

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 6th day of December, 2017.

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

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File No. WO-2018-0059
Tariff No. JW-2018-0020

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: December 6, 2017

Effective Date: December 15, 2017

On August 29, 2017, Missouri-American Water Company (“MAWC”) filed an application and petition with the Commission, requesting that the Commission authorize it to change its Infrastructure System Replacement Surcharge (“ISRS”).¹ The Staff of the Commission (“Staff”) filed its Recommendation on October 29, in which it recommended a lesser ISRS amount. The Office of the Public Counsel (“OPC”) responded on November 9, disagreeing with MAWC and Staff. MAWC and OPC requested a hearing.

On November 29, MAWC, the Commission’s Staff, and the Office of the Public Counsel filed a Stipulation and Agreement (“Agreement”). The Agreement authorizes MAWC to file a tariff sheet for an ISRS increase of \$5,531,000. The Agreement includes an exemplar tariff sheet intended to effectuate the agreed-upon ISRS.

To accomplish the terms of the Agreement, the Agreement contemplates that the Commission would reject the tariff sheet MAWC filed on August 29. MAWC would then file

a new tariff reflecting the ISRS rates agreed upon by the parties, with the tariff sheet becoming effective on December 15.² The only other party, Missouri industrial Energy Consumers (“MIEC”), did not sign the Agreement, but states that it does not object to the Agreement.

The Commission may resolve any part of this proceeding on the basis of a stipulation and agreement.³ Since no party objects to the Agreement, the Commission will treat the Agreement as a unanimous stipulation and agreement.⁴

After reviewing the Agreement, the Commission independently finds and concludes that the Agreement is a reasonable resolution of the issues. The Commission will approve the Agreement. Because the parties have agreed the new ISRS rates should become effective on December 15, the Commission will make this order effective on December 15 as well.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement filed on November 29, 2017, is approved, and the signatories are ordered to comply with its terms. A copy of the Stipulation and Agreement is attached to this order and incorporated herein as if fully set forth.

2. The tariff sheet filed on August 29, 2017 by Missouri-American Water Company, Tariff Tracking Number JW-2018-0020, bearing the effective date of December 27, 2017, is rejected.

¹ Calendar references are to 2017.

² Section 393.140(11) RSMo requires tariff sheets to bear an effective date not less than thirty days after the date the tariff is filed. However, MAWC is free to file a motion for expedited treatment to request the Commission to approve the tariff to become effective on December 15.

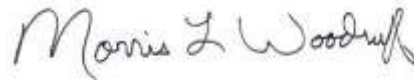
³ Commission Rule 4 CSR 240-2.115(1)(B).

⁴ Commission Rule 4 CSR 240-2.115(2).

3. Missouri-American Water Company is authorized to file a tariff sheet identical or substantially similar to the exemplar tariff sheet included in the Stipulation and Agreement.

4. This order shall be effective on December 15, 2017.

BY THE COMMISSION



Morris L. Woodruff
Secretary



Hall, Chm., Stoll, Kenney,
Rupp, and Coleman, CC., concur.

Pridgin, Deputy Chief Regulatory Law Judge

- c) Stipulation that in the Company's next ISRS filing, \$5,531,000, prorated for the number of days the new ISRS is in effect, will be considered the authorized ISRS for calculating the reconciliation amount.

5. The Missouri Industrial Energy Consumers ("MIEC") is the only non-signatory party to this proceeding, and MIEC has stated that it does not object to this Agreement. As such, the Commission may treat this Agreement as unanimous.

General Provisions

6. The signatories enter into this Agreement solely for the purpose of settling the issues in this case explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, depreciation principle or method, method of cost determination or cost allocation 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 Agreement in this or any other proceeding, regardless of whether this Agreement is approved.

7. This Agreement is a negotiated settlement. Except as specified herein, the Signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement, or in any way condition its approval of same.

8. This Agreement has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Agreement unconditionally and without modification, then this Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

9. This Agreement embodies the entirety of the agreements between the Signatories in this case on the issues addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

10. If approved and adopted by the Commission, this Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Agreement and the operation of this Agreement according to its terms.

11. If the Commission does not approve this Agreement without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

12. If the Commission accepts the specific terms of this Agreement without condition or modification, only as to the issues of the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, 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. This waiver applies only to a Commission order approving this Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Agreement.

WHEREFORE, the Signatories respectfully request approval of this Stipulation and Agreement and authorization from the Commission that the tariff sheet attached hereto as Exhibit A may be filed with an effective date of December 15, 2017. The Signatories request such additional relief as is necessary or appropriate under the circumstances.

Signatories

Missouri-American Water Company:

/s/ Diana C. Carter

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Dean L. Cooper MBE #36592
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Staff of the Commission:

/s/ Jacob T. Westen

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Statement of Non-Objection

Missouri Industrial Energy Consumers:

BRYAN CAVE, LLP

/s/ Edward F. Downey

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 29th day of November, 2017, with notice of the same being sent to all counsel of record.

/s/ Diana C. Carter

Missouri-American Water Company
Name of Issuing Corporation

For

St Louis County Operations
Community, Town or City

Rate I – Infrastructure System Replacement Surcharge (ISRS)

DESCRIPTION: Rate I is designed to recover the costs associated with the Company's eligible main, valve, and hydrant replacements, main relocations, and main cleaning and relining projects. This ISRS rate is calculated and implemented in accordance with the provisions of sections 393.1000 to 393.1006 RSMO. Any future changes to this rate will also be made in accordance with those provisions.

APPLICABILITY: This rate is applicable to any customer class who benefits from the subject utility plant projects eligible for ISRS recovery. The surcharge is calculated consistent with the customer class cost-of-service study recognized by the Missouri Commission in a Company's recent applicable general rate proceeding.

RATE COMPONENTS: In addition to the other charges provided for in the Company's tariffs, a separate charge for the ISRS will apply for service rendered on and after the effective date.

Surcharge Rate (1)

	<u>Rate per 100 Gallons</u>	
Rate A Customers	\$0.01542	+
Rate B Customers	\$0.00105	+
Rate J Customers	\$0.00056	+

RULES AND REGULATIONS: The General Rules and Regulations set forth in this tariff shall govern the supply of service under this rate.

(1) Exclusive of every tax or payment imposed upon the Company by any political subdivision of the State of Missouri, for the right to do business in such political subdivision.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE: December, 2017

DATE OF EFFECTIVE: December, 2017

ISSUED BY: Cheryl Norton, President
727 Craig Road, St. Louis, MO 63141

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 6th day of December 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 6, 2017

File/Case No. WO-2018-0059

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.