

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

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        )

**Case No. WR-2017-0285**

**RECONCILIATION**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff") and, in response to the Commission's September 6, 2017, *Order Scheduling Evidentiary Hearing and Setting Procedural Schedule*, wherein the Commission denied Missouri-American Water Company's *Motion for Variance* and established a procedural schedule more consistent with the *Non-Unanimous Joint Proposed Procedural Schedule*. The parties have done their best to ensure the accuracy of this reconciliation; however Staff assumes the Commission will order it to perform another revenue requirement calculation that is consistent with the Commission's decisions in its Report and Order in this case.

Respectfully submitted,

**/s/ Ron Irving**

Ron Irving  
Staff Counsel  
Missouri Bar No. 56147  
P.O. Box 360  
Jefferson City, MO 65012  
(573) 526-4612 (Telephone)  
(573) 751-9285 (Fax)  
Ron.Irving@psc.mo.gov

Attorney for the Staff of the  
Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing has been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 14<sup>th</sup> day of February, 2018.

**/s/ Ron Irving**

MISSOURI AMERICAN WATER COMPANY WR-2018-0285  
RECONCILIATION TO COMPANY'S ESTIMATED 12/31/17 CASE

	<u>STAFF</u>	<u>OPC</u>	<u>MIEC (1)</u>
1 Missouri American Filed Revenue Requirement as of 12/31/2017	\$ 64,229,238		
2			
3 Return on Equity and Capital Structure	(\$27,494,470)	(\$20,145,717)	(\$20,145,717)
4			
5 <u>RATE BASE:</u>			
6 Plant In Service	(\$11,874,548)		
7 Less Accumulated Depreciation Reserve	\$560,564		
8 Cash Working Capital	(\$120,465)	(\$120,465)	
9 Contributions in Aid of Construction Amortization	(\$181,128)		
10 Materials and Supplies	\$16,508		
11 Prepayments	\$219,798		
12 Prepaid Pension Asset	\$98,790		
13 Tank Painting Tracker	\$13,000		
14 Regulatory Deferrals	(\$29,657)	(\$29,657)	
15 Federal Tax Offset	(\$39,212)		
16 State Tax Offset	(\$6,429)		
17 City Tax Offset	(\$776)		
18 Interest Expense Offset	\$34,859		
19 Contributions in Aid of Construction	\$20,057		
20 Customer Advances for Construction	\$176		
21 Accumulated Deferred Income Taxes	\$455		
22 OPEB Tracker	\$6,508		
23 Pension Tracker	(\$107,634)		
24 <b>TOTAL RATE BASE ADJUSTMENTS</b>	<b>(\$11,389,133)</b>	<b>(\$150,122)</b>	
25			
26 <u>REVENUES:</u> (negative reflects more revenue than Company)			
27 <u>Annualized Water Revenues:</u>			
28 Residential	(\$11,178,663)		
29 Commercial	(\$90,120)		
30 Industrial	\$747,406		
31 Private Fire Protection	(\$106,619)		
32 Public Fire Protection	\$0		
33 Other Public Authorities	(\$68,858)		
34 Sales for Resale	(\$246,067)		
35 Other Water Revenue - Oper. Rev.	\$642,155		
36 <b>TOTAL WATER REVENUE</b>	<b>(\$10,300,766)</b>		
37			
38 <u>Annualized Sewer Revenues:</u>			
39 Residential	(\$187,124)		
40 Commercial	\$208,355		
41 Other Public Authorities	(\$20,629)		
42 Other Sewer Revenue - Oper. Rev.	(\$172)		
43 <b>TOTAL SEWER REVENUES</b>	<b>\$430</b>		
44			
45 <b>TOTAL REVENUE ADJUSTMENTS</b>	<b>(\$10,300,336)</b>	<b>\$0</b>	
46			
47 <u>EXPENSES:</u>			
48 Labor	\$906,282	\$906,282	A
49 Purchased Water	(\$74,160)		
50 Fuel and Power	\$39,714		(\$430,602)
51 Chemicals	(\$659,522)		(\$172,416)
52 Waste Disposal	\$694,281		
53 Support Services	(\$1,163,098)		
54 Group Insurance - PBOP (Retiree)	\$27,605		
55 Group Insurance - Employee	\$29,575		
56 Pensions	\$518,333		
57 Other Benefits - 401K	(\$33,056)		
58 Other Benefits - DCP	(\$58,278)		
59 Other Benefits - ESPP	(\$69,522)		
60 Other Benefits - VEBA	\$4,397		
61 Other Benefits - Other	\$0		
62 Regulatory Expense	(\$412,655)	(\$425,788)	
63 Insurance Other than Group	(\$559,634)		
64 Customer Accounting	(\$53,971)		
65 Rents	(\$2,918)		

