

**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 RATE DESIGN**

COME NOW Missouri-American Water Company (“MAWC” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”) (collectively, the “Signatories”), by and through their respective counsel, and, for their Stipulation and Agreement Regarding Rate Design (this “Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. All parties to this rate case proceeding that are not Signatories to this Stipulation have stated that they do not object to this Stipulation. As such, the Commission may treat this Stipulation as unanimous.

2. This Stipulation is being entered into solely for the purpose of settling the following issues (using the issue numbers and descriptions from the Amended List of Issues filed herein on 2/23/18):

- 1. Allocations** – What is the appropriate method to allocate MAWC corporate costs to the water and sewer districts?
- 6c. Water Rate Design** – Customer Classifications – Should Rate A be split into a Residential and a Non-Residential rate?
- 7. Sewer Rate Design** – Sewer Districts – What is the appropriate rate structure for the sewer service districts?

This Stipulation does not address any other contested issues remaining in this case, including all other water rate design issues other than 6c set forth above.

3. 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.

4. 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.

5. 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. §536.080.1,¹ 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 §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.

6. MAWC accepts Staff's sewer revenue requirement of \$10,332,707, which includes MAWC corporate costs allocated using Staff's methodology and no corporate costs being shifted from sewer customers to water customers.

7. MAWC's request to bifurcate Rate A into residential and non-residential rates is no longer an

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

issue in this case. Rate A shall remain in place.

8. MAWC sewer customers are placed into two separate tariff groups: (a) Arnold Sewer, and (b) Other Wastewater.

9. MAWC accepts Staff's revenue requirement for each tariff group: (a) Arnold Sewer - \$5,470,176; (b) Other Wastewater - \$4,862,531.

10. The sewer rates shall be those included in the exemplar tariff sheets attached hereto as Schedule A.

11. 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 Rate Design and authorizing the Company to file tariffs to implement the terms hereof.

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