



November 23, 2020

VIA ELECTRONIC FILING

Mr. Morris Woodruff, Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Missouri-American Water Company
Case Nos. WU-2020-0417 - Reporting

Dear Judge Woodruff:

On behalf of Missouri-American Water Company ("MAWC" or "Company"), I am providing herewith to the Missouri Public Service Commission ("Commission") for filing certain reporting requirements as agreed to in the Non-Unanimous Stipulation and Agreement ("Agreement") submitted in Case No. WU-2020-0417, and approved by Order of the Commission on October 28, 2020. The Agreement set forth various reporting requirements, the next of which are to be provided within 30 days of the Commission approval.

In compliance with the Agreement, MAWC submits the following information:

Accounting Practices and Procedures as detailed in section 13 of the Agreement.

MISSOURI-AMERICAN WATER COMPANY

Brian W. LaGrand
Director of Rates
Missouri-American Water Company

cc: Office of the General Counsel
Office of the Public Counsel

**Missouri American Water
CASE NO. WU-2020-0417
Regulatory Asset - COVID-19
Deferral Calculation Procedures**

Foregone Disconnection & Reconnection Fees

The foregone revenue associated with waived disconnection & reconnection fees was calculated using three steps:

1. Identifying those customers that would have been subject to disconnection and subsequent reconnection each period during the moratorium.
2. An analysis was performed to determine the historical percentage of customers that are eligible for disconnection or reconnection fees that are actually charged those fees in Missouri. These percentages were applied to the total number of disconnect/reconnect eligible customers to determine the number of customers subject to disconnect/reconnect fees.
3. The applicable disconnection and reconnection fee of \$27.50 was then applied to both the count of projected disconnect and reconnect instances, and the count of customers turned back on in March once the moratorium began, to determine the total disconnect/reconnect fee revenues.

Per the approved stipulation, MAWC can defer foregone reconnection disconnection fees waived during the moratorium period up to \$783,200. Due to the Company's resumption of disconnections in September 2020, it is not anticipated any additional forgone disconnection or reconnection fees will be included in the regulatory asset, unless disconnections are again suspended.

Foregone Late Payment Fees

The foregone revenue associated with late charges is calculated based on the Company's late fee policy as it would have been applied to past due invoices during the moratorium period. The Company identifies those customers who have not remitted payment for their invoice within 5 days of the due date. The late charge is then calculated in accordance with the Missouri-American Water Tariff Sheet RT 9.1, Miscellaneous Charges, 1.5% late payment charge applied each month to the unpaid balance.

Per the approved stipulation, MAWC can defer foregone late payment fees waived during the moratorium period up to \$785,351.

Incremental Operating Costs

The Company has created an internal work order to capture certain MAWC and Service Company incremental costs related to COVID-19, including the following:

- a. Additional cleaning of facilities and vehicles
- b. Personal protective equipment
- c. Sanitizers
- d. Signage related to pandemic safety
- e. Rental equipment to include vehicles, portable hand washing stations, portable lavatories and temporary office trailers

These amounts will be recorded monthly in the regulatory asset.

Uncollectible Expense

Any amount of annual uncollectible expense greater than \$2,600,000 will be deferred in the regulatory asset. To establish the monthly threshold amount, MAWC applies a seasonality factor based on an historical three year average. This actual monthly expense in account 5701000 is compared to the monthly threshold amount, and the difference is recorded each month in the regulatory asset.

Seasonality of Uncollectibles Based on 3 Year Average	
January	10.2%
February	8.8%
March	8.0%
April	5.7%
May	7.4%
June	7.4%
July	8.7%
August	10.7%
September	6.5%
October	9.9%
November	8.5%
December	8.3%
Total	100.0%

Term Loan Interest

Incremental interest expense incurred by MAWC associated with the approximately \$70 million 364 day term loan entered into on March 20, 2020. This loan carries an interest rate of the London Interbank Offered Rate (LIBOR) plus 80 basis points.

The actual amount of interest expense on this loan will be recorded in the regulatory asset each month.

Direct Offsets

MAWC is capturing any incremental savings related to COVID-19 and is capturing those in a regulatory liability. The savings categories that will be included are:

- a. Travel expenses (G/L 52534000)
- b. Training expense (G/L 50457000)
- c. Conferences (G/L 52534200)
- d. Office Supplies (G/L 5256200)
- e. Utility service provided to facilities leased or owned by MAWC (G/L 52548000, 52578000, 52532000, and 52583000)
- f. Staffing reductions between March 1, 2020 and March 31, 2021
- g. Reduced employee compensation and benefits from March 1, 2020 to March 31, 2021
- h. Any taxable net operating loss that is carried back to previous tax years per the CARES Act
- i. Any direct federal or state assistance MAWC, American Water Works Company, or any other affiliate that allocates costs to MAWC receives related to COVID-19 relief

For items a. through e., MAWC will compare the actual costs incurred to the costs included in base rates in the last rate case (WR-2017-0285). This calculation will include both MAWC costs and American Water Service Company costs allocated to MAWC. If the cumulative actual costs incurred are less than what has been included in rates, MAWC will record those savings in the regulatory liability. If the cumulative actual costs incurred are more than what have been included in rates, MAWC will not make any entry.

