

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 9th day of
August, 2017.

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.**

ORDER REGARDING TEST YEAR

Issue Date: August 9, 2017

Effective Date: August 9, 2017

On June 30, 2017, Missouri-American Water Company ("MAWC") submitted tariff sheets initiating a general rate case before the Commission. That same day, MAWC also filed the direct testimony of numerous witnesses to support its proposed rate increase and a *Motion to Establish Future Test Year ("MAWC's Motion")*. MAWC's Motion requests the Commission establish rates based on a future test year covering the period through May 31, 2019. Several parties ("Signatories")¹ submitted a joint *Response to Motion to Establish Future Test Year and Test Year Recommendation* opposing MAWC's request and recommending the Commission utilize a test year of the 12 months ending December 31, 2016, with a true-up of costs through December 2017.

The Commission's Staff submitted a *Response to Motion to Establish Future Test Year ("Staff's Response")*. Staff recommends the parties be given time to evaluate projected numbers as well as the need for a future test year. Staff suggests the

¹ The Signatories are Midwest Energy Consumers' Group; Missouri Industrial Energy Consumers; Office of the Public Counsel, City of Joplin; City of Jefferson City; City of Warrensburg; City of St. Joseph; City of Riverside; and the Consumers Council of Missouri.

Commission establish a test year “starting point” of the 12 months of actual historic data ending December 31, 2016. In addition, Staff recommends MAWC be directed to update its case-in-chief to incorporate actual revenue and expense data through June 2017, with a true-up period ending December 2017. Finally, Staff suggests the parties be permitted to present for the Commission’s consideration further discrete revenue, expense, and rate base adjustments based upon projected or forecasted data for the period after December 2017.

MAWC submitted a reply stating that it supports Staff’s recommendation. Signatories also submitted a reply to Staff’s Response arguing that Staff’s proposal is unworkable. On August 7, 2017, the Commission conducted oral arguments on MAWC’s Motion.

A decision on the appropriate test period and adjustments to be used when establishing rates is a factual determination. *State ex rel. GTE North, Ins. V. Missouri Public Service Com’n*, 835 S.W.2d 356 (Mo. App.W.D.1992). Presently, only MAWC has submitted testimony. Without a complete record provided through an evidentiary hearing, there is insufficient evidence to establish whether a future test year or a historic test year should be utilized, or what that future test year would encompass. After reviewing the filings and arguments made by the various parties, the Commission concludes that Staff’s suggestions will allow the parties to thoroughly present their positions, while not adversely impacting the case procedurally.

THE COMMISSION ORDERS THAT:

1. The parties shall use a test year of the 12 months ending December 2016, with an update period of the six months ending June 2017, and a true-up period of the six months ending December 2017.

2. All parties shall use actual historic financial data for Missouri-American Water Company to present their positions based upon the periods set in Ordered Paragraph 1.

3. Parties may present further adjustments for the Commission's consideration based upon projected or forecasted data past December 2017. No party shall be precluded from opposing such adjustments.

4. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp, and
Coleman, CC., concur.

Burton, Senior Regulatory Law Judge.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 9th day of August 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 9, 2017

File/Case No. WR-2017-0285

Missouri Public Service Commission

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, prominent initial "M".

**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.