

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 3<sup>rd</sup> day of  
February, 2016.

In the Matter of the Application/Petition of	)	
Missouri-American Water Company for Approval to	)	<b><u>File No. WO-2016-0098</u></b>
Reconcile its Infrastructure System Replacement	)	
Surcharge (ISRS)	)	

**ORDER CLOSING FILE**

Issue Date: February 3, 2016

Effective Date: February 3, 2016

On October 28, 2015, Missouri-American Water Company ("MAWC") filed an application/petition with the Missouri Public Service Commission to reconcile its Infrastructure System Replacement Surcharge ("ISRS"), claiming an under-collection of \$5,870,309 for the period of September 25, 2012 through September 30, 2015. On December 29, 2015, the Commission's Staff filed a recommendation that the Commission approve a different cumulative reconciliation in the amount of \$4,272,324. The Office of the Public Counsel filed a *Motion to Dismiss*, alleging that MAWC failed to include an over/under collection for the prior 12-month period, MAWC failed to propose a new rate schedule, and MAWC does not qualify for an ISRS because of the population size of St. Louis County.

Section 393.1006.5(2), RSMo Supp. 2013, requires water corporations with an ISRS to file an annual reconciliation at the end of each 12-month calendar period that an ISRS is in effect.<sup>1</sup> The statute provides that:

At the end of each twelve (12)-month calendar period that an ISRS is in effect, the water corporation utility shall reconcile the differences between the revenues resulting from an ISRS and the appropriate pretax revenues as

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<sup>1</sup> See also, Commission rule 4 CSR 240-3.650(16).

found by the commission for that period and shall submit the reconciliation and a proposed ISRS adjustment to the commission for approval to recover or refund the difference, as appropriate, through adjustment of an ISRS.

MAWC filed its reconciliation but did not file a tariff sheet and request for an increase in its ISRS rate to compensate for the under-collection of revenues. MAWC explains that it has already reached the 10% cap on ISRS revenues required by law<sup>2</sup>, so the company may not file to increase its ISRS rates until ISRS-eligible costs are reflected in base rates and the current ISRS rates are reset to zero in the pending MAWC rate case, File No. WR-2015-0301.

Staff and MAWC disagree about the amount of the ISRS under-collection and the methodology used to calculate that amount. However, MAWC cannot change its ISRS rate until it makes a future ISRS filing after the conclusion of the pending rate case. Both parties suggest that the Commission does not need to make a decision at this time regarding the proper amount of the under-collection, since the company can currently take no action to recover those funds. The reconciliation total will be carried over and addressed in MAWC's next ISRS and tariff filing.<sup>3</sup>

The Commission concludes that MAWC has met its legal requirement to file a reconciliation, but it is not necessary at this time to approve that reconciliation or determine the correct amount of ISRS revenues, as MAWC has not filed a tariff and request to actually collect those revenues. The appropriate time to make that determination and to address the issues raised by the Office of the Public Counsel is when MAWC files a new ISRS after the conclusion of its rate case. Therefore, the Commission will close this file

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<sup>2</sup> Section 393.1003.1, RSMo Supp. 2013.

<sup>3</sup> Commission rule 4 CSR 240-3.650(17).

without taking any further action. As a result of this decision, the Commission will deny the Office of Public Counsel's *Motion to Dismiss*, as moot.

**THE COMMISSION ORDERS THAT:**

1. The Office of the Public Counsel's *Motion to Dismiss* is denied, as moot.
2. This file shall be closed on February 3, 2016.



**BY THE COMMISSION**

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

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

Bushmann, Senior Regulatory Law Judge