

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

In the Matter of the Establishment of a Working)	
Docket to Address Issues Concerning Missouri-)	<u>File No. WW-2018-XXXX</u>
American Water Company's Lead Service Line)	
Replacement Program)	

STAFF MOTION TO ESTABLISH WORKING DOCKET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through Staff Counsel's Office, and moves the Commission to establish a working docket, pursuant to its May 2, 2018, *Report and Order* in File No. WR-2017-0285, et al, for interested stakeholders to discuss topics surrounding Missouri-American Water Company's ("MAWC") Lead Service Line Replacement Program ("LSLR"). In support of its Motion, the Staff states as follows:

1. In 2017, the Commission approved an Accounting Authority Order ("AAO") that would allow MAWC to book the costs of its LSLR Program as a deferred asset for ratemaking consideration in its next rate case.¹ In File No. WR-2017-0285 et al., the Commission found that the evidence presented in the case supported the continuation of MAWC's LSLR Program,² and concluded that MAWC could continue to defer and book to USoA Account 186 the cost of customer-owned lead service line replacements using long-term borrowing rate as its carrying costs.³

2. The Office of the Public Counsel ("OPC") opposed MAWC's LSLR Program, and proposed an alternative two-year pilot study, capped at \$4 million annually. However,

¹ See *In the Matter of the Application of Missouri-American Water Company for an Accounting Order Concerning MAWC's Lead Service Line Replacement Program*, File No. WU-2017-0296.

² *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, File No. WR-2017-0285, et al. Report and Order, p. 16.

³ *Id.* at 17.

Commission found that OPC's proposal duplicated MAWC's efforts with its LSLR Program, stating that OPC's pilot did not appear focused on avoiding the health risks from partial lead service line replacements as much as it was concerned with a cost-benefit analysis. That being said, the Commission agreed that many of the concerns expressed by OPC might warrant deeper review and input from stakeholders.⁴ The Commission stated, on page 18 of its *Report and Order*:

However, the Commission does think it is beneficial to further evaluate topics concerning the LSLR Program. At a minimum, doing so will help the Commission to evaluate ratemaking treatment for the LSLR Program in future rate cases. A working group set up in a separate docket that would not be a contested case would help interested parties discuss topics that include: the feasibility of prioritizing at-risk populations in the LSLR Program; the prudence of costs and how to handle unusual site restorations; a written plan identifying how MAWC will proceed when it lacks customer consent; what records MAWC should maintain; appropriate reporting requirements; the potential distribution of test kits; and, how to provide information to the public.

On page 37 of its *Report and Order*, the Commission specifically ordered:

7. A separate working docket shall be opened to address issues concerning the LSLR Program. Parties in this case shall automatically be made parties to that docket unless they request otherwise.

8. Missouri-American Water Company shall file an annual report on the LSLR Program with the Commission for review by February 15 of each year after the effective date of the rates in this case. The required annual report shall include information on the footage of main, number of customer connections, and estimated number and costs of customer-owned lead service lines replaced for that year. The participants in the working docket described in Ordered Paragraph 7 may also recommend additional information to be included in the annual report.

⁴ *Id.* at 18.

3. The Commission's establishment of a working docket will assist interested stakeholders to evaluate further MAWC's LSLR Program, and can serve as a repository for documents and comments, including MAWC's annual LSLR Program annual reports.

4. Staff recommends the Commission provide notice of its establishment of a working docket in this matter to MAWC, OPC, and each intervener in MAWC's most recent rate case, File No. WR-2017-0285, et al.

WHEREFORE, consistent with the Commission's May 2, 2018, *Report and Order*, Staff moves that a working docket be established, where MAWC, Staff, OPC, and any other interested stakeholders can discuss topics regarding the operation of MAWC's LSLR Program, and recommend potential additions to MAWC's annual reports.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 14th day of February 2019, to:

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