

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

In the Matter of the Petition of	)	
Missouri-American Water Company for	)	<b><u>File No. WO-2023-0427</u></b>
Approval to Change a Water and Sewer	)	Tariff No. YW-2024-0030
Infrastructure Rate Adjustment (“WSIRA”)	)	Tariff No. YS-2024-0031

**AMENDED STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and hereby submits its Staff Recommendation and Memorandum in this matter, stating:

1. Sections 393.1500-1509, RSMo, provide that eligible water and sewer corporations may recover certain infrastructure system replacement costs through a Water and Sewer Infrastructure Rate Adjustment (“WSIRA”). Pursuant to Commission Rule 20 CSR 4240-4.017, Missouri-American Water Company (“MAWC”) filed its 60-day notice on June 16, 2023.

2. On September 1, 2023, MAWC filed its *Petition to Establish a Water and Sewer Infrastructure Rate Adjustment and Motion for Approval of Customer Notice* (“Petition”) with the Missouri Public Service Commission (“Commission”). Attached to MAWC’s *Petition* were Appendices A – L. MAWC also filed tariff sheets in the tariff tracking files, YW-2024-0030 and YS-2024-0031.

3. On September 7, 2023, the Commission granted MAWC’s *Motion to Consolidate* WSIRA cases WO-2023-0427 (water) and SO-2023-0428 (sewer), suspended MAWC’s tariff sheets (YW-2024-0030 and YS-2024-0031) until February 28, 2024, and ordered Staff to file its recommendation no later than November 30, 2023. No parties requested intervention.

4. MAWC submitted its Petition to recover WSIRA investment that was placed into service for the period January 1, 2023, to July 31, 2023, with estimated WSIRA costs for August 1, 2023, through October 31, 2023, also included. MAWC estimated in its Petition that it was entitled to WSIRA water revenues of \$23,742,768 and sewer revenues of \$14,761. This would equate to an increase of approximately 5.7% for water and 0.1% for sewer based on the base revenue level approved by the Commission in its most recent rate case. The WSIRA proposal also includes an estimated adjustment of \$722,151 to reflect an under-collection from previously authorized WSIRA sewer revenues.

5. Based upon its investigation and calculations, Staff concludes that MAWC's actual WSIRA rates should be designed to recover annual WSIRA revenues of \$23,286,383 from St. Louis County water customers, \$3,289,514 from All Other water customers, \$8,428 from Arnold sewer customers, and \$95,565 from All Other sewer customers for a total of \$26,679,890.

6. Staff's calculations reflect the overall pre-tax weighted average cost of capital of 8.65% (tax grossed up rate of return) and MAWC's current depreciation rates, as reflected in the *Stipulation and Agreement* approved and ordered by the Commission on May 3, 2023, in Case No. WR-2022-0303, MAWC's last general rate case.

7. Staff based its conclusions on an examination of work orders and supporting documentation for the projects included for recovery in MAWC's proposed WSIRA filing, as well as from a review of the *Stipulation and Agreement* in Case No. WR-2022-0303. Staff agrees with the methodology utilized by MAWC in the calculation of the WSIRA revenue requirement for the purpose of this WSIRA filing. In its calculation of the WSIRA revenue requirement Staff utilized the replacement of estimated

costs included in the WSIRA plant balances included in the Company's direct filing with the actual cost for that period.

8. MAWC is current on its quarterly assessment payments and is not delinquent for prior year's assessments, nor does MAWC have any past due annual reports. In addition, at this time MAWC's WSIRA has not been in effect for a twelve-month period so a reconciliation of WSIRA revenues is not required in this case.

WHEREFORE, for the reasons stated above and in Staff's attached Memorandum, incorporated herein, Staff recommends that the Commission issue an order in this case that:

- 1) Rejects the following proposed tariff sheets filed in Tariff No. YW-2023-0052:
  - a. FORM NO. 13 P.S.C. MO NO. 13 7<sup>th</sup> Revised Sheet No. RT 11.1  
Cancelling 6<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 13 7<sup>th</sup> Revised Sheet No. RT 11.2  
Cancelling 6<sup>th</sup> Revised Sheet No. RT 11.2;
- 2) Rejects the following proposed tariff sheets filed in Tariff No. YS-2023-0053:
  - a. FORM NO. 13 P.S.C. MO NO. 26 6<sup>th</sup> Revised Sheet No. RT 11.1  
Cancelling 5<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 26 6<sup>th</sup> Revised Sheet No. RT 11.2  
Cancelling 5<sup>th</sup> Revised Sheet No. RT 11.2;
- 3) Approves Staff's recommended WSIRA surcharge revenues in this docket in the incremental pre-tax revenue amount of \$23,286,383 from St. Louis County water customers, \$3,289,514 from All Other water customers, \$8,428 from

Arnold sewer customers, and \$95,565 from All Other sewer customers for a total in this filing of \$26,679,890; and

4) Authorizes MAWC to file revised tariff sheets for each utility, service area, and customer class, as reflected in Staff's Appendix A1 – A4, which generates \$26,679,890.

Respectfully submitted,

**/s/ Carolyn H. Kerr**

Missouri Bar Number 45718

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 29th day of November, 2023.

**s/ Carolyn H. Kerr**