

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

In the Matter of the Application of Missouri-)	
American Water Company for an Accounting)	<u>File No. WU-2017-0296</u>
Order Concerning MAWC's Lead Service)	
Line Replacement Program)	

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT'S
POST-HEARING REPLY BRIEF**

COMES NOW the Missouri Department of Economic development ("DED") before the Missouri Public Service Commission ("Commission"), by and through the undersigned counsel, and for its *Post-Hearing Reply Brief* in the above-styled matter, states:

Many of the parties to this case, including DED, have stated their willingness to engage in some form of collaborative discussion of Missouri-American Water Company's ("MAWC" or "Company") lead service line replacement ("LSLR") program. Therefore, DED suggests that one of the main outstanding issues of this case is the definition of the collaborative's parameters. In that vein, DED recommends the following parameters:

1. The cost of the collaborative effort should not exceed \$150,000 in total.¹ In DED's experience, the cost of this type of effort should be far less than the \$1 million suggested by the Office of the Public Counsel.²
2. The scope of the collaborative effort should be limited to addressing lead in drinking water in MAWC's service territory. Since the Company's ratepayers will be responsible for the cost of the collaborative effort, the effort's scope should relate to topics that are directly

¹ Tr. Vol. 2, p. 34, ll. 14-16.

² *Id.*, p. 230, ll. 12-24.

relevant to MAWC and its ratepayers, and that are directly within MAWC's purview.³

DED also recognizes that much of the research and evaluation discussed in this case has already taken place,⁴ so DED recommends that the collaborative effort avoid duplication of previous work.

3. The primary emphases of the collaborative effort should be how vulnerable populations will have access to LSLRs,⁵ the extent of cost socialization, and to what extent LSLRs and main replacements should be prioritized based on factors such as the age of homes.⁶
4. During the course of the collaborative effort, MAWC's LSLR program should continue in its current form. While the collaborative effort may result in policies and practices that the Company could incorporate into its LSLR program, the work of the collaborative should not delay necessary LSLRs and mains replacements.⁷

As to the costs that should be eligible for recovery under the LSLR program, DED recommends limiting these costs to those associated with LSLRs performed in conjunction with mains replacement until the Commission approves any necessary changes to the program. This will ensure that customers receive the greatest value under the LSLR program through its cost-effective pairing with other utility work, and will address the health concerns that might arise due to the disturbance of service lines or their partial replacement. DED is cognizant of the concerns related to cost allocation and recovery expressed by some parties,⁸ but DED also notes that specific ratemaking treatment need not be addressed within this case.⁹

³ *Id.*, p. 231, ll. 8-16.

⁴ *MAWC's Initial Brief*, pp. 17-18

⁵ *Id.*, pp. 15-16.

⁶ *Initial Post-Hearing Brief of Midwest Energy Consumers' Group*, p. 9.

⁷ See *Missouri Department of Economic Development's Initial Post-Hearing Brief*, p. 2.

⁸ *Initial Post-Hearing Brief of Midwest Energy Consumers' Group*, p. 11.

⁹ *Id.*

WHEREFORE, the Missouri Department of Economic Development respectfully files its
Post-Hearing Reply Brief.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all
counsel of record this 30th day of October, 2017.

/s/ Brian Bear

Brian Bear