

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

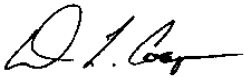
In the Matter of a Working Case to Consider)	
Best Practices for the Recovery of Past-Due)	Case No. AW-2020-0356
Utility Customer Payments After the)	
COVID-19 Pandemic Emergency)	

MISSOURI-AMERICAN WATER COMPANY RESPONSES TO STAFF QUESTIONS

On May 13, 2020, the Missouri Public Service Commission (“Commission”) opened this working case in response to the COVID-19 Emergency to address the collection of past-due payments and other relevant concerns as they relate to the COVID-19 pandemic. Thereafter, on June 24, 2020, the Commission issued an order directing stakeholders to respond to a set of Staff questions by July 15, 2020. Missouri-American Water submits these late-filed responses, with its apologies to the Commission for such lateness, and in advance of the Company’s comments on the Staff Report to be filed later this month.

These are important issues for all Missouri utilities and their customers. Missouri-American Water appreciates the efforts of the Commission, the Commission Staff, the other Missouri utilities, and all stakeholders in working to provide solutions for these challenging issues. Attached, please find Missouri-American Water’s responses to Staff’s questions.

Respectfully submitted,



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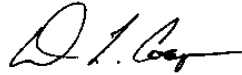
ATTORNEYS FOR MISSOURI-AMERICAN WATER COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on August 19, 2020, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounservice@psc.mo.gov

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@opc.mo.gov



STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

What date did the company initiate the suspension of discontinuances of service as a result of the COVID-19 pandemic emergency?

Information Provided:

The company suspended discontinuances of service on March 12, 2020.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe practices used prior to the suspension of customer discontinuances that were used to minimize past due accounts receivable.

Information Provided:

Prior to suspension of customer discontinuances in March 2020, MAWC's primary tool to minimize past due accounts receivable was the discontinuance process. In accordance with the PSC rules in Chapter 13 for residential customers, customers were provided two notices and phone calls in advance of any discontinuance of service.

Customers who are past due were eligible for a payment plan, which would give customers 6 months to pay the past due balance, and required a 25% upfront payment.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe efforts made since the suspension of discontinuances to mitigate past due accounts receivable.

Information Provided:

After the suspension of discontinuances, the efforts consisted of reminder letters to customers (see MoPSC 0004_Attachment 1), and utilization of the existing payment plan program.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please provide examples of customer communication regarding changes in collection practices related to accounts subject to discontinuance.

Information Provided:

Please see MoPSC 0004_Attachment 1 and MoPSC 0004_Attachment 2.

03/31/2020

[REDACTED]

For Service To:

Account Number: [REDACTED]

Service Address: [REDACTED]

Customer Payment Past Due Letter
Final 03/31/2020

Dear [REDACTED]

American Water would like to thank you for being a customer and your trust as we continue to provide you with safe, clean, reliable water/wastewater services. We understand how critical your water service is to you.

As a reminder, we noticed you have not yet paid your bill and it is past due. If you have already paid, please accept our thanks. To make a payment, we have several convenient payment options:

Pay Online: Visit and log on to MyWater at myaccount.amwater.com to make a one-time Electronic Check payment. This service is free of charge. You can also enroll in our Auto Pay program for future bills, so they are paid automatically from your checking or savings account on time, every time on the date the bill is due. Pay by credit card using one of the following options (24/7): 1) MyWater - Log onto our online customer portal, at myaccount.amwater.com, and follow the steps; 2) By phone: Contact our Customer Service Center at 1-800-685-8660 and follow the prompts to pay your bill. You may also call 1-800-685-8660 to discuss your eligibility to enter into a payment arrangement, to let us know that you made a payment; or to dispute the overdue bill.

At American Water, the health and safety of our customers, communities and employees is our top priority. To minimize the risk of exposure to the coronavirus, we have closed our walk-in payment centers and initiated our business continuity plans to help provide additional stability to our operations that include water/wastewater services to your home or businesses. We continue to monitor and are continuously evaluating the situation and latest developments to determine how we can adopt and amend measures, as necessary, to support our customers and communities we serve.

