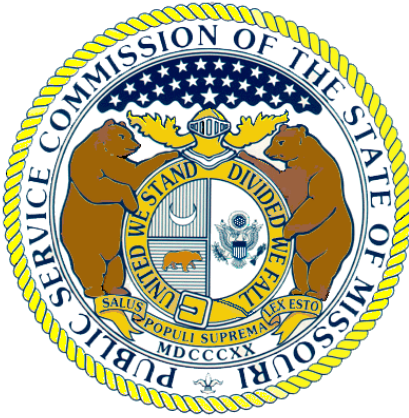


# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI



In the Matter of the Petition of Missouri-American  
Water Company for Approval to Change an  
Infrastructure System Replacement Surcharge  
(ISRS).

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**File No. WO-2019-0184**  
Tariff No. YW-2019-0160

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## REPORT AND ORDER

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**Issue Date:** June 5, 2019

**Effective Date:** June 15, 2019

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

In the Matter of the Petition of Missouri-American )  
Water Company for Approval to Change an ) **File No. WO-2019-0184**  
Infrastructure System Replacement Surcharge ) **Tariff No. YW-2019-0160**  
(ISRS). )

**APPEARANCES**

**Missouri-American Water Company:**

**William R. England and Dean L. Cooper**, Brydon, Swearingen & England, PO  
Box 456, Jefferson City, Missouri 65102.

**Staff of the Missouri Public Service Commission:**

**Mark Johnson**, Deputy Counsel, and **Casi Aslin**, Associate Counsel, PO Box  
360, 200 Madison Street, Jefferson City, Missouri 65102.

**Office of the Public Counsel:**

**Lera Shemwell**, Senior Public Counsel, PO Box 2230, 200 Madison St., Ste. 650,  
Jefferson City, Missouri, 65102.

**Regulatory Law Judge:** Charles Hatcher

# REPORT AND ORDER

## I. Procedural History

On February 20, 2019, Missouri-American Water Company (“MAWC”) filed an application and petition with the Missouri Public Service Commission (“Commission”) to change an Infrastructure System Replacement Surcharge (“ISRS”).

MAWC requests to adjust its ISRS rate to recover costs incurred in connection with infrastructure system replacements made during the period October 1, 2018, through March 31, 2019. The Commission issued notice of the application and provided an opportunity for interested persons to intervene. No requests to intervene were received. The Commission suspended the filed tariff sheet until June 20, 2019.

On April 22, 2019, the Staff of the Commission (“Staff”) filed its Recommendation and Memorandum proposing a number of corrections and adjustments to MAWC’s calculations. Staff recommended that the Commission reject the original tariff sheet and approve an ISRS rate for MAWC based on Staff’s determination of the appropriate amount of ISRS revenues.

On April 26, 2019, MAWC filed a response disagreeing with Staff’s recommendation. The Commission held an evidentiary hearing on May 17, 2019. In total, the Commission admitted the testimony of six witnesses and 13 exhibits into evidence. Post-hearing briefs were filed by May 28, 2019, and the case was deemed submitted for the Commission’s decision on that date.<sup>1</sup>

After the evidentiary hearing, the Office of Public Counsel (“OPC”) moved to admit the hearing transcript from the evidentiary hearing in file number WO-2018-0373, which is

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<sup>1</sup> “The record of a case shall stand submitted for consideration by the commission after the recording of all evidence or, if applicable, after the filing of briefs or the presentation of oral argument.” Commission Rule 4 CSR 240-2.150(1).

currently on appeal, pending a decision on the same issue presented in this case.<sup>2</sup> MAWC requested the Commission deny OPC's motion, or in the alternative admit the pre-filed direct testimony of the case in addition to the transcript. Upon a request for specificity, OPC responded they wanted three lines of text from the WO-2018-0373 hearing transcript admitted.<sup>3</sup> MAWC responded without objection, but with additional lines it wanted admitted to show context as it was the immediately preceding question.<sup>4</sup>

## **II. Findings of Fact**

Any finding of fact for which it appears that the Commission has made a determination between conflicting evidence is indicative that the Commission attributed greater weight to that evidence and found the source of that evidence more credible and more persuasive than that of the conflicting evidence.

1. The Office of the Public Counsel "may represent and protect the interests of the public in any proceeding before or appeal from the public service commission."<sup>5</sup> The OPC participated in this matter.

