

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

In the Matter of the Petition of )  
Missouri-American Water Company for ) File No. WO-2018-0373  
Approval to Establish an Infrastructure )  
System Replacement Surcharge (ISRS). )

**MAWC’S RESPONSE TO STAFF RECOMMENDATION**

**COMES NOW** Missouri-American Water Company (“MAWC”), by and through counsel, and hereby notifies the Missouri Public Service Commission (“Commission”) of MAWC’s the following disagreement with the Staff Recommendation:

1. MAWC filed its ISRS petition on August 20, 2018, requesting an incremental increase of ISRS revenues of \$7,437,064, or an increase of 3.6% based on the base revenue level approved by the Commission in the most recently completed general rate case proceeding.

2. The Commission directed Staff to file a recommendation on MAWC’s petition by October 19, 2018, and the Staff Recommendation was filed herein on October 19, 2018. The Staff Recommendation requests that the Commission approve Staff’s recommended ISRS surcharge revenues in the incremental pre-tax amount of \$6,377,082, as shown in Appendix A to the Staff Recommendation.

3. Having reviewed the October 19, 2018 Staff Recommendation, MAWC hereby notifies the Commission that it is disagreement with Staff’s recommended increase in ISRS revenues. In particular, MAWC objects to Staff’s treatment of net operating losses (“NOLs”) (item 3 on page 4 of Appendix A to the Staff Recommendation). Additionally, Staff removed \$110,902 of investment that was alleged to not be ISRS eligible (item 2 on page 4 of Appendix A to the Staff Recommendation). The Company disagrees with Staff’s removal of \$9,272 of the amount identified as investments relating to the replacement of customer owned lead service

lines. The \$9,272 identified by MAWC was not related to lead service lines, and after further discussion, it is MAWC's understanding that Staff is in agreement with the Company that the identified \$9,272 in costs should not have been removed. MAWC accepts and is in agreement with all other portions of the Staff Recommendation.

**WHEREFORE**, MAWC respectfully submits this Response to Staff Recommendation and requests that the Commission issue such orders as it may find to be necessary or appropriate under the circumstances.

Respectfully submitted,

/s/ Dean L. Cooper

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**CERTIFICATE OF SERVICE**

I hereby certify that the above and foregoing document was filed in EFIS on this 29<sup>th</sup> day of October, 2018, with notice of the same being sent to all counsel of record. I further certify that a copy of this document was sent by electronic transmission to counsel for the Staff of the Commission, and the Office of the Public Counsel.

/s/ Dean L. Cooper