Thank you and we hope to hear from you soon,

08/06/2020



For Service To:

Account Number:



Service Address:



Dear Valued Missouri American Water Customer,

Missouri American Water is proud to provide you with safe, clean, reliable water and/or wastewater service. We understand how critical your service is to you. Since the beginning of the COVID-19 health emergency, Missouri American Water was well ahead of the nationwide mandates to suspend shutoffs, reconnect customers that were shutoff for billing related issues and the suspension of late fees. We voluntarily implemented these measures, prior to many of the nationwide mandates in mid-March 2020. We felt it was the right thing to do for our customers during extremely challenging times for the communities we serve and the country.

After careful consideration for those affected by the COVID-19 health emergency and the current economic environment, Missouri American Water would like to inform you that the company will be holding off on resuming these procedures until SEPTEMBER. If you have an unresolved past due balance you will see the late fee applied to your AUGUST service on your bill that will be issued in SEPTEMBER.

We understand that right now customers may be facing circumstances that are stretching financial resources. Missouri American Water is here to assist you with information to help you make an informed decision about what's best for you. Our customer service representatives are ready to work with you on a plan to pay the balance of your bill over time. You may also be qualified to receive assistance through select low income, bill assistance or help agency programs. To see what programs may be available to you, please visit www.amwater.com, select your state and navigate to the customer service and billing section.

If you would like to discuss a payment plan please contact Missouri American Water Customer Service at 1-866-430-0820.

We have several convenient payment options. You can pay online by logging on to MyWater at myaccount.amwater.com to make a one-time electronic check payment. This service is free of charge. You can also enroll in our AutoPay program for future bills, so they are paid automatically from your checking or savings account on time, every time on the date the bill is due. Customers can also pay by credit card via MyWater or by calling 1-800-685-8660 and following the prompts.

To protect our employees and minimize the risk of exposure to the coronavirus, Missouri American Water has closed our company walk-in payment centers. There are other locations where you may be able to make an in-person payment, if that is desired. You can find more information at www.missouriamwater.com under Customer Service & Billing. It is recommended that you call in advance to confirm the location is open as well as follow social distancing recommendations issued by the Centers for Disease Control and Prevention.

Missouri American Water will continue communicate with you and work constructively with regulators and local officials as we continue to evaluate and address ongoing utility response measures and customer protections as our communities and nation manage and recover from the COVID-19 health emergency.

Sincerely,
Missouri American Water Customer Service.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe any changes in procedures related to customer payment arrangements since initiating the suspension of discontinuances of service.

Information Provided:

Please see MoPSC 0003.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please provide documentation of the number of customers with payment arrangements, on a monthly basis, by customer class, from March 2016 to 2020 YTD. For each period, provide the number of Cold Weather Rule and non-Cold Weather Rule payment arrangements for residential customers.

Information Provided:

Table 1 below provides payment plans by month for January 2016 through April 2020. Please note that we are unable to provide payment plans by customer class for data prior to May 2020. See Table 2 for May through July data by customer class. The Cold Weather Rule questions do not apply to Missouri American Water.

Table 1

Payment Plans by Month					
Month	2016	2017	2018	2019	2020
January	3217	3142	2828	3748	2539
February	1684	2279	2218	3134	2456
March	2901	3077	3210	2900	1835
April	2671	2576	2424	2572	1182
May	1960	1935	2292	2340	
June	3171	3024	3293	2653	
July	2333	2582	2487	2272	
August	2023	2320	2325	2541	
September	3692	3894	4075	3125	
October	2861	2988	3373	2713	
November	2350	2611	2601	2710	
December	4847	3549	3801	2594	

Table 2

Payment Plans by Month by Customer Class		
	Residential	Commercial
May-20	966	10
Jun-20	1500	15
Jul-20	1135	12

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe the alternatives discussed by company management to collect past due accounts receivable without unduly burdening vulnerable customers when discontinuances of service are resumed. For each alternative, please describe the associated advantages and disadvantages. Please describe how alternatives to collect past due accounts receivable will be communicated to customers.

