

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

In the Matter of Missouri-American Water)
Company’s Request for Authority to Implement)
General Rate Increase for Water and Sewer)
Service Provided in Missouri Service Areas.) Case No. WR-2020-0344

STIPULATION AND AGREEMENT

COME NOW Missouri-American Water Company (“MAWC” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), the Missouri Industrial Energy Consumers (“MIEC”), the Midwest Energy Consumers Group (“MECG”), City of Riverside, City of St. Joseph, Consumers Council of Missouri, Public Water Supply District No. 2 of Andrew County, and Sunnydale Properties (collectively, the “Signatories”), by and through their respective counsel, and, for their Stipulation and Agreement (this “Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. The Empire District Electric Company, Municipal League of Metro St. Louis and Triumph Foods, LLC are not Signatories to this Stipulation. However, counsel for each have stated that they do not object to this Stipulation.
2. This Stipulation is being entered into for the purpose of settling all contested issues in this case.
3. **Admission of Testimony:** The Signatories consent to the admission of, and request that the Commission admit into the record in this proceeding, without the need for witnesses to take the stand, all written testimony that has been filed herein.
4. **Total Revenue Requirement:** As a result of the settlements codified in this Stipulation, the Signatories agree that MAWC’s annual revenue requirement on a total company

basis should be increased to \$348 million (water - \$335,240,042 and sewer - \$12,759,958). The revenue requirement of \$348 million represents an increase of approximately \$30 million over revenues authorized in the last general rate case.

5. **Infrastructure System Replacement Surcharge (“ISRS”):** MAWC’s current ISRS tariff will be reset to zero as of the effective date of new rates resulting from this proceeding.

Further:

a. For purposes of the ISRS, the overall pre-tax weighted average cost of capital shall be 8.71%. Agreement to use of a “pre-tax” cost of capital for this purpose does not limit in any way any party’s ability to challenge recovery of income tax amounts associated with ISRS investments in future ISRS rate proceedings; and,

b. All ISRS-eligible investments placed in service beginning January 1, 2021, shall be eligible for the ISRS mechanism in accordance with Sections 393.1000 et seq., RSMo.

6. **Billing Determinants:** The billing determinants to be used for establishing customer rates are included as Attachments A (water) and B (sewer) to this Stipulation.

7. **Tax Cut and Jobs Act of 2017:** The revenue requirement of \$348 million includes the following amortizations, starting with the effective date of new rates in this case:

a. The Excess Accumulated Deferred Income Taxes (“EADIT”) for the period beginning January 1, 2018, through the date on which rates go into effect in this case, the “stub period,” shall be amortized over two and a half (2 1/2) years beginning with the effective date of new rates; and,

b. Unprotected EADIT shall be amortized over ten years beginning with the effective date of new rates.

Additionally, a tracker will be created to capture the differences between protected EADIT returned to customers as part of the revenue requirement in this case, and the actual amortization recorded by the Company using ARAM for protected EADIT balances and a 10 year amortization period for non-stub period unprotected EADIT balances.

8. **Valve/Hydrant Maintenance:** MAWC agrees to meet with Staff within six (6) months after the effective date of rates resulting from this case to agree on the best approach to account for non-labor costs related to valve and hydrant maintenance, with the goal of improving Staff's ability to audit these costs, and to ensure that potential changes are within the capabilities of MAWC's reporting systems.

9. **Main Break and Water Loss Report:** MAWC agrees to conduct an annual review regarding its water main breaks and water loss by district, and, for those districts in which water loss is greater than 20%, MAWC shall include a list of items believed to be major contributors to that water loss.) MAWC shall provide such review to Staff, OPC, and other interested Signatories no later than February 15th of each year, until the completion of MAWC's next general rate case. MAWC agrees to meet with Staff, OPC, and other interested Signatories within four (4) months after the effective date of rates resulting from this case to develop the scope and format of the report.

10. **Water Loss Analysis:** MAWC agrees to meet with Staff, OPC, and other interested Signatories within four (4) months after the effective date of rates resulting from this case to develop the scope of analysis to be performed, system priorities, and frequency of such analysis related to those service areas with greater than 20% lost or unaccounted for water, with the goal of identifying sources of water loss and enabling MAWC to better enact modifications, repairs, construction, or operational changes necessary to reduce water loss. Such analysis shall

not be required to be conducted more often than once every five years for any one system. The results of the first analysis shall be delivered to Staff and OPC no later than one year after the effective date of rates resulting from this case.

