

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

In the Matter of the Petition of Missouri-	)	
American Water Company for Approval	)	
to Change its Infrastructure System	)	Case No. WO-2006-0284
Replacement Surcharge (ISRS).	)	

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission and, for its Staff Recommendation, states to the Missouri Public Service Commission as follows.

1. On January 3, 2006, Missouri-American Water Company filed its Petition to Change its Infrastructure System Replacement Surcharge ("ISRS"), pursuant to the provisions of Sections 393.1000 through 393.1006, RSMo (Supp. 2005).

2. Section 393.1006.2 (2) (Supp. 2005) authorizes the Staff to examine the information that Missouri-American supplied in support of its Petition herein, to confirm proper calculation of the proposed ISRS charge, and to submit a report regarding its examination to the Commission not later than 60 days after Missouri-American filed its Petition herein.

3. Attached hereto, as Appendix A, is the Staff Memorandum regarding its examination of Missouri-American's Petition and supporting documents. Based upon its examination, the Staff recommends that the Commission issue an order that approves Missouri-American's application to implement ISRS rate schedules and approves the Staff's determination that Missouri-American's ISRS rates should be designed to recover annual ISRS revenues in the amount of \$4,850,176.

**WHEREFORE**, the Staff submits its memorandum and recommendation, as authorized by Section 393.1006.2 (2), RSMo (Supp. 2005).

Respectfully submitted,

/s/ Keith R. Krueger

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or e-mailed to all counsel of record as shown on the attached service list this 3rd day of March 2006.

/s/ Keith R. Krueger

**AFFIDAVIT OF DALE W. JOHANSEN**

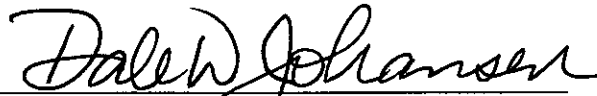
STATE OF MISSOURI )

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**Case No. WO-2006-0284**

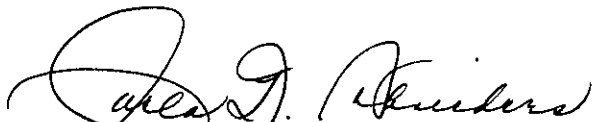
COUNTY OF COLE )

Dale W. Johansen, of lawful age, on his oath states: (1) that he is a member of the Staff of the Missouri Public Service Commission; (2) that he participated in the preparation of this Staff Recommendation and the documents included in the attached appendix; (3) that he has knowledge of the matters set forth in this Staff Recommendation and the documents included in the attached appendix; and (4) that the matters set forth in this Staff Recommendation and the documents included in the attached appendix are true and correct to the best of his knowledge, information and belief.

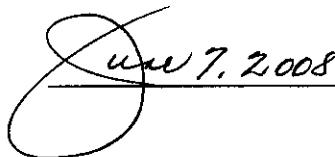


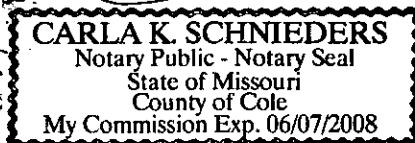
Dale W. Johansen – Manager  
Water & Sewer Department  
Utility Operations Division

Subscribed and sworn to before me this 3<sup>rd</sup> day of March 2006.

  
Notary Public

My Commission Expires:

  
June 7, 2008



# APPENDIX A

## STAFF MEMORANDUM & ATTACHMENT

CASE No. WO-2006-0284

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. WO-2006-0284, Missouri-American Water Company

FROM: Dale W. Johansen – Project Coordinator  
Water & Sewer Department  
  
Roberta A. Grissum, Auditing Department  
James Russo, Water & Sewer Department

<u>/s/ Dale Johansen</u>	<u>03/03/06</u>
Project Coordinator	Date

<u>/s/ Keith R. Krueger</u>	<u>03/03/06</u>
General Counsel's Office	Date

SUBJECT: Staff Report and Recommendation Regarding the Application and Petition of Missouri-American Water Company for Approval from the Missouri Public Service Commission to Change its Infrastructure System Replacement Surcharge

DATE: March 3, 2006

### BACKGROUND

On January 3, 2006, Missouri-American Water Company ("Company" or "MAWC") filed its Application And Petition for Approval to Change its Infrastructure System Replacement Surcharge ("ISRS") with the Missouri Public Service Commission ("Commission"). The Company submitted its Application pursuant to Sections 393.1000, 393.1003 and 393.1006 RSMo; 4 CSR 240-2.060(1) and 4 CSR 240-3.650. Sections 393.1000, 393.1003 and 393.1006 in conjunction with Commission Rule 4 CSR 240-3.650 provide eligible water corporations with the ability to recover certain infrastructure system replacement costs without the need to file a formal rate case filing. Such costs are recovered through an Infrastructure System Replacement Surcharge ("ISRS").

