

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 2nd day of
May, 2018.

In the Matter of Missouri-American Water)	
Company's Request for Authority to Implement)	<u>File No. WR-2017-0285, et al.</u>
General Rate Increase for Water and Sewer)	
Service Provided in Missouri Service Areas.)	

ORDER APPROVING STIPULATIONS AND AGREEMENTS

Issue Date: May 2, 2018

Effective Date: May 28, 2018

On February 28, 2018, Missouri-American Water Company ("MAWC") jointly filed with the City of Jefferson City ("Jefferson City") a *Stipulation Jefferson City Issues*, a non-unanimous stipulation and agreement. On March 1, 2018, MAWC also filed a separate non-unanimous stipulation and agreement - *Stipulation and Agreement*, with the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), the Missouri Industrial Energy Consumers, the Midwest Energy Consumers Group, Triumph Foods, LLC, and the Missouri Division of Energy. MAWC, Staff, and OPC jointly filed a third non-unanimous stipulation and agreement, *Stipulation and Agreement Regarding Rate Design*. A final agreement, the *Stipulation and Agreement Regarding Inclining Block Pilot Program* was filed on March 8, 2018. The four stipulations and agreements ("the Agreements") each constitute a settlement of issues identified by the parties in this case. The Agreements all describe resolution of issues in the rate case that are subject to Commission approval.

The Agreements are non-unanimous in that they were not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days have passed since the Agreements were filed, and no party has objected. Therefore, the Commission will treat the Agreements as unanimous stipulations and agreements. After reviewing the Agreements, the Commission independently finds and concludes that the Agreements are a reasonable resolution of the issues addressed by the Agreements and that such Agreements should be approved.

THE COMMISSION ORDERS THAT:

1. The *Stipulation Jefferson City Issues*, filed on February 28, 2018, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order as Attachment A and incorporated herein.

2. The *Stipulation and Agreement*, filed on March 1, 2018, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order as Attachment B and incorporated herein.

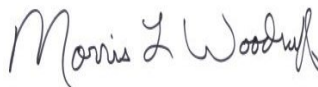
3. The *Stipulation and Agreement Regarding Rate Design*, filed on March 6, 2018, is approved as a resolution of the issues addressed in that stipulation and

agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order as Attachment C and incorporated herein.

4. The *Stipulation and Agreement Regarding Inclining Block Pilot Program*, filed on March 8, 2018, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order as Attachment D and incorporated herein.

5. This order shall become effective on May 28, 2018.

BY THE COMMISSION



Morris L. Woodruff
Secretary



Hall, Chm., Kenney, Coleman, and Silvey, CC., concur;
Rupp, C., dissents.

Burton, Senior Regulatory Law Judge

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

In the Matter of Missouri-American Water)
Company’s Request for Authority to Implement) File No. WR-2017-0285
General Rate Increase for Water and Sewer) File No. SR-2017-0286
Service Provided in Missouri Service Areas.)

STIPULATION
JEFFERSON CITY ISSUES

COME NOW Missouri-American Water Company (the “Company”) and the City of Jefferson City (“City”)¹ (collectively “the Parties” or “Signatories”) and respectfully state to the Missouri Public Service Commission (“Commission”) that, as a result of extensive negotiations, they have reached the following stipulation and agreement (the “Stipulation”):

Issues Resolved. This Stipulation is being entered into solely for the purpose of settling the issues set forth below and identified as Issues 2, 3 and 4 on the Amended List of Issues filed herein by the Staff of the Commission on February 23, 2018 (EFIS Doc. No. 252):

Coordination with Local Municipalities for Water Main Replacement – Should MAWC’s five-year main replacement program approved by the Missouri Department of Natural Resources (its Owner Supervised Program) prioritize the replacement of small dimension mains in Jefferson City and other municipalities that are connected to fire hydrants?

- a. Should MAWC be directed to provide on a regular basis the following described information to appropriate Jefferson City and other municipalities’ departments:
 - i. MAWC’s annual or multi-year capital expenditure or improvement plan for the Jefferson City and other municipality service areas, and any updates made to those plans;
 - ii. Leak studies of the water system in the Jefferson City and other municipality service areas;
 - iii. The current pressure and volume model for the water system in the Jefferson City and other municipality service areas and the age of all facilities;
 - iv. The current and subsequent versions of MAWC’s Resource Supervised Plan.

¹ The terms “Company” and “City” as used in this Stipulation shall be construed to include in the appropriate context an authorized representative or authorized representatives of the identified party.

Water Rate Design Issue – Private Fire Service Rates – What is the appropriate private fire service rate?

Cedar City / Jefferson City Airport and Fire Protection – Is the proposed pressure valve replacement at the wholesale point of supply for the water system serving the Jefferson City Airport adequate to resolve water pressure losses or fluctuations in that system?

Jefferson City Memorial Airport

1. **Pressure Reducing Valve.** The Company agrees that on or before July 1, 2018 it will replace the pressure reducing valve (“PRV”) at the point of wholesale water supply for the Company’s water system serving Jefferson City Memorial Airport and the remainder of North Jefferson City (formerly known as “Cedar City”) (“the Airport Water System”). The PRV shall be adjusted in a manner designed to achieve optimal needed fire flow taking into account the age, capacity and any structural limitations of the Airport Water System. The City, specifically City Fire Department personnel, will provide assistance as needed to the Company in establishing the appropriate initial and any subsequent adjustment of the PRV. In the event the replacement PRV fails to operate properly, the Company will promptly repair or replace the same or take other appropriate remedial measures.

Small Dimension Mains

2. **Small Dimension Mains Connected to Fire Hydrants.** The City acknowledges that the Company engages in an extensive process of prioritizing main replacements in its service areas and that it considers, among other factors, the upsizing of those mains that are connected to fire hydrants. In the Jefferson City water system, the Company has identified 0.3 miles of 2” diameter mains and 1.55 miles of 4” diameter mains that are currently connected to fire hydrants. The Company agrees to use its best efforts to prioritize the replacement of the identified small dimension mains with the goal that they will be replaced within five (5) years from the effective date of the Report and Order in this case.

Information and Meetings

3. **Exchange of Data.** Within thirty (30) days of the effective date of the Report and Order in this case, the Company agrees to deliver the following to the City regarding the Company's water system in the City:

- a. The Company's current 2018 main replacement program and the location of any mains scheduled to be replaced within the next three years;
- b. The results of any leak study conducted by the Company;
- c. Any non-proprietary model of the current pressure and volume for the water system or alternatively, the outputs of such a pressure and volume model;
- d. Any documentation available to the Company concerning the age of the transmission mains, distribution mains, pumps and appurtenant equipment for the water system; and
- e. That portion of the Company's current Resource Supervised Plan which applies to the water system in Jefferson City.

4. **Coordinating Meetings.** Toward the objective of better coordinating the Parties' ongoing efforts to time projects appropriately, and to avoid, when possible, paving roads prematurely or excavating into roads that have been recently paved, it is agreed that in addition to attending any semi-annual government agency and utility coordination meeting convened by the City, the Company shall meet with the City, not more often than quarterly, for purposes of: a) discussing the data delivered pursuant to Paragraph 3; b) discussing any updates to the data; and c) reviewing the City's list and the Company's list of current and future projects and any expected modifications to those project lists. The Parties are under a continuing obligation to timely deliver

to each other any corrections, amendments, modifications or updates to any plan, program, schedule or other information previously provided.