11. **Pensions and OPEBs:** Pensions and OPEBs shall be treated as described in Attachment C to this Stipulation.

12. **Class Cost of Service Study (“CCOS”):** MAWC will include a CCOS with its direct testimony in its next general rate case that reflects, at a minimum, districts and classes as approved in this case, and a separate CCOS for sewer.

13. **Depreciation Rates:** MAWC shall continue to use the depreciation rates approved in MAWC’s last general rate case. The depreciation rates are included at Attachments D and E to this Stipulation. The Benton County, Woodland Manor and Jaxson Estates systems will be moved to these depreciation rates.

14. **Lead Service Line Replacement (“LSLR”):** MAWC will continue to defer and book to USOA Account 186 the costs of customer-owned LSL replacements applying its long-term borrowing rate as to the carrying costs. MAWC will amortize over ten (10) years the amounts deferred. MAWC’s long-term debt rate shall be applied to the unamortized balance.

15. **COVID-19 AAO:** The total amounts deferred on the books of the Company as of March 31, 2021, pursuant to the Commission’s accounting authority order granted in Case No. WU-2020-0417, are fully accounted for in the revenue requirement and the terms provided in this stipulation and agreement. Such amounts will be amortized over three (3) years beginning with the effective date of new rates. The components of the balance will be amortized such that the first dollar of amortization will cover deferred Late Fees and Disconnect/Reconnect Fees, offset by Deferred Savings, ensuring that these components are fully amortized within two (2) years.

Any remaining annual amortization will be allocated to the remaining components of the deferred balance.

16. **AFUDC:** Beginning with the effective date of rates in this case, the allowance for funds used during construction (“AFUDC”) for the purpose of Construction Work in Progress will be calculated as shown in **Attachment F**.

17. **Rate Design and Revenue Allocations:** Rates developed in this case shall maintain existing tariff groups and districts: Water – St. Louis County & Other Missouri. Sewer – Arnold & Other Sewer. The agreed to distribution of the rate change resulting from this case, resulting volumetric rates, as well as the agreed to customer charges, are reflected in **Attachment G** (water) and **Attachment H** (sewer).

18. **Low Income Tariff:** MAWC shall be authorized to continue the Low Income Pilot Program as it is currently administered, with the inclusion of the Lawson service area. In addition, the Signatories agree that MAWC shall be authorized to record on its books a regulatory asset that represents the actual discounts provided to those customers participating in the Pilot Program, along with any third-party administrative costs. MAWC shall maintain this regulatory asset on its books until the effective date of rates resulting from MAWC’s next general rate proceeding. Deferred amounts as of December 31, 2020, will be amortized over three (3) years beginning with the effective date of new rates resulting from this case. MAWC will meet with Staff and OPC approximately 90 days prior to filing its next general rate case to discuss this program and the data that has been collected.

19. **Rogue Creek:** Deferrals related to Rogue Creek Water and Sewer will be amortized over five (5) years beginning with the effective date of new rates resulting from this case.

20. **Inclining Block Rates:** The Mexico inclining block rate pilot program will continue with the following block differentials: 30% between blocks 1 and 2; and 38.5% between blocks 2 and 3. MAWC will meet with Staff and OPC approximately 90 days prior to filing its next general rate case to discuss this program and the data that has been collected.

21. **Sunnydale:** Starting with the effective date of new rates in this case, Sunnydale Properties will be treated the same as Rate J customers, as long as Rate J exists and Sunnydale meets volumetric use requirements.

22. **Withdrawals:** MAWC withdraws its request for a revenue stabilization mechanism per Section 386.266.4, RSMo, a property tax tracker, consolidated tariff pricing, Rate L/J1, and to capitalize tank painting expenses.

General Terms

23. 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. This Stipulation has resulted from extensive 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.

24. 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, 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 §386.500, 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.

25. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

26. 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 and authorizing the Company to file tariffs to implement

the terms hereof.

