

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

In the Matter of Missouri-American Water)
Company for Authority to Issue Up to)
\$525,000,000 of Long Term, Unsecured Debt) **File No. WF-2025-0150**

STAFF RESPONSE TO MAWC’S SUGGESTED WORDING CHANGE

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its *Staff Status Report and Motion for Extension*, states as follows:

1. On November 8, 2024, Missouri-American Water Company (hereafter, “MAWC” or the “Company”), filed an *Application and Motion for Waiver* (“*Application*”) with the Commission pursuant to § 393.200, RSMo, and 20 CSR 4240-2.060, 2.080, and 10.125.

2. On January 3, 2025, Staff filed its *Recommendation* and attached Memorandum in response to MAWC’s *Application*, which included several conditions, lettered 7.a. through i.¹

3. On January 13, 2025, in response to the Commission’s January 3, 2025, *Order Directing Response*, MAWC filed a *Response to Staff Recommendation*, stating that the Company only objected to one of nine conditions proposed by Staff.² MAWC then suggested a wording change to that one proposed condition to which it objected.

¹ See page 2-3 of Staff’s *Recommendation*. Those same conditions are listed in the Staff’s *Memorandum*, attached to the *Recommendation* as Appendix A on pages 7 and 8, and numbered 1 through 9.

² It is the parties’ and the Commission’s understanding that MAWC accepts all of Staff’s Conditions set forth in its *Recommendation* except Condition “e.”

4. Specifically, MAWC asked that the condition proposed in condition “d.” “be worded more clearly.” (emphasis added.) MAWC then quoted what was actually the wording of Staff’s condition “e.”, which reads as follows:

That the Company could enter into agreements in order to use, at its discretion, derivative instruments, such as interest rate swaps, treasury locks, forward-starting swaps, caps, collars or other derivatives, to manage the risk associated with interest rate fluctuations and other financial exposures that may occur before the issuance of the New Long-Term Debt if agreements are not detrimental to the public interest and the benefits of MAWC’s ratepayers[.]

In its January 13, 2025, filing, MAWC suggested alternative wording for Staff’s suggested condition “e.”³

5. On January 14, 2025, the Commission entered an *Order* directing Staff to respond to MAWC’s suggested wording change to Staff’s proposed condition “e.”.

6. Staff has determined that it will reword the language of its recommended condition “e.”, as set forth in its *Staff Recommendation*, filed on January 3, 2025 (and enumerated as Recommended Condition 5 in the attached Memorandum) to read as follows:

That the Company could enter into agreements in order to use, at its discretion, derivative instruments, such as interest rate swaps, treasury locks, forward-starting swaps, caps, collars or other derivatives, to manage the risk associated with interest rate fluctuations and other financial exposures that may occur before the issuance of the New Long-Term Debt. *However, the Commission reserves the right to determine the rate-making treatment to be afforded such agreements in any future proceeding, after reviewing all the costs and benefits to MAWC ratepayers as well as all gains and losses of derivative contracts that such agreements may have.*

(emphasis added.)

³ Even though MAWC referenced it as condition “d.” in its January 13, 2025 filing, the parties understand that this was a typographical error and should be referenced as condition “e.” going forward.

7. Staff and MAWC have discussed the proposed change to condition “e.”, as set for the in Paragraph 6, above, and MAWC has indicated its agreement and/or approval of such language modification.

8. All other conditions listed and outlined in Staff’s *Recommendation* and attached Memorandum filed on January 3, 2025, remain unchanged.

WHEREFORE, Staff prays the Commission grant and authorize MAWC’s *Application* with the conditions outlined in Staff’s *Recommendation* and attached Memorandum, filed on January 3, 2025, as modified by the language for condition “e.”, as set forth herein in Paragraph 6, above, and for any other such orders and relief as this commission deems just and reasonable.

Respectfully submitted,

/s/ Carolyn H. Kerr
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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 5th day of February, 2025.

/s/ Carolyn H. Kerr