5. **Safety Standards Committee.** Within sixty (60) days of the effective date of a Report and Order in this case, the Company and the City will create a Safety Standards Committee from select representatives of each party. The purposes of the Committee shall be to investigate the effect, if any, existing private fire line rates have on encouraging or discouraging the installation of sprinkling systems, or other private fire suppression appliances, in multidwelling units, commercial or industrial buildings. The Committee's first meeting shall be held no later than one hundred twenty days after the effective date of the Report and Order in this case.

6. **Reporting By The Safety Standards Committee.** The Parties independently or through the Safety Standards Committee shall cooperatively prepare, or in the event a single report is impractical, each party may separately prepare a report summarizing the efforts undertaken by the Committee and its conclusions. The report(s) shall be submitted to the Chief Operating Officer of the Company, Chief of the City Fire Department, the City Administrator, or his/her designee, and the Commission's Regulatory Manager of the Water and Sewer Unit, Regulatory Review Division.

General Provisions

7. Contingent upon Commission approval of this Stipulation without modification, the Parties hereby stipulate to the admission into the evidentiary record of the following pre-filed testimonies: Matthew D. Schofield (Direct and Surrebuttal) and Britt E. Smith (Direct and Surrebuttal).

8. This Stipulation is being entered into solely for the purpose of settling the issue(s)/matter(s) in these cases explicitly set forth above. Unless otherwise explicitly provided

herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, depreciation principle or method, method of cost determination or cost allocation or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, regardless of whether this Stipulation is approved.

9. This Stipulation has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

10. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issue(s)/matter(s) addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

11. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

12. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (a) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been

presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

13. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issue(s)/matter(s) in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in these proceedings and only to the issue(s)/matter(s) that are resolved hereby. It does not apply to any issue(s)/matter(s) raised in any prior or subsequent Commission proceeding nor any issue(s)/matter(s) not explicitly addressed by this Stipulation.

WHEREFORE, for the foregoing reasons, the undersigned Signatories respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation.

Respectfully submitted,

/s/ William R. England

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ATTORNEYS FOR
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent via email on this 28th day of February, 2018, to:

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Public Counsel at opcservice@ded.mo.gov;
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/s/ Mark W. Comley

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

In the Matter of Missouri-American Water Company’s)
Request for Authority to Implement a General Rate) Case No. WR-2017-0285
Increase for Water and Sewer Service Provided in)
Missouri Service Areas.)

STIPULATION AND AGREEMENT

COME NOW Missouri-American Water Company (“MAWC” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), the Missouri Industrial Energy Consumers (“MIEC”), the Midwest Energy Consumers Group (“MECG”), Triumph Foods, LLC (“Triumph”), and the Missouri Division of Energy (“MoDOE”) (collectively, the “Signatories”), by and through their respective counsel, and, for their Stipulation and Agreement (this “Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. All parties to this rate case proceeding that are not Signatories to this Stipulation have stated that they do not object to this Stipulation. As such, the Commission may treat this Stipulation as unanimous.

2. This Stipulation is being entered into solely for the purpose of settling all contested issues in this case except the issues specifically identified in paragraph 21 below and those issues settled with the Stipulation – Jefferson City Issues filed herein on February 28, 2018.

3. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost of service or valuation determination or cost allocation, rate design, revenue recovery, or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

4. This Stipulation has resulted from extensive negotiations among the parties, and the terms hereof are interdependent and non-severable. If the Commission does not approve this Stipulation

unconditionally and without modification, or if the Commission approves the Stipulation with modifications or conditions to which a party objects, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

5. In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1,¹ their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. These waivers apply only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. These waivers do not apply to any issues explicitly not addressed by this Stipulation. The Signatories agree that any and all discussions, suggestions, or memoranda reviewed or discussed, related to this Stipulation shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

6. **Admission of Testimony:** Unless a party otherwise objects to its admission, the Signatories consent to the admission of and request that the Commission admit into the record in this proceeding, without the need for witnesses to take the stand, all written testimony that has been filed herein.

7. **Total Revenue Requirement:** As a result of the settlements codified in this Stipulation, the Signatories agree that MAWC's annual revenue requirement on a total company basis should be increased to \$318 million.

a. The revenue requirement of \$318 million represents an increase of approximately \$38 million over present rate revenues or approximately \$24 million over revenues authorized in the last case.

b. For purposes of calculating the revenue requirement of \$318 million, the Signatories used

¹ Unless otherwise noted all statutory references are to the Revised Statutes of Missouri 2016, as currently supplemented.

estimates between the range of 9.5% to 10.0% for return on equity (“ROE”).

8. Infrastructure System Replacement Surcharge (ISRS): MAWC’s current ISRS tariff will be reset to zero as of the effective date of new rates resulting from this proceeding.

a. For purposes of the ISRS only, the overall pre-tax weighted average cost of capital shall be 9.44% (tax grossed-up rate of return). Agreement to use of a “pre-tax” cost of capital for this purpose does not limit in any way any party’s ability to challenge recovery of income tax amounts associated with ISRS investments in future ISRS rate proceedings.

b. All ISRS-eligible investments placed in service beginning January 1, 2018 shall be eligible for the ISRS mechanism in accordance with Section 393.1003.1 RSMo.

9. Billing Determinants: The billing determinants to be used for establishing customer rates are included as Attachments A and B to this Stipulation.

10. Revenue Stabilization Mechanisms (“RSM”): The RSM is no longer an issue in this case, and the Signatories agree that MAWC will not be granted a RSM in this case. MAWC shall not propose or request the use of a RSM prior to the Company’s next general rate case. The meaning of the term “RSM” is to be liberally construed to effectuate the purpose and intent of this Stipulation provision.

11. Tax Cut and Jobs Act of 2017: The revenue requirement of \$318 million includes the change to the current federal income tax expense due to the Federal statutory corporate tax rate reduction from 35% to 21% in accordance with the Tax Cut and Jobs Act of 2017.

a. After the Company’s Accumulated Deferred Income Tax (“ADIT”) re-measurement is completed, the normalization of excess “protected” ADIT will be calculated over the appropriate time period and consistent with the tax normalization rules and as represented to the IRS. The Company is in the early stages of evaluating the cost and ability to achieve a data plan that would allow it to use Average Rate Assumption Method (“ARAM”) as a method for computing and

normalizing excess protected ADIT. If not cost prohibitive, and if the records can be established to do so, it is currently MAWC's and the Internal Revenue Code's preference to use ARAM, and MAWC will act as expediently as possible to establish ARAM as its method of accounting for purposes of normalizing excess protected ADIT.

b. By no later than February 28, 2019, MAWC agrees to file a report with the Commission regarding the Company's ability to comply with ARAM accounting. The Company will identify whether it will begin using ARAM accounting, and if it indicates it will not be able to adopt ARAM accounting, explain in detail each reason why it is not able to comply with ARAM accounting.

c. To the extent it does not create a normalization violation, until the normalization begins to be provided to customers, a tracker will capture the normalization that would have occurred in prior periods and will be held until the next rate case. At the time of the next rate case, the tracker balance will be amortized over five years. Tracking of excess ADIT will begin as of January 1, 2018.

d. A separate tracker mechanism will be used to capture all other direct income tax financial impacts of the Tax Cuts and Jobs Act besides the corporate income tax rate change and ADIT re-measurement discussed above. At the time of the next rate case, the tracker balance will be amortized over five years, unless the ADIT is subject to a provision of the tax normalization rules in which case it will be addressed pursuant to either ARAM or the Reverse South Georgia Method ("RSGM"). Tracking of these TCJA impacts will begin as of January 1, 2018.

e. The amortization of regulatory assets related to the National Call Center and Shared Services Center will be amortized over the same period as the unprotected ADIT liabilities, not to exceed ten years. In addition, unprotected plant related items can only be broken out if records to utilize

ARAM can be established. Nothing in this agreement is intended to limit any Signatories' ability to argue what is protected or unprotected in a future proceeding before the Commission.

