

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

In the Matter of the Petition and Application)	
of Missouri-American Water Company for)	
Approval of an Infrastructure System)	<u>Case No. WO-2012-0401</u>
Replacement Surcharge)	YW-2013-0126

STAFF RECOMMENDATION FOR APPROVAL OF TARIFFS

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission, by and through counsel, and for its *Staff Recommendation for Approval of Tariffs* respectfully states:

1. On June 27,¹ Missouri-American Water Company ("MAWC" or "Company") filed with the Commission a Petition to Change its Infrastructure Replacement Surcharge pursuant to Sections 393.1000, 393.1003 and 393.1006 RSMo, and Commission Rules 4 CSR 240-2.060(1) and 4 CSR 240-3.650.

2. Staff filed its *Recommendation* on August 24, concluding that the Company's infrastructure replacement surcharge (ISRS) rates should be designed to recover annual ISRS revenue of \$4,189,656. Staff's calculation reflected MAWC's capital structure as filed in its last rate case, a ten percent return on equity and MAWC's current depreciation rates, all according to the *Stipulation and Agreement* approved by the Commission in Case No. WR-2011-0337.

3. MAWC responded that it agreed with Staff's calculations and did not object to Staff's recommended rates. No other party responded, and no party requested a hearing.

¹ All dates are in 2012, unless otherwise noted.

4. On September 12, the Commission issued an *Order Approving Infrastructure System Replacement Surcharge, But Rejecting Tariff*, which authorized recovery of the ISRS revenues as recommended by Staff, rejecting the tariff MAWC filed on June 27, and authorizing the Company to file a new tariff.

5. The Company filed a revised tariff sheet on September 12, which was assigned tariff number YW-2013-0126. Concurrently with the revised tariff sheet, the Company also filed a Motion for Expedited Treatment requesting the sheet be approved by September 25.

6. On September 13, the Commission ordered Staff review the revised tariff sheet and to file a recommendation no later than September 20 as to whether the tariff complies with the Commission's September 12 *Order*.

7. Also on September 13, the Company filed a Substitute Tariff YW-2013-0126 to correct Rate I- Infrastructure System Replacement Surcharge (ISRS) with regard to the surcharge rate for Rate B Customers per 1000 gallons.

8. Staff has reviewed the substitute tariff sheet YW-2013-0126 filed by MAWC, and recommends approval of that tariff sheet because it complies with the Commission's September 12 *Order Approving Infrastructure System Replacement Surcharge, But Rejecting Tariff*. This recommendation is supported by the Affidavit of James M. Russo, attached here as Appendix A and incorporated herein by reference.

WHEREFORE, Staff respectfully submits this *Staff Recommendation for Approval of Tariffs* and requests that the Commission approve the tariff sheet P.S.C MO NO. 13 (1st Revised) Sheet No. RT 10 Canceling (Original) Sheet No. RT 10 as filed in

YW-2013-0126 on September 13, 2012, and any other relief the Commission deems appropriate and just.

Respectfully Submitted,

**STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION**

/s/ John D. Borgmeyer

John D. Borgmeyer

Legal Counsel

Missouri Bar No. 61992

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 18th day of September, 2012.

/s/ John D. Borgmeyer

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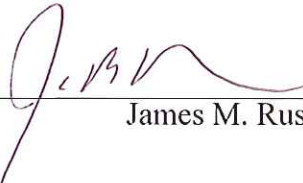
In the Matter of the Petition and Application)
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Approval of an Infrastructure System)
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Case No. WO-2012-0401

AFFIDAVIT OF JAMES M. RUSSO

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

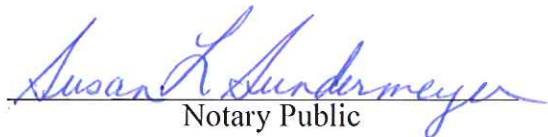
James M. Russo, of lawful age, and on his oath states: (1) that he is the Rate and Tariff Examination Supervisor in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation for Approval of Tariffs*; (3) that he has knowledge of the matters set forth in the foregoing *Staff Recommendation for Approval of Tariffs*; and (4) that the matters set forth in the foregoing *Staff Recommendation for Approval of Tariffs* are true and correct to the best of his knowledge, information and belief.



James M. Russo

Subscribed and sworn to before me this 18th day of September, 2012.





Notary Public