

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

In the Matter of the Petition of)	<u>File No. WR-2025-0345</u>
Missouri-American Water Company for)	Tariff No. JW-2026-0029
Approval to Change a Water and Sewer)	and JS-2026-0030
Infrastructure Rate Adjustment ("WSIRA"))	

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. On December 2, 2025, Staff filed its *Staff Recommendation* in this case.
2. After the filing, communications between Staff and Missouri-American Water Company revealed an error relating to Rate B
3. The attached *Memorandum* updates the WSIRA Rate B to be the same for all Rate B customers.

WHEREFORE, Staff recommends that the Commission issue an order in this case that:

- 1) Rejects the following proposed tariff sheets filed in Tariff No. JW-2026-0029:
 - a. FORM NO. 13 P.S.C. MO NO. 13 11th Revised Sheet No. RT 11.1
Cancelling 10th Revised Sheet No. RT 11.1; and
 - b. FORM NO. 13. P.S.C. MO No. 13 11th Revised Sheet No. RT 11.2
Cancelling 10th Revised Sheet No. RT 11.2;
- 2) Rejects the following proposed tariff sheets filed in Tariff No. JS-2026-0030:
 - a. FORM NO. 13 P.S.C. MO NO. 26 10th Revised Sheet No. RT 11.1
Cancelling 9th Revised Sheet No. RT 11.1; and

b. FORM NO. 13. P.S.C. MO No. 26 10th Revised Sheet No. RT 11.2

Cancelling 9th 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 \$12,279,215 from St. Louis County water customers, \$3,079,305 from All Other water customers, \$1,861 from Arnold sewer customers, and \$206,769 from All Other sewer customers for a total in this filing of \$15,567,151; 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 \$15,567,151.

Respectfully submitted,

/s/ Casi Aslin

Missouri Bar Number

Missouri Bar No. 67934

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Attorney for Staff of the

Missouri Public Service Commission

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 9th day of December, 2025.

/s/ Casi Aslin

AMENDED MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WR-2025-0345, Tariff No. JW-2026-0029 and JS-2026-0030

FROM: Keri Roth, Water, Sewer, Gas, & Steam Department

/s/ Keri Roth 12/09/2025
Lead Senior Utility Regulatory Auditor Date

SUBJECT: Staff Report and Recommendation Regarding the Petition of Missouri-American Water Company for Approval to Establish a Water and Sewer Infrastructure Adjustment (“WSIRA”)

DATE: December 9, 2025

BACKGROUND

On September 3, 2025, Missouri-American Water Company (“Company” or “MAWC”) filed its *Petition to Establish a Water and Sewer Infrastructure Rate Adjustment (WSIRA) and Motion for Approval of Customer Notice* (“Petition”) with the Missouri Public Service Commission (“Commission”). The Company submitted its Petition pursuant to the provisions of the Missouri Water and Sewer Infrastructure Act, Sections 393.1500 to 393.1509, RSMo, and Commission Rule 20 CSR 4240-2.060(1). These sections provide that eligible water and sewer corporations may recover certain infrastructure system replacement costs without the need to file a formal rate case. Instead, these investments in infrastructure are recovered through a Water and Sewer Infrastructure Rate Adjustment (“WSIRA”). This is MAWC’s first WSIRA filing since the Commission issued its Report and Order in its most recently completed general rate case, Case No. WR-2024-0320. WSIRA rates were reset to zero dollars as a result of that Commission order. Additionally, this is MAWC’s seventh WSIRA filing under the enabling statutes cited above.¹

In this case (WR-2025-0345), MAWC submitted its Petition to recover WSIRA investment that was placed into service for the period May 31, 2025, to July 31, 2025, with estimated WSIRA costs for August 1, 2025, through October 31, 2025, also included. MAWC estimated in its Petition that it was entitled in this case to WSIRA water revenues of \$15,239,647 and sewer revenues of \$216,589. This would equate to an increase of approximately 2.7410% for water and 0.9019% for sewer, based on the base revenue level approved by the Commission in its most recently completed general rate case. During the normal course of a WSIRA case, the revenues are expected to increase or decrease as the estimated values are updated, as described below.

¹ MAWC’s previous WSIRA filings are Case Nos. WO-2021-0428, WO-2022-0176, WO-2023-0008, WO-2023-0427, WO-2024-0195, WR-2025-0009.

