

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

In the Matter of Missouri-American            )  
Water Company for a Certificate of            )  
Convenience and Necessity Authorizing    )  
it to Install, Own, Acquire, Construct,    ) File No. WA-2021-0376  
Operate, Control, Manage and Maintain    )  
a Water System and Sewer System in        )  
and around the City of Eureka, Missouri.   )

**MAWC’S RESPONSE TO APPLICATION FOR REHEARING**

COMES NOW Missouri-American Water Company (“MAWC” or “Company”), by and through the undersigned counsel, and, in response to the *Application for Rehearing* filed by the Office of the Public Counsel (“OPC”), states as follows to the Missouri Public Service Commission (“Commission”):

1. On June 9, 2022 (effective July 9, 2022), the Commission issued its *Report and Order* in this matter. Subsequently, in response to MAWC’s Motion for Clarification, the Commission issued its Amended Report and Order on June 29, 2022 (effective July 9, 2022).

2. On July 8, 2022, OPC filed its Application for Rehearing. Therein, OPC, after addressing the two appraisals that were discussed in this case (January 20, 2020 and March 23, 2020), suggests as follows:

Because the January 20, 2020 Appraisal complies with the appraisal statute and the USPAP, the Commission should have relied on it in setting the ratemaking rate base of MAWC’s acquisition of the Eureka water and sewer assets.

App. For Rehearing, p. 18.

3. Both in prefiled testimony and at the evidentiary hearing, witnesses explained the events and reasons for the creation of the March 23, 2020 Appraisal. In short, after the completion of the January 20, 2020 report, the appraisers received an updated report from Flinn

Engineering. (Exh. 3, Batis Dir., p. 5). The significant change from the January report to the March report was the assumed age of buried infrastructure. (Exh. 9, Simpson Dir., p. 7; Tr. 209-211 (Simpson)). The January report was based on an assumption that 70% of buried assets were installed when portions of the systems were placed in service, and that 5% was installed with the installation of each well (water distribution) and lift station (sewer). (*Id.*).


4. Subsequently, Ms. Simpson was made aware of the existence of certain GIS data maintained by St. Louis County that was relevant to the age of buried infrastructure. (Exh. 9, Simpson Dir., p. 7; Tr. 209-211 (Simpson)). Using the GIS data is a significantly more accurate and appropriate method of estimating the age of assets. (Exh. 9, Simpson Dir., p. 7).

5. As a result of the revised findings and conclusions in the Flinn Report, the three appraisers consulted with each other and concluded that it was appropriate and necessary to revise their January 2020 appraisal report. (Exh. 3, Batis Dir., p. 5). This revision was in accordance with the appraisers' professional obligations mandated by USPAP, to reflect the most current, relevant, and accurate information. (*Id.* at p. 6).

6. Accordingly, contrary to OPC's suggestion, the January 2020 appraisal would no longer comply with the appraisal statute and the USPAP as it does not include the most current, relevant, and accurate information available.

**WHEREFORE**, Missouri-American Water Company requests that the Commission consider this Response and, thereafter, deny OPC's *Application for Rehearing*.

Respectfully submitted,



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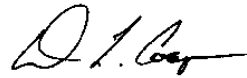
**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 18<sup>th</sup> day of July, 2022, to:

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