12. **Reporting:** MAWC agrees to provide annually to Staff, OPC, MIEC, and MECG the Company's usage, revenues, and customer numbers, with said data to be marked and treated as Confidential pursuant to Commission Rule 4 CSR 240-2.135. This information shall be provided at approximately the same time as the Company files its annual report with the Commission. Currently, MAWC provides confidential monthly surveillance reports to Staff. The Company shall now also provide these confidential surveillance reports to OPC.

13. **Affiliate Transactions:** Affiliate transactions are no longer an issue in this case. No party is precluded from discussing the consequences of affiliate relations as they may pertain to other aspects of this case that remain in dispute.

14. **Pensions and OPEBs:** Pensions and OPEBs shall be treated as described in Attachment C to this Stipulation.

15. **Tank Painting Tracker:** The tank painting tracker asset will be treated in the same manner as agreed by the parties in MAWC's last rate case, Case No. WR-2015-0301. The original balance of \$1,382,938 at January 31, 2016, began amortization over five years beginning in July 2016, and will continue until June 2021. On the effective date of rates in this rate case, the tracker balance will be adjusted to reflect the activity in the stub period from the cut-off date in the last rate case through the date new rates went into effect in the amount of (\$445,990). Annual amortization through June 2021 will be \$165,090.

16. **Depreciation Rates:** MAWC shall continue to use the depreciation rates approved in MAWC's last general rate case, Case No. WR-2015-0301. Lead Service Line Replacement ("LSLR") remains a contested issue in this case, and account 345 may or may not be impacted by the final

Commission decision on this issue. Additionally, the depreciation rate for NARUC sewer account 390.9 – “Structures and Improvements – Leasehold” – shall be established at 5.0%. The depreciation rates are included at Attachments D and E to this Stipulation.

17. Low Income Tariff: The Signatories acknowledge that the Residential Low-Income Pilot Program implemented by the Company in District No. 2 has been active for a relatively short period of time, and that no meaningful conclusions can be drawn from that Pilot Program at this time. Therefore, the Signatories agree that MAWC should be authorized to continue the Pilot Program as it is currently being administered in District No. 2. In addition, the Signatories agree that MAWC should be authorized to record on its books a regulatory asset that represents the actual discounts provided to those customers participating in the Pilot Program, along with any third-party administrative costs. MAWC shall maintain this regulatory asset on its books until the effective date of rates resulting from MAWC’s next general rate proceeding. The amortization period for the deferred regulatory asset associated with the Pilot Program shall be determined in the next MAWC general rate proceeding.

18. Inclining Block Rates: The Signatories are concerned that there is insufficient data at this time to warrant implementation of an inclining block rate structure for MAWC. The Signatories recommend that the Commission establish a working docket, at the conclusion of the instant case, for the purpose of gathering the data and/or information necessary to evaluate the appropriateness of implementing inclining block rates in MAWC’s next general case for its residential customer class. Such data and/or information may include, but is not necessarily limited to, the following:

1. A residential bill frequency report for each District², broken out monthly or quarterly (consistent with customer billing).
2. Residential usage by month or quarter (consistent with customer billing) with the same

² Such reports should result in producing data sets of varying levels of granularity such as by district, by service area, by zip code, by customer, etc.

granularity as described in footnote 2.

3. Potential residential rate block structures and price differentials for each District with the same granularity as described in footnote 2.

4. The impact, if any, of such factors such as price elasticity, weather, precipitation, etc., on consumption.

5. A discussion regarding customer communication and education.

19. **Miscellaneous Service Charges:** The Signatories agree that MAWC may implement uniform miscellaneous service charges for its water service as contained in Attachment F to this Stipulation and uniform miscellaneous service charges for its sewer service as contained in Attachment G to this Stipulation.

20. **Special Contracts:** The Signatories agree that the special contracts currently in effect should continue without any material changes, with the exception of the contract with Triumph Foods, LLC, in which the commodity charge will be revised consistent with the confidential Rebuttal Testimony of Staff Witness Matthew J. Barnes.

21. **Remaining Contested Issues:** This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein. The following issues remain contested at this time and will be presented to the Commission for decision or addressed through a separate stipulation:

1. Allocations – What is the appropriate method to allocate MAWC corporate costs to the water and sewer districts?
2. Lead Service Line Replacement (LSLR) –
 - a. LSLR Activity – Should MAWC continue to replace the customer-owned portion of lead service lines (LSL) while performing water main repair and replacement?
 - i. Should the Company prioritize at risk populations?
 - ii. Should the Company be required to disclose known lead service line and when should that notification take place?
 - iii. Should the Company be required to have a written plan about its LSL replacement program?

- iv. Should the Company be required to provide test kits and what testing parameters should be in place including whether the results should be disclosed to the public?
 - v. Should the Company be required to do a cost-benefit analysis?
 - vi. Should the Company be required to comply with OSHA lead standards?
 - vii. Should the Company be required to have a plan for how they will address excess costs related to unusual site restoration work?
 - viii. Should the Company be coordinating activity with other pertinent entities?
 - ix. Should the Company be required to remove all lead service lines including vacant properties or inactive accounts?
 - x. Should the Company also be replacing worn out customer-owned service lines, copper service lines, and/or galvanized pipes?
 - xi. How should costs be allocated?
 - b. Pilot Program – Should the Commission order the implementation of OPC proposed LSL pilot program?
 - c. LSLR AAO Treatment – What recovery approach, if prudent, should be adopted for the AAO amount from WU-2017-0296?
 - d. Future LSLR Recovery –What the Commission authorize in this case for the recovery of future LSLR activity?
3. Water Rate Design
- a. Single Tariff Pricing / District Specific Pricing – Should the Commission keep the current water district structure, adopt single tariff pricing for the water customers, or return to eight water districts?
 - b. Impacts of Pricing Districts on cities/service Areas
 - i. Offset Mechanism – If the Commission orders consolidated tariffs for water service, should it also order the implementation of the Coalition City Offset Mechanism to allow certain service areas to avoid paying certain capital investment costs?
 - ii. If the Commission adopts either MAWC’s or Staff’s rate district proposal, should the Commission establish a working group or collaborative process to determine a rate offset for cities/service areas that have borne the costs of their own system upgrades since 2000?
 - iii. If the Commission adopts either MAWC’s or Staff’s rate district proposal, should the Commission establish a working group or collaborative process to explore capital expenditure tracking mechanisms?
 - c. Customer Classifications – Should Rate A rate be split into a Residential and a Non-residential rate?
 - d. Class Costs – What is the appropriate cost of service for each customer class?
 - e. Customer Charge – What is the appropriate customer charge for each customer classification?
 - f. Commodity Charge – What is the appropriate commodity charge for each customer classification?
 - g. Purchased-Power – What is the appropriate allocator for purchased power costs?
4. Sewer Rate Design
- a. Sewer Districts – What is the appropriate rate structure for the sewer service districts?

22. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information.

WHEREFORE, the Signatories respectfully request the Commission to issue an Order approving this Stipulation and Agreement and authorizing the Company to file tariffs to implement the terms hereof.