On September 5, 2025, the Commission issued its *Order Directing Notice, Setting an Intervention Deadline, Directing a Staff Recommendation, and Consolidating Files*, establishing September 19, 2025, as the deadline to intervene in the instant case. As of the date of Staff's Recommendation, no parties have requested to intervene in this case. On September 8, 2025, the Commission issued its *Order Suspending Tariff Sheets*. The Commission directed Staff to file a report regarding its recommendation of the WSIRA filing no later than December 2, 2025. The Commission ordered MAWC to respond to Staff's recommendation no later than December 9, 2025.

In the course of processing the Petition, the Company updated its numbers and Staff calculated the new WSIRA rates. The final, updated workpapers, which include the actual WSIRA investments through October, were received on November 18, 2025. MAWC's final request includes WSIRA water revenues of \$15,726,666 and sewer revenues of \$208,630. As is routine in this type of proceeding, the Company will need to submit new proposed tariff sheets that reflect its updated calculations and proposed WSIRA rates. The tariff sheets MAWC filed in this docket have an issue date of September 3, 2025, and an effective date of October 3, 2025. If the Commission approves new WSIRA rates, MAWC will need to submit new tariff sheets which include revised issue and effective dates. MAWC's most recent WSIRA tariff sheets approved by the Commission, in Case No. WR-2025-0009, were issued January 8, 2025, and became effective February 7, 2025.

STAFF INVESTIGATION

The Missouri Water and Sewer Infrastructure Act, Section 393.1506, RSMo, states:

A water or sewer corporation that provides water or sewer service to more than eight thousand customer connections may file a petition and proposed rate schedules with the commission to establish or change a WSIRA 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. The WSIRA shall not produce revenues in excess of fifteen percent of the water or sewer corporation's base revenue requirement approved by the commission in the water or sewer corporation's most recent general rate proceeding; provided, however, that neither WSIRA revenues attributable to replacement of customer-owned lead service lines, nor any reconciliation amounts described in subdivision (2) of subsection 5 of section 393.1509, shall count toward the program cap.

As noted in its Petition, MAWC serves approximately 486,000 water customers and 24,000 sewer customers, thereby meeting the WSIRA filing criteria of a corporation providing water or sewer service to more than 8,000 customer connections. In addition, the cumulative amount of WSIRA revenues that will result from this Petition does not exceed 15% percent, or \$87.0 million, of the

base revenue levels of \$580.0 million approved by the Commission in the most recent completed MAWC general rate case, Case No. WR-2024-0320.

Revenue Requirement in WR-2024-0320	\$580,000,000
WSIRA Cap per Legislation	15%
WSIRA \$ Cap	\$87,000,000 ²
Current Case - WSIRA WR-2025-0345	\$15,567,151 ³

As part of its analysis of MAWC's Petition, Staff reviewed supporting workpapers, descriptions of WSIRA projects, MAWC's accounting entries, and invoices representing WSIRA investment costs, as well as other applicable documentation, such as work order authorizations. Staff communicated with MAWC personnel to clarify MAWC's Petition when necessary. Staff also visited and inspected many sites which had WSIRA-eligible infrastructure system projects placed into service during the audited period.

THE PETITION

MAWC states in its Petition, as follows:

MAWC, per this Petition, seeks to change a WSIRA to provide for the recovery of costs for infrastructure system projects eligible for WSIRA recognition. The proposed WSIRA rate schedules filed concurrently with this Petition reflect the appropriate pre-tax revenues necessary to produce net operating income equal to MAWC's pretax weighted cost of capital multiplied by the net original cost of the eligible infrastructure system projects, including recognition of accumulated deferred income taxes and accumulated depreciation associated with eligible infrastructure system projects which are included in the petition to establish or change a WSIRA pursuant to Sections 393.1500 through 393.1509. MAWC also seeks to recover all state, federal and local income or excise taxes applicable to such income and to recover all other costs such as depreciation expense and property taxes due within 12 months of this filing.

MAWC states that the water or sewer utility plant projects for which it seeks recovery of pretax revenues consist of the following:

² According to Section 393.1506.1, RSMo, replacement of customer-owned lead service lines does not count toward the program cap. MAWC did not include in this WSIRA filing costs related to the replacement of customer-owned lead service lines.

³ Includes WSIRA revenue adjustments for reconciliation and a revenue cap adjustment.

1. Replacement of or cleaning and relining of existing water and sewer pipes, and associated valves, hydrants, meters, service lines, laterals, sewer taps, curb stops, and manholes;
2. Replacement of lead mains, lead goosenecks and lead service lines, and associated valves and meters;
3. Replacement of booster station and lift station pumps, with equipment of similar capacity and operation, as well as related pipes, valves, and meters;
4. Facilities 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; provided that the costs related to such projects have not been reimbursed to the water or sewer corporation;
5. Replacement of water and 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
6. Replacement of Supervisory 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.⁴

The Company's Petition indicates that its proposed water rate schedule (including estimated amounts for August, September, and October of 2025) will produce estimated WSIRA revenues of \$15,239,647, or an increase of 2.7410%, based on the base water revenue level approved by the Commission in its most recently completed general rate proceeding on an annualized basis.