On January 5, 2006, the Commission issued its Order Directing Notice and Setting Intervention Date, in which it established January 25, 2006 as the date by which applications to intervene in the instant case were to be filed. No such applications were filed by the established deadline, nor have any been filed since that date.

On January 27, 2006, Staff filed a Motion to Suspend Tariff Sheet requesting that the Commission issue an order suspending the revised tariff sheet filed by Missouri-American Water Company on January 3, 2006. The Commission issued its Order Suspending Tariff on January 31, 2006.

## **STAFF'S INVESTIGATION**

As noted at the beginning of this Memorandum, Staff members from the Auditing and Water & Sewer Departments participated in the Staff's investigation of the Application. All Staff participants as well as their respective supervisors and the assigned attorney from the General Counsel's Office were provided the opportunity to review and comment on this Memorandum prior to its filing. Roberta A. Grissum of the Auditing Department created the initial draft of this Memorandum and incorporated comments received from the reviewers in developing this final version of Staff's recommendation.

The Staff's investigation into the Application included a review of the Application and the supporting documentation, Missouri Chapter 393 RSMo, Commission Rule 4 CSR 240-3.650(2), as well as additional data provided by MAWC. In conjunction with this investigation, Staff also reviewed information regarding the payment history for MAWC's annual assessment fees and the status of MAWC's annual report filings, which are discussed later in this Memorandum.

## **THE APPLICATION**

Specifically, as stated in its application, MAWC "requests an adjustment to its rates and charges through a change to its ISRS rate schedule to provide for the recovery of costs for infrastructure system replacements and relocations eligible for ISRS recognition. The proposed ISRS rate schedule should reflect the appropriate pre-tax ISRS revenues necessary to produce net operating income equal to MAWC's weighted cost of capital multiplied by the net original cost of the requested infrastructure replacements which are eligible for the ISRS, including recognition of accumulated deferred income taxes and accumulated depreciation associated with the aforesaid infrastructure system replacements. MAWC also seeks to recover all state, federal, and local income or excise taxes applicable to such ISRS income and to recover all other ISRS costs such a depreciation expense and property taxes due within 12 months of this filing."

In its Application, MAWC indicates that all of the eligible infrastructure system replacements meet the following criteria:

1. They replace and/or extend the useful life of existing infrastructure;
2. They are currently in service and used and useful;
3. They do not increase revenues by directly connecting to new customers since all ISRS projects represent replacements of existing facilities or relocations of existing facilities; and
4. They were not included in MAWC's rate base in its most recently completed general rate case, Case No. WR-2003-0500.

MAWC also indicates that its water utility plant projects on which it seeks to base the ISRS consist only of the following:

1. Mains and associated valves and hydrants installed as replacements for existing facilities that have worn out or were in deteriorated condition;
2. Facility relocations due to the construction or improvement of a highway, road, street, public way or other public work required by or on behalf of the United States, the State of Missouri, a political subdivision of the State of Missouri, or another entity having the power of eminent domain.

The Staff notes that any reimbursements MAWC received for these projects have been recognized as a reduction in the calculation of the ISRS revenue requirement.

In its Application, the Company requested an adjustment to its rates and charges through the implementation of an ISRS rate schedule. The Company indicates that its proposed rate schedule will “produce ISRS revenues of \$4,992,415 or an increase of 3.1% based on the base revenue level approved by the Commission in its most recently completed general rate proceeding” on an annualized basis. As agreed to in the Stipulation and Agreement (Stipulation and Agreement) approved in its last general rate case, Case No. WR-2003-0500, MAWC’s proposed rate schedule will not charge the current ISRS rate to its Rate J customers. As agreed to in that Stipulation and Agreement, the revenues applicable to Rate J customers will be forgone by MAWC and not be collected from any class of water customers.

