

MAWC recognizes that much of the proposed Rule 20 CSR 4240-10.185 finds its basis in the existing Commission Rule 20 CSR 4240-3.650, regarding the Infrastructure System Replacement Surcharge, with which MAWC has had experience. The changes proposed by MAWC in **Appendix A** primarily relate to that experience, as well as matters where MAWC believes the Rule could be more clear or where revised language might facilitate the application and adjudication process.

MAWC respectfully requests that the Commission consider these comments.

Respectfully submitted,

//S// Brian LaGrand

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TITLE 20—DEPARTMENT OF COMMERCE AND INSURANCE

Division 4240—Public Service Commission

Chapter 10—Utilities PROPOSED RULE

20 CSR 4240-10.185 Petitions for Water and Sewer Infrastructure Rate Adjustment

PURPOSE: This rule sets the requirements and process for water or sewer corporations filing a petition and proposed rate schedule with the commission pertaining to Water and Sewer Infrastructure Rate Adjustments in accordance with sections 393.1500 to 393.1509, RSMo.

- (1) A water or sewer corporation, as defined in section 386.020, RSMo, providing water or sewer services to more than eight thousand (8,000) customer connections may file a petition and proposed rate schedules with the commission to establish or change a Water and Sewer Infrastructure Rate Adjustment (WSIRA). For the purpose of this rule, eligible water or sewer corporations seeking to establish or change a WSIRA are referred to as eligible utilities.
- (2) An eligible utility may effectuate a change in its WSIRA no more than two (2) times in a twelve- (12-) month period.
 - (A) The twelve- (12-) month period restriction starts on the effective date of WSIRA rate schedules resulting from the commission approved the initial WSIRA.
 - (B) For the purpose of this rule, an initial WSIRA is the first WSIRA granted to the eligible utility or a subsequent WSIRA established after all existing WSIRAs have been reset to zero (0) after a general rate proceeding.
 - (C) Existing WSIRAs are reset to zero (0) on the effective date of rate schedules resulting from following a commission order establishing customer rates in a general rate proceeding for the eligible utility.
- (3) The commission shall issue an order no later than one hundred eighty (180) days from the receipt of a complete WSIRA petition. To effectuate this requirement, staff of the commission (staff) may submit a report regarding the examination to the commission no later than ninety (90) days after the petition is filed.
 - (A) The staff report shall examine the information provided by the eligible utility to confirm that the underlying costs are applicable and appropriate consistent with this rule.
 - (B) No other revenue requirement or ratemaking issues shall be examined in consideration of the petition or associated proposed WSIRA rate schedule.
 - (C) In order to be considered in the staff report, any updates to the petition must be filed no later than sixty (60) days from the date the petition was filed.
- (4) All eligible utilities filing a petition and proposed rate schedule with the commission to establish or change a WSIRA shall implement the following requirements.
 - (A) Three (3) months prior to filing a petition to establish a WSIRA, the eligible utility shall submit notice to the commission indicating that it will be submitting a petition to establish or change a WSIRA. The notice shall include the eligible utility's most recent five- (5-) year capital expenditure plan unless such a plan has already been submitted during the previous twelve (12) months from the date of petition submittal.

Commented [BL1]: The ISRS rules utilized the effective date of the rate, not the effective date of the Order.

1. If the five- (5-) year capital expenditure plan has been submitted and it is determined that revisions are not necessary, the eligible utility shall indicate in the notice there is no change necessary for its existing plan along with the date it was submitted to the commission.
2. If the five- (5-) year capital expenditure plan has been submitted and it is determined that minor revisions are necessary, the eligible utility shall provide an itemized revision to the commission.
3. If the five- (5-) year capital expenditure plan has been submitted and it is determined that significant revisions are necessary, the eligible utility shall provide its most recent revised plan to the commission along with an indication that the plan has been revised.
4. At a minimum, five- (5-) year capital expenditure plans shall include—
 - A. The total dollar amount related to recurring and developer projects, and a description of each project; and
 - B. The total dollar amount related to investments and a description of each project for each service area in which the utility provides services.