Attorneys for Missouri-American Water Company:

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Residential Water Billing Determinants

Meter Billings	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
5/8"	524,894	1,109,888	62,943	382,940	380,608	1,288,442	1,172,831	2,461,273
3/4"	1,439	87,057	3,785	18,737	120	20,296	90,842	111,138
1"	21,422	24,692	1,500	14,456	29,383	65,261	26,192	91,453
1.5"	1,541	1,223	42	248	47	1,836	1,265	3,101
2.0"	1,271	3,601	124	205	519	1,994	3,725	5,720
3.0"	65	58	2	12	0	77	60	137
4.0"	60	55	1	0	0	60	56	116
6.0"	72	69	1	0	0	72	70	142
8.0"	100	82	5	0	0	100	87	187
10.0"	12	4	0	0	0	12	4	16
12.0"	0	0	0	0	0	0	0	0
Wardsville	5,904	0	0	0	0	5,904	0	5,904
Pevely Farms	840	0	0	0	0	840	0	840
Total	557,619	1,226,729	68,403	416,599	410,677	1,384,894	1,295,132	2,680,027

Usage (1,000 Gallons)	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	3,152,031	23,501,240		1,769,886	1,648,022	6,569,940	23,501,240	30,071,180
Wardsville	31,903					31,903	0	31,903
Pevely Farms	23,837					23,837	0	23,837
Total	3,207,771	23,501,240	0	1,769,886	1,648,022	6,625,679	23,501,240	30,126,919

Flat Rate Billings	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
Anna Meadows	1,634	0	0	0	0	1,634	0	1,634
Jaxson Estates	843	0	0	0	0	843	0	843
Rankin Acres	0	0	0	0	1,029	1,029	0	1,029
White Branch	0	0	0	0	1,622	1,622	0	1,622
Total	2,477	0	0	0	2,651	5,128	0	5,128

Commercial Water Billing Determinants

Meter Billings	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
5/8"	13,542	28,395	1,453	22,522	25,942	62,006	29,848	91,854
3/4"	205	11,501	433	1,794	149	2,149	11,934	14,082
1"	4,928	7,745	291	6,392	8,771	20,092	8,036	28,128
1.5"	1,611	3,561	138	1,365	648	3,624	3,699	7,323
2.0"	5,390	10,185	333	5,444	8,336	19,170	10,518	29,688
3.0"	1,016	615	16	330	108	1,454	631	2,085
4.0"	1,000	327	14	180	362	1,542	341	1,883
6.0"	521	420	23	84	143	748	443	1,191
8.0"	487	615	30	36	36	560	645	1,205
10.0"	343	90	44	0	1	344	134	478
12.0"	0	0	0	0	0	0	0	0
Wardsville	120	0	0	0	0	120	0	120
Total	29,164	63,455	2,775	38,148	44,496	111,807	66,230	178,037

Usage (1,000 Gallons)	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	2,730,806	5,650,738		937,088	1,055,827	4,723,721	5,650,738	10,374,459
Rate J Volume	578,834	0		74,955	113,216	767,005	0	767,005
Wardsville	1,845					1,845	0	1,845
Total	3,311,486	5,650,738		1,012,043	1,169,043	5,492,571	5,650,738	11,143,310

Industrial Water Billing Determinants

Meter Billings	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
5/8"	85	0	0	163	379	626	0	626
3/4"	0	0	0	71	12	83	0	83
1"	87	0	0	219	161	467	0	467
1.5"	71	4	1	24	12	107	5	112
2.0"	407	0	0	731	486	1,624	0	1,624
3.0"	434	0	0	71	12	517	0	517
4.0"	528	0	0	159	163	850	0	850
6.0"	418	4	0	84	84	586	4	590
8.0"	183	0	0	69	15	267	0	267
10.0"	120	0	0	0	0	120	0	120
12.0"	0	0	0	0	0	0	0	0
Total	2,334	8	1	1,590	1,324	5,247	9	5,256

EDR	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly		Monthly	Monthly	Monthly	Quarterly	Total
Special Contract 1				1		1	0	1
Total	0	0	0	1	0	1	0	1

Usage (1,000 Gallons)	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly		Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	63,979	681		172,022	73,373	309,374	681	310,056
Rate J Volume	3,958,212	0		1,235,858	827,210	6,021,280	0	6,021,280
Special Contract 1	0	0		740,323	0	740,323	0	740,323
Special Contract 2	0	0		0	505,795	505,795	0	505,795
Total	4,022,191	681		2,148,203	1,406,378	7,576,772	681	7,577,453

Other Public Authority Water Billing Determinants

Meter Billings	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
5/8"	1,151	563	7	774	1,553	3,478	570	4,048
3/4"	32	662	11	165	12	209	673	882
1"	994	492	5	468	546	2,008	497	2,505
1.5"	590	220	0	301	60	951	220	1,170
2.0"	1,786	722	6	1,229	1,149	4,164	728	4,891
3.0"	274	104	1	48	60	382	105	487
4.0"	156	56	0	84	288	528	56	584
6.0"	60	96	0	24	12	96	96	192
8.0"	48	16	0	12	60	120	16	136
10.0"	0	12	0	0	0	0	12	12
12.0"	0	0	0	0	0	0	0	0
Total	5,091	2,943	30	3,105	3,739	11,935	2,973	14,908

Usage (1,000 Gallons)	District 1			District 2	Distirct 3	Total Company		
	Monthly	Quarterly		Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	290,342	383,603		116,647	246,520	653,509	383,603	1,037,112
Rate J Volume	0	0		71,234	11,413	82,647	0	82,647
Total	290,342	383,603		187,881	257,933	736,156	383,603	1,119,759

Sale for Resale Water Billing Determinants

Meter Billings	District 1			District 2	Distrcit 3	Total Company		
	Monthly	Quarterly	Pro-Rated	Monthly	Monthly	Monthly	Quarterly	Total
5/8"	0	0	0	12	0	12	0	12
3/4"	0	0	0	0	0	0	0	0
1"	0	0	0	12	12	24	0	24
1.5"	0	0	0	0	0	0	0	0
2.0"	48	0	0	156	36	240	0	240
3.0"	12	0	0	36	0	48	0	48
4.0"	0	0	0	72	12	84	0	84
6.0"	12	0	0	36	24	72	0	72
8.0"	0	0	0	0	24	24	0	24
10.0"	0	0	0	0	0	0	0	0
12.0"	0	0	0	0	0	0	0	0
Total	72	0	0	324	108	504	0	504

Fixed Charge	District 1			District 2	Distrcit 3	Total Company		
	Monthly	Quarterly		Monthly	Monthly	Monthly	Quarterly	Total
Sepecial Contract B	12					12	0	12
Total	12	0	0	0	0	12	0	12

Usage (1,000 Gallons)	District 1			District 2	Distrcit 3	Total Company		
	Monthly	Quarterly		Monthly	Monthly	Monthly	Quarterly	Total
Rate B Volume	1,645,391	0		843,338	355,196	2,843,924	0	2,843,924
Special Contract A	1,244,751	0		0	0	1,244,751	0	1,244,751
Special Contract B	1,004,042	0		0	0	1,004,042	0	1,004,042
Special Contract C	0	0		18,938	0	18,938	0	18,938
Total	3,894,184	0		862,276	355,196	5,111,655	0	5,111,655