Attorneys for Missouri-American Water Company:



Dean L. Cooper, MBE #36592
William R. England, III, MBE#23975
**BRYDON, SWEARENGEN &
ENGLAND P.C.**
P.O. Box 456
Jefferson City, MO 65012
(573) 635-7166 telephone
dcooper@brydonlaw.com

Timothy W. Luft, Mo Bar 40506
MISSOURI-AMERICAN WATER
COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279
Timothy.Luft@amwater.com

Attorneys for the Staff of the Missouri Public Service Commission:

/s/ Mark Johnson

Mark Johnson
Deputy Counsel
Missouri Bar No. 64940
P.O. Box 360
Jefferson City, MO 65102
573-751-7431 (Voice)
573-751-9285 (Fax)
mark.johnson@psc.mo.gov

/s/ Whitney Payne

Whitney Payne
Senior Counsel
Missouri Bar No. 64078
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8706 (Telephone)
(573) 751-9285 (Fax)
whitney.payne@psc.mo.gov

Attorney for the Office of the Public Counsel:

/s/ Caleb Hall

Caleb Hall, #68112
200 Madison Street, Suite 650
Jefferson City, MO 65102
P: (573) 751-4857
F: (573) 751-5562
caleb.hall@opc.mo.gov

Attorneys for the Missouri Industrial Energy Consumers:

/s/ Diana M. Plescia

Diana M. Plescia
Missouri Bar No. 42419
Curtis, Heinz, Garrett and O'Keefe
130 S Bemiston - Suite 200
St. Louis, MO 63105-1913
Phone: 314-725-8788
Fax: 314-725-8789
dplescia@chgolaw.com

Attorney for the Midwest Energy Consumers Group:

/s/ David L. Woodsmall

David L. Woodsmall, MBE #40747
308 E. High Street, Suite 204
Jefferson City, Missouri 65101
Phone: (573) 636-6006
Facsimile: (573) 636-6007
E-mail: david.woodsmall@woodsmalllaw.com

Attorneys for the City of Riverside:

SPENCER FANE LLP

By: /s/ Joseph P. Bednar, Jr.

Joseph P. Bednar, Jr. #33921
304 East High Street
Jefferson City, MO 65101
Telephone: (573) 634-8115
Facsimile: (573) 634-8140
E-Mail: jbednar@spencerfane.com

Attorney for the City of St. Joseph:

/s/ William D. Steinmeier

William D. Steinmeier, MoBar #25689
WILLIAM D. STEINMEIER, P.C.
2031 Tower Drive
Jefferson City, Missouri (MO) 65109
Phone: 573-659-8672
Email: wds@wdspc.com

Attorney for Public Water Supply District No. 2 of Andrew County:

/s/ James M. Fischer

James M. Fischer Mo. Bar No. 27543
email: jfischerpc@aol.com
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758

Attorneys for Sunnydale Properties:

ELLINGER & ASSOCIATES, LLC

By: /s/ Stephanie S. Bell
Stephanie S. Bell #61855
308 East High Street, Suite 300
Jefferson City, MO 65101
Telephone: 573-750-4100
Facsimile: 314-334-0450
Email: sbell@ellingerlaw.com

Attorney for Consumers Council of Missouri:

/s/ John B. Coffman
John B. Coffman MBE #36591
John B. Coffman, LLC
871 Tuxedo Blvd.
St. Louis, MO 63119-2044
Ph: (573) 424-6779
E-mail: john@johncoffman.net

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on March 5, 2021, to the following:

Mark Johnson
Mark.johnson@psc.mo.gov
staffcounsel@psc.mo.gov

Caleb Hall
caleb.hall@opc.mo.gov
opcservice@opc.mo.gov

David Woodsmall
david.woodsmall@woodsmalllaw.com

John Coffman
john@johncoffman.net

William Steinmeier
wds@wdspc.com

Joseph Bednar
jbednar@spencerfane.com

Diana Carter
Diana.Carter@LibertyUtilities.com

Diana Plescia
dplescia@chgolaw.com

Matthew Turner
mturner@atllp.com

James Fischer
jfischerpc@aol.com

Stephanie Bell
sbell@ellingerlaw.com

Joshua Harden
jharden@collinsjones.com



Residential Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
5/8"	3,417,623	1,288,040	4,705,664
3/4"	290,598	18,931	309,529
1"	99,130	70,394	169,525
1.5"	4,043	1,801	5,844
2.0"	12,108	1,537	13,646
3.0"	250	36	286
4.0"	283	0	283
6.0"	302	0	302
8.0"	501	12	513
10.0"	36	0	36
12.0"	0	0	0
Lawson 5/8"		10,638	10,638
Lawson 1"		118	118
Lawson 1-1/2"		12	12
Low Income		450	450
Total	3,824,875	1,391,520	5,216,395

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate A Volume	24,056,989	6,080,733	30,137,722
Block 1 - Mexico		136,323	136,323
Block 2 - Mexico		59,118	59,118
Block 3 - Mexico		10,300	10,300
Block 1 - Lawson		11,321	11,321
Block 2 - Lawson		33,976	33,976
Total	24,056,989	6,331,770	30,388,759

	St. Louis	Other MO	Total
Flat Rate Billings	Monthly	Monthly	Company
Rankin/Whitebranch		2,638	2,638
Total	0	2,638	2,638

Commercial Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
5/8"	85,127	64,504	149,631
3/4"	34,343	1,941	36,284
1"	23,714	21,295	45,009
1.5"	11,662	3,982	15,644
2.0"	35,794	19,603	55,397
3.0"	3,165	652	3,817
4.0"	2,375	992	3,367
6.0"	2,076	318	2,394
8.0"	2,932	182	3,114
10.0"	743	48	791
12.0"	0	0	0
Lawson 5/8"		791	791
Lawson 1"		36	36
Lawson 1-1/2"		25	25
Lawson 2"		107	107
Lawson 3"		8	8
Total	201,930	114,486	316,416

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate A Volume	7,173,448	2,242,452	9,415,900
Rate J Volume	1,055,450	498,144	1,553,594
Block 1 - Lawson			0
Block 2 - Lawson		6,314	6,314
Total	8,228,897	2,746,910	10,975,807

Industrial Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
5/8"	0	467	467
3/4"	0	60	60
1"	0	402	402
1.5"	20	12	32
2.0"	150	1,252	1,402
3.0"	168	156	324
4.0"	332	347	679
6.0"	361	191	552
8.0"	140	107	247
10.0"	93	0	93
12.0"	0	0	0
Total	1,264	2,994	4,259

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate A Volume	126,384	181,514	307,898
Rate J Volume	2,895,765	2,284,796	5,180,560
Special Contract 1		779,764	779,764
Special Contract 2		325,475	325,475
Total	3,022,149	3,571,549	6,593,698

Other Public Authority Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
5/8"	1,676	3,496	5,171
3/4"	2,022	215	2,237
1"	1,532	2,166	3,699
1.5"	688	993	1,681
2.0"	2,471	4,402	6,873
3.0"	425	550	975
4.0"	241	582	823
6.0"	372	89	460
8.0"	109	138	247
10.0"	37	0	37
12.0"	0	0	0
Lawson 5/8"		77	77
Lawson 1"		48	48
Lawson 1-1/2"		24	24
Lawson 2"		110	110
Total	9,573	12,889	22,462

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate A Volume	415,093	459,878	874,971
Rate J Volume	8,463	188,925	197,388
Block 1 - Lawson			0
Block 2 - Lawson		3,144	3,144
Total	423,557	651,947	1,075,504

Sale for Resale Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
5/8"	0	12	12
3/4"	0	0	0
1"	0	24	24
1.5"	0	0	0
2.0"	0	174	174
3.0"	0	49	49
4.0"	0	104	104
6.0"	0	66	66
8.0"	0	12	12
10.0"	0	0	0
12.0"	0	0	0
Total	0	441	441

	St. Louis	Other MO	Total
Fixed Charge	Monthly	Monthly	Company
Special Contract B		12	12
Total	0	12	12

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate B Volume	1,579,721	1,214,373	2,794,094
Special Contract A	1,201,217		1,201,217
Special Contract B		1,186,808	1,186,808
Special Contract C		18,719	18,719
City of Galena			
Total	2,780,938	2,419,901	5,200,839

