) an explanation, with supporting data and calculations, as to the basis of the Staff's derivation of "an estimated true-up allowance of approximately \$14.3 million," including with respect to the distribution of this amount among each of Missouri-American's Districts, such as the \$4,014,993 reported on Line 11 of Staff Accounting Schedule 1 for the Joplin Water District.

3. Regarding the common equity cost range of 9.60% to 10.60% discussed at Pages 12 through 15 of the Report, please explain:

- (a) the extent to which, in the development of this range, the Staff considered the impact on comparative business and financial risks among regulated utilities that are and are not granted large true-up allowances; and,
- (b) whether the Staff agrees or disagrees that a cost of common equity finding in this case at the low-end of the range would not be unreasonable given the relatively large rate increase afforded Missouri-American less than a year ago, the continuing slow-down in economic activity that is approaching a recession, and the granting of an approximate \$14.3 million true-up allowance.

4. Pages 21 through 24 of the Report discuss Corporate Allocations within American Water to its Regulated and Unregulated Entities, including references in this regard to the Company's Cost Allocation Manual (CAM). Please extend this discussion with:

- (a) a description of the procedures applied by the Staff to ensure that the Corporate Allocations in question were accurately performed by American Water and/or its subsidiaries in accordance with CAM provisions; and,
- (b) an identification of each CAM provision (or lack thereof) that is of concern to the Staff in terms of appropriateness, including the basis of each concern and whether the Staff has made an adjustment to reflect its concern; e.g., the customer list Compensation adjustment described at Pages 31-36 of the Report.

5. Appendix 3 to the Report details the Allocation Factors utilized by the Staff for distributing amounts in various Uniform System of Accounts and Sub-Accounts to each of Missouri-American's Districts. With respect to the contents of Appendix 3, please provide:

- (a) an explanation as to the basis of each Allocation Factor applied by the Staff, such as discussed for the two examples cited on Page 27 of the Report;
- (b) an identification of each instance in which the Allocation Factor utilized by the Staff is either the same as that applied by Missouri-American or differs from that applied by Missouri-American; and,
- (c) the District data and percentages applicable to each of the Allocation Factors utilized by Missouri-American when these Allocation Factors differ from those reported in Appendix 3.

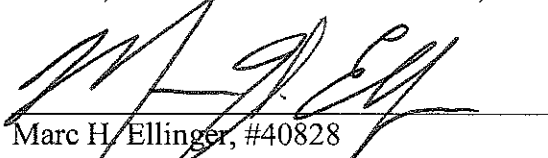
6. Page 27 of the Report states, regarding "the last several rate cases," that the "Staff has proposed . . . allocation factors depending upon the causes that required the costs to be incurred." With respect to these remarks, please provide:

- (a) a confirmation, with qualifications as may be necessary, that the Staff believes a cost-causation standard should be utilized in the selection and development of cost allocation factors; and,
- (b) an explanation as to whether the Staff believes that the same cost-causation standards should be applied for all cost allocation purposes to the extent possible, such as among regulated and unregulated entities within a corporate structure, among jurisdictions or service areas of these regulated entities, and among customer classes served by these regulated entities.

Respectfully submitted,

BLITZ, BARDGETT & DEUTSCH, L.C.

By:



Marc H. Ellinger, #40828
308 East High Street
Suite 301

Jefferson City, MO 65101

Telephone No.: (573) 634-2500

Facsimile No.: (573) 634-3358

E-mail: mellinger@blitzbardgett.com

CERTIFICATE OF SERVICE

I hereby certify that true copies of the above and foregoing were sent to each of the following persons via electronic mail, on this 5th day of September, 2008:

Bryon E. Francis
E-mail: bfrancis@armstrongteasdale.com

Office of General Counsel
E-mail: GenCounsel@psc.mo.gov

Jacqueline U. Levey
E-mail: jlevey@armstrongteasdale.com

James M. Fischer
E-mail: jfischerpc@aol.com

Joe Bednar
E-mail: jbedna@armstrongteasdale.com

Larry W. Dority
E-mail: lwdority@sprintmail.com

John McClelland
E-mail:
jmcclelland@armstrongteasdale.com

Keith Krueger
E-mail: keith.krueger@psc.mo.gov

Kent Lowry
E-mail: klowry@armstrongteasdale.com

Lewis Mills
Christina Baker
E-mail: opcservice@ded.mo.gov

Matthew Turner
E-mail: mturner@armstrongteasdale.com

Lisa Langeneckert
E-mail: llangeneckert@spvg.com

David Woodsmall
E-mail: dwoodsmall@fcplaw.com

Mark W. Comley
E-mail: comley@ncrpc.com

Jeremiah D. Finnegan
E-mail: jfinnegan@fcplaw.com

Michael A. Evans
E-mail: mevans@hstly.com

Stuart Conrad
E-mail: stucon@fcplaw.com

Sherrie A. Schroder
E-mail: saschroder@hstly.com

Dean Cooper
E-mail: dcooper@brydonlaw.com

William R. England, III
E-mail: trip@brydonlaw.com

Diana M. Vuylsteke
E-mail: dmvuylsteke@bryancave.com

Ed Grubb
E-mail: Ed.Grubb@amwater.com



Marc H. Ellinger