Private Fire Water Billing Determinants

Meter Billings	District 1		District 2	Distrcit 3	Total Company		
	Monthly	Annual	Monthly	Monthly	Monthly	Quarterly	Total
2.0"	272	150	240	407	919	150	1,069
3.0"	12	2	24	0	36	2	38
4.0"	744	558	1,394	1,922	4,060	558	4,619
6.0"	1,998	2,236	2,876	3,556	8,430	2,236	10,666
8.0"	1,418	1,293	1,523	2,082	5,023	1,293	6,316
10.0"	303	33	327	96	727	33	760
12.0"	12	80	132	68	212	80	292
Hydrant	592	42	1,060	1,040	2,692	42	2,734
Total	5,351	4,393	7,577	9,171	22,099	4,393	26,492

Usage (1,000 Gallons)	District 1		District 2	Distrcit 3	Total Company		
	Monthly	Annual	Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	43,394	0	220	46	43,660	0	43,660
Total	43,394	0	220	46	43,660	0	43,660

Total Company Water Usage

Usage (1,000 Gallons)	District 1			District 2	Distrcit 3	Total Company		
	Monthly	Annual		Monthly	Monthly	Monthly	Quarterly	Total
Rate A Volume	6,280,553	29,536,263	0	2,995,863	3,023,788	12,300,204	29,536,263	41,836,467
Pevely Farms	23,837	0	0	0	0	23,837	0	23,837
Subtotal Rate A	6,304,389	29,536,263	0	2,995,863	3,023,788	12,324,041	29,536,263	41,860,304
Rate B Volume	1,645,391	0	0	843,338	355,196	2,843,924	0	2,843,924
Rate J Volume	4,537,046	0	0	1,382,047	951,839	6,870,933	0	6,870,933
Wardsville	33,748	0	0	0	0	33,748	0	33,748
Special Contract 1	0	0	0	740,323	0	740,323	0	740,323
Special Contract 2	0	0	0	0	505,795	505,795	0	505,795
Special Contract A	1,244,751	0	0	0	0	1,244,751	0	1,244,751
Special Contract B	1,004,042	0	0	0	0	1,004,042	0	1,004,042
Special Contract C	0	0	0	18,938	0	18,938	0	18,938
Total	14,769,367	29,536,263	0	5,980,509	4,836,618	25,586,494	29,536,263	55,122,757

Residential Sewer Billing Determinants

Unit Billings			Flat Rate	Single Family	Mobile Home	Multi Family	Total
Anna Meadows			1,618				1,618
Cedar Hill				9,006	1,226	276	10,508
Hickory Hills			557				557
Jefferson City / Benton County				19,822	12	2,600	22,434
Maplewood			12				12
Meramec				5,600	948	5,518	12,066
Pevely Farms				696			696
Platte County			1,200				1,200
Stonebridge A			603				603
Stonebridge B			24				24
Warren County / Incline Village			5,220				5,220
Total			9,235	35,124	2,186	8,394	54,939

Meter Billings	Minimum	5/8"	1"	1.5"	2.0"	3.0"	Total
Arnold	94,782						94,782
Emerald Pointe		4,193	12		12		4,217
Maplewood		4,371					4,371
Ozark Meadows	306						306
Saddlebrooke		277	801				1,078
Stonebridge A		4,125					4,125
Stonebridge B		3,245					3,245
Wardsville		4,860					4,860
Total	95,089	21,071	813	0	12	0	116,984

Usage (1,000 Gallons)					Block 1	Block 2	Total
Arnold					452,225	42,236	494,462
Emerald Pointe					4,558	8,890	13,448
Maplewood					15,564		15,564
Ozark Meadows					650	0	650
Saddlebrooke					4,216		4,216
Stonebridge A					9,859		9,859
Stonebridge B					7,327		7,327
Wardsville					20,185		20,185
Total					514,585	51,127	565,712

Commercial Sewer Billing Determinants

Unit Billings			Flat Rate	Single Family	Mobile Home	Multi Family	Total
Hickory Hills			12				12
Warren County / Incline Village			24				24
Total			36	0	0	0	36

Meter Billings	Minimum	5/8"	1"	1.5"	2.0"	3.0"	Total
Arnold	18,882						18,882
Cedar Hill	670						670
Emerald Pointe		122	60		132		314
Jefferson City / Benton County	216						216
Maplewood		12			24	12	48
Stonebridge A		304	312	156	24		796
Stonebridge B		134					134
Total	19,768	572	372	156	180	12	21,060

Usage (1,000 Gallons)					Block 1	Block 2	Total
Arnold					35,413	234,575	269,988
Cedar Hill					2,131	14,356	16,487
Emerald Pointe					391	5,387	5,778
Jefferson City / Benton County					363	579	942
Maplewood					16,389	0	16,389
Stonebridge A					8,438	0	8,438
Stonebridge B					427	0	427
Total					63,552	254,898	318,450

Other Public Authority Sewer Billing Determinants

Meter Charge	Minimum	5/8"	1"	1.5"	2.0"	3.0"	Total
Arnold	154						154
Total	154	0	0	0	0	0	154

Usage (1,000 Gallons)					Block 1	Block 2	Total
Arnold					6,840	25,814	32,654
Total					6,840	25,814	32,654

Pension Tracker Mechanism and OPEB Tracker Mechanism

A. The Signatories agree that the rates established in this case for the MAWC pension plan include an allowance of \$3,490,825. (All amounts are stated after application of a payroll expense O&M allocation factor.) The difference between the amount of pension expense included in MAWC's rates and the amount funded by MAWC shall be included in the Company's rate base in future rate proceedings, and the balance existing at the later of the end of the test year, the test year update or true-up, as applicable in the Company's next rate case shall be amortized to expense over a five-year period. The pension tracker balance resulting from this case will start to be booked in the month following the true-up date in this rate case, and will continue to be booked until the later of the test year ending date, test year update period ending date, or the true-up date in the Company's next rate case. The Company shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the pension expense used in setting rates and the pension expense as recorded for financial reporting purposes as determined in accordance with GAAP (or such standard as the FASB may issue to supersede, amend, or interpret the existing standards). A portion of the service cost component will be capitalized, based on the labor capitalization percentage, and the non-service cost components will be expensed. All portions will be recorded to O&M for regulatory purposes.

B. The cumulative pension tracker amount in MAWC's rate base as of December 31, 2017, is a \$3,615,906 reduction to rate base, and the annual amortization of that amount to expense is (\$723,181) (reflected as an annual reduction in expense). No Service Company pension costs are included in MAWC's pension tracker balance in this case.

C. The Company shall be allowed rate recovery for prudent contributions it makes to its pension trust that exceed the ERISA minimum for any of the following reasons:

- i) The minimum required contribution is insufficient to avoid the benefit restrictions specified for at-risk plans pursuant to the Pension Protection Act of 2006, thereby causing an inability by MAWC to pay out pension benefits to recipients in its normal and customary manner, including lump sum payments; or

- ii) The minimum required contribution is not sufficient to avoid any Pension Benefit Guarantee Corporation (PBFC) variable premiums.

Prudent additional contributions made pursuant to the paragraph will increase MAWC's rate base, and will receive the regulatory treatment as described in paragraph A of this Section. MAWC shall inform Staff and Public Counsel of contributions of additional amounts to its pension trust funds pursuant to this paragraph in a timely manner. Staff, Public Counsel and other Signatories reserve the right to challenge the prudence of any additional contributions made by MAWC pursuant to this paragraph in subsequent MAWC rate proceedings.

