

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 21st day of December, 2023.

In the Matter of the Petition of Missouri-
American Water Company for Approval to
Establish a Water and Sewer Infrastructure
Rate Adjustment (WSIRA))

) **File No. WO-2023-0427**
) **Tariff Nos. YW-2024-0030**
) **and YS-2024-0031**

**ORDER APPROVING WATER AND SEWER
INFRASTRUCTURE RATE ADJUSTMENTS**

Issue Date: December 21, 2023

Effective Date: January 20, 2024

On September 1, 2023, Missouri-American Water Company (MAWC) filed a petition to establish water and sewer infrastructure rate adjustments (WSIRAs) under Sections 393.1500-1509, RSMo.¹ MAWC also requested that the Commission approve its proposed customer notices and filed tariff sheets to implement the WSIRAs. The tariff sheets, Tariff Nos. YW-2024-0030 and YS-2024-0031, were suspended by the Commission until February 28, 2024.¹

The Commission issued notice of the petition, directed the Staff of the Commission (Staff) to file a recommendation, and set deadlines for filing requests to intervene, any other objections or requests for hearing, and responses to those pleadings. No requests for intervention were received.

Staff conducted an examination and investigation of MAWC's petition and its attachments, work orders, and answers to various data requests. Staff filed a memorandum and recommendation on November 29, 2023, an amended

¹ Files No. WO-2023-0427 and SO-2023-0428 were consolidated, with File No. WO-2023-0427 being the lead case.

recommendation later on November 29, 2023, and a second amended recommendation on November 30, 2023.

Staff agreed with MAWC's methodology to calculate the WSIRA revenue requirement. Staff received updated workpapers which showed increases in proposed revenues for both water and sewer. Staff recommended MAWC's WSIRA revenue requirement should be \$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 for this WSIRA filing.

MAWC responded on December 11, 2023, agreeing with Staff's recommendation. MAWC's response included exemplar tariffs. No other responses were received.

The Commission has reviewed the amended verified petition, the proposed customer notices, Staff's responses, and the exemplar tariff sheets. The Commission finds that Sections 393.1500 to 393.1509, RSMo, authorize eligible water and sewer corporations to recover eligible infrastructure system project costs outside of a formal rate case by establishing a WSIRA surcharge.

The Commission also finds that MAWC is a water and sewer corporation that provides water service to more than 8,000 customer connections and provides sewer service to more than 8,000 customer connections. Therefore, MAWC is eligible to establish both water and sewer WSIRAs "that will provide for the recovery of the appropriate pretax revenues associated with the eligible infrastructure system projects, less the appropriate pretax revenues associated with any retired utility plant that is being replaced by the eligible infrastructure system projects."²

² Subsection 393.1506.1, RSMo (Supp. 2022).

After reviewing the petition and Staff's recommendations, the Commission determines that the included projects are eligible infrastructure system projects, less the appropriate pretax revenues associated with any retired utility plant that is being replaced by the eligible infrastructure system projects. The Commission has determined that the proposed WSIRA rates in the exemplar tariff sheets, after deducting the WSIRA revenues attributable to the replacement of customer-owned lead service lines, will not produce revenues in excess of 15% of MAWC's base revenue requirement approved by the Commission in MAWC's most recent general rate proceeding, File No. WR-2022-0303.³ The Commission further determines that the WSIRA as proposed in the exemplar tariff sheets is calculated and will be implemented in accordance with the provisions of Sections 393.1500 to 393.1509, RSMo, and the WSIRA revenues will be subject to recovery or credit of differences after reconciliation and prudence reviews as provided in Subsections 393.1509.5 and .8, RSMo.

Therefore, the Commission approves the establishment of a WSIRA for both water and sewer service with rates 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 for this WSIRA filing.

The Commission will reject MAWC's proposed WSIRA tariff sheets, YW-2024-0030 and YS-2024-0031, and authorize MAWC to file tariff sheets to recover WSIRA revenues and rates as set out in the exemplar tariff sheets attached to MAWC's

³ Subsections 393.1506.1 and .2, RSMo (Supp. 2022).

December 11, 2023 response. The Commission also approves the proposed customer notices, to be updated to reflect the WSIRA approved by this order.

THE COMMISSION ORDERS THAT:

1. The tariff sheets filed by MAWC on September 1, 2023, and assigned Tariff Nos. YW-2024-0030 and YS-2024-0031, are rejected.
2. MAWC is authorized to establish WSIRAs for water and sewer service and to file tariff sheets to recover WSIRA revenues and rates as set out in the exemplar tariff sheets attached to its December 11, 2023 response.
3. The customer notices contained with MAWC's application are approved.
4. This order shall be effective on January 20, 2024.



BY THE COMMISSION

A handwritten signature in black ink that reads "Nancy Dippell". The signature is written in a cursive, flowing style.

Nancy Dippell
Secretary

Rupp, Chm., Coleman, Holsman, Kolkmeier
and Hahn CC., concur.

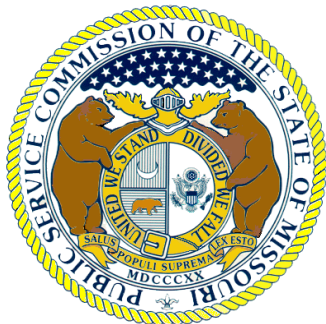
Pridgin, Deputy Chief Regulatory Law Judge

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 21st day of December 2023.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 21, 2023

File/Case No. WO-2023-0427

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
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.