Private Fire Water Billing Determinants

	St. Louis	Other MO	Total
Meter Billings	Monthly	Monthly	Company
2.0"	1,616	961	2,577
3.0"	12	36	48
4.0"	6,524	4,105	10,629
6.0"	26,992	8,609	35,602
8.0"	15,656	5,127	20,783
10.0"	356	815	1,171
12.0"	964	256	1,219
Hydrant	456	2,898	3,354
Total	52,577	22,806	75,383

	St. Louis	Other MO	Total
Usage (1,000 Gallons)	Monthly	Monthly	Company
Rate A Fire Volume	42,636	3,591	46,226
Total	42,636	3,591	46,226

Residential Sewer Billing Determinants

Unit Billings	Arnold	Other MO	Total
Arnold	100,692		100,692
Other Sewer High		68,880	68,880
Other Sewer Low		20,724	20,724
Lawson 5/8"		9,780	9,780
Lawson 1"		84	84
Lawson 1.5"		12	12
Total	100,692	99,480	200,172

Usage (1,000 Gallons)	Block 1	Block 2	Total
Arnold	2,586,658	42,631	2,629,289
Lawson	68,801	5,237	74,038
Total	2,655,459	47,868	2,703,327

Commercial Sewer Billing Determinants

Meter Billings	Arnold	Other MO	Total
Arnold	7,548		7,548
Other Sewer High 5/8"		2,040	2,040
Other Sewer High 1"		396	396
Other Sewer High 1.5"		168	168
Other Sewer High 2"		180	180
Other Sewer Low 5/8"		36	36
Other Sewer Low 2"		24	24
Other Sewer Low 3"		12	12
Lawson 5/8"		756	756
Lawson 1"		36	36
Lawson 1.5"		48	48
Lawson 2"		72	72
Lawson 3"		12	12
Total	7,548	3,780	11,328

Usage (1,000 Gallons)	Block 1	Block 2	Total
Arnold	1,082,315	236,694	1,319,009
Arnold Speical 1		(18,502)	(18,502)
Other Sewer High		20,316	20,316
Other Sewer Low		10,183	10,183
Lawson	8,966	4,833	13,799
Total	1,091,281	253,524	1,344,805

Other Public Authority Sewer Billing Determinants

Meter Charge	Arnold	Other MO	Total
Arnold	10,236		10,236
Other Sewer High 1"		36	36
Other Sewer High 2"		24	24
Other Sewer High 3"		24	24
Lawson 5/8"		72	72
Lawson 1"		36	36
Lawson 1.5"		24	24
Lawson 2"		96	96
Total	10,236	312	10,548

Usage (1,000 Gallons)	Block 1	Block 2	Total
Arnold	86	36	122
Other Sewer High		2,460	2,460
Lawson	3,485	1,987	5,472
Total	3,571	4,483	8,054

Pension Tracker Mechanism and OPEB Tracker Mechanism

A. The Signatories agree that the rates established in this case for the MAWC pension plan include an allowance of \$1,097,709. (All amounts are stated after application of a payroll expense O&M allocation factor.) The difference between the amount of pension expense included in MAWC's rates and the amount funded by MAWC shall be included in the Company's rate base in future rate proceedings, and the balance existing at the later of the end of the test year, the test year update or true-up, as applicable in the Company's next rate case shall be amortized to expense over a five-year period. The pension tracker balance resulting from this case will start to be booked in the month following the true-up date in this rate case, and will continue to be booked until the later of the test year ending date, test year update period ending date, or the true-up date in the Company's next rate case. The Company shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the pension expense used in setting rates and the pension expense as recorded for financial reporting purposes as determined in accordance with GAAP (or such standard as the FASB may issue to supersede, amend, or interpret the existing standards). A portion of the service cost component will be capitalized, based on the labor capitalization percentage, and the non-service cost components will be expensed. All portions will be recorded to O&M for regulatory purposes.

B. The cumulative pension tracker amount in MAWC's rate base as of December 31, 2020, is a \$2,445,135 reduction to rate base, and the annual amortization of that amount to expense is (\$489,027) (reflected as an annual reduction in expense). No Service Company pension costs are included in MAWC's pension tracker balance in this case.

