

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

In the Matter of the Petition of Missouri-American )  
Water Company for Approval to Establish an ) **Case No. WO-2018-0373**  
Infrastructure System Replacement Surcharge (ISRS) ) Tariff No. JW-2019-0018

**STATEMENT OF POSITION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Statement of Positions*, states as follows:

- 1. In determining MAWC's ISRS rates in this case, under the applicable statute, may MAWC's accumulated deferred income tax (ADIT) balance in rate base be reduced by the ADIT asset resulting from its net operating loss(es), if any?**

No. Missouri-American Water Company's (MAWC) net operating loss carryforward (NOLC) balance has been decreasing over the course of 2018, and is expected to continue to do so in 2019. This indicates that MAWC is currently not generating a net operating loss, in the aggregate, and that the ISRS investment in this period has not prevented MAWC from utilizing its past NOLC. MAWC is projecting that it will be able to reflect all of its net accelerated depreciation benefits associated with ISRS plant additions on its books during the next two years without the need to record any new offsetting NOL amount.<sup>1,2</sup> Further, Staff is not aware of any support in the IRS Code or IRS private letter rulings for claims that the normalization provisions in the IRS code would ever require imputation of hypothetical NOL amounts in rate base in the situation in which no actual NOL is, in fact, being generated or recorded by

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<sup>1</sup> Direct Testimony of Mark L. Oligschlaeger, at pg. 7.

<sup>2</sup> Direct Testimony of Lisa M. Ferguson, at pg. 5-6.

the utility.<sup>3</sup> As such, Staff recommends the Commission approve Staff's recommended ISRS surcharge revenues in the incremental pre-tax revenue amount of \$6,377,959,<sup>4</sup> and approve the following rates for each rate class:

<i>Rate A</i>	<i>\$0.19772</i>
<i>Rate B</i>	<i>\$0.00176</i>
<i>Rate J</i>	<i>\$0.00168<sup>5</sup></i>

Respectfully submitted,

**/s/ Mark Johnson**

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Missouri Public Service Commission

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 16<sup>th</sup> day of November, 2018.

**/s/ Mark Johnson**

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<sup>3</sup> Direct Testimony of Mark L. Oligschlaeger, at pg. 8-9.

<sup>4</sup> Direct Testimony of Lisa M. Ferguson, at pg. 2-3.

<sup>5</sup> Direct Testimony of Matthew J. Barnes, at pg. 2.