For items f. through i., MAWC will record those savings in the regulatory liability if they are ever incurred. As of October 31, 2020, MAWC has not incurred any of these types of savings.

Reporting

The proposed reporting format for the quarterly report as per section 12 of the stipulation is attached as Appendix 1.

Missouri American Water
CASE NO. WU-2020-0417
Regulatory Asset - COVID-19 Deferral
YTD September 2020

Description	Mar 2020 - Jun 2020	Jul 2020 - Sep 2020	Cumulative Total
Reconnection Fees	\$517,313	\$214,986	\$732,299
Foregone Late Payment Fees	636,897	148,454	785,351
Costs			
Incremental Operating Expenses	238,978	298,589	537,567
Uncollectible Expense	461,729	972,907	1,434,636
Term Loan Interest Expense	311,828	299,691	611,519
Direct Offsets			
Travel/Conference Savings	(124,690)	(128,595)	(253,286)
Training	(10,169)	6,441	(3,728)
Office Supplies	2,049	(6,552)	(4,502)
Utility Services	0	0	0
Total	\$2,042,055	\$1,806,031	\$3,848,086

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Forgone Late Payment Fees
YTD September 2020

Description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Foregone Late Fees											
Foregone Late Fees	96,817	170,534	180,381	189,165	148,454	0	0				785,351
Total Foregone Late Fees	96,817	170,534	180,381	189,165	148,454	0	0				785,351

Per WU-2020-0417 Final Order Late payment fees waived during the moratorium period up to \$785,351;

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Forgone Connection Fees
YTD September 2020

Description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Connection Fees											
Reconnection Fees	71,192	97,020	56,152	60,825	61,825	45,668	0				392,682
Disconnection Fees	34,056	71,349	65,894	60,825	61,825	45,668	0				339,617
Total Connection Fees	105,248	168,369	122,046	121,650	123,650	91,336	0				732,299

Per WU-2020-0417 Final Order Reconnection charges and disconnection charges waived during the moratorium period up to \$783,200.
MAWC reinstated collections processes on September 1st; zero waived reconnect fees for September

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Incremental Operating Costs
YTD September 2020

Description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Incremental Operating Expense											
<u>Missouri American Water Costs</u>											
Cleaning	0	1,781	11,489	245	1,692	26,569	6,702				48,478
PPE and Sanitizers	0	51,315	55,584	51,424	74,230	18,847	3,150				254,551
Communication & Signage	0	15	4,244	0	9,605	0	0				13,864
Rental Equipment	0	3,701	1,387	18,392	34,006	22,750	24,915				105,151
Other	0	0	0	0	0	0	0				0
Total MAWC Costs	0	56,812	72,705	70,061	119,534	68,166	34,767	0	0	0	422,044
<u>Service Company Costs</u>											
Cleaning	0	0	0	0	0	0	0				0
PPE and Sanitizers	7,071	54,334	159,344	46,550	124,990	292,126	(34,971)				649,444
Communication & Signage	0	0	0	0	66,143	10,000	0				76,143
Rental Equipment	0	0	0	0	0	0	0				0
Other	0	0	0	0	41,650	8,350	8,150				58,150
Total Service Company Costs	7,071	54,334	159,344	46,550	232,783	310,476	(26,821)	0	0	0	783,737
MAWC Share of AWWSC Costs	1,042	8,009	23,487	6,861	34,312	45,764	(3,953)				115,523
Total Incremental Operating Costs	1,042	64,821	96,192	76,922	153,846	113,930	30,813				537,567

MO Customer Count ⁽¹⁾ 479,759
Total Regulated Customer Count ⁽¹⁾ 3,255,077
Allocation % 14.74%

⁽¹⁾ Customer counts adjusted for dual service customers.

The Company has created a specific tracking number in order to capture certain MAWC and Service Company increased costs related to COVID-19, such as facility preparedness, PPE, sanitizers, signage, rental equipment, etc.

