

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 12th day of
September, 2012.

In the Matter of the Petition and Application of)	
Missouri-American Water Company for Approval of an)	<u>Case No. WO-2012-0401</u>
Infrastructure System Replacement Surcharge)	Tariff No. YW-2012-0841

**ORDER APPROVING INFRASTRUCTURE SYSTEM REPLACEMENT
SURCHARGE, BUT REJECTING TARIFF**

Issue Date: September 12, 2012

Effective Date: September 22, 2012

On June 27, 2012, Missouri-American Water Company ("Missouri-American") filed a petition with the Missouri Public Service Commission ("Commission") to change its Infrastructure System Replacement Surcharge ("ISRS") rate schedule to recover ISRS-eligible costs. The proposed increase in ISRS rates would allow Missouri-American \$4,073,205 in ISRS revenue over the base revenue level approved by the Commission in the company's most recent rate case. To implement the surcharge, Missouri-American filed a tariff that carried an effective date of July 27, 2012.

On June 28, 2012, the Commission suspended Missouri-American's tariff until October 25, 2012. At the same time, the Commission directed that notice of Missouri-American's ISRS filing be provided to the County Commission of St. Louis County, to the members of the General Assembly representing St. Louis County, and to each party to Missouri-American's most recent rate case, WR-2011-0337. The Commission also directed that information about the filing be made available to the public through the media serving

St. Louis County. The Commission established July 18, 2012 as the date by which interested parties should apply to intervene. No person applied to intervene by that date.

The Commission's Staff filed its recommendation regarding Missouri-American's ISRS petition on August 24, 2012. Staff reports it has reviewed that petition and has examined the supporting documentation that the company submitted along with its petition. Staff indicates Missouri-American's petition complies with the statutory requirements found in Sections 393.1000 to 393.1006, RSMo. However, Staff recalculated the amount Missouri-American should be allowed to recover through its ISRS and concluded the company should be allowed to recover annual ISRS surcharge revenues of \$4,189,656.

The Commission ordered that any party wishing to respond to Staff's recommendation do so by September 6, 2012. Missouri-American responded to Staff's recommendation on August 31, 2012, indicating that it agrees with Staff's recalculation and does not object to the rates recommended by Staff. Missouri-American asks the Commission to issue an order authorizing the company to file a tariff sheet that corresponds to the ISRS amount identified in Staff's recommendation. No other party responded to Staff's recommendation, and no party requested a hearing. No hearing is required before approving the application,¹ so this action is not a contested case. Since this is a non-contested case, the Commission acts on evidence that is not formally adduced and preserved.² There is no evidentiary record.³ Consequently, the Commission bases its decision on the parties' verified filings.

¹ Section 393.1006.2(3), RSMo Supp 2010. See, *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

² *State ex rel. Public Counsel v. Public Service Comm'n*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

³ *Id.* The competent and substantial evidence standard of Article V, Section 18, does not apply to administrative cases in which a hearing is not required by law." *Id.*

Based on the Commission's impartial and independent review of Missouri-American's application and Staff's recommendation, the Commission finds that Missouri-American's application complies with Sections 393.1000 to 393.1006, RSMo. The Commission concludes that Missouri-American shall be permitted to change its ISRS to recover ISRS surcharge revenues of \$4,189,656. Because the revenues and rates authorized in this order differ from those contained in the tariff the company previously submitted, the Commission will reject that tariff. The Commission will allow Missouri-American an opportunity to submit a new tariff consistent with this order.

THE COMMISSION ORDERS THAT:

1. Missouri-American Water Company is authorized to establish an Infrastructure System Replacement Surcharge sufficient to recover ISRS revenues of \$4,189,656.
2. The tariff sheet filed by Missouri-American Water Company on June 27, 2012, and assigned tariff number YW-2012-0841, is rejected.

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3. Missouri-American Water Company is authorized to file a new tariff to recover the revenue authorized in this order.

4. This order shall become effective on September 22, 2012.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. C. Reed', written over a horizontal line.

Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett, Kenney,
and Stoll, CC., concur.

Bushmann, Regulatory Law Judge