

MAWC 10  
11-20-18  
Bjt

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Missouri-American Water Company  
ISRS Revenue Requirements Calculation  
St. Louis County Operations

APPENDIX C

page 1 of 7

1	<b>Infrastructure System Replacement Surcharge Revenue Requirement</b>	
2		
3	<b>Water Utility Plant Projects--Replacement Mains, and Associated Valves and Hydrants (RM) RSMo 393.1000 (8a):</b>	
4	<u>Task Orders Placed in Service (TOPS):</u>	
5	STLC-Replacement Mains and Associated Valves and Hydrants	\$62,895,855
6	Net Contributions in Aid of Construction	(2,318)
7	Deferred Taxes	(185,031)
8	Accumulated Depreciation	(425,978)
9		
10	<b>Total Net 393.1000 (8a)</b>	<b>\$62,282,528</b>
11		
12	<b>Water Utility Plant Projects--Main Cleanings and Relinings (RM) RSMo 393.1000 (8b):</b>	
13	<u>Task Orders Placed in Service (TOPS):</u>	
14	STLC-Main Cleanings and Relinings	\$0
15	Net Contributions in Aid of Construction	0
16	Deferred Taxes	0
17	Accumulated Depreciation	0
18		
19	<b>Total Net 393.1000 (8b)</b>	<b>\$0</b>
20		
21	<b>Water Utility Plant Projects--Facilities Relocations (FR) RSMo 393.1000 (8c):</b>	
22	<u>Task Orders Placed in Service (TOPS):</u>	
23	STLC-Relocated Facilities	\$1,263,074
24	Net Contributions in Aid of Construction	(1,052,050)
25	Deferred Taxes	(1,268)
26	Accumulated Depreciation	(6,622)
27		
28	<b>Total Net 393.1000 (8c)</b>	<b>\$203,135</b>
29		
30	<b>Accumulated Depreciation and Deferred Taxes on Investment in Current ISRS</b>	
31	Accumulated Depreciation - Prior ISRS	\$0
32	Deferred Taxes - Prior ISRS	0
33		
34	<b>Total</b>	<b>\$0</b>
35		
36	<b>Total ISRS Rate Base</b>	<b>\$62,485,663</b>
37		
38	Overall Pre-Tax Rate Of Return per Last Order	9.44%
39		
40	Revenue Requirement on Capital	\$5,898,647
41	Depreciation Expense	826,505
42	Property Taxes ISRS 17	0
43	Revenue Cap Adjustment	0
44		
45	<b>Total Revenue Requirement</b>	<b>\$6,725,152</b>
46		
47	<b>Adjustments:</b>	
48	Undercollection from ISRS reconciliation	477,310
49		
50	<b>Adjusted Total Revenue Requirement</b>	<b>\$7,202,462</b>
51		
52	<b>Allocation of Revenue by Class</b>	
53	Rate A	\$7,191,227
54	Rate B	3,194
55	Rate J	8,040
56		
57	<b>Grand Total Revenues Collected in Proposed ISRS</b>	<b>\$7,202,462</b>

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File No. W0-2018-0373

Book/Tax Depreciation Temporary Difference						
	Replacements		Relocations		Total All Property	
	2018	2019	2018	2019	2018	2019
<b>Plant Additions</b>						
Plant Additions	62,895,855	-	1,263,074	-	64,158,929	-
Contributions	(2,337)	-	(1,059,928)	-	(1,062,265)	-
<b>Net Plant Additions</b>	<b>62,893,518</b>	<b>-</b>	<b>203,146</b>	<b>-</b>	<b>63,096,664</b>	<b>-</b>
<b>Total Tax Depreciation Items</b>						
<b>Repairs Deduction</b>						
Net Plant Additions	62,893,518	-	203,146	-	63,096,664	-
Repairs %	0.0%	-	0.0%	-	-	-
<b>Total Repairs Deduction</b>						
<b>Bonus Depreciation</b>						
Net Plant Additions After Repairs	62,893,518	-	203,146	-	63,096,664	-
Bonus Depreciation %	0.0%	-	0.0%	0.0%	-	-
<b>Total Bonus Depreciation</b>						
<b>Regular Depreciation</b>						
Net Plant Additions After Repairs and Bonus	62,893,518	-	203,146	-	63,096,664	-
Year 1 Depreciation Rate	2.0%	2.0%	2.0%	2.0%	-	-
Months Included	11.0	-	11.0	-	-	-
<b>Total Regular Depreciation</b>	<b>1,153,048</b>	<b>-</b>	<b>3,724</b>	<b>-</b>	<b>1,156,772</b>	<b>-</b>
<b>Total Tax Deductions</b>	<b>1,153,048</b>	<b>-</b>	<b>3,724</b>	<b>-</b>	<b>1,156,772</b>	<b>-</b>
<b>Total Book Depreciation Items</b>						
<b>Net Book Depreciation</b>						
Book Depreciation	425,978	-	6,622	-	432,599	-
Book Amortization	(19)	-	(7,878)	-	(7,897)	-
<b>Total Net Book Depreciation</b>	<b>425,959</b>	<b>-</b>	<b>(1,257)</b>	<b>-</b>	<b>424,702</b>	<b>-</b>
<b>Book/Tax Depreciation Temporary Difference</b>	<b>(727,089)</b>	<b>-</b>	<b>(4,981)</b>	<b>-</b>	<b>(732,070)</b>	<b>-</b>
Total per Type of Property		(727,089)		(4,981)		(732,070)
% per Type of Property		99.320%		0.680%		100.000%
<b>Net Operating Loss / Taxable Income</b>						
<b>Operating Results Through Effective Date of New ISRS</b>					<b>2018</b>	<b>2019</b>
ISRS Revenues					\$0	
Depreciation Expense					424,702	
Interest Expense					1,426,235	
Property Tax						
Total Expenses					1,850,937	
<b>Pre-Tax Income</b>					<b>(1,850,937)</b>	
Book/Tax Depreciation Temporary Difference					(732,070)	
<b>Pre-NOL Taxable Income / (Loss)</b>					<b>(2,583,007)</b>	
NOL					-	
<b>Taxable Income</b>					<b>(\$2,583,007)</b>	<b>\$0</b>
<b>Net Deferred Income Taxes</b>						
	Replacements		Relocations		Total All Property	
	2018	2019	2018	2019	2018	2019
Book/Tax Depreciation Temporary Difference	(727,089)	-	(4,981)	-	(732,070)	-
Effective Tax Rate	25.4%	25.4%	25.4%	25.4%		
<b>Deferred Tax Liability</b>	<b>(185,031)</b>	<b>-</b>	<b>(1,268)</b>	<b>-</b>	<b>(186,299)</b>	<b>-</b>
NOL	-	-	-	-	-	-
Effective Tax Rate	25.4%	25.4%	25.4%	25.4%		
<b>Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Deferred Income Taxes</b>	<b>(185,031)</b>	<b>-</b>	<b>(1,268)</b>	<b>-</b>	<b>(186,299)</b>	<b>-</b>

	ISRS Revenue Requirement	Customer Usage (000g) <sup>1</sup>	Required Rate per 1,000 Gallons
Rate A	\$7,191,227	32,207,358	\$0.22328
Rate B	3,194	1,609,828	\$0.00198
Rate J	8,040	4,227,969	\$0.00190
<b>Total</b>	<b>\$7,202,462</b>	<b>38,045,155</b>	

<sup>1</sup> Per billing determinants in Case WR-2017-0285

	Current Rate	Proposed Rate	Adjustment to Current Rate
<b>Rate Per 1,000 Gallons</b>			
Rate A	\$0.00000	\$0.22328	\$0.22328
Rate B	\$0.00000	\$0.00198	\$0.00198
Rate J	\$0.00000	\$0.00190	\$0.00190

	Current Rate	Proposed Rate	Adjustment to Current Rate
<b>Rate Per 100 Gallons</b>			
Rate A	\$0.00000	\$0.02233	\$0.02233
Rate B	\$0.00000	\$0.00020	\$0.00020
Rate J	\$0.00000	\$0.00019	\$0.00019

1	<b>Property Tax Estimate - St. Louis County</b>	
2	Year Placed in Service	2018
3	Vintage Year	1
4		
5	Total Investment	64,158,929
6	% Good	96.250%
7	<b>Subtotal</b>	<b>61,752,969</b>
8		
9	Total Retirements	(3,802,317)
10	% Good	20.000%
11	<b>Subtotal</b>	<b>(760,463)</b>
12		
13	<b>Net Plant to be Assessed</b>	<b>62,513,433</b>
14		
15	Assessment Rate	32.000%
16		
17	<b>Assessed Value</b>	<b>20,004,298</b>
18		
19	Tax Rate	8.400%
20		
21	<b>Tax Due on ISRS Investment</b>	<b>1,680,361</b>
22		
23	Due within 12 months from filing?	No
24		
25	<b>Property Tax Expense to Include in ISRS</b>	<b>0</b>

26  
 27 **20 Year MACRS Table**

Year	MACRS	% Good
1	3.750%	96.250%
2	7.219%	89.031%
3	6.677%	82.354%
4	6.177%	76.177%
5	5.713%	70.464%
6	5.285%	65.179%
7	4.888%	60.291%
8	4.522%	55.769%
9	4.462%	51.307%
10	4.461%	46.846%
11	4.462%	42.384%
12	4.462%	37.922%
13	4.461%	33.461%
14	4.462%	28.999%
15	4.461%	24.538%
16	4.461%	20.077%
17	4.462%	20.000%
18	4.461%	20.000%
19	4.462%	20.000%
20	4.461%	20.000%
21	2.231%	20.000%

51  
 52 Notes: 1) MACRS % from IRS Publication 946, Table A-1  
 53 2) There is a 20% floor on the % Good

	Base Revenues WR-2017-0285	Share of Base Revenue
1		
2		
3	\$194,983,761	94.64%
4	3,141,065	1.52%
5	7,906,028	3.84%
6	<b>\$206,030,853</b>	<b>100.00%</b>

	Plant Additions	Share of Plant Additions	
8			
9	\$60,781,551	94.736%	
10	1,510,894	2.355%	
11	Subtotal - Small Mains and Hydrants	62,292,445	97.091%
12			
13	Mains Greater than 12"	1,866,484	2.909%
14			
15	<b>Total</b>	<b>\$64,158,929</b>	<b>100.000%</b>

	Share of Small Mains & Hydrants	Share of Large Mains	
17			
18	100.000%	94.638%	
19	0.000%	1.525%	
20	0.000%	3.837%	
21			
22	<b>Total</b>	<b>100.000%</b>	<b>100.000%</b>

	Share of ISRS Revenues	Base Revenues WR-2017-0285	Percent Increase	
24				
25	7,191,227	194,983,761	3.688%	
26	3,194	3,141,065	0.102%	
27	8,040	7,906,028	0.102%	
28				
29	<b>Total</b>	<b>7,202,462</b>	<b>206,030,853</b>	<b>3.496%</b>

	Jan-18 - Jul-18	Aug-18 - Sep-18	Total
<b>Mains, Valves and Hydrant Replacements</b>			
Reimbursements	(\$2,337)	\$0	(\$2,337)
Amortization	\$19	\$0	\$19
<b>Net CIAC</b>	<b>(\$2,318)</b>	<b>\$0</b>	<b>(\$2,318)</b>

	Jan-18 - Jul-18	Aug-18 - Sep-18	Total
<b>Relocations</b>			
Reimbursements	(\$1,059,928)	\$0	(\$1,059,928)
Amortization	\$7,878	\$0	\$7,878
<b>Net CIAC</b>	<b>(\$1,052,050)</b>	<b>\$0</b>	<b>(\$1,052,050)</b>

	Replacements	Relocations	Total
1			
2			
3			
4			
5			
6			
7			
8			
Base Depreciation Expense	\$880,961	\$17,794	\$898,755
Reimbursements' Amortization	(32)	(14,733)	(14,765)
Depreciation Expense Associated with Retirements			(57,484)
<b>Net Depreciation Expense</b>			<b>\$826,505</b>