Information Provided:

Beginning with the restarting of discontinuances of service, MAWC is implementing a plan to offer an enhanced payment plan for customers. Aspects of this plan will include:

- Ability to repay past due balance over 12 months
- Expansion to both residential and commercial accounts
- Changes to upfront payment requirement
 - No up front payment unless the customer has defaulted on a payment arrangement in the last 12 months or has had a returned check.
 - 10% upfront payment for customers who have defaulted in the last 12 months
 - 25% upfront payment for customer who've had a returned check in the last 12 months
- Customers can renegotiate the payment plan one time.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

What criteria will be used to determine the timing for resuming discontinuances of service?

Information Provided:

MAWC will begin the normal collection process on August 1, 2020. Customers with past due accounts will begin to get letters and communications after that date. Considering the normal process of customer notification, no customer is anticipated to have their service discontinued until mid-September 2020 at the earliest.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

If applicable, describe COVID-19 related changes to the company's community-funded assistance program (i.e. Dollar More, Dollar Help etc.). If eligibility requirements were modified in an effort to assist more customers, did the changes result in increased pledges on customer accounts, please explain.

Information Provided:

There have been no changes to this program as a result of the COVID-19 emergency.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please identify the amount of revenues foregone as of June 30, 2020 due to the COVID pandemic by revenue type, such as late fees, reconnection fees, etc. (Note: This should not include any estimates of “lost revenues” due to a reduction in sales to customers attributable to the COVID pandemic or economic downturn, which is being requested separately below.) Also, please provide an estimation for the period of July 1, 2020 through December 31, 2020 for the revenues forgone.

Information Provided:

During the moratorium period Missouri American reconnected 112 customers, waiving the \$27.50 dollar reconnection fee which equated to \$3,080 dollars.

During the moratorium period of March through June of 2020 Missouri American has foregone the collection of \$636,897 dollars of late fees.

The Company has not estimated these items from July 2020 through December 2020.

Please see response to MoPSC 0017 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please provide the change in revenues on an overall basis, and by rate class, by month, starting with February 2020 through June 2020 and the amount attributable to the impacts of the COVID-19 pandemic. Also, please provide estimated revenue changes, by rate class for the period July 1, 2020 through December 31, 2020.

Information Provided:

While the Company has been able to compile foregone late fees and reconnection fees, the Company continues to compile and analyze the trailing data necessary to determine reduced lost revenues due to lower volumetric sales to customers in the various customer classes as well lost revenues from customers that will close their doors or go bankrupt.

The Company has not estimated these items from July 2020 through December 2020.

Please see response to MoPSC 0009 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please quantify for each of the following costs that has been incurred due to the COVID-19 pandemic to date: incremental bad debt expense, incremental costs to allow employees to work at home, additional cleaning expense, protective supplies for employees, costs related to new assistance programs implemented to aid customers with payment of bills, costs incurred for possible sequestration, and any other cost tracked by your utility. Also provide a current annual projection for each of these costs.

Information Provided:

The incremental financial impacts of COVID incurred as of June 30, 2020 includes the following:

a) Reconnect and late fees

The lost revenue associated with reconnection fees during the moratorium period was calculated by multiplying the number of reconnects that were performed during the period by the \$27.50 reconnection fee. Since MAWC began waiving the reconnection fee, the Company reconnected 112 customers. MAWC has foregone the collection of \$3,080 in reconnection fees.