#### **MAWC’S REVENUE CALCULATION**

The Staff believes its calculation, which is discussed later in this memorandum, is the appropriate methodology for determining the ISRS revenues to be collected. The items listed below, which are included in MAWC’s calculation of the ISRS revenues, should however be adjusted regardless of the methodology approved by the Commission:

1. The amount of deferred income taxes;
2. The amount of ISRS investment; and
3. The calculation of property taxes.

#### **STAFF’S REVENUE CALCULATION**

The Staff’s calculation of the ISRS revenues to be collected incorporates the adjustments listed above. Staff believes the Company has not included all the available deferred federal and state income taxes associated with tax depreciation amounts related to replacements and relocations. In addition, Staff was notified by Company that certain projects related to wholesale service in Jefferson County were inadvertently included in MAWC’s original filing. As a result, Staff made corrections to deferred income taxes, contributions in aid of construction and depreciation

expense to reflect the removal of these projects from this ISRS revenue requirement. Staff also adjusted Company's original property tax calculation to consistently reflect a change in the way MAWC's property is assessed. However, except as noted above, Staff agrees with and has adopted the methodology utilized by Company for the calculation of the ISRS revenue requirement for purposes of this ISRS filing.

### **THE ISRS RATE SCHEDULES**

When reviewing the Company's Application and supporting documentation, the Staff anticipated that the proposed ISRS rate schedules would include a volumetric rate for each affected customer class with the rate to be determined through the use of the customer class billing determinants from the Company's last rate case and the ISRS revenues allocated to each affected customer class. Company has provided such rate schedules. The ISRS rate schedule proposed by the Company was adjusted to reflect the changes to the revenue requirement as previously discussed and is shown in Attachment B to this Memorandum.

### **STAFF'S CONCLUSIONS**

Based on its investigation and calculations, the Staff believes the Company's ISRS rates should be designed to recover annual ISRS revenues of \$4,850,176. The Staff's determination of this amount and the supporting calculations are shown in Attachment A to this Memorandum. These calculations reflect MAWC's overall rate of return (7.70%) agreed to in its most recent general rate case, Case No. WR-2003-0500, multiplied by MAWC's ISRS investment in replacement mains, associated valves and hydrants and facilities relocations (less contributions in aid of construction collected to offset the cost of such replacements and relocations) minus the associated interest expense based on the weighted cost of debt (3.40%) agreed to in MAWC's most recent rate case. In its calculations, the Staff also reduces the ISRS investments by deferred income taxes and the associated accumulated depreciation. The Staff's determination of the ISRS revenues also includes the annual depreciation expense on the ISRS investment less any depreciation expense associated with plant retirements and contributions in aid of construction related to replacement and the relocation of facilities. The Staff's calculation also includes an adjustment of (\$21,777) for an over-collection associated with the Company's ISRS surcharge approved in Case No. WO-2004-0116 and terminated according to the terms of the Stipulation and Agreement in Case No. WR-2003-0500.

Based on a review of the work orders and supporting documents for the projects included for recovery in the Company's proposed ISRS filing, the Staff believes the projects do meet the requirements of the governing statutes as summarized previously in this Memorandum in the discussion of the Company's Application.



### **ASSESSMENTS AND ANNUAL REPORTS**

In accordance with established practice regarding the submission of Staff recommendations to the Commission, the Staff did review the payment history for MAWC's annual assessment fees and the status of MAWC's annual report filings. Based on its review of this information, the Staff notes that MAWC has no delinquent assessments for fiscal years 2003 through 2005 and is also current on its quarterly payments for its fiscal year 2006 assessment (it is making quarterly payments). Likewise, MAWC does not have any past due annual reports.

### **STAFF'S RECOMMENDATIONS**

Based on the above, the Staff recommends that the Commission issue an order in this case that:

1. Approves MAWC's Application to implement ISRS rate schedules; and
2. Approves the Staff's determination of the ISRS surcharge revenues in the amount of \$4,850,176, on an annual basis, as it appears in Appendix A hereto.

