

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 21st day of May, 2013.

In the Matter of the Petition of)
Missouri-American Water Company for)
Approval to Change its Infrastructure)
System Replacement Surcharge (ISRS))

File No. WO-2013-0406
Tracking No. YW-2013-0376

**ORDER SETTING ISRS AMOUNTS,
REJECTING TARIFFS, AND DIRECTING THE FILING OF NEW TARIFFS**

Issue Date: May 21, 2013

Effective Date: May 31, 2013

The Missouri Public Service Commission is granting the petition of Missouri-American Water Company (“the Company”) to change the Company’s infrastructure system replacement surcharge (“ISRS”). The Commission is also setting the Company’ ISRS rates, rejecting the pending tariff sheets (“tariffs”), and requiring the Company to file new tariffs in compliance with this order. The petition seeks an ISRS increase to recover costs related to eligible plant placed in service from August 2012 through March 2013.

On February 28, 2013, the Company filed the petition with supporting documents including an affidavit and a tariff. The Commission suspended the tariff until July 27, 2013.¹ In the same order, the Commission gave notice of such filing as the law requires.² The Commission also set the time to file an application for intervention. The Commission received no application for intervention.

¹ Order dated March 14, 2013.

² Section 393.1015.1(2), RSMo Supp. 2012.

The suspension of the tariff initiated a contested case.³ A contested case decision need not include conclusions of law and separately stated findings of fact if a stipulation, consent order, or agreed settlement disposes of the action.⁴ Such is the case here for the following reasons.

On May 2, 2013, the Commission's staff ("Staff") filed *Staff's Recommendation* ("recommendation") with a memorandum and supporting affidavit. In the recommendation, Staff adjusts the Company's incremental revenue requirement by \$153,026. On May 13, 2013, the Company filed a *Notice of Agreement*. In that notice, the Company asks the Commission to decide the petition in accordance with the recommendation. The Commission received no other response to the recommendation within the time set by regulation.⁵ The absence of any dispute also constitutes good cause for an effective date less than 30 days from issuance of this order.⁶

Therefore, the Commission finds and concludes that the parties⁷ consent to an order in accordance with Staff's recommendation. The Commission also independently finds and concludes that:

- The petition complies with the requirements of Sections 393.1009 to 393.1015, RSMo;⁸

³ Section 393.150.1, RSMo 2000.

⁴ Section 536.090, RSMo 2000.

⁵ 4 CSR 240-2.080(15).

⁶ Section 386.490.2, RSMo Supp. 2012.

⁷ Though a party to this action under 4 CSR 240-2.010(11), the Office of the Public Counsel has exercised its option under Section 386.710.1(2) and (3), RSMo 2000, to enter no appearance.

⁸ Section 393.1015.1(4), RSMo Supp. 2012.

- An ISRS in accordance with the recommendation is sufficient to recover appropriate pretax revenue;⁹ and
- The rates as adjusted are just and reasonable.¹⁰

Therefore, the Commission will reject the pending tariff, and direct the Company to file a new tariff with ISRS rates authorized in accordance with Staff's Recommendation as set forth below.

THE COMMISSION ORDERS THAT:

1. The tariff sheet to which the Commission assigned tracking number YW-2013-0376, is rejected. The specific tariff sheet rejected is:

**P.S.C. MO. No. 13
2nd Revised Sheet No. RT 10, Canceling 1st Revised Sheet No. RT 10.**

2. The Commission authorizes the Company to impose an infrastructure system replacement surcharge ("ISRS") as set forth in the *Staff Recommendation*. Such ISRS shall include ISRS surcharge revenues that cumulatively generates \$5,441,344 annually. The Company shall set an ISRS rate for each customer class as set forth in *Staff's Recommendation*.

3. No later than June 7, 2013, the Company shall file any revised tariff sheets necessary to collect an ISRS as described in paragraph 2 with a proposed effective date of July 27, 2013, and the Commission's staff shall file a recommendation as to any such tariff sheet no later than June 26, 2013.

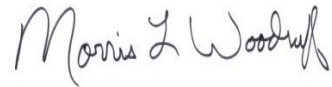
4. This file shall remain open for the filings described in paragraph 3 and the Commission's final decision.

⁹ *Id.*

¹⁰ Section 393.150, RSMo 2000.

5. This order shall become effective on May 31, 2013.

BY THE COMMISSION

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Jarrett, Stoll, and
W. Kenney, CC., concur.

Jordan, Senior Regulatory Law Judge