C. The Company shall be allowed rate recovery for prudent contributions it makes to its pension trust that exceed the ERISA minimum for any of the following reasons:

i) The minimum required contribution is insufficient to avoid the benefit restrictions

specified for at-risk plans pursuant to the Pension Protection Act of 2006, thereby causing an inability by MAWC to pay out pension benefits to recipients in its normal and customary manner, including lump sum payments; or

- ii) The minimum required contribution is not sufficient to avoid any Pension Benefit Guarantee Corporation (PBFC) variable premiums.

Prudent additional contributions made pursuant to the paragraph will increase MAWC's rate base, and will receive the regulatory treatment as described in paragraph A of this Section. MAWC shall inform Staff and Public Counsel of contributions of additional amounts to its pension trust funds pursuant to this paragraph in a timely manner. Staff, Public Counsel and other Signatories reserve the right to challenge the prudence of any additional contributions made by MAWC pursuant to this paragraph in subsequent MAWC rate proceedings.

D. The Signatories agree that rates established in this case for MAWC's OPEB expense reflect an allowance of (\$1,485,261) (All amounts are stated after application of a payroll O&M allocation factor.) The Company will fund its OPEB trusts based upon its expense as calculated for financial reporting purposes. The difference between the amount of OPEB expense included in MAWC's rates and the amount recorded on MAWC's books and funded by the Company shall be included in the Company's rate base in future proceedings, and the balance existing at the later of the end of the test year, the test year update or true-up, as applicable in the Company's next rate case shall be amortized to expense over a five-year period. The OPEB tracker balance resulting from this case will start to be booked in the month following the true-up date in this rate case, and will continue to be booked until the later of the test year ending date, test year update period ending date, or the true-up date in the Company's next rate case. The Company shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the OPEB expense used in setting rates and the OPEB expense as recorded for financial reporting purposes as determined in accordance with GAAP (or such standard as the FASB may issue to supersede, amend, or interpret the

existing standards). A portion of the service cost component will be capitalized, based on the labor capitalization percentage, and the non-service cost components will be expensed. All portions will be recorded to O&M for regulatory purposes.

E. The cumulative OPEB tracker amount in MAWC's rate base as of December 31, 2020, is a \$9,510,110 reduction to rate base and the annual amortization of that amount to expense is (\$1,902,022) (reflected as an annual reduction in expense). No Service Company OPEB costs are included in MAWC's OPEB tracker balance in the case.

F. The provisions of FAS 158 may require certain adjustments to the prepaid pension asset/OPEB asset and/or accrued liability with a corresponding adjustment to equity (i.e. decreases/increases to Other Comprehensive Income). The Company will be allowed to set up a regulatory asset/liability to offset any adjustments that would otherwise be recorded to equity caused by applying the provisions of FAS 158 or any other FASB statement or procedure that requires accounting adjustments to equity due to the funded status or other attributes of the pension or OPEB plans. The Signatories acknowledge that the adjustments described in this paragraph will not increase or decrease rate base.

G. Nothing in this Agreement is intended to impair the ability of any Signatory in MAWC's next rate case proceeding to challenge the prudence of the Company's calculated levels of pension and OPEBs expenses that it proposes to recover from the tracker mechanisms.

MISSOURI AMERICAN WATER COMPANY – Water
Schedule of Depreciation Rates
WR-2020-0344