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Uncollectible Expense
YTD September 2020

Description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Uncollectible Expense											
Actual Uncollectible Expense	142,924	251,399	323,378	483,989	633,543	753,679	259,344				2,848,256
Authorized Uncollectible Expense	207,740	147,940	192,920	191,360	226,720	278,980	167,960				1,413,620
Uncollectible Expense	(64,816)	103,459	130,458	292,629	406,823	474,699	91,384				1,434,636

Annual Authorized Uncollectibles **2,600,000**

Seasonality of Uncollectibles Based on 3 Year Average	
January	10.2%
February	8.8%
March	8.0%
April	5.7%
May	7.4%
June	7.4%
July	8.7%
August	10.7%
September	6.5%
October	9.9%
November	8.5%
December	8.3%
Total	100.0%

The incremental uncollectible expense was calculated by first taking the actual uncollectible expense for the state of emergency period, March to September, and comparing to the authorized uncollectible expense for the same time period.

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Interest Expense
YTD September 2020

Description	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Interest Expense											
Interest Expense	0	102,800	106,227	102,800	106,227	106,227	87,237				611,519
Total Interest Expense	0	102,800	106,227	102,800	106,227	106,227	87,237				611,519

Incremental carrying costs incurred by MAWC associated with the term loan American Water Capital Corporation secured to enhance existing liquidity in the event other sources of financing, particularly commercial paper, were not available at reasonable rates or in sufficient quantity.

Missouri American Water
CASE NO. WU-2020-0417
COVID-19 Deferral - Savings
YTD September 2020

Description	Base Rates State	Base Rates Service Co	Base Rates Total
Travel & Conferences (1)	230,534	346,875	577,409
Training	38,563	128,694	167,257
Office Supplies	92,100	65,502	157,602
Utility Services	292,405	112,066	404,471

Description	GL Account	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Travel & Conference (1)												
Actual Expense												
Missouri American Water Expense	52534000 &	77,870	(41,680)	4,238	18,790	(32,653)	10,029	30,080				66,675
Service Company Expense	52534200	16,491	(9,949)	671	1,347	2,424	145	5,732				16,861
Total Actual Expense		94,361	(51,629)	4,909	20,137	(30,229)	10,174	35,812				83,536
Expense in Base Rates		48,117	48,117	48,117	48,117	48,117	48,117	48,117				336,822
Travel & Conference Savings		\$46,244	(\$99,746)	(\$43,208)	(\$27,980)	(\$78,347)	(\$37,943)	(\$12,305)				(\$253,286)

(1) Travel includes (hotels, meals, airfare, and entertainment)

Training												
Actual Expense												
Missouri American Water Expense	50457000	14,414	1,924	(5,050)	(4,500)	3,077	(3,129)	25,496				32,232
Service Company Expense		16,050	1,404	7,233	14,109	17,034	8,039	(2,261)				61,607
Total Actual Expense		30,464	3,328	2,183	9,609	20,111	4,910	23,235				93,839
Expense in Base Rates		13,938	13,938	13,938	13,938	13,938	13,938	13,938				97,567
Training Savings		\$16,526	(\$10,610)	(\$11,755)	(\$4,329)	\$6,173	(\$9,028)	\$9,297				(\$3,728)

Office Supplies												
Actual Expense												
Missouri American Water Expense	52562000	7,880	10,236	10,541	12,826	17,125	7,623	6,508				72,738
Service Company Expense		9,044	(1,267)	1,870	3,454	2,566	2,557	(3,530)				14,694
Total Actual Expense		16,924	8,968	12,412	16,279	19,691	10,180	2,978				87,432
Expense in Base Rates		13,133	13,133	13,133	13,133	13,133	13,133	13,133				91,934
Office Supplies Savings		\$3,790	(\$4,165)	(\$722)	\$3,146	\$6,557	(\$2,953)	(\$10,156)				(\$4,502)

Utility Services												
Actual Expense												
Missouri American Water Expense	52548000 \ 52578000	37,194	18,852	27,649	28,867	40,651	40,264	28,618				222,095
Service Company Expense	52532000 \ 52583000	7,651	6,907	5,341	6,310	7,578	4,753	6,641				
Total Actual Expense		44,845	25,759	32,991	35,176	48,229	45,017	35,259				222,095
Expense in Base Rates		33,706	33,706	33,706	33,706	33,706	33,706	33,706				235,941
Utility Services Savings		\$11,139	(\$7,947)	(\$715)	\$1,470	\$14,523	\$11,311	\$1,553				\$31,335

Missouri American Water
Case No. WU-2020-0417
Customer Reporting
YTD September 2020