The lost revenue associated with the foregone late charges that were not billed was calculated based on the Company's late fee policy as it would have been applied to past due invoices during the moratorium period. During the moratorium period of March through June 2020, MAWC has foregone the collection of \$636,897 in late fees.

b) Uncollectible Expense

The incremental uncollectible expense was calculated by first taking the actual uncollectible expense for the state of emergency period, March to June, and comparing to the last authorized uncollectible expense for the same time period resulting in the deferral of \$586,916.

c) Additional Debt Carrying Costs

American Water secured a term loan to provide additional liquidity. MOAW was allocated 70.4 million dollars of the term loan in June 2020. The associated interest is \$311,828.

d) Other Additional Costs

The Company created a specific tracking number in the Company's ERP system to capture certain increased cost related to COVID-19, such as facility preparedness, PPE, sanitizers, signage, rental equipment, etc. The costs associated with these other additional costs total \$255,872.

MAWC will continue to track and identify the financial impacts of the COVID-19 public health emergency that the Company must incur to continue to provide safe, reliable and adequate water and wastewater service to its customers during this time. The Company believes that the full scope of incremental COVID-19 costs cannot be known with complete certainty at this time and has not prepared an annual projection for these costs due to the continued uncertainty and length of the COVID-19 emergency.

Please see response to MoPSC 0002 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please quantify for each of the following categories the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. Also provide a current annual projection for each of these savings categories.

Information Provided:

MAWC has identified cost savings related to travel and conferences for both MAWC and Service Company costs that would have been allocated to MAWC. This calculation includes using a comparison of actual costs for expenses related to travel and conferences for the periods of the state of emergency (\$57,637) compared to the same period of the prior year (\$267,315) to determine the cost savings related to travel and conferences for MAWC and Service Company expenses. The associated savings total \$209,678 for the period of March through June 2020.

These savings are representative of the period of March through June 2020. MAWC has not prepared an annual projection of these costs due to the continued uncertainty and length of the COVID-19 emergency.

Please see response to MoPSC 0003 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please provide a detailed estimate/projection of any Covid-19 related costs that might be covered by governmental reimbursement programs (federal and/or state). Have applications been made for any federal or state grants, loans or other measures of assistance associated with the COVID pandemic? If so, please provide a list of such.

Information Provided:

MAWC does not have any COVID-19 related costs that will be covered by governmental reimbursement programs. MAWC has not applied for any federal or state grants, loans or other measures of assistance associated with the COVID emergency because we are not eligible as a corporation.

Please see response to MoPSC 0004 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Are limitations being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason? If yes, please provide documentation setting out the reasons for and the terms of such limitations.

Information Provided:

No limitations are being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason.

Please see response to MoPSC 0007 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Have employee layoffs occurred due to the COVID-19 pandemic? If so, how many employees were released? Have or will the implementation of any voluntary employee reduction programs in 2020 for Covid-19 or other reasons occur? If yes, please provide the timing of the program, and its rationale.

Information Provided:

No layoffs have occurred due to the COVID-19 emergency and no voluntary employee reduction programs will be implemented due to COVID-19.

Please see response to MoPSC 0008 in WU-2020-0417.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe any programs now being implemented or planned to be implemented in the future to assist customers in returning to current status.

Information Provided:

Please refer to MoPSC 0007.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please describe any programs now being implemented or planned to be implemented in the future to assist the most vulnerable or at risk customers.

Information Provided:

Please see response to MoPSC 0007.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

For electric providers – Please provide any class changes in load overall and by customer class by month starting in February 2020.

Information Provided:

Not applicable to Missouri American Water.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

Please provide, and update as appropriate, the timing of the company's plans to restart collecting late fees from customers and when the company may begin disconnecting customers for non-payment.

Information Provided:

Please see response to MoPSC 0008.

STAFF QUESTIONS
Missouri-American Water Company
AW-2020-0356

Information Requested:

If your utility has not already filed an application with the Commission requesting special accounting treatment of incremental COVID costs and/or “lost revenues,” do you plan to do so at some point in the future? If yes, please discuss the timing of the application and the types of financial impacts you would request be included.

Information Provided:

MAWC has filed an application for an Accounting Authority Order in Case No. WU-2020-0417.