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
<u>Source of Supply</u>					
311.0	Structures & Improvements	1.97%	60	R4	-25%
312.0	Collecting & Impoundment Reservoirs	0.35%	85	R3	0%
313.0	Lake, River & Other Intakes	3.57%	70	S0.5	-10%
314.0	Wells & Springs	2.52%	55	R1.5	-5%
315.0	Infiltration Galleries and Tunnels	1.77%	60	R2.5	0%
316.0	Supply Mains	1.45%	80	R3	-25%
317.0	Miscellaneous Source of Supply – Other	4.97%	25	SQ	0%
<u>Pumping Plant</u>					
321.0	Structures & Improvements	3.95%	75	R2.5	-15%
322.0	Boiler Plant Equipment	3.05%	37	R3	-5%
323.0	Power Generation Equipment	3.05%	37	R3	-5%
324.0	Steam Pumping Equipment	1.89%	47	R1	-10%
325.0	Electric Pumping Equipment	1.89%	47	R1	-10%
326.0	Diesel Pumping Equipment	1.89%	47	R1	-10%
327.0	Hydraulic Pumping Equipment	1.89%	47	R1	-10%
328.0	Other Pumping Equipment	1.89%	47	R1	-10%
<u>Water Treatment Plant</u>					
331.0	Structures & Improvements	2.34%	80	R2.5	-15%
332.0	Water Treatment Equipment	2.18%	48	R1.5	-20%
333.0	Miscellaneous Water Treat, Other	3.33%	30	SQ	0%
<u>Transmission and Distribution</u>					
341.0	Structures & Improvements	1.49%	55	R2.5	-20%
341.1	Structures & Improve - Special Crossing	1.49%	55	R2.5	-20%
342.0	Distribution Reservoirs & Standpipes	1.70%	65	R2.5	-25%
343.0,1,2,3	Transmission & Distribution Mains	1.39%	90	R2.0	-30%
344.0	Fire Mains	1.56%	85	S1	-30%
345.0	Customer Services	2.92%	65	R2.0	-100%
346.0	Customer Meters	2.40%	42	R1.5	-10%
347.0	Customer Meter Pits & Installation	2.40%	42	R1.5	-10%
348.0	Fire Hydrants	1.85%	65	R1.5	-30%
349.0	Misc Trans & Dist – Other	2.96%	50	R3	0%
<u>General Plant</u>					
390.0	Structures & Improve - Shop & Garage	3.02%	55	R2.5	-20%
390.1	Structures & Improve - Office Buildings	2.09%	47	S0	-20%
390.3	Structures & Improve – Miscellaneous	3.72%	55	R2.0	-20%
390.9	Structures & Improve – Leasehold	2.75%	25	R4	0%
391.0	Office Furniture	3.49%	20	SQ	0%
391.1	Computer & Peripheral Equipment	19.06%	5	SQ	0%
391.2	Computer Hardware & Software	19.06%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	10.46%	15	SQ	0%
391.4	BTS Initial Investment	5.00%	20		0%
392.1	Transportation Equipment - Light trucks	5.57%	9	L1.5	15%
392.2	Transportation Equipment - Heavy trucks	0.00%	10	L1.5	15%
392.3	Transportation Equipment – Autos	0.00%	6	L1.5	15%
392.4	Transportation Equipment – Other	6.15%	15	S3	5%
393.0	Stores Equipment	3.88%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	3.73%	20	SQ	0%
395.0	Laboratory Equipment	3.90%	15	SQ	0%
396.0	Power Operated Equipment	3.79%	12	L1	20%
397.1	Communication Equip - Non Telephone	5.76%	15	SQ	0%
397.2	Communication Equip – Telephone	8.94%	10	SQ	0%
398.0	Miscellaneous Equip	6.48%	15	SQ	0%
399.0	Other Tangible Equipment	2.43%	20	SQ	0%

MISSOURI AMERICAN WATER COMPANY – Sewer
Schedule of Depreciation Rates
WR-2020-0344