2. Staff is a party in all Commission investigations, contested cases and other proceedings, unless it files a notice of its intention not to participate in the proceeding within the intervention deadline set by the Commission.<sup>6</sup>

3. MAWC is an investor-owned water utility providing retail water service to large portions of Missouri, and specific to this case, most of St. Louis County.<sup>7</sup>

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<sup>2</sup> The motion also requested admission of the Report and Order in file number WO-2018-0373, which does not need to be admitted to evidence in order to be cited.

<sup>3</sup> The question and answer to be admitted from lines 16-18, p. 52 of Vol. 1 of the Hearing Transcript: OPC – An NOL is not attached to any certain infrastructure, any particular asset? Witness Wilde – You're correct with that.

<sup>4</sup> The question and answer to be admitted from lines 13-15, p. 52 of Vol. 1 of the Hearing Transcript: OPC - Carryover means you're bringing forward from year to year? Witness Wilde – Correct.

<sup>5</sup> Section 386.710(2), RSMo 2016; Commission Rules 4 CSR 240-2.010(10) and (15) and 2.040(2).

<sup>6</sup> Commission Rules 4 CSR 240-2.010(10) and (21) and 2.040(1).

4. MAWC is a “water corporation” and a “public utility”, as defined in Sections 386.020(59) and (43), and 393.1000(7), RSMo 2016.<sup>8</sup>

5. Water corporations are permitted to recover certain infrastructure system replacement costs outside of a formal rate case through a surcharge on its customers’ bills.<sup>9</sup>

6. On February 20, 2019, MAWC filed a petition (“Petition”) for its St. Louis County service territory, requesting a change to its ISRS to recover eligible costs incurred for infrastructure system replacements made during the period October 1, 2018, through March 31, 2019, (“ISRS Period”) initially filed with pro forma ISRS costs for February 1 through March 31, 2019.<sup>10</sup>

7. The ISRS request exceeds one million dollars, but is not in excess of ten percent of the base revenue levels approved by the Commission in the last MAWC general rate case.<sup>11</sup>

8. This is MAWC’s second ISRS filing since their most recent general rate case.<sup>12</sup> As part of that general rate case, MAWC’s then existing ISRS was reset to zero.<sup>13</sup>

9. MAWC’s first ISRS filing since their most recent general rate case, WO-2018-0373, is currently on appeal, pending a decision on the same issue presented in this case.

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<sup>7</sup> MAWC’s Petition to Establish an Infrastructure System Replacement Surcharge & Motion For Approval of Customer Notice, p. 1-2.

<sup>8</sup> *Id* at 2.

<sup>9</sup> Sections 393.1000 to 393.1006, RSMo 2016.

<sup>10</sup> Staff Recommendation, Appendix A, p. 1.

<sup>11</sup> Section 393.1003.1, RSMo 2016; Staff Recommendation, Appendix A, p. 2.

<sup>12</sup> Report and Order, *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, WR-2017-0285*, issued May 2, 2018; Order Approving Tariffs, *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, WR-2017-0285, et al.*, issued May 15, 2018.

<sup>13</sup> Section 393.1006.6, RSMo 2016.

10. In conjunction with its Petition, MAWC filed a tariff sheet that would generate a total revenue requirement for MAWC's ISRS.<sup>14</sup> MAWC's proposed ISRS revenue requirement was later updated by MAWC to \$9,706,228.<sup>15</sup>

11. MAWC attached supporting documentation to its Petition for completed plant additions. This included documentation identifying the type of additions, utility account, work order description, addition amount, depreciation rate, accumulated depreciation, and depreciation expense.<sup>16</sup> The company also provided estimates of capital expenditures for projects completed through March 2019, which were subsequently replaced with updated actual cost information and provided to Staff.<sup>17</sup>

12. The term "net operating loss" is defined as "the excess of operating expenses over revenues."<sup>18</sup> The Internal Revenue Code states, "For purposes of this section, the term 'net operating loss' means the excess of the deductions allowed by this chapter over the gross income."<sup>19</sup>

13. A net operating loss ("NOL") results when a utility does not have enough taxable income to utilize all of the tax deductions to which it would otherwise be entitled. The amount of unused deductions is the NOL, and is booked to a deferred tax asset account.<sup>20</sup> A deferred tax asset account allows the NOL to be carried forward, year to year, to be used to offset taxable income.<sup>21</sup>

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<sup>14</sup> MAWC's Petition to Establish an Infrastructure System Replacement Surcharge & Motion For Approval of Customer Notice, Appendix B.

<sup>15</sup> Direct Testimony of Brian W. LaGrand, p. 4.

<sup>16</sup> MAWC's Petition to Change Its Infrastructure System Replacement Surcharge & Motion For Approval of Customer Notice, Appendices D, E, and F.

<sup>17</sup> Staff Recommendation, Appendix A, p. 1; Direct Testimony of Brian W. LaGrand, p. 4.

<sup>18</sup> Deluxe Black's Law Dictionary, Sixth Edition.

<sup>19</sup> I.R.C. Section 172(c).

<sup>20</sup> Direct Testimony of Mark Oligschlaeger, p. 5.

<sup>21</sup> Rebuttal Testimony of Mark L. Oligschlaeger, p. 1-2.

14. An NOL is a tax return adjustment and not a regulatory item.<sup>22</sup>

15. The documents MAWC filed in support of its ISRS petition included an amount for Accumulated Deferred Income Taxes (“ADIT”).<sup>23</sup> MAWC also included a proposed calculation for a Deferred Tax Asset relating to an assumed NOL for the ISRS period in the amount of \$8,764,652.<sup>24</sup>

16. On April 22, Staff submitted its *Staff Recommendation*. Staff’s recommended revenue requirement for MAWC’s ISRS is \$8,878,845.<sup>25</sup>

17. The Staff Recommendation removed certain costs from the ISRS revenue requirement such as: repairs to customer owned appliances and equipment; charges associated with service lines; and accounting entries that were included in the prior ISRS case.<sup>26</sup> Removal of the listed items was not objected to by MAWC.<sup>27</sup>

18. Staff and MAWC are in agreement with the *Staff Recommendation* except on one issue, specifically whether there is an NOL for the ISRS Period, and, if so, what impact it may have on the ISRS.<sup>28</sup>

19. Staff recommended removing approximately \$8.85 million in Deferred Tax Asset<sup>29</sup> from MAWC’s ISRS calculations because it was not an NOL resulting from the ISRS replacements during the ISRS Period.<sup>30</sup> This removal results in an \$827,383 reduction in MAWC’s submitted ISRS costs.<sup>31</sup>

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<sup>22</sup> Direct Testimony of John S. Riley, p. 2.

<sup>23</sup> MAWC’s Petition to Change Its Infrastructure System Replacement Surcharge & Motion For Approval of Customer Notice, Appendix C.

<sup>24</sup> Direct Testimony of Brian W. LaGrand, Schedule BWL-2; see also Rebuttal Testimony of Brian W. LaGrand, p. 3-4.

<sup>25</sup> Staff’s Post-Hearing Brief, p. 4.

<sup>26</sup> Staff Recommendation, Appendix A, p. 4.

<sup>27</sup> MAWC’s Response to Staff Recommendation, p. 1.

<sup>28</sup> MAWC’s Response to Staff’s Recommendation, p.1; Staff’s Post-Hearing Brief, p. 2.

<sup>29</sup> The \$8.85 million figure is derived from the Net Operating Loss/Taxable Income of \$36.7 million as shown on Schedule BWL-1, p. 2 of the Direct Testimony of Brian W. LaGrand.

<sup>30</sup> Staff Recommendation, Appendix A, p. 4.

<sup>31</sup> Staff’s Post-Hearing Brief, p. 5.

20. Only costs directly associated with qualifying ISRS plant that became in-service during the six months of the ISRS Period should be reflected in ISRS rates.<sup>32</sup>

21. MAWC has a federal income tax NOL carryover (“NOL carryover”) from years prior to the ISRS Period.<sup>33</sup>

22. MAWC’s NOL carryover has been decreasing over time since the start of 2018, and is expected to continue to decline through 2019 with the exception of a few months.<sup>34</sup>

23. There are monthly increases to MAWC’s NOL carryover balance for the months of June, October, and November 2018, and February 2019, but these do not create an NOL as the other months are all decreases to NOL, because the net for the periods at issue is an overall decrease.<sup>35</sup>

24. Including the four months of increases to MAWC’s NOL carryover balance, no net amount of NOL has actually been generated for federal income tax purposes by MAWC *on an aggregate basis* since January 1, 2018, the beginning of the ISRS Period from prior ISRS case WO-2018-0373.<sup>36</sup>

25. MAWC’s presumption of an NOL calculates an NOL during the ISRS Period by subtracting depreciation, accelerated depreciation, repairs deduction, and interest expense from zero revenue generated by the subject ISRS replacements.<sup>37</sup>

26. MAWC contends, “These deductions, taken against little ISRS revenue, create a NOL that is specifically associated with the ISRS investments.”<sup>38</sup>

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<sup>32</sup> Direct Testimony of Mark L. Oligschlaeger, p. 7; see also Hearing Transcript, p. 17, 18, 49.

<sup>33</sup> Hearing Transcript, p. 42, and p. 47; Direct Testimony of John R. Wilde, p. 12; Direct Testimony of Karen Lyons, p. 5.

<sup>34</sup> Direct Testimony of Karen Lyons, p. 5 and 6.

<sup>35</sup> Direct Testimony of Karen Lyons, p. 6.

<sup>36</sup> Hearing Transcript, p. 128; Rebuttal Testimony of Mark L. Oligschlaeger, p. 2 and 4; Direct Testimony of Karen Lyons, p. 6 and Schedule KL-d4.

<sup>37</sup> MAWC’s Post-Hearing Brief, p. 11-12.



27. For the current ISRS period, MAWC assumes \$0 in current revenues being received from the subject ISRS replacements.<sup>39</sup>

28. MAWC assumes an ISRS-related income, associated with the *prior* ISRS, WO-2018-0373, at \$4.25 million.<sup>40</sup>

29. The deferred tax liability is booked on the Company's books and records, and the NOL calculated by MAWC for 2018 does not exist because MAWC's tax return has not been filed.<sup>41</sup> MAWC has not filed their 2018 income tax statement, and does not expect to until October 2019.<sup>42</sup>

30. MAWC has not filed their 2019 income tax statement, and does not expect to until October 2020.<sup>43</sup>

31. MAWC has not filed their claimed \$34 million NOL on any income tax filing nor has MAWC recorded such NOL on its books.<sup>44</sup>

32. MAWC's submitted Exhibit Number 3C<sup>45</sup>, a 2017 Form 1120 US Corporation income tax return, is stated by MAWC to be a "pro forma form"<sup>46</sup>. The Commission notes that this form does not break down the estimated NOL to specific projects. This 2017 Form 1120 was not a part of American Water Works 2017 tax return.<sup>47</sup>

33. MAWC witness John Wilde acknowledged that according to MAWC's 2017 pro forma tax form 1120 it had a negative taxable income and therefore generated a net

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<sup>38</sup> Id at 12.

<sup>39</sup> Direct Testimony of Brian W. LaGrand, Schedule BWL-2, Line 47.

<sup>40</sup> Id at 12; Direct Testimony of Brian W. LaGrand, Schedule BWL-2, Line 53 adding together \$1,594,490 in revenue from 2018 with \$2,657,483 for 2019, both from the prior ISRS.

<sup>41</sup> Hearing Transcript, p. 128.

<sup>42</sup> Hearing Transcript, p. 42.

<sup>43</sup> Hearing Transcript, p. 49-50.

<sup>44</sup> Rebuttal Testimony of John R. Wilde, p. 3 noting that MAWC will in the future be filing income tax statements that will reflect the claimed \$34 million loss; see also Rebuttal Testimony of Karen Lyons, p. 4-5.

<sup>45</sup> Exhibit is marked Confidential.

<sup>46</sup> Hearing Transcript, p. 46.

<sup>47</sup> Hearing Transcript, pp. 36-37.

operating loss carryforward amount in 2017. Mr. Wilde also acknowledged that for 2018 MAWC expects taxable income to be a positive amount.<sup>48</sup>

34. In answer to a question about the amount of NOLs to be included in federal tax filings, Witness Wilde testified “They are knowable. I don’t know if they are known yet. They’re not completed 100 percent.”<sup>49</sup>

35. NOL’s are calculated on an overall basis.<sup>50</sup>

36. NOL’s are not split out for accounting purposes by the various tax deductions that may contribute to an NOL situation.<sup>51</sup>

37. MAWC projects that it will be able to reflect all of its net accelerated depreciation benefits associated with ISRS plant additions on its books during the next two years without the need to record any new offsetting NOL amount.<sup>52</sup>

38. MAWC’s NOL as of December 31, 2017, is currently reflected in MAWC’s base rates as a result of MAWC’s last general rate case, File Number WR-2017-0285, *Report and Order* issued May 2, 2018, and *Order Approving Tariffs* issued May 15, 2018.<sup>53</sup>

39. MAWC’s last general rate case, File Number WR-2017-0285, under the terms of the stipulation and agreement approved by the Commission in that case, provide that no further rate treatment of ISRS eligible costs, which includes NOL amounts, incurred prior to 2018 is allowed to be included in subsequent ISRS proceedings.<sup>54</sup>

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<sup>48</sup> Hearing Transcript, pp. 44-45.

<sup>49</sup> Hearing Transcript, p. 43.

<sup>50</sup> Rebuttal Testimony of Karen Lyons, p. 3.

<sup>51</sup> Id.

<sup>52</sup> Direct Testimony of Mark L. Oligschlaeger, p. 7; Direct Testimony of Karen Lyons, p. 5-6.

<sup>53</sup> Hearing Transcript, p. 24; Direct Testimony of Karen Lyons, p. 5 and 7.

<sup>54</sup> Hearing Transcript, p. 24.

40. The Internal Revenue Service (“IRS”) Private Letter Rulings cited by MAWC to support its position<sup>55</sup> address time periods in which the utility in question was generating NOL amounts and not a single-issue rate case.<sup>56</sup>

41. The Private Letter Rulings contain a statement excluding their use as precedent, and further state that such Rulings are “directed only to the taxpayer who requested it”.<sup>57</sup>

### **III. Conclusions of Law**

MAWC is a “water corporation” and “public utility” as those terms are defined by Section 386.020, RSMo 2016.<sup>58</sup> MAWC is subject to the Commission’s jurisdiction, supervision, control, and regulation as provided in Chapters 386 and 393, RSMo. The Commission has the authority under Sections 393.1000 through 393.1006, RSMo, to consider and approve ISRS requests such as the one proposed in the Petition. Since MAWC brought the Petition, it bears the burden of proof.<sup>59</sup> The burden of proof is the preponderance of the evidence standard.<sup>60</sup> In order to meet this standard, MAWC must convince the Commission it is “more likely than not” that its allegations are true.<sup>61</sup>

Section 393.1006.2(4) provides that where the Commission finds that a petition complies with the statutory requirements, the Commission “shall enter an order authorizing the water corporation to impose an ISRS that is sufficient to recover “appropriate pretax

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<sup>55</sup> Direct Testimony of John R. Wilde, Schedule JRW-1 through JRW-5; Private Letter Rulings are issued by the IRS to the taxpayer who requested them.

<sup>56</sup> Hearing Transcript, p. 99.

<sup>57</sup> Direct Testimony of John R. Wilde, Schedule JRW-5, p. 5.

<sup>58</sup> Unless otherwise stated, all statutory citations are to the Revised Statutes of Missouri 2016.

<sup>59</sup> “The burden of proof, meaning the obligation to establish the truth of the claim by preponderance of the evidence, rests throughout upon the party asserting the affirmative of the issue”. *Clapper v. Lakin*, 343 Mo. 710, 723, 123 S.W.2d 27, 33 (1938); see also Section 393.150.2.

<sup>60</sup> *Bonney v. Environmental Engineering, Inc.*, 224 S.W.3d 109, 120 (Mo. App. 2007); *State ex rel. Amrine v. Roper*, 102 S.W.3d 541, 548 (Mo. banc 2003); *Rodriguez v. Suzuki Motor Corp.*, 936 S.W.2d 104, 110 (Mo. banc 1996).

<sup>61</sup> *Holt v. Director of Revenue, State of Mo.*, 3 S.W.3d 427, 430 (Mo. App. 1999); *McNear v. Rhoades*, 992 S.W.2d 877, 885 (Mo. App. 1999); *Rodriguez*, 936 S.W.2d at 109 -111; *Wollen v. DePaul Health Center*, 828 S.W.2d 681, 685 (Mo. banc 1992).

revenues.” Section 393.1000(1) defines “appropriate pretax revenues” to include “recognition of accumulated deferred income taxes and accumulated depreciation associated with eligible infrastructure system replacements which are included in a currently effective ISRS.”

#### **IV. Decision**

The issue presented in this case is whether MAWC has proven by a preponderance of the evidence that an NOL exists for the ISRS Period and is associated with the ISRS replacements. We break this down into two questions: 1) is MAWC generating an NOL during the ISRS Period; and 2) if it is generating an NOL, is that NOL associated with the replacements included in the proposed ISRS.

#### **Is there an NOL for MAWC in the ISRS Period?**

MAWC has the burden of proof to show that an NOL exists for the ISRS Period. In this case, evidence that an NOL exists is limited to estimates. Evidence that an NOL exists includes: a pro-forma corporate income tax return; testimony that exact tax filing numbers have not yet been calculated; and testimony that income tax returns for the time period at issue have not yet been filed. Alternatively, MAWC presents its theory that an NOL is shown by subtracting the depreciations and deductions from ISRS replacements from ISRS revenues, to show a loss from the ISRS investment. Without supporting tax documentation and without supporting evidence in the utility’s books, the Commission cannot determine if an NOL will, or does, exist based on estimates.

MAWC is expected to continue utilizing prior NOL carryovers to offset its taxable income in 2018 and 2019, but will not generate a new NOL in the aggregate, although it already has had four months where its carryover NOL amount increased for that month. As MAWC is expected to have taxable income in 2018 and 2019, it is reasonable to conclude

that MAWC is not generating an NOL during the ISRS Period. MAWC also seems to argue that apart from the NOL carryover, it experiences an NOL every time it invests in ISRS plant up until the ISRS rate for that ISRS plant is implemented and collected.

On the contrary, the record indicates that NOLs are not specifically tracked as to origin. The record also indicates that an NOL is an accounting item, not a regulatory item, and that it is a term encompassing an annual or longer period. The record further shows that prior instances of NOL are addressed in full rate cases, as MAWC's pre-December 2017 NOL was addressed in its most recent full rate case.

Since the IRS Private Letter Rulings only address periods where an NOL is generated, and none involve single-issue ratemaking, there is no legal support for MAWC's position that an exclusion of an NOL would violate normalization requirements of the IRS Code.<sup>62</sup>

The Commission, for the reasons discussed herein, finds there is not sufficient evidence to show an NOL being generated in the ISRS Period.

**If there is an NOL, is it associated with the replacements included in the currently effective ISRS?**

Since there is not sufficient evidence to show an NOL occurring in the ISRS Period, the question of whether an NOL is associated with the ISRS investment is moot.

**V. Conclusion**

Based on Staff's adjustments to exclude the ineligible costs, the corrected ISRS calculation will result in MAWC collecting ISRS revenues in the amount of \$8,878,845. The Commission also concludes that the appropriate rate design is that which was testified to by Matthew J. Barnes and to which there were no objections.

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<sup>62</sup> Hearing Transcript, p. 94 to 99.

MAWC has complied with the requirements of the applicable ISRS statutes to authorize its use of an ISRS, however, for the reasons previously stated, the recovery should not include NOL. The Commission concludes that MAWC shall be permitted to establish an ISRS to recover ISRS revenues for this case in the amount of \$8,878,845. Since the revenues and rates authorized in this order differ from those contained in the tariffs MAWC first submitted, the Commission will reject those tariffs. The Commission will allow MAWC an opportunity to submit new tariffs consistent with this order.

Section 393.1015.2(3), RSMo, requires the Commission to issue an order to become effective not later than 120 days after the petition is filed. That deadline is June 20, 2018, so the Commission will make this order effective on June 15, 2019.

**THE COMMISSION ORDERS THAT:**

1. Missouri-American Water Company is authorized to establish an Infrastructure System Replacement Surcharge (“ISRS”) sufficient to recover ISRS revenues in the amount of \$8,878,845. Missouri-American Water Company is authorized to file an ISRS rate for each customer class as described in the body of this order.

2. The tariff sheet filed by Missouri-American Water Company on February 20, 2019, and assigned Tariff Tracking No. YW-2019-0160, is rejected.

3. Missouri-American Water Company is authorized to file new tariffs to recover the revenue authorized in this Report and Order.

4. The motion of the Office of Public Counsel to admit the evidentiary hearing transcript from case WO-2018-0373, and the responding request from Missouri-American Water Company to admit the pre-filed testimony from case WO-2018-0373 are denied.

5. The request of the Office of Public Counsel to admit lines 16-18 of page 52 of the evidentiary hearing transcript from case WO-2018-0373, and the responding request

from Missouri-American Water Company to admit lines 13-15 of page 52 of the evidentiary hearing transcript from case WO-2018-0373 are granted.

6. Missouri-American Water Company shall file notice with the Missouri Public Service Commission within 10 days the issuance of a conclusion or a statement of violation from the Internal Revenue Service regarding Missouri-American Water Company's February 1, 2019, letter to the Internal Revenue Service self-reporting a possible violation of its consent order and/or normalization rules.<sup>63</sup>

7. This order shall become effective on June 15, 2019.

**BY THE COMMISSION**



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

Morris L. Woodruff  
Secretary

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

Hatcher, Regulatory Law Judge

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<sup>63</sup> Response to Commission Request (EFIS Item Number 30).