(B) The petition for a WSIRA shall include—

1. All information contained in the requirements of 20 CSR 4240-2.060(1) and (6);
2. The petitioner's number of water or sewer connections;
3. Contact name and information with the eligible utility for communications regarding the petition;
4. Date of last general rate proceeding decided by commission order, if applicable;
5. Date and related case number of most recent five- (5-) year capital expenditure plan filed with the commission;
6. A description of all information posted on the eligible utility's website regarding the WSIRA and related infrastructure system projects;
7. A description of how the eligible utility will educate and instruct customer service personnel to handle customer questions or concerns regarding the WSIRA; and
8. Calculations and explanation of the source of and basis for—
 - A. State, federal, and local income or excise tax rates used to determine the proposed rates and their relation to the current statutory rates;
 - B. Regulatory capital structure;
 - C. Cost rates for debt and preferred stock;
 - D. Cost of common equity;
 - E. Property tax rates;
 - F. Depreciation rates;
 - G. Applicable customer class billing determinants used;

- H. Annual reconciled differences for the recovery of revenues or credits of an effective WSIRA; and
 - I. Costs that are eligible for recovery during the period in which the WSIRA will be in effect, including the net original cost of the eligible infrastructure system projects, the amount of the WSIRA costs related to the eligible infrastructure system projects, and a breakdown of the eligible infrastructure projects identified by work order or cost center for each of the following project categories:
 - (I) Replacement of existing water and sewer pipes, and associated valves, hydrants, meters, service lines, laterals, sewer taps, curb stop, and manholes;
 - (II) Cleaning and relining of existing water or sewer pipes;
 - (III) Replacement of lead mains, lead goosenecks, and lead service lines and associated valves and meters;
 - (IV) Replacement of booster station(s) and lift station pump(s) with equipment of similar capacity and operations, as well as related pipes, valves, and meters;
 - (V) Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of this state;
 - (VI) Facilities relocations required due to construction or improvement of a highway road, street, public way, or other public work on or on behalf of a political subdivision of this state, or another entity having the power of eminent domain provided that the cost related to such projects have not been reimbursed to the eligible utility;
 - (VII) Replacement of water or wastewater treatment mechanical equipment with equipment of similar capacity and operation, including well and intake pumps, transfer pumps, high service or discharge pumps, and metering pumps; and
 - (VIII) Replacement of Supervisor Control and Data Acquisition System (SCADA) components necessary for the operation and monitoring of remote installations including radio and cellular communication equipment, and programmable logic controllers;
9. Explanation for each of the following:
- A. How customers subject to the proposed WSIRA are benefiting from infrastructure system projects that will be recovered through the proposed WSIRA;
 - B. How the proposed WSIRA is being prorated between the affected customer classes, if applicable;

Commented [BL2]: This language is also included in the statute (393.1530(7)e)

- C. How the proposed WSIRA is being applied in a manner consistent with the customer classes cost-of-service study recognized by the commission in the eligible utility's most recent general rate proceeding, if applicable;
 - D. How the proposed WSIRA is being applied consistent with the rate design methodology utilized to develop the eligible utility's rates resulting from its most recent general rate proceeding;
 - E. ~~Whether~~ How the infrastructure project associated with the proposed WSIRA ~~is intended solely for customer growth~~ ~~does not increase revenues by directly connecting the infrastructure system project to new customers~~;
 - F. Date the infrastructure system project associated with the WSIRA was completed and became used and useful;
 - G. Efforts to quantify and seek reimbursement for any costs associated with facility relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, this state, a political subdivision of this state, or another entity having the power of eminent domain, which could offset the requested WSIRA revenues;
 - H. If any of the infrastructure system projects associated with the WSIRA were funded through financing arrangements directed specifically to the projects, an explanation of how the projects were funded, including the amount of debt and the interest rate on that debt;
 - I. Service time of any infrastructure replaced that were in service when either replaced or abandoned; and
 - J. The request for proposal (RFP) process used, or the reasons that a RFP process was not used, to select the entity that performed the infrastructure replacement projects.
- (C) Within twenty (20) days after filing of a WSIRA petition, the eligible utility shall file examples of the items listed below with the commission. The eligible utility's examples shall include—
1. Explanation of the WSIRA including how it will be implemented to all affected customer classes;
 2. Explanation of the WSIRA calculations of the rates in relation to the previous billing as percentage or addition to the commodity charge;
 3. The statutory authority under which the eligible utility is implementing the WSIRA; and
 4. Surcharge description for monthly bills informing the affected customer of the ongoing WSIRA and amount of the WSIRA on the customer's bill.