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
<u>Collection Plant</u>					
351	Structures & Improvements	2.03%	50	R3	-5%
352.1	Collection Sewers (Force)	1.64%	60	R2.5	-10%
352.2	Collection Sewers (Gravity)	1.58%	70	R3	-20%
353	Services To Customers	2.87%	55	R2.0	-40%
354	Flow Measuring Devices	3.38%	25	S2.5	0%
356	Other Collection Equipment	3.15%	50		0%
357	Communication Equipment	6.67%	15	SQ	0%
<u>Pumping Plant</u>					
361	Structures & Improvements	2.17%	45	R3	0%
362	Receiving Wells	2.87%	30	L2.5	0%
363	Electric Pumping Equip, (Includes Generators)	4.31%	15	L1.5	-5%
364	Diesel Pumping Equipment	4.31%	15	L1.5	-5%
365	Other Pumping Equipment	4.31%	15	L1.5	-5%
<u>Treatment and Disposal Plant</u>					
371	Structures & Improvements	1.43%	60	R2.5	-5%
372	Treatment & Disposal Equipment (Includes pumps, blowers, generators)	3.97%	30	S0.5	-20%
373	Plant Sewers	1.60%	50	R2.5	0%
374	Outfall Sewer Lines	3.04%	35	L2.0	0%
<u>General Plant</u>					
390.0	Structures & Improve – General	3.11%	35	R2.5	-5%
390.9	Structures & Improve – Leasehold	5.00%	20	R4	0%
391.0	Office Furniture	5.00%	20	SQ	0%
391.1	Computer & Peripheral Equipment	20.00%	5	SQ	0%
391.2	Computer Hardware & Software	20.00%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	6.67%	15		0%
391.4	BTS Initial Investment	5.00%	20		0%
392.0	WW Transportation Equipment	3.45%	10	L2.5	5%
392.1	Transportation Equipment - Light trucks	3.45%	10	L2.5	5%
392.2	Transportation Equipment - Heavy trucks	3.45%	10	L2.5	5%
392.3	Transportation Equipment – Autos	3.45%	10	L2.5	5%
392.4	Transportation Equipment – Other	3.45%	10	L2.5	5%
393.0	Stores Equipment	4.00%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	5.00%	20	SQ	0%
395.0	Laboratory Equipment	6.67%	15	SQ	0%
396.0	Power Operated Equipment	7.71%	15	L2.5	0%
397.1	Communication Equip - Non Telephone	6.67%	15	SQ	0%
397.2	Communication Equip – Telephone	6.67%	15	SQ	0%
398.0	Miscellaneous Equip	6.43%	15	SQ	0%
399.0	Other Tangible Equipment	0.00%	30	R2.0	0%

AFUDC Calculation

The Company shall calculate the AFUDC rate in the following way:

1. MAWC's AFUDC rate will be based on MAWC's short-term borrowings rates up to the amount of construction work-in-progress ("CWIP") during the construction period when CWIP is less than or equal to MAWC's short term borrowings;
2. To the extent the amount of CWIP during the construction period exceeds MAWC's short-term borrowings, but that excess does not exceed MAWC's long-term borrowings, then MAWC's AFUDC rate applied to said excess shall be MAWC's long-term borrowing rate;
3. To the extent the amount of CWIP during the construction period exceeds both MAWC's short-term and long-term borrowings, then MAWC's AFUDC rate applied to said excess shall be the cost of funds used to finance construction.

WATER RATES

Meter Charges - All Customers	
5/8"	\$9.00
3/4"	\$12.25
1"	\$16.58
1.5"	\$27.42
2.0"	\$40.43
3.0"	\$71.10
4.0"	\$114.11
6.0"	\$222.47
8.0"	\$379.54
10.0"	\$637.71
12.0"	\$765.25
Flat Rate	\$48.40

Private Fire - All Customers	
2.0"	\$6.00
3.0"	\$19.36
4.0"	\$23.85
6.0"	\$53.70
8.0"	\$95.55
10.0"	\$149.25
12.0"	\$214.94
Hydrant	\$53.70

Volumetric Charges		
	St. Louis County	Other Missouri
Rate A	\$5.6290	\$6.2469
Rate B	\$2.6194	\$2.6194
Rate J	\$1.7797	\$2.8268

Inclining Block Pilot	
	Mexico
First 3,000 Gallons	\$5.7266
Next 7,000 Gallons	\$7.1583
Over 10,000 Gallons	\$7.9027

SEWER RATES

Customer Charges			
	City of Arnold	Other Missouri	
		RT 2.1	RT 3.1
Flat Rate	\$37.23	\$61.64	\$44.03
Meter Size			
5/8"		\$61.64	\$44.03
3/4"		\$80.19	\$57.28
1"		\$117.20	\$83.71
1.5"		\$209.79	\$149.85
2.0"		\$320.90	\$229.22
3.0"		\$565.37	\$403.84
4.0"		\$926.33	\$661.66

Volumetric Charges			
	City of Arnold	Other Missouri	
		RT 2.1	RT 3.1
Over 5,000 Gal.	\$7.1401		
Over 6,000 Gal.		\$10.2737	\$7.3383