

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 31st day of July, 2024.

In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas)
)
) **File No. WR-2024-0320**
)

ORDER REGARDING TEST YEAR

Issue Date: July 31, 2024

Effective Date: July 31, 2024

On May 24, 2024,¹ Missouri-American Water Company (MAWC) filed tariff sheets designed to implement a general rate increase. Concurrently, MAWC filed a *Motion to Establish Future Test Year*. MAWC's motion requests the Commission establish rates based on a future test year covering the 12 months ending May 31, 2026. MAWC also requested a historical test year of the 12 months ending December 31, 2023, and a true-up test year of the 12 months ending December 31, 2024. MAWC states that the future test year includes a forecast of revenue and expenses, as well as a 13-month average of planned changes to rate base that is composed of both specific projects that are scheduled to be in service during the future test year and projected levels of other activity, such as main, services, meter replacements, etc.

As an alternative to the adoption of a future test year, MAWC requests the Commission allow inclusion in its revenue requirement and rates discrete adjustments to

¹ Unless otherwise noted, all dates refer to the year 2024.

certain rate base and expense items beyond the requested true-up date, through the operation of law date.

On July 2, the Commission issued its *Order Directing Notice, Establishing Time to Intervene, Setting Time to Respond, and Consolidating Cases*, which, among other things, gave parties until July 26 to respond to MAWC's motion.

On July 26, the Staff of the Commission (Staff) filed its *Response to MAWC's Motion to Establish Test Year* in which it stated that it does not oppose the historical test year and true-up period proposed by MAWC, but opposes the use of a future test year. Should the Commission decide against the use of a future test year, Staff is not opposed to the use of discrete adjustments, but requests that all parties be permitted to present such adjustments beyond the true-up period to present a more complete picture of MAWC's operations at the operation of law date.

On July 26, the Office of the Public Counsel (OPC), Missouri Industrial Energy Consumers (MIEC), the Consumers Council of Missouri, Midwest Energy Consumers Group (MECG), AARP, the City of St. Joseph, Missouri, and the City of Riverside, Missouri filed a *Joint Response to Motion to Establish a Future Test Year* (Joint Response). The Joint Response asks the Commission to deny MAWC's motion and order the use of an historic test year with true-up, rather than a future test year. The Joint Response acknowledges that the Commission has permitted discrete adjustments in past cases and requests that, should the Commission do so in this case, that the Commission allow all parties to propose such adjustments.

After reviewing the filings and arguments made by the parties, the Commission concludes that the historic test year with adjustments should be adopted.

THE COMMISSION ORDERS THAT:

1. The parties shall use a test year of the 12 months ending December 31, 2023 and a true-up period of the 12 months ending December, 31, 2024. The true-up process and hearing will be for the sole purpose of updating various known and measurable cost of service components to December 31, 2024. Additionally, all the parties may propose specific (discrete) adjustments to the December 31, 2024 known and measurable revenue requirement calculation.

2. All parties must present historical revenue requirement calculations as of consistent points in time. Thus, Missouri-American Water Company shall submit a historical test year revenue requirement, updated with historical results in accordance with the requirements of Ordered Paragraph 1.

3. This order is effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Nancy Dippell".

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Holsman
Kolkmeier, and Mitchell CC., concur.

Seyer, 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 31st day of July 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

July 31, 2024

File/Case No. WR-2024-0320

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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 "Nancy Dippell". The signature is written in a cursive, flowing style.

**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.