

**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-2018-0059
Approval to Establish an Infrastructure)
System Replacement Surcharge (ISRS).)

**MAWC’S RESPONSE TO STAFF RECOMMENDATION
AND SUGGESTED PROCEDURAL SCHEDULE**

COMES NOW Missouri-American Water Company (“MAWC”), by and through counsel, and hereby notifies the Missouri Public Service Commission (“Commission”) of MAWC’s disagreement with the Staff Recommendation and suggests the establishment of a procedural schedule for the further processing of the case.

1. MAWC filed its ISRS petition on August 29, 2017, requesting an incremental increase of ISRS revenues of \$8,127,145, an increase of 4.1% based on the base revenue level approved by the Commission in MAWC’s most recently completed general rate proceeding.

2. The Commission directed Staff to file a recommendation on MAWC’s petition by October 30, 2017, and the Staff Recommendation was filed herein on October 30, 2017. The Staff Recommendation requests that the Commission approve Staff’s recommended ISRS surcharge revenues in the incremental pre-tax amount of \$7,105,389, as shown in Appendix A to the Staff Recommendation.

3. Having reviewed the October 30, 2017 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 exclusion of the deferred tax asset related to net operating losses (“NOLs”) generated by the Company’s ISRS investments. This exclusion would violate the normalization rules of the Internal Revenue Code, which could result in the Company losing the ability to use accelerated tax depreciation (item 2 on page 4 of Appendix A

to the Staff Recommendation). MAWC accepts and is in agreement with all other portions of the Staff Recommendation.

4. MAWC intends to discuss the issue further with Staff, and an agreement may ultimately be reached. Pursuant to Commission Rule 4 CSR 240-3.650(12), the Commission may hold a hearing regarding MAWC's ISRS petition and the associated proposed rate schedules, and "shall issue an order to become effective not later than one hundred twenty (120) days after the eligible water utility files the petition." Due to this time constraint, MAWC requests that the Commission issue an order establishing a procedural schedule for the further processing of this case:

Direct Testimony	November 21
Rebuttal Testimony	November 30
List of Issues	December 4
Position Statements	December 5
Hearing	Between December 7 and December 12
Post-Hearing Briefs	December 18
Order Issued	December 20
Decision Effective	December 27 (120 days after the filing of the petition)

WHEREFORE, MAWC respectfully submits this Response to Staff Recommendation and requests that the Commission establish a procedural schedule herein. MAWC requests such additional relief as is necessary or appropriate under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 9th day of November, 2017, 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, the Office of the Public Counsel, and MIEC.

/s/ Diana C. Carter