ISRS Activity:

Water Utility Plant Projects - Replacement Mains and Associated Valves and Hydrants (RM) RSMo 393.1000 (8a):  
Task Orders Placed in Service

St. Louis County District - Replacement Mains and Associated Valves and Hydrants	\$ 40,214,728
Net Contributions in Aid of Construction (i.e., Net CIAC per Company Filing, App. C)	\$ (1,540,192)
Deferred Taxes (see Staff Workpaper)	\$ (3,596,164)
Accumulated Depreciation (see Company Filing, App. A)	\$ (583,789)
<b>Total Net 393.1000 (8a)</b>	<b>\$ 34,494,582</b>

Water Utility Plant Projects - Facilities Relocations (FR) RSMo 393.1000 (8c):  
Task Orders Placed in Service

St. Louis County District - Relocated Facilities	\$ 10,499,824
Net Contributions in Aid of Construction (i.e., Net CIAC per Company Filing, App. C)	\$ (5,604,140)
Deferred Taxes (see Staff Workpaper)	\$ (1,006,559)
Accumulated Depreciation (see Company Filing, App. A)	\$ (170,940)
<b>Total Net 393.1000 (8c)</b>	<b>\$ 3,718,186</b>

Accumulated Depreciation - Net Cost of Removal	\$ -
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Total ISRS Rate Base	\$ 38,212,768
Overall Rate of Return per Last R&O (see Case No. WR-2003-0500)	7.70%
Return on Investment Required	\$ 2,942,383
Income Tax Conversion Factor	1.62308
<b>Revenue Requirement Before Interest Deductibility</b>	<b>\$ 4,775,723</b>

Total ISRS Rate Base	\$ 38,212,768
Embedded Cost of Debt per Last R&O (see Case No. WR-2003-0500)	3.40%
Interest Expense Deduction	\$ 1,299,234
Combined Federal & State Income Tax Rate	0.38388626
Income Tax Reduction Due to Interest Expense	\$ 498,758
Income Tax Conversion Factor	1.62308
<b>Revenue Requirement - Interest Expense Deductibility</b>	<b>\$ 809,524</b>

Total Revenue Requirement on Capital	\$ 3,966,199
Depreciation Expense (see Staff Workpaper)	\$ 577,862
Property Tax (see Staff Workpaper)	\$ 422,240
Less Over Collection from Previous ISRS (per Company Filing, App. C)	\$ (21,777)
<b>Total ISRS Revenue Requirement</b>	<b>\$ 4,944,524</b>

<b>Allocation of Revenue by Class:</b>	
Mains Less Than or Equal to 12 "	Rate A & Other \$ 4,179,705
Mains Greater Than 12 "	Rate A & Other \$ 624,941
Total Rate A & Other	\$ 4,804,646
Mains Greater Than 12 "	Rate J \$ 94,348
	Rate D \$ 1,254
	Rate B \$ 44,275
<b>Grand Total Revenues To Be Collected Through Proposed ISRS</b>	<b>\$ 4,944,524</b>
Per Final Stipulation & Agreement in Case No. WR-2003-0500, Company agrees not to collect for Rate J customers until next general rate case.	

Total Investment	\$ 50,714,552 <sup>3</sup>
Less: Retirements	<u>\$ (2,956,753) <sup>3</sup></u>
Net Change in Property Base	\$ 47,757,799
Multiply by PIS/Declared Value Ratio	<u>77.3953% <sup>1</sup></u>
Net Change in Property Base w/Adjustment for Assessment	\$ 36,962,279
Property Tax Rate	1.1424%
Property Tax Expense	<u><u>\$ 422,240</u></u>

	2005
Real Estate Tax Paid on Self-Constructed Property	\$ 5,166,769
Utility Plant - Self Constructed	<u>\$ 452,291,050 <sup>2</sup></u>
Rate	<u>1.1424%</u>
Total Real Estate Tax Paid	\$ 5,901,778
Less: Tax on Parcel	<u>\$ (735,009)</u>
Real Estate Tax Paid on Self-Constructed Property	\$ 5,166,769

<sup>1</sup> Per discussion with Ed Grubb, Staff will adjust the Net Change in Property Base for purposes of this proceeding by the ratio of Property Base Declared in 2004 for Property Tax Assessment to Mains in Service at December 2004.

<sup>2</sup> Per discussion with Ed Grubb, Company performed a study that allowed them to re-value their Utility Plant - Self Constructed to an amount that does not include AFUDC, Engineering Fees and Overhead Allocations for Property Tax Assessment purposes.

<sup>3</sup> Reflects adjustment for removal of Jefferson County Projects inadvertently included in original Investment Dollars.

Missouri-American Water Company  
Case No. WR-2006-0284  
Issue: Depreciation Expense  
Source: Workpapers

Depreciation Expense - Replacements (see Company Filing, App. A)	\$ 573,991 <sup>1</sup>
Depreciation Expense Relocations (see Company Filing, App. A)	\$ 150,046 <sup>1</sup>
Depreciation Expense Retirements (see Company Filing, App. B)	\$ (43,355)
Depreciation Associated with Relocation Reimbursements (see Company Filing, App. C)	\$ (102,820) <sup>1</sup>
Total Depreciation Expense	<u>\$ 577,862</u>

<sup>1</sup> Reflects adjustment for removal of Jefferson County Projects inadvertently included in original Investment Dollars.

Composite Tax Rate: 38.3886256%      Depr Diff    Year 1    1.29%  
Depr Diff    Year 2    2.57%

Mains, Valves and Hydrant Replacements

	2003	2004 <sup>1</sup>	2005 <sup>1</sup>	Total
Additions	\$ 1,041,751	\$ 18,513,282	\$ 20,659,695	\$ 40,214,728
Less: Reimbursements	\$ (39,356)	\$ (430,086)	\$ (1,088,899)	\$ (1,558,341)
<b>Net Additions</b>	<b>\$ 1,002,395</b>	<b>\$ 18,083,196</b>	<b>\$ 19,570,796</b>	<b>\$ 38,656,387</b>
Bonus Depreciation Rate Post 9/11	50%	50%	0%	
Bonus Depreciation	\$ 501,198	\$ 9,041,598	\$ -	\$ 9,542,796
Deferred Federal Income Tax on Bonus Depreciation @ 35%	\$ 175,419	\$ 3,164,559	\$ -	\$ 3,339,978
Adjusted Tax Basis = Net Additions - Bonus Depreciation	\$ 501,198	\$ 9,041,598	\$ 19,570,796	\$ 29,113,592
Federal and State Income Tax on Non-Bonus Depreciation Amount				
Year 2003	\$ 2,482	\$ -	\$ -	\$ 2,482
Year 2004	\$ 4,945	\$ 44,775	\$ -	\$ 49,720
Year 2005	\$ 4,945	\$ 89,203	\$ 96,917	\$ 191,065
Total Federal & State Income Tax on Non-Bonus Depreciation	\$ 12,372	\$ 133,978	\$ 96,917	\$ 243,267
State Income Tax on Bonus Depreciation Amount				
Year 2003	\$ 219	\$ -	\$ -	\$ 219
Year 2004	\$ 436	\$ 3,952	\$ -	\$ 4,389
Year 2005	\$ 436	\$ 7,874	\$ -	\$ 8,311
Total State Income Tax on Bonus Depreciation Amount	\$ 1,092	\$ 11,826	\$ -	\$ 12,919
Total Federal & State Income Tax				
Year 2003	\$ 2,701	\$ -	\$ -	\$ 2,701
Year 2004	\$ 5,381	\$ 48,728	\$ -	\$ 54,109
Year 2005	\$ 5,381	\$ 97,077	\$ 96,917	\$ 199,376
Total Federal & State Income Tax	\$ 13,464	\$ 145,805	\$ 96,917	\$ 256,186
Total Deferred Income Taxes for Replacements	<del>\$ 188,883</del>	<del>\$ 13,310,364</del>	<del>\$ 96,917</del>	<del>\$ 3,596,164</del>

Relocations

	2003	2004	2005	Total
Additions	\$ 861,472	\$ 6,008,983	\$ 3,629,369	\$ 10,499,824
Less: Reimbursements	\$ (906,952)	\$ (445,073)	\$ (4,319,521)	\$ (5,671,546)
<b>Net Additions</b>	<b>\$ (45,480)</b>	<b>\$ 5,563,910</b>	<b>\$ (690,152)</b>	<b>\$ 4,828,278</b>
Bonus Depreciation Rate Post 9/11	50%	50%	0%	
Bonus Depreciation	\$ (22,740)	\$ 2,781,955	\$ -	\$ 2,759,215
Deferred Federal Income Tax on Bonus Depreciation @ 35%	\$ (7,959)	\$ 973,684	\$ -	\$ 965,725
Adjusted Tax Basis = Net Additions - Bonus Depreciation	\$ (22,740)	\$ 2,781,955	\$ (690,152)	\$ 2,069,063
Federal and State Income Tax on Non-Bonus Depreciation Amount				
Year 2003	\$ (113)	\$ -	\$ -	\$ (113)
Year 2004	\$ (224)	\$ 13,777	\$ -	\$ 13,552
Year 2005	\$ (224)	\$ 27,446	\$ (3,418)	\$ 23,804
Total Federal & State Income Tax on Non-Bonus Depreciation	\$ (561)	\$ 41,223	\$ (3,418)	\$ 37,244
State Income Tax on Bonus Depreciation Amount				
Year 2003	\$ (10)	\$ -	\$ -	\$ (10)
Year 2004	\$ (20)	\$ 1,216	\$ -	\$ 1,196
Year 2005	\$ (20)	\$ 2,423	\$ -	\$ 2,403
Total State Income Tax on Bonus Depreciation Amount	\$ (50)	\$ 3,639	\$ -	\$ 3,589
Total Federal & State Income Tax				
Year 2003	\$ (123)	\$ -	\$ -	\$ (123)
Year 2004	\$ (244)	\$ 14,993	\$ -	\$ 14,749
Year 2005	\$ (244)	\$ 29,869	\$ (3,418)	\$ 26,207
Total Federal & State Income Tax	\$ (611)	\$ 44,862	\$ (3,418)	\$ 40,833
Total Deferred Income Taxes for Replacements	<del>\$ (8,570)</del>	<del>\$ 1,018,546</del>	<del>\$ (3,418)</del>	<del>\$ 1,006,559</del>

<sup>1</sup> Reflects adjustment for removal of Jefferson County Projects inadvertently included in original Investment Dollars.

**Mains, Valves and Hydrant Replacements**

Gross Investment - Replacements 40,214,728  
Depreciation Expense - Replacements 573,991  
Composite Depreciation Rate: 1.427315%

	2003	2004	2005	Total
Reimbursements	39,356	430,086	1,088,899	1,558,341 (a)
Year 2003 (1)	47	562	562	
Year 2004 (2)		3,069	6,139	
Year 2005 (2)			7,771	
Accumulated Amortization	47	3,631	14,471	18,149 (b)
Gross CIAC	1,558,341 (a)			
Less: Accum Amort. - CIAC	(18,149) (b)			
Net CIAC	1,540,192			

**Relocations**

Gross Investment - Relocations 10,499,824 <sup>3</sup>  
Depreciation Expense - Relocations 150,046 <sup>3</sup>  
Composite Depreciation Rate: 1.429032%

	2003	2004	2005 <sup>3</sup>	Total
Reimbursements	906,952	445,073	4,319,521	5,671,546 (c)
Year 2003 (1)	1,080	12,961	12,961	
Year 2004 (2)		3,180	6,360	
Year 2005 (2)			30,864	
Accumulated Amortization	1,080	16,141	50,185	67,405 (d)
Gross CIAC	5,671,546 (c)			
Less: Accum Amort. - CIAC	(67,405) (d)			
Net CIAC	5,604,140			

(1) All Reimbursements in 2003 were completed in December; therefore, the accumulated amortization is for one month in the first year.

(2) All Reimbursements in 2004 and 2005 are assumed to be spread evenly throughout the year; therefore, the first year's amortization is divided by two to arrive at the first year's accumulated amortization.

<sup>3</sup> Reflects adjustment for removal of Jefferson County Projects inadvertently included in original Investment Dollars.

Missouri-American Water Company  
Case No. WO-2006-0284  
Issue: Tariff Rates

	ISRS Recovery Revenue Requirement <sup>2</sup>	2003 Bill Analysis Sales (CCF) (1)	Rate per CCF	Rate per 1000 Gal.
Rate A & Oth	\$ 4,804,646	56,372,211	\$ 0.0852	\$ 0.1136
Rate B	\$ 44,275	2,236,698	\$ 0.0198	\$ 0.0264
Rate D	\$ 1,254	126,134	\$ 0.0099	\$ 0.0132
Rate J	\$ 94,348	9,441,890	NA	
	<u>\$ 4,944,523</u>			

(1) Per billing determinants approved in determining rates per Commission order in Case WR 2003-0500 and Per Stipulation and Agreement in Case No. WR-2003-0500, the Company agreed to not recover any ISR-eligible replacements for Rate J customers until next rate case

<sup>2</sup> Reflects adjustment for removal of Jefferson County Projects inadvertently included in original Investment Dollars.