

**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                     )             Case No. WR-2017-0285  
Increase for Water and Sewer Service Provided in                     )  
Missouri Service Areas.   )

**STIPULATION AND AGREEMENT**  
**REGARDING INCLINING BLOCK PILOT PROGRAM**

COME NOW Missouri-American Water Company (“MAWC” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and Missouri Division of Energy (“MoDOE”) (collectively, the “Signatories”), by and through their respective counsel, and, for their Stipulation and Agreement Regarding Inclining Block Pilot Program (this “Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. This Stipulation is being entered into solely for the purpose of settling all remaining issues concerning inclining block rates. This Stipulation does not address any other contested issues remaining in this case. All non-signatory parties, except for Kansas City Power & Light Company; and, KCP&L Greater Missouri Operations Company, have affirmatively stated that they do not object to this Stipulation and do request a hearing as to this Stipulation. Counsel for the Company has not yet received a response from Kansas City Power & Light Company; and, KCP&L Greater Missouri Operations Company.

2. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost of service or valuation determination or cost allocation, rate design, revenue recovery, or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

3. This Stipulation has resulted from negotiations among the parties, and the terms hereof are interdependent and non-severable. If the Commission does not approve this Stipulation unconditionally and without modification, or if the Commission approves the Stipulation with modifications or conditions to which a party objects, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

4. In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1,<sup>1</sup> their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. These waivers apply only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. These waivers do not apply to any issues explicitly not addressed by this Stipulation. The Signatories agree that any and all discussions, suggestions, or memoranda reviewed or discussed, related to this Stipulation shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

**5. Inclining Block Pilot Program:** As a result of the settlements codified in this Stipulation, the Signatories agree that MAWC should be directed to file tariff rate sheets applicable to its water services provided in and around Mexico, Missouri, to implement an Inclining Block Pilot Program (“Pilot Program”) for residential customers of the Mexico, Missouri, system, subject to the following provisions:

a) The Pilot Program shall remain in place until the conclusion of MAWC’s next general

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<sup>1</sup> Unless otherwise noted all statutory references are to the Revised Statutes of Missouri 2016, as currently supplemented.

rate case or as otherwise may be ordered by the Commission;

b) The information derived from the Pilot Program shall be made available to the participants in the Inclining Block Rate working docket proposed to be established pursuant to paragraph 18 of the Stipulation and Agreement filed in this case on March 1, 2018;

c) The Pilot Program shall be developed utilizing the following rate blocks and volumetric spread:

<b><u>BLOCKS</u></b>	<b><u>VOLUMETRIC SPREAD</u></b>
Block 1: First 3,000 gallons of usage	
Block 2: Next 7,000 gallons of usage	15% increase from the Block 1 volumetric rate to Block 2 volumetric rate
Block 3: All usage over 10,000 gallons of usage	25% increase from the Block 2 volumetric rate to Block 3 volumetric rate

An illustrative example of the inclining block rate calculation for Mexico is attached hereto as

**Attachment A.**

d) The Company will not request a revenue tracker for related to this Pilot Program;

e) Water Conservation kits will be offered at no charge to MAWC's residential customers participating in the Pilot Program; and,

f) During this Pilot Program, each participating residential customer will be permitted one leak adjustment, without regard to any leak adjustment such customer may have previously received.

6. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right,

including the right to access information.

**WHEREFORE**, the Signatories respectfully request the Commission to issue an Order approving this *Stipulation and Agreement Regarding Inclining Block Pilot Program* and authorizing the Company to file tariffs to implement the terms hereof.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on March 8, 2018, to the following:

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