

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

In the Matter of the Application of)	
Missouri-American Water Company for an)	<u>File No. WU-2017-0351</u>
Accounting Order Related to Property)	
Taxes in St. Louis County and Platte County)	

STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Statement of Positions*, states as follows:

Issue Identified by MAWC:

- 1. Should the Commission grant MAWC the Accounting Authority Order it has requested in this case?**

No, the Commission should not grant MAWC the Accounting Authority Order (“AAO”) MAWC has requested in this case. The movement to a 15-year and a 20-year life from a 7-year life for certain assets by the St. Louis County tax authority is not extraordinary. This change is not unusual or non-reoccurring, such as an “Act of God”, a new regulation requiring a costly environmental upgrade, or an unusual, non-reoccurring action taken due to policy considerations. Since property taxes are incurred on an annual basis, making them ordinary and reoccurring, and since St. Louis County will begin assessing property in the same manner as MAWC’s 23 other counties, MAWC’s property taxes for St. Louis County are not extraordinary. Platte County’s move to a 50-year life is more unusual, but on its own does not meet the materiality guideline of 5% impact on earnings to receive an AAO. Furthermore, actions taken to change the parameters of how utility assets are assessed by taxing

authorities should be considered as part of the ordinary discretion available to those bodies, and should not be considered inherently extraordinary in nature.

Additional Issues Identified by OPC:

2. If granted, when should the deferred debit amortization begin?

If the AAO is granted, Staff recommends that MAWC be ordered to start amortizing any deferral authorized in this proceeding by no later than April 1, 2018.

3. If granted, should the Commission AAO Order direct MAWC to create a regulatory asset or simply allow MAWC to defer the expenses as a miscellaneous deferred debit to USOA Account 186?

In Staff's opinion, the Commission should order MAWC to record any deferred costs in NARUC USOA Account 186 Miscellaneous Deferred Debits per Commission rules.

4. If granted, should the Commission AAO Order specifically state that it is not deciding that the deferred expenses are "probable" of rate recovery or that rate recovery is "likely to occur"?

Staff's position is that the Commission need not comment in AAO orders on the "probability of recovery" of deferrals in future rates, and instead continue its long standing practice in such orders of only stating that it is reserving all ratemaking decisions regarding the deferral for future ratemaking proceedings.

Respectfully submitted,

/s/ Nicole Mers

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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 30th day of October 2017, to all counsel of record.

/s/ Nicole Mers