D. The Signatories agree that rates established in this case for MAWC's OPEB expense reflect an allowance of (\$1,064,964) (All amounts are stated after application of a payroll O&M allocation factor.) The Company will fund its OPEB trusts based upon its expense as calculated for financial reporting purposes. The difference between the amount of OPEB expense included in MAWC's rates and the amount recorded on MAWC's books and funded by the Company shall be included in the Company's rate base in future proceedings, and the balance existing at the later of the end of the test year, the test year update or true-up, as applicable in the Company's next rate case shall be amortized to expense over a five-year period. The OPEB tracker balance resulting from this case will start to be booked in the month following the true-up date in this rate case, and will continue to be booked until the later of the test year ending date, test year update period ending date, or the true-up date in the Company's next rate case. The Company shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the OPEB expense used in setting rates and the OPEB expense as recorded for financial reporting purposes as determined in accordance with GAAP (or such standard as the FASB may issue to supersede, amend, or interpret the existing standards). A portion of the service cost component will be capitalized, based on the labor capitalization percentage, and the non-service cost components will be expensed. All portions will be recorded to O&M for regulatory purposes.

E. The cumulative OPEB tracker amount in MAWC's rate base as of December 31, 2017, is a \$6,474,785 reduction to rate base and the annual amortization of that amount to expense is (\$1,294,957)

(reflected as an annual reduction in expense). No Service Company OPEB costs are included in MAWC's OPEB tracker balance in the case.

F. The provisions of FAS 158 may require certain adjustments to the prepaid pension asset/OPEB asset and/or accrued liability with a corresponding adjustment to equity (i.e. decreases/increases to Other Comprehensive Income). The Company will be allowed to set up a regulatory asset/liability to offset any adjustments that would otherwise be recorded to equity caused by applying the provisions of FAS 158 or any other FASB statement or procedure that requires accounting adjustments to equity due to the funded status or other attributes of the pension or OPEB plans. The Signatories acknowledge that the adjustments described in this paragraph will not increase or decrease rate base.

G. Nothing in this Agreement is intended to impair the ability of any Signatory in MAWC's next rate case proceeding to challenge the prudence of the Company's calculated levels of pension and OPEB expenses that it proposes to recover from the tracker mechanisms.

MISSOURI-AMERICAN WATER COMPANY - Water
SCHEDULE of DEPRECIATION RATES
WR-2017-0285

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
Source of Supply					
311.0	Structures & Improvements	1.97%	60	R4	-25%
312.0	Collecting & Impoundment Reservoirs	0.35%	85	R3	0%
313.0	Lake, River & Other Intakes	3.57%	70	S0.5	-10%
314.0	Wells & Springs	2.52%	55	R1.5	-5%
315.0	Infiltration Galleries and Tunnels	1.77%	60	R2.5	0%
316.0	Supply Mains	1.45%	80	R3	-25%
317.0	Miscellaneous Source of Supply - Other	4.97%	25	SQ	0%
Pumping Plant					
321.0	Structures & Improvements	3.95%	75	R2.5	-15%
322.0	Boiler Plant Equipment	3.05%	37	R3	-5%
323.0	Power Generation Equipment	3.05%	37	R3	-5%
324.0	Steam Pumping Equipment	1.89%	47	R1	-10%
325.0	Electric Pumping Equipment	1.89%	47	R1	-10%
326.0	Diesel Pumping Equipment	1.89%	47	R1	-10%
327.0	Hydraulic Pumping Equipment	1.89%	47	R1	-10%
328.0	Other Pumping Equipment	1.89%	47	R1	-10%
Water Treatment Plant					
331.0	Structures & Improvements	2.34%	80	R2.5	-15%
332.0	Water Treatment Equipment	2.18%	48	R1.5	-20%
333.0	Miscellaneous Water Treat, Other	3.33%	30	SQ	0%
Transmission and Distribution					
341.0	Structures & Improvements	1.49%	55	R2.5	-20%
341.1	Structures & Improve - Special Crossing	1.49%	55	R2.5	-20%
342.0	Distribution Reservoirs & Standpipes	1.70%	65	R2.5	-25%
343.0,1,2,3	Transmission & Distribution Mains	1.39%	90	R2.0	-30%
344.0	Fire Mains	1.56%	85	S1	-30%
345.0	Customer Services	2.92%	65	R2.0	-100%
346.0	Customer Meters	2.40%	42	R1.5	-10%
347.0	Customer Meter Pits & Installation	2.40%	42	R1.5	-10%
348.0	Fire Hydrants	1.85%	65	R1.5	-30%
349.0	Misc Trans & Dist - Other	2.96%	50	R3	0%
General Plant					
390.0	Structures & Improve - Shop & Garage	3.02%	55	R2.5	-20%
390.1	Structures & Improve - Office Buildings	2.09%	47	S0	-20%
390.3	Structures & Improve - Miscellaneous	3.72%	55	R2.0	-20%
390.9	Structures & Improve - Leasehold	2.75%	25	R4	0%
391.0	Office Furniture	3.49%	20	SQ	0%
391.1	Computer & Peripheral Equipment	19.06%	5	SQ	0%
391.2	Computer Hardware & Software	19.06%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	10.46%	15	SQ	0%
391.4	BTS Initial Investment	5.00%	20		0%
392.1	Transportation Equipment - Light trucks	5.57%	9	L1.5	15%
392.2	Transportation Equipment - Heavy trucks	0.00%	10	L1.5	15%
392.3	Transportation Equipment - Autos	0.00%	6	L1.5	15%
392.4	Transportation Equipment - Other	6.15%	15	S3	5%
393.0	Stores Equipment	3.88%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	3.73%	20	SQ	0%
395.0	Laboratory Equipment	3.90%	15	SQ	0%
396.0	Power Operated Equipment	3.79%	12	L1	20%
397.1	Communication Equip - Non Telephone	5.76%	15	SQ	0%
397.2	Communication Equip - Telephone	8.94%	10	SQ	0%
398.0	Miscellaneous Equip	6.48%	15	SQ	0%
399.0	Other Tangible Equipment	2.43%	20	SQ	0%

MISSOURI-AMERICAN WATER COMPANY - Sewer
SCHEDULE of DEPRECIATION RATES
WR-2017-0285

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
Collection Plant					
351	Structures & Improvements	2.03%	50	R3	-5%
352.1	Collection Sewers (Force)	1.64%	60	R2.5	-10%
352.2	Collection Sewers (Gravity)	1.58%	70	R3	-20%
353	Services To Customers	2.87%	55	R2.0	-40%
354	Flow Measuring Devices	3.38%	25	S2.5	0%
356	Other Collection Equipment	3.15%	50		0%
357	Communication Equipment	6.67%	15	SQ	0%
Pumping Plant					
361	Structures & Improvements	2.17%	45	R3	0%
362	Receiving Wells	2.87%	30	L2.5	0%
363	Electric Pumping Equip, (Includes Generators)	4.31%	15	L1.5	-5%
364	Diesel Pumping Equipment	4.31%	15	L1.5	-5%
365	Other Pumping Equipment	4.31%	15	L1.5	-5%
Treatment and Disposal Plant					
371	Structures & Improvements	1.43%	60	R2.5	-5%
372	Treatment & Disposal Equipment (Includes pumps, blowers, generators)	3.97%	30	S0.5	-20%
373	Plant Sewers	1.60%	50	R2.5	0%
374	Outfall Sewer Lines	3.04%	35	L2.0	0%
General Plant					
390.0	Structures & Improve - General	3.11%	35	R2.5	-5%
390.9	Structures & Improve - Leasehold	5.00%	20	R4	0%
391.0	Office Furniture	5.00%	20	SQ	0%
391.1	Computer & Peripheral Equipment	20.00%	5	SQ	0%
391.2	Computer Hardware & Software	20.00%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	6.67%	15		0%
391.4	BTS Initial Investment	5.00%	20		0%
392.0	WW Transportation Equipment	3.45%	10	L2.5	5%
392.1	Transportation Equipment - Light trucks	3.45%	10	L2.5	5%
392.2	Transportation Equipment - Heavy trucks	3.45%	10	L2.5	5%
392.3	Transportation Equipment - Autos	3.45%	10	L2.5	5%
392.4	Transportation Equipment - Other	3.45%	10	L2.5	5%
393.0	Stores Equipment	4.00%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	5.00%	20	SQ	0%
395.0	Laboratory Equipment	6.67%	15	SQ	0%
396.0	Power Operated Equipment	7.71%	15	L2.5	0%
397.1	Communication Equip - Non Telephone	6.67%	15	SQ	0%
397.2	Communication Equip - Telephone	6.67%	15	SQ	0%
398.0	Miscellaneous Equip	6.43%	15	SQ	0%
399.0	Other Tangible Equipment	0.00%	30	R2.0	0%