The Company's Petition indicates that its proposed sewer rate schedule (including estimated amounts for August, September, and October of 2025) produce estimated WSIRA revenues of \$216,589, or an increase of 0.9019%, based on the base sewer revenue level approved by the Commission in its most recently completed general rate proceeding on an annualized basis.

LEAD SERVICE LINES

As previously noted in The Missouri Water and Sewer Infrastructure Act, Section 393.1506, RSMo, replacement of customer-owned lead service lines is not to be included in the WSIRA revenue requirement calculation.

⁴ Section 393.1503(7), RSMo.

In Case Number WU-2017-0296, the Commission included in its Finding of Facts:

In most cases, the water utility owns the portion of the water service line between the water main and a point at or near the property line. At this location, there is often a utility-owned water meter. The remaining portion of the water service line is owned by the customer. However, in St. Louis County, customers own the entire water service line between the water main and the premise.⁵

Additionally, the Commission ordered:

Missouri-American Water Company is granted authority to defer and book to Account 186 the costs of all customer-owned lead service line replacements made from January 1, 2017, through May 31, 2018, using its short-term borrowing rate as its carrying cost.⁶

Since the Commission granted the Company authority to defer and book costs of all customer-owned lead service line replacements in WU-2017-0296, the Commission has continued to approve the Company's authority to defer and book costs of customer-owned lead service line replacements to Account 186, applying the Company's long-term borrowing rate to the carrying costs. MAWC has been authorized to amortize the deferred amounts over ten (10) years and apply the long-term debt rate to the unamortized balances.⁷

STAFF'S REVENUE CALCULATION

Staff agrees with MAWC's methodology in calculating the WSIRA revenue requirement for this filing. Staff replaced the estimated costs filed in the Petition and updated the balances with the actual cost for that period.

During the course of its review, Staff identified one accounting entry needing verification of WSIRA recovery eligibility. The Company agreed to remove the following entry from the adjusted: \$108 for Work Order No. I17-020192-01.

There were also several accounting entries and invoices Staff is recommending be disallowed for the WSIRA request as Staff does not believe them to be WSIRA eligible project expenses. These expenses are for lead service line investigations, chemical expense, and meter relocation program.

⁵ Case Number WU-2017-0296, Commission Report and Order, page 5, paragraph 5.

⁶ Case Number WU-2017-0296, Commission Report and Order, page 10, paragraph 2.

⁷ Case Number WR-2020-0344, Commission Report and Order, page 4, paragraph 14; Case Number WR-2022-0303, Commission Report and Order, page 4, paragraph 13; and, Case Number WR-2024-0320, Commission Report and Order, page 3 of Revenue Requirement Stipulation and Agreement Attachment, paragraph 12.

It is Staff's position that the Company should not earn a return on these types of expenses. Staff's position related to lead service line investigation expenses should be recovered as part of a normal rate case process. The U.S. Environmental Protection Agency requires water companies to keep an inventory of service line material; therefore, the inventory would be performed whether or not a line is replaced. Staff's position related to chemical expense and meter relocation expense should be recovered as part of the normal rate case process. The effect of the disallowed expenses after depreciation and taxes is a total revenue requirement of \$368,145 less than the Company is requesting.

After including the adjustment for the WSIRA reconciliation and the adjustment for the revenue cap, the effect of the disallowed expenses is a WSIRA revenue requirement of \$368,145 less than the company is requesting.

THE WSIRA RATE SCHEDULES

Water

The proposed WSIRA water rate schedules include a volumetric rate for each affected customer class (Rate A, Rate B and Rate J), with the rate to be determined through the use of the customer class billing determinants from the Company's last completed rate case, Case No. WR-2024-0320, and the WSIRA revenues allocated to each affected customer class (Rate A, Rate B and Rate J) for both St. Louis County and the All Other Missouri District.

Sewer

The proposed WSIRA sewer rate schedules include the WSIRA Revenue Requirement for all sewer customers divided by the revenues authorized from the Company's last completed rate case, Case No. WR-2024-0320. This calculation represents a percentage that will then be applied to the customer's total bill.

MAWC sewer customers are a mix of flat rate customers and metered customers. