

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

In the Matter of Missouri-American Water)	
Company's Request for Authority to Implement)	Case No. WR-2015-0301
General Rate Increase for Water and Sewer)	
Service Provided in Missouri Service Areas.)	

APPLICATION FOR AN ECAM

COMES NOW Missouri-American Water Company (“MAWC”) and, pursuant to Sections 386.266, 4 CSR 240-2.060, and 4 CSR 240-50.050, states the following to the Missouri Public Service Commission (“Commission”):

BACKGROUND INFORMATION

1. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC’s certificate of good standing was submitted in Case No. SA-2007-0316 and is incorporated by reference. MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City, and parts of St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Greene, Taney, Christian, and Platte Counties, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 457,300 customers. MAWC provides sewer service to approximately 13,360 customers in Callaway, Jefferson, Pettis, Cole, Morgan, Platte, Taney, Stone, Christian, and Warren Counties, Missouri. MAWC is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. MAWC has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against MAWC from any state or

federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application other than cases pending before this Commission – Cases Nos. WC-2014-0138, WC-2015-0171, WC-2015-0311, WF-2015-0207, and WO-2014-0362, and the appeal of Case No. WO-2015-0211, which is pending before the Missouri Court of Appeals.

2. Communications in regard to this Application should be addressed to the undersigned counsel.

AUTHORITY

3. Section 386.266.2, RSMo, states, in part, as follows:

. . . any water corporation may make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in its prudently incurred costs, whether capital or expense, to comply with any federal, state, or local environmental law, regulation, or rule.

4. In response to Section 386.266, the Commission has promulgated Rule 4 CSR 240-50-050, to allow “the establishment of an Environmental Cost Adjustment Mechanism (ECAM), which allows periodic rate adjustments to reflect net increases or decreases in a water utility’s prudently incurred costs directly related to compliance with federal, state, or local environmental law, regulation, or rules.”

5. Commission Rule 4 CSR 240-50-050(2) states that “only a water utility, in a general rate proceeding, may file an application with the commission to establish, modify, or discontinue an ECAM by filing tariff schedules.”

APPLICATION

6. Concurrently with the filing of this Application, MAWC has filed tariff sheets and Direct Testimony for the purpose of initiating a general rate case. This filing includes P.S.C.

MO No. 13, Original Sheet No. RT 10.1, which would establish an ECAM. Also included in the rate case filing is the Direct Testimony of Kevin Dunn, which, among other things, supports the establishment of an ECAM. The referenced tariff sheet and Direct Testimony are incorporated herein by reference.

7. MAWC's ECAM would be subject Commission Rule 4 CSR 240-50-050, which includes: 1) provisions for an annual true-up which shall accurately and appropriately remedy any over- or under- collections, including interest at the utility's short-term borrowing rate, through subsequent rate adjustments or refunds; 2) provisions requiring that the utility file a general rate case with the effective date of new rates to be no later than four years after the effective date of the commission order implementing the adjustment mechanism; and, 3) provisions for prudence reviews of the costs subject to the ECAM no less frequently than at eighteen-month intervals, and shall require refund of any imprudently incurred costs plus interest at the utility's short-term borrowing rate. Further, any amounts charged under the ECAM will be separately disclosed on each customer bill.

8. The ECAM is reasonably designed to provide the utility with a sufficient opportunity to earn a fair return on equity. MAWC provides a product that is ingested by its customers. As such, MAWC follows strict statutes and regulations created by the United States Environmental Protection Agency and Missouri Department of Natural Resources — statutes and regulations that help to provide high-quality drinking water. These rules are beyond the control of MAWC and require significant investment. Timely recovery of costs of compliance with these regulations and other environmental requirements is in the public interest.

PROPOSED NOTICE

9. Commission Rule 4 CSR 240-50-050(2) states that the “water utility shall include in its initial notice to customers regarding the general rate case in which an ECAM is first proposed, a commission-approved description of how the water utility proposes that the ECAM would operate.” For this purpose, MAWC proposes the following language be added to its customer notice:

As a part of this case, MAWC has proposed the establishment of an Environmental Cost Adjustment Mechanism (ECAM). The proposed ECAM would operate pursuant to Commission Rule 4 CSE 240-50.050, and provide MAWC with the ability to make rate adjustments in the future related to compliance with federal, state, or local environmental law, regulation, or rules.

WHEREFORE, MAWC respectfully requests that the Commission issue its order:

- (A) Directing customer notice as described herein;
- (B) Approving the establishment of the ECAM described herein; and,
- (C) Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Application.

Respectfully submitted,



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**ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on July 31, 2015, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsellservice@psc.mo.gov

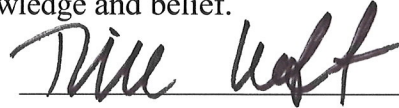
Office of the Public Counsel
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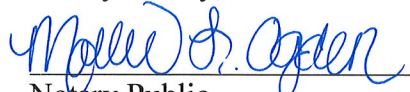
AFFIDAVIT

State of Missouri)
) ss
County of St. Louis)

I, Timothy Luft, having been duly sworn upon my oath, state that I am the Vice-President - Legal of Missouri-American Water Company (MAWC), that I am duly authorized to make this affidavit on behalf of MAWC, that the matters and things stated in the foregoing Application are true and correct to the best of my information, knowledge and belief.



Subscribed and sworn before me this 31 day of July, 2015.



Notary Public

My Commission Expires:

