

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

In the Matter of Missouri-American Water Company)
Request for Authority to Implement a General Rate)
Increase for Water and Sewer Service Provided in)
Missouri Service Areas) **Case No. WR-2015-0301**

**RESPONSE TO ORDER DIRECTING STAFF TO FILE RECONCILIATION,
OR IN THE ALTERNATIVE, MOTION FOR CLARIFICATION AND
REQUEST FOR EXTENSION**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and hereby states in support of the above styled motion:

The parties settled revenue requirement and billing determinant issues,
leaving no contested issues for reconciliation

1. On March 11, 2016, Staff filed its Motion to be Excused from filing Reconciliation.¹ Staff requested to be excused from the filing as “there is no longer any difference among the parties as to the revenue requirement.” The same day, the Commission granted the motion.²

2. On March 16, 2016, the parties filed a Non-Unanimous Stipulation and Agreement (Revenue Requirement Agreement”), settling the revenue requirement.³ Staff, the Office of Public Counsel (“OPC”), Missouri-American Water Company (“Company”), the Department of Economic Development, Division of Energy (“DE”) and the Missouri Industrial Energy Consumers (“MIEC”) signed the document.⁴ Non-signing

¹ Case No. WR-2015-0301, EFIS Item 220.

² EFIS Item 222.

³ EFIS Item 227.

⁴ Id., pages 9 – 11.

parties indicated that they would not oppose the agreement.⁵ The Revenue Requirement Agreement stated an agreed upon amount for the Company's revenue requirement, and a list of revenue requirement issues that the parties would no longer contest.⁶

3. On March 24, 2016, the parties filed a second, Non-Unanimous Partial Stipulation and Agreement ("Billing Determinants Agreement").⁷ The Billing Determinants Agreement included an attachment, Appendix A, of the agreed-upon billing determinants for all of the then-existent Missouri American Water Company's districts. Signing parties included Staff, the Company, OPC and DE.⁸ Non-signing parties indicated they would not oppose the settlement.⁹

4. The agreed-upon revenue requirement and agreed-upon billing determinants attached to the Billing Determinants Agreement are the same as those used in the Commission's May 26, 2016 *Report and Order*,¹⁰ as clarified on June 8, 2016.¹¹

The statutory requirements are satisfied

5. Section 386.420.4 RSMo requires the preparation of a detailed reconciliation that identifies the "dollar value and rate or charge impact of each contested issue decided by the Commission, as well as the customer class billing determinants used by the Commission to calculate the approved rates and charges."

⁵ *Id.*, paragraph 19.

⁶ EFIS Item 227, paragraphs 1, 2, and 3.

⁷ EFIS Item 241.

⁸ *Id.*, pages 1, 5-6.

⁹ *Id.*, paragraph 9.

¹⁰ EFIS Item 413.

¹¹ EFIS item 418.

The statute identifies that “in case of an action to review any order or decision of the commission” the purpose of the reconciliation is to:

permit a reviewing court and the commission upon remand . . . how the public utility's rates and charges, including the rates and charges for each customer class, would need to be temporarily and, if applicable, permanently adjusted to provide customers or the public utility with any monetary relief that may be due....

6. Where a § 386.420.4 reconciliation was previously filed after a final report and order,¹² that reconciliation identified the revenue requirement impact by customer class. The Commission found “that the reconciliation submitted by Kansas City Power and Light Company [was] an accurate representation of the dollar value and rate or charge impact of the issues decided by the Commission.” The Commission further found that “the submitted reconciliation satisfie[d] the requirements of Section 386.420.4, RSMo Supp. 2013.”¹³

7. In the Commission’s July 20, 2016 *Order Granting Motion for Clarification*, Case no. WR-2016-0064, the Commission clarified that the § 386.420.4 reconciliation should “describe the dollar value impact on the revenue requirement by customer class for each disputed issue that may affect the [Company’s] cost of service.”

8. In the matter before the Commission, because the Revenue Requirement Agreement and the Billing Determinant Agreement settled the contested issues that had distinct monetary values, there are no such items remaining to be reconciled between the parties. As a result, to the extent § 386.420.4 requires reconciliation of revenue

¹² See, ER-2014-0370, EFIS Item 631.

¹³ See, *Order Approving Reconciliation of Contested Issues*, effective October 8, 2015, ER-2014-0370, EFIS Item 636.

requirement and billing determinant issues, Staff cannot prepare such reconciliation as there is no discrepancy remaining between the parties regarding those items.

In the alternative, Motion for Clarification and Extension of Time

9. To the extent the Commission understands that a reconciliation from § 386.420.4 should address contested issues other than revenue requirement and billing determinants, Staff respectfully moves the Commission for clarification of which contested items should be compared.

10. To the extent the Commission believes that Staff should prepare a rate design comparison, Staff suggests that contested rate design is an issue that cannot be “reconciled” but only compared. Such a comparison would be challenging to prepare without the identification of specific rate design proposals for comparison. This is due to the multiple variable parts within a single rate design proposal—without guidance, there are compounding variables leading to a large number of possible rate design alternatives. Further, various scenarios have been provided to the Commission in this case comparing the different rate design proposals.¹⁴

WHEREFORE, Staff prays that the Commission will accept this filing as satisfying the ordered Reconciliation, as there are no monetarily valued contested issues that can be reconciled; or, in the alternative, provide clarification to its July 20, 2016 Order and grant a 30 day extension of time allowing Staff to prepare the requested information.

¹⁴ WR-2015-0301, EFIS Items 274 – 277, Exhibits 48-51.

Respectfully submitted,

/s/ Jacob T. Westen

Jacob T. Westen

Deputy Counsel

Missouri Bar No. 65265

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-5472 (Telephone)

Jacob.Westen@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically on this 1st day of August, 2016, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Jacob T. Westen