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Number of Customers							
Residential	446,528	447,010	447,429	447,848	448,146	448,334	448,526
Non-Residential	38,735	38,774	38,837	38,905	38,933	38,933	38,939
Total	485,263	485,784	486,266	486,753	487,079	487,267	487,465
Customers Voluntarily Disconnected							
Residential	933	889	858	1,089	1,066	972	741
Non-Residential	247	221	222	273	310	351	505
Total	1,180	1,110	1,080	1,362	1,376	1,323	1,246
Customers Involuntarily Disconnected							
Residential	931	0	0	0	0	0	804
Non-Residential	16	0	0	0	0	0	28
Total	947	0	0	0	0	0	832
Customer Reconnections							
Residential	1,442	1,237	1,253	1,310	1,344	1,187	1,484
Non-Residential	191	140	155	154	102	102	123
Total	1,633	1,377	1,408	1,464	1,446	1,289	1,607
Customers on Payment Plans							
Payment Plans	1,393	730	500	348	307	1,245	3,023
Budget Billing	442	452	469	480	502	579	668
Total	1,835	1,182	969	828	809	1,824	3,691
Total Arrearages							
Residential	6,862,297	7,089,883	7,591,183	7,594,027	8,323,933	9,365,094	10,197,023
Non-Residential	1,065,717	1,632,262	1,518,645	1,450,642	1,750,388	1,982,432	2,595,759
Total	7,928,014	8,722,145	9,109,828	9,044,669	10,074,321	11,347,527	12,792,782
Arrearage Bins							
Residential							
\$0 to \$100	60,102	52,391	52,316	49,159	47,467	47,206	52,016
\$101 to \$200	14,298	15,242	15,606	14,194	14,503	15,358	15,420
\$201 to \$300	2,534	3,048	3,982	4,456	5,312	5,964	6,216
\$301 to \$400	929	1,061	1,279	1,574	2,042	2,551	2,782
\$401 to \$500	432	465	576	656	909	1,196	1,380
\$501 to \$600	305	338	340	382	428	596	723
\$601 to \$700	188	215	223	233	277	367	423
\$701 to \$800	114	135	164	199	213	245	275
\$801 to \$900	75	103	87	90	132	181	192
\$901 to \$1,000	63	65	75	81	86	103	127
Over \$1,000	322	401	419	402	456	535	653
Total	79,362	73,464	75,067	71,426	71,825	74,302	80,207
Non-Residential							
\$0 to \$100	3,091	3,289	3,245	2,518	2,415	2,312	2,466

\$101 to \$200	785	1,103	1,029	730	729	706	635
\$201 to \$300	200	355	371	290	295	285	297
\$301 to \$400	123	170	175	167	154	128	140
\$401 to \$500	67	123	97	99	98	110	128
\$501 to \$600	54	79	74	75	79	76	90
\$601 to \$700	31	69	52	39	53	43	59
\$701 to \$800	29	47	53	35	35	29	52
\$801 to \$900	27	31	35	35	25	31	44
\$901 to \$1,000	28	25	20	23	25	22	37
Over \$1,000	186	311	256	245	302	310	401
Total	4,621	5,602	5,407	4,256	4,210	4,052	4,349

Range of Arrearages

Residential High	16,098.50	14,517.71	15,631.19	18,797.51	26,887.24	35,694.92	43,158.11
Residential Low	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Residential Average	86.47	96.51	101.13	106.32	115.89	126.04	127.13
Non-Residential High	26,312.66	44,870.98	46,282.58	50,108.59	57,328.30	65,255.48	123,775.03
Non-Residential Low	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Non-Residential Average	230.62	291.37	280.87	340.85	415.77	489.25	596.86

Arrearage Aging (\$)

Up to 30 Days	3,893,423	3,830,774	3,937,170	3,544,634	3,800,420	4,500,985	5,466,930
31 to 60 Days	1,668,474	2,010,304	1,739,832	1,845,584	2,048,826	1,905,321	2,296,388
61 to 90 Days	768,286	1,146,947	1,401,790	1,155,852	1,253,005	1,438,784	1,218,330
Over 90 Days	1,597,831	1,734,119	2,031,036	2,498,599	2,972,070	3,502,436	3,811,134
Total	7,928,014	8,722,145	9,109,828	9,044,669	10,074,321	11,347,527	12,792,782

Arrearage Aging (bills)

Up to 30 Days	74,599	68,399	72,506	67,001	64,594	67,614	77,386
31 to 60 Days	35,774	38,342	34,107	36,876	37,649	37,992	40,113
61 to 90 Days	18,811	23,331	25,653	22,527	24,236	26,388	24,815
Over 90 Days	20,006	21,174	23,804	27,193	28,728	32,468	33,601
Total	149,190	151,246	156,070	153,597	155,207	164,462	175,915

Note: Individual customers can have multiple bills in multiple aging categories

Billings

Number of Bills Sent	395,169	431,172	454,666	416,905	407,991	458,451	457,697
Value of Bills Sent	30,393,069	33,507,045	37,042,215	38,354,599	45,060,492	50,808,413	50,610,838
Number of Payments Made	412,523	376,161	372,821	415,346	385,828	377,275	396,063
Value of Payments Made	27,165,453	24,371,936	24,344,212	29,756,731	33,169,439	36,500,671	39,264,996