**Missouri American Water Company – Water
Miscellaneous Fees**

Description	Amount
Service Activation (Turn On), normal business hours	\$27.50
Service Activation (Turn On), outside of normal business hours	\$159.00
Service Discontinuance (Turn Off), normal business hours	\$27.50
Service Discontinuance (Turn Off), outside of normal business hours	\$159.00
Service Restoration which required the Company to excavate and install a new meter or valve	Actual Cost
New Service Connection Fee ¹	Actual Cost
Meter Testing (Accuracy of the meter)	\$41.50
Special Meter Reading ²	\$27.50
Late Payment	1.5% per month times the unpaid balance
Returned Deposit Item	\$12.00
Hydrant Inspection	\$15.00
Temporary Water Use from Hydrant	\$15.00 per Day
Investigation Report	\$25.00
Service Line Inspection	\$82.50
Bulk Sales via Vending Machine	\$4.50 per 1,000 gallons
Temporary Water Service	\$61.00

¹ Consists of the costs incurred by the Company for the construction including parts, material, labor and equipment, but excluding the cost of the meter. See Rule 4H and 4I

² Includes special meter reading trips resulting from customer refusal to allow AMI installation

**Missouri American Water Company – Sewer
Miscellaneous Fees**

Description	Amount
Reconnection after Disconnection in accordance with Rule 7	Actual Cost
Inspection Fee – New Sewer Service and Connection to Collection Sewer	\$35.00
Inspection Fee – New Sewer Collection Main inspection (See Rule 12)	Actual Cost
Re-Inspection Fee	\$20.00
Service Calls	\$40.00
New Service Connection Fee	Actual Cost
Late Payment	1.5% per month times the unpaid balance
Returned Deposit Item	\$12.00
Connection / Capacity Fee (Arnold Only)	\$1,500.00

Attachment C

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water Company's)
Request for Authority to Implement a General Rate) Case No. WR-2017-0285
Increase for Water and Sewer Service Provided in)
Missouri Service Areas.)

STIPULATION AND AGREEMENT REGARDING RATE DESIGN

COME NOW Missouri-American Water Company ("MAWC" or the "Company"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC") (collectively, the "Signatories"), by and through their respective counsel, and, for their Stipulation and Agreement Regarding Rate Design (this "Stipulation"), respectfully state as follows to the Missouri Public Service Commission ("Commission"):

1. All parties to this rate case proceeding that are not Signatories to this Stipulation have stated that they do not object to this Stipulation. As such, the Commission may treat this Stipulation as unanimous.

2. This Stipulation is being entered into solely for the purpose of settling the following issues (using the issue numbers and descriptions from the Amended List of Issues filed herein on 2/23/18):

1. Allocations – What is the appropriate method to allocate MAWC corporate costs to the water and sewer districts?

6c. Water Rate Design – Customer Classifications – Should Rate A be split into a Residential and a Non-Residential rate?

7. Sewer Rate Design – Sewer Districts – What is the appropriate rate structure for the sewer service districts?

This Stipulation does not address any other contested issues remaining in this case, including all other water rate design issues other than 6c set forth above.

3. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any

method of cost of service or valuation determination or cost allocation, rate design, revenue recovery, or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

4. This Stipulation has resulted from extensive negotiations among the parties, and the terms hereof are interdependent and non-severable. If the Commission does not approve this Stipulation unconditionally and without modification, or if the Commission approves the Stipulation with modifications or conditions to which a party objects, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

5. In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1,¹ their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. These waivers apply only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. These waivers do not apply to any issues explicitly not addressed by this Stipulation. The Signatories agree that any and all discussions, suggestions, or memoranda reviewed or discussed, related to this Stipulation shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

6. MAWC accepts Staff's sewer revenue requirement of \$10,332,707, which includes MAWC corporate costs allocated using Staff's methodology and no corporate costs being shifted from sewer customers to water customers.

7. MAWC's request to bifurcate Rate A into residential and non-residential rates is no longer an

¹ Unless otherwise noted all statutory references are to the Revised Statutes of Missouri 2016, as currently supplemented.

issue in this case. Rate A shall remain in place.

8. MAWC sewer customers are placed into two separate tariff groups: (a) Arnold Sewer, and (b) Other Wastewater.

9. MAWC accepts Staff's revenue requirement for each tariff group: (a) Arnold Sewer - \$5,470,176; (b) Other Wastewater - \$4,862,531.

10. The sewer rates shall be those included in the exemplar tariff sheets attached hereto as Schedule A.

11. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information.

WHEREFORE, the Signatories respectfully request the Commission to issue an Order approving this Stipulation and Agreement Regarding Rate Design and authorizing the Company to file tariffs to implement the terms hereof.

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Dean L. Cooper #36592

Diana C. Carter #50527

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Missouri-American Water Company
 NAME OF ISSUING CORPORATION

FOR City of Arnold & Surrounding Area
 COMMUNITY, TOWN, OR CITY

Sewer Service Schedule of Rates		
<u>Availability:</u>		
Any sewer customer within the Company's service area and adjacent to the Company's collection sewers suitable for supplying the service requested.		
<u>Monthly Rate:</u>		
Monthly Customer Charge	\$32.64 per month	+
Monthly Usage Charge (for all water usage > 5,000 gal/month)	\$6.2591 per 1,000 gallons	+
Rock Creek and Northeast Sewer (per unit or customer)	\$32.64	+
Note: Rock Creek and Northeast Sewer are billed directly for all customers discharging into Arnold collection system		
<u>Taxes:</u>		
All applicable Federal, State or local taxes shall be included in addition to the above charges.		

* Indicates new rate or text
 + Indicates change

DATE OF ISSUE: April XX, 2018
 ISSUED BY: Cheryl Norton, President
727 Craig Road, St. Louis, MO 63141

DATE EFFECTIVE: May XX, 2018

Missouri-American Water Company

FOR Cedar Hill, Jefferson City, Cole, Callaway and Benton Counties, Emerald Pointe, Branson Canyon, Incline Village, Ozark Meadows, Platte County, Stonebridge Village, Saddlebrooke Village, Wardsville, Pevely Farms, Homestead Estates, and Radcliffe Estates

NAME OF ISSUING CORPORATION

COMMUNITY, TOWN, OR CITY

Sewer Service Schedule of Rates		
<u>Availability:</u>		
Any sewer customer within the Company's service area and adjacent to the Company's collecting sewers suitable for supplying the service requested.		*
<u>Monthly Rate:</u>		
<u>Residential Customers</u>		
Single family residence	\$58.13	+
Mobile homes located inside a mobile home park	\$58.13	+
Multiple family residence, per unit	\$58.13	+
<u>Commercial Customers</u>		
Commercial minimum	\$58.13	+
Meter Charge		
5/8-Inch	\$58.13	+
3/4-Inch	\$75.62	+
1-Inch	\$110.52	+
1 1/2-Inch	\$197.84	+
2-Inch	\$302.62	+
3-Inch	\$533.16	+
4-Inch	\$873.55	+
All usage over 6,000 gallons (per thousand gallons)	\$9.6884	+
<u>Taxes:</u>		
All applicable Federal, State or local taxes shall be included in addition to the above charges.		

