

In the Matter of the Application of)
Missouri-American Water Company for) File No. _____
an Accounting Order Concerning MAWC's)
Lead Service Line Replacement Program.)

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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 Joint Application.

3. Communications in regard to this Application should be addressed to the undersigned counsel and:

Brian LaGrand, Director of Rates and Regulatory Support
Missouri-American Water Company
727 Craig Road
St. Louis, MO 63141
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SERVICE LINES

4. The “Main” or “Water Main” is the pipe used by the Company to distribute and supply water to Customers. Rule 1.34 (Sheet R4).

5. The “Service Line” is defined in the Company’s water tariff (PSC MO No. 13) as follows:

“Service Line” or “Water Service Line”: Generally referring to a pipeline between the main and the Customer’s premises, and includes related valves, fittings and other appurtenances except the water meter, used for the purpose of providing water service to the Customer, and further defined as follows:

a) “Customer’s Service Line or Customer’s Water Service Line”

i) For all Water Service Lines in St. Louis County Operations, Private Fire Service Lines and Master Water Service Lines in the Joplin and St. Joseph Operations, that portion of the service line from and including the Corporation Stop at the Company owned main to the structures or premises to be supplied.

ii) For all other operations excluding the St. Louis County Operations and excluding Private Fire Service Lines and Master Water Service Lines in the

Joplin and St. Joseph Operations, that portion of the service line from and including:

(1) That portion of the tailpiece exiting the meter box at or near the curb line or property line, to the structures or premises to be supplied; or,

(2) If no meter box is present the Customer's Service Line shall be that portion of the service line from the curb stop to the premises; or,

(3) If neither a meter box or a curb stop exists within five (5) feet of the property line, or the curb line if the property line is in the street or roadway, the Customer service line shall be the portion of the service line that lies between the property line, or curb line if the property line is within the street or roadway, and the Customer's premises.

b) "Company Service Line": The pipeline from the main to the Customer's Service Line, except Private Fire Service Lines and Master Water Service Lines in the Joplin and St. Joseph Operations. There is no Company Service Line in the St. Louis County Operation.

(Rule 1.51; Sheets Nos. R6-R7)

6. MAWC's tariff provides that "[r]epairs or maintenance necessary on the Customer Water Service Line or on any pipe or fixture in or upon the Customer's premise including the connections to the Company's metering installation, but excluding the Company-owned meter, *shall be the responsibility of the Customer.*" (PSC MO No. 13, Sheet R17, Rule 6.H) (emphasis added)

PRESENCE OF LEAD SERVICE LINES

7. Nationwide, old lead service lines connect an estimated 6.1 million or more homes and businesses to community drinking water mains.¹ MAWC currently estimates that there are approximately 30,000 service lines containing lead belonging to customers that are connected to MAWC's systems.

8. Lead can enter drinking water when pipes and plumbing fixtures that contain lead corrode, especially where the water has high acidity or low mineral content. Removal of lead

¹ Lead Service line Replacement Collaborative - <http://www.lslr-collaborative.org/about-us.html>

service lines in contact with drinking water provides an opportunity to significantly reduce the risk of exposure to lead in drinking water.

LEAD SERVICE LINE REPLACEMENT PROGRAM

9. MAWC has active main replacement programs for the purpose of increasing the safety, reliability, and longevity of its system. As a part of this program, MAWC discovers lead service lines, both customer-owned and company-owned.

10. Replacing such lead service lines in conjunction with main replacements is a cost-effective, efficient, and responsible way to address the health and safety concerns otherwise present with lead service lines. Accordingly, MAWC proposes to replace the entire lead portion of the service line from the newly installed water main to the customer's home when such lead containing service lines are discovered. It is estimated that the cost of such service line replacement will be \$3,000-\$5,500 for each service line replaced.

11. The portion of any such replacement where MAWC owns the service line will be recorded on MAWC's books like any other capital project. However, replacement of that part of the Customer's Service Line or Customer's Water Service Line presents a different situation.

12. MAWC seeks an order from the Commission allowing it to defer the costs associated with such replacements as more fully described below.

COMMISSION AUTHORITY

13. Section 393.140(8), RSMo, provides that the Commission shall have the power "to prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited." Section 393.140(8), does not contain any express standard for the exercise of this authority and therefore, it is within the Commission's discretion. Moreover, the courts have recognized the Commission's authority to issue such order, and there is nothing in the

Public Service Commission Law or the Commission's regulations that would limit the grant of such order to any particular set of circumstances. *State ex rel. Aquila, Inc. v. Public Service Comm'n of State*, 326 S.W.3d 20, 27 (Mo. App. 2010).

RELIEF REQUESTED

14. The Company requests a Commission order granting an accounting order containing the following language:

- a) That Missouri-American Water Company is granted an Accounting Authority Order whereby the Company is authorized to record and defer on its books a regulatory asset that represents the cost of all customer-owned lead service line replacements made beginning in 2017 and to calculate a monthly carrying charge on the balance in that regulatory asset account equal to the weighted average cost of capital from the Company's last general rate case for use with the Infrastructure Replacement Surcharge, whether established by agreement or in accordance with Section 393.1006.4, RSMo; and,
- b) That MAWC may defer and maintain this regulatory asset on its books until the effective date of the Report and Order in MAWC's next general rate proceeding.
- c) This regulatory asset will remain in place until all eligible costs are amortized and recovered in rates.

MOTION FOR WAIVER

15. Commission Rule 4 CSR 240-4.020(2) states as follows:

Any regulated entity that intends to file a case likely to be a contested case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case. Such notice shall detail the type of case and issues likely to be before the commission.

Commission Rule 4 CSR 240-4.020(2)(B) further states that a "party may request a waiver of this section for good cause."

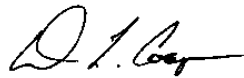
16. It is unclear whether this case will be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2). However, in the event that the Commission nevertheless

concludes that the filing of this Application is likely to be a contested case, MAWC requests a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

17. This Application was filed after a reasonable assessment of the lead service lines estimate and the regulatory needs of the Company. Further, if an AAO is issued, the MAWC would need such an order prior to the close of its 2017 books for it to have the desired financial statement impact.

WHEREFORE, MAWC respectfully requests that the Commission issue is order as described herein, and issue such further orders as the Commission should find reasonable and just.

Respectfully submitted,



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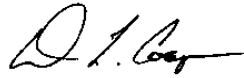
ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY

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 May __, 2017, to the following:

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

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



AFFIDAVIT

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

I, Cheryl Norton, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of Missouri-American Water Company, that the matters and things stated in the foregoing Application is true and correct to the best of my information, knowledge and belief.

Cheryl Norton

Subscribed and sworn before me this 12th day of May, 2017.



Mary Beth Hercules
Notary Public