Commented [BL3]: New language tracks 393.1503(c)3-
"Do not include projects intended solely for customer growth"

~~(D) For requirements listed in this section requiring review or approval by a certified engineer, the item shall be signed, sealed, and dated by a Missouri registered professional engineer.~~

Commented [BL4]: It is unclear what requirements in this section would require such a review or approval. Additionally, any need for materials to be signed, sealed, and dated by a Missouri professional engineer is a matter for the Missouri Board for Architects, Professional Engineers, Professional Land Surveyors and Professional Landscape Architects, not the Commission.

- (5) Upon a WSIRA becoming effective, the eligible utility shall—
- (A) Submit notice to all affected customers no later than the customer’s first bill after the effective date of WSIRA. The notice shall—
 - 1. Provide a detailed description explaining the eligible utility’s water or sewer infrastructure rate adjustment program;
 - 2. Explain how the approved WSIRA is being allocated and how the allocation impacts all affected customer classes;
 - 3. Explain the calculations of the rates in relation to the previous billing as a percentage or an addition to the commodity charge; and
 - 4. Identify the statutory authority under which the eligible utility is implementing the WSIRA;
 - (B) Submit an annual notice to all affected customers on the anniversary of the approved effective date of the initial WSIRA explaining that the WSIRA is in effect along with an explanation of the continuation of its water or sewer infrastructure system replacement;
 - (C) A surcharge description on all affected customer bills informing the customers of the existing and ongoing amount of the WSIRA on the bills; and
 - (D) Eligible utilities collecting WSIRA revenues shall file their updated five- (5-) year capital expenditure plan with the commission no later than February 28 of each year. If this date falls on a weekend or holiday, then the eligible utility shall submit its plan no later than the last business day prior to February 28.
 - 1. The five- (5-) year capital expenditure plan shall include, at a minimum, the following: A. Total dollar amount related to recurring and developer projects along with a description of each project; and B. Total dollar amount related to investments and a description of each project for each service area in which the utility provides services.
 - 2. If the eligible utility knows or believes it will not meet the annual requirement, then the eligible utility shall submit a written ~~announcement notice~~ within ten (10) business days prior to February 28 and shall provide—
 - A. Justification for not meeting the requirement;
 - B. A proposed extension due date not exceeding thirty (30) days from the initial due date; and
 - C. Measures taken to ensure it meets the next annual submittal date.

AUTHORITY: sections 386.250 and 393.140, RSMo 2016, and section 393.1509, RSMo Supp. 2024. Original rule filed Oct. 2, 2024.

PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed rule will not cost private entities more than five hundred dollars (\$500) in the aggregate.

NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: Anyone may file comments in support of or in opposition to this proposed rule with the Missouri Public Service Commission, Nancy Dippell, Secretary of the Commission, PO Box 360, Jefferson City, MO 65102. To be considered, comments must be received at the commission's offices on or before Dec. 15, 2024, and should include a reference to commission File No. OX-2025-0118. Comments may also be submitted via a filing using the commission's electronic filing and information system at <http://www.psc.mo.gov/efis.asp>. A public hearing regarding this proposed rule is scheduled for Dec. 18, 2024, at 1 p.m., in Room 139 of the James C. Kirkpatrick Building, 600 W. Main St., Jefferson City, MO. Interested persons may appear at this hearing to submit additional comments and/or testimony in support of or in opposition to this proposed rule, and may be asked to respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one (1) of the following numbers: Consumer Services Hotline 1 (800) 392-4211 or TDD Hotline 1 (800) 829-7541.