MISSOURI AMERICAN WATER COMPANY WR-2018-0285  
RECONCILIATION TO COMPANY'S ESTIMATED 12/31/17 CASE

	<u>STAFF</u>	<u>OPC</u>	<u>MIEC (1)</u>	
66 Uncollectible accounts expense	\$757,862			
67 Miscellaneous - All Other	\$573,123			
68 Miscellaneous - Building Maintenance and Services (Electricity & Heating)	(\$5,427)			
69 Miscellaneous - Charitable Contributions and Donations	(\$81,787)	(\$81,787)		
70 Miscellaneous - Community Relations, Penalties, Memberships and Dues	(\$210,880)	(\$210,880)		
71 Miscellaneous - Contracted Services	(\$101,642)			
72 Miscellaneous - Employee Expenses	\$29,840	(\$218,843)		
73 Miscellaneous - Lobbying Expenses	\$26,360	\$26,360		
74 Miscellaneous - Relocation Expenses	\$0			
75 Miscellaneous - Transportation	(\$314,665)			
76 Maintenance - Main Breaks	(\$404,073)	(\$462,994)	(\$2,268,715)	
77 Maintenance - Tank Painting	\$42,610	\$42,610	(\$1,421,268)	<b>B</b>
78 Maintenance - All Other	\$75,210	(\$244,093)	\$3,025,506	
79 Depreciation (rebuttal)	(\$2,565,568)	(\$2,565,568)		
80 Amortization	\$26,553			
81 Property Taxes	(\$5,878,885)	(\$5,878,885)	(5,878,885)	
82 Payroll Taxes	(\$91,660)			
83 PSC Fees	(\$939,443)			
84 Other General Taxes	(\$15,499)			
85 <b>TOTAL EXPENSE ADJUSTMENTS</b>	<b>(\$9,944,599)</b>	<b>(\$9,113,586)</b>		
86				
87 Allowance for Known and Measureable Changes/True-Up Estimate	\$ 17,147,016			
88				
89 Income Tax Calculation	\$234,024			
90				
91 Total Differences	(\$41,747,498)	(\$29,409,426)		
92				
93 Staff Position Revenue Requirement @ Mid	<u>\$ 22,481,740</u>			
94				
95 Corrections to Staff's Direct Filed Revenue Requirement @ Mid	\$ (3,757,392)			
96				
97 Staff's Filed Revenue Requirement @ Mid	\$ 18,724,348			

**A** TBD - Currently the difference is the wages of 2 employees and the change in capitalization ratio.

**B** MIEC's Maintenance expense adjustment includes tank painting and main break expense.

Footnote:

1) This is not an exclusive list of issues that MIEC would oppose Company positions.

MISSOURI AMERICAN WATER COMPANY WR-2018-0285  
RECONCILIATION TO COMPANY'S 5/31/2019 (Future Test Year) CASE

	STAFF	OPC	MIEC (1)
1 Missouri American Filed Revenue Requirement as of 5/31/2019	\$ 89,405,258		
2			
3 Return on Equity and Capital Structure	(\$29,192,300)	(\$21,389,750)	(\$21,389,750)
4			
5 <b>RATE BASE:</b>			
6 Plant In Service	(\$24,097,136)		
7 Less Accumulated Depreciation Reserve	\$2,854,709		
8 Cash Working Capital	\$562,019	\$562,019	
9 Contributions in Aid of Construction Amortization	(\$624,236)		
10 Materials and Supplies	\$16,508		
11 Prepayments	\$219,798		
12 Prepaid Pension Asset	\$180,197		
13 Tank Painting Tracker	\$29,845		
14 Regulatory Deferrals	(\$31,525)	(\$31,525)	
15 Federal Tax Offset	(\$39,212)		
16 State Tax Offset	(\$6,429)		
17 City Tax Offset	(\$776)		
18 Interest Expense Offset	\$186,071		
19 Contributions in Aid of Construction	\$135,933		
20 Customer Advances for Construction	\$310,735		
21 Accumulated Deferred Income Taxes	\$1,814,691		
22 OPEB Tracker	(\$50,036)		
23 Pension Tracker	(\$204,943)		
24 <b>TOTAL RATE BASE ADJUSTMENTS</b>	(\$18,743,789)	\$530,494	
25			
26 <b>REVENUES: (negative reflects more revenue than Company)</b>			
27 <u>Annualized Water Revenues:</u>			
28 Residential	(\$12,544,025)		
29 Commercial	(\$88,784)		
30 Industrial	\$758,015		
31 Private Fire Protection	\$68,099		
32 Public Fire Protection	\$0		
33 Other Public Authorities	(\$67,500)		
34 Sales for Resale	(\$218,306)		
35 Other Water Revenue - Oper. Rev.	\$84,167		
36 <b>TOTAL WATER REVENUE</b>	(\$12,008,334)		
37			
38 <u>Annualized Sewer Revenues:</u>			
39 Residential	(\$93,657)		
40 Commercial	\$197,682		
41 Other Public Authorities	(\$25,126)		
42 Other Sewer Revenue - Oper. Rev.	(\$749)		
43 <b>TOTAL SEWER REVENUES</b>	\$78,150		
44			
45 <b>TOTAL REVENUE ADJUSTMENTS</b>	(\$11,930,184)	\$0	
46			
47 <b>EXPENSES:</b>			
48 Labor	(\$245,908)	(\$245,908)	<b>A</b>
49 Purchased Water	(\$89,187)		
50 Fuel and Power	(\$193,924)		(\$664,240)
51 Chemicals	(\$965,037)		(\$477,931)
52 Waste Disposal	\$648,530		
53 Support Services	(\$2,260,217)		
54 Group Insurance - PBOP (Retiree)	\$205,087		
55 Group Insurance - Employee	(\$109,453)		
56 Pensions	\$419,964		
57 Other Benefits - 401K	(\$60,727)		
58 Other Benefits - DCP	(\$286,787)		
59 Other Benefits - ESPP	(\$72,498)		
60 Other Benefits - VEBA	\$4,397		
61 Other Benefits - Other	\$0		
62 Regulatory Expense	(\$412,655)	(\$425,788)	
63 Insurance Other than Group	(\$743,491)		
64 Customer Accounting	(\$325,017)		
65 Rents	(\$13,695)		

MISSOURI AMERICAN WATER COMPANY WR-2018-0285  
RECONCILIATION TO COMPANY'S 5/31/2019 (Future Test Year) CASE

	<u>STAFF</u>	<u>OPC</u>	<u>MIEC (1)</u>	
66 Uncollectible accounts expense	\$770,085			
67 Miscellaneous - All Other	\$573,123			
68 Miscellaneous - Building Maintenance and Services (Electricity & Heating)	(\$5,427)			
69 Miscellaneous - Charitable Contributions and Donations	(\$81,787)	(\$81,787)		
70 Miscellaneous - Community Relations, Penalties, Memberships and Dues	(\$210,880)	(\$210,880)		
71 Miscellaneous - Contracted Services	(\$276,648)			
72 Miscellaneous - Employee Expenses	\$29,840	(\$218,843)		
73 Miscellaneous - Lobbying Expenses	\$26,360	\$26,360		
74 Miscellaneous - Relocation Expenses	\$0			
75 Miscellaneous - Transportation	(\$316,277)			
76 Maintenance - Main Breaks	(\$471,985)	(\$530,906)	(\$2,336,627)	
77 Maintenance - Tank Painting	(\$1,277,714)	(\$1,277,714)	(\$2,741,592)	<b>B</b>
78 Maintenance - All Other	(\$1,212,101)	(\$1,531,404)	\$1,738,195	
79 Depreciation (rebuttal)	(\$5,036,075)	(\$5,036,075)		
80 Amortization	(\$7,744)			
81 Property Taxes	(\$11,015,926)	(\$11,015,926)	(11,015,926)	
82 Payroll Taxes	(\$174,312)			
83 PSC Fees	(\$931,051)			
84 Other General Taxes	(\$15,499)			
85 <b>TOTAL EXPENSE ADJUSTMENTS</b>	<u>(\$24,134,636)</u>	<u>(\$20,548,871)</u>		
86				
87 Allowance for Known and Measureable Changes/True-Up Estimate	\$17,147,016			
88				
89 Income Tax Calculation	<u>(\$69,625)</u>			
90				
91 Total Differences	<u>(\$66,923,518)</u>	<u>(\$41,408,127)</u>		
92				
93 Staff Position Revenue Requirement @ Mid	<u>\$ 22,481,740</u>			
94				
95 Corrections to Staff's Direct Filed Revenue Requirement @ Mid	\$ (3,757,392)			
96				
97 Staff's Filed Revenue Requirement @ Mid	\$ 18,724,348			

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B MIEC's Maintenance expense adjustment includes tank painting and main break expense.

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