* Indicates new rate or text
 + Indicates change

DATE OF ISSUE: April XX, 2018
 ISSUED BY: Cheryl Norton, President
727 Craig Road, St. Louis, MO 63141

DATE EFFECTIVE: May XX, 2018

Missouri-American Water Company

FOR Maplewood, Quail Run, Brooking Park, Westlake Village,
 Fenton, Hickory Hills, Temple Terrace, Anna Meadows,
 Jaxson Estates

NAME OF ISSUING CORPORATION

COMMUNITY, TOWN, OR CITY

Sewer Service Schedule of Rates		
<u>Availability:</u>		
Any sewer customer within the Company's service area and adjacent to the Company's collecting sewers suitable for supplying the service requested.		
<u>Monthly Rate:</u>		
<u>Residential Customers</u>		
Single family residence	\$38.75	+
Mobile homes located inside a mobile home park	\$38.75	+
Multiple family residence, per unit	\$38.75	+
<u>Commercial Customers</u>		
Commercial minimum	\$38.75	+
Meter Charge		
5/8-Inch	\$38.75	+
3/4-Inch	\$50.42	+
1-Inch	\$73.68	+
1 1/2-Inch	\$131.89	+
2-Inch	\$201.75	+
3-Inch	\$355.44	+
4-Inch	\$582.37	+
All usage over 6,000 gallons (per thousand gallons)	\$6.4590	+
<u>Taxes:</u>		
All applicable Federal, State or local taxes shall be included in addition to the above charges.		

* Indicates new rate or text
 + Indicates change

DATE OF ISSUE: April XX, 2018
 ISSUED BY: Cheryl Norton, President
727 Craig Road, St. Louis, MO 63141

DATE EFFECTIVE: May XX, 2018

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

In the Matter of Missouri-American Water Company’s)
Request for Authority to Implement a General Rate) Case No. WR-2017-0285
Increase for Water and Sewer Service Provided in)
Missouri Service Areas.)

STIPULATION AND AGREEMENT
REGARDING INCLINING BLOCK PILOT PROGRAM

COME NOW Missouri-American Water Company (“MAWC” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and Missouri Division of Energy (“MoDOE”) (collectively, the “Signatories”), by and through their respective counsel, and, for their Stipulation and Agreement Regarding Inclining Block Pilot Program (this “Stipulation”), respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. This Stipulation is being entered into solely for the purpose of settling all remaining issues concerning inclining block rates. This Stipulation does not address any other contested issues remaining in this case. All non-signatory parties, except for Kansas City Power & Light Company; and, KCP&L Greater Missouri Operations Company, have affirmatively stated that they do not object to this Stipulation and do request a hearing as to this Stipulation. Counsel for the Company has not yet received a response from Kansas City Power & Light Company; and, KCP&L Greater Missouri Operations Company.

2. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost of service or valuation determination or cost allocation, rate design, revenue recovery, or revenue-related methodology. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

3. This Stipulation has resulted from negotiations among the parties, and the terms hereof are interdependent and non-severable. If the Commission does not approve this Stipulation unconditionally and without modification, or if the Commission approves the Stipulation with modifications or conditions to which a party objects, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

4. In the event the Commission accepts the specific terms of this Stipulation without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1,¹ their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §536.500, and their respective rights to judicial review pursuant to §386.510. These waivers apply only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issues that are resolved hereby. These waivers do not apply to any issues explicitly not addressed by this Stipulation. The Signatories agree that any and all discussions, suggestions, or memoranda reviewed or discussed, related to this Stipulation shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

5. Inclining Block Pilot Program: As a result of the settlements codified in this Stipulation, the Signatories agree that MAWC should be directed to file tariff rate sheets applicable to its water services provided in and around Mexico, Missouri, to implement an Inclining Block Pilot Program (“Pilot Program”) for residential customers of the Mexico, Missouri, system, subject to the following provisions:

a) The Pilot Program shall remain in place until the conclusion of MAWC’s next general

¹ Unless otherwise noted all statutory references are to the Revised Statutes of Missouri 2016, as currently supplemented.

rate case or as otherwise may be ordered by the Commission;

b) The information derived from the Pilot Program shall be made available to the participants in the Inclining Block Rate working docket proposed to be established pursuant to paragraph 18 of the Stipulation and Agreement filed in this case on March 1, 2018;

c) The Pilot Program shall be developed utilizing the following rate blocks and volumetric spread:

<u>BLOCKS</u>	<u>VOLUMETRIC SPREAD</u>
Block 1: First 3,000 gallons of usage	
Block 2: Next 7,000 gallons of usage	15% increase from the Block 1 volumetric rate to Block 2 volumetric rate
Block 3: All usage over 10,000 gallons of usage	25% increase from the Block 2 volumetric rate to Block 3 volumetric rate

An illustrative example of the inclining block rate calculation for Mexico is attached hereto as

Attachment A.

d) The Company will not request a revenue tracker for related to this Pilot Program;

e) Water Conservation kits will be offered at no charge to MAWC's residential customers participating in the Pilot Program; and,

f) During this Pilot Program, each participating residential customer will be permitted one leak adjustment, without regard to any leak adjustment such customer may have previously received.

6. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right,

including the right to access information.

WHEREFORE, the Signatories respectfully request the Commission to issue an Order approving this *Stipulation and Agreement Regarding Inclining Block Pilot Program* and authorizing the Company to file tariffs to implement the terms hereof.

Respectfully submitted,

ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY:

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on March 8, 2018, to the following:

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Missouri American Water
 WR-2017-0285
 Attachment A

Illustrative Example of Inclining Block Calculation

Block Description	Usage (000 gallons)	Current Rate	Current Revenue	District 1 Rate ¹	Revenue at Dist 1 Rate	Incline Factor	Cummulative Factor	Inclining Rates	Inclining Revenue
Block 1 - Up to 3,000 Gallons	113,730	\$4.1398	470,819	\$5.0000	568,650	1.00	1.00	\$4.7133	536,046
Block 2 - Next 7,000 Gallons	52,322	\$4.1398	216,601	\$5.0000	261,608	1.15	1.15	\$5.4203	283,599
Block 3 - Over 10,000 Gallons	5,977	\$4.1398	24,745	\$5.0000	29,887	1.25	1.44	\$6.7754	40,499
Totals	172,029		712,165		860,144				860,144

¹ The ultimate volumetric rate for current District 1 residential customers will be used in the calculation of the inclining block rates

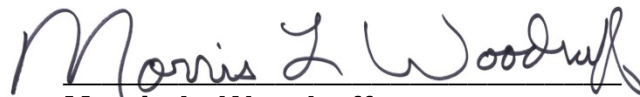
STATE OF MISSOURI

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 2nd day of May 2018.**




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

May 2, 2018

File/Case No. WR-2017-0285

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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 "M" and "W".

**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.