

**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-2020-0190**  
Approval to Change its Infrastructure )  
System Replacement Surcharge (ISRS) )

**STIPULATION OF FACTS**

COME NOW Missouri-American Water Company (“MAWC”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”), and, for their *Stipulation of Facts*, state as follows to the Missouri Public Service Commission (“Commission”):

**NON-DISPUTED FACTS**

1. The Office of the Public Counsel “may represent and protect the interests of the public in any proceeding before or appeal from the public service commission.” The OPC participated in this matter.

2. Staff is a party in all Commission investigations, contested cases and other proceedings, unless it files a notice of its intention not to participate in the proceeding within the intervention deadline set by the Commission.

3. MAWC is an investor-owned water utility providing retail water service to large portions of Missouri, and specific to this case, most of St. Louis County.

4. MAWC is a “water corporation” and a “public utility”, as defined in Sections 386.020(59) and (43), and 393.1000(7), RSMo 2016.

5. Water corporations are permitted to recover certain infrastructure system replacement costs outside of a formal rate case through a surcharge on its customers’ bills.

6. On March 2, 2020, MAWC filed a petition (“Petition”) for its St. Louis County service territory, requesting a change to its ISRS to recover eligible costs incurred for infrastructure system replacements made during the period October 1, 2019, through March 31, 2020, (“ISRS Period”)

initially filed with pro forma ISRS costs for February 1 through March 31, 2020. MAWC subsequently provided Staff with additional documentation to support additions placed into service in February through March 2020.

7. The ISRS request exceeds one million dollars, but is not in excess of ten percent of the base revenue levels approved by the Commission in the last MAWC general rate case.

8. This is MAWC's fourth ISRS filing since its most recent general rate case. As part of that general rate case, MAWC's then existing ISRS was reset to zero.

10. In conjunction with its Petition, MAWC filed a proposed tariff sheet that would generate a total revenue requirement for MAWC's ISRS. The proposed rate schedule included in this tariff would, on an annualized basis, have produced additional ISRS revenues of \$8,996,922, prior to the replacement of pro forma information with those additions actually placed into service in February through March 2020.

11. MAWC attached supporting documentation to its Petition for completed plant additions. This included documentation identifying the type of additions, utility account, work order description, addition amount, depreciation rate, accumulated depreciation, and depreciation expense.

12. On May 1, 2020, Staff submitted its *Staff Recommendation*. Staff's recommended incremental pre-tax revenue requirement amount for MAWC's ISRS is \$9,725,687. This amount includes the total of \$35,328 associated with MAWC's proposal to address alleged normalization violations related to eligible infrastructure system replacements included in MAWC's currently effective ISRS.

13. The term "net operating loss" is defined as "the excess of operating expenses over revenues." The Internal Revenue Code states, "For purposes of this section, the term 'net operating loss' means the excess of the deductions allowed by this chapter over the gross income."

14. A net operating loss (“NOL”) results when a utility does not have enough taxable income to utilize all of the tax deductions to which it would otherwise be entitled. The amount of unused deductions is the NOL, and is booked to a deferred tax asset account. A deferred tax asset account allows the NOL to be carried forward, year to year, to be used to offset taxable income.

15. If MAWC is unable to utilize accelerated depreciation as a result of a normalization violation, the result could ultimately be higher rates for MAWC’s customers.

**WHEREFORE**, MAWC, Staff, and OPC respectfully submit their *Stipulation of Facts* for consideration by the Commission.

Respectfully submitted,

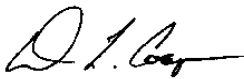
/s/ John Clizer

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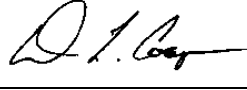
ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing document was sent via electronic mail on this 28<sup>th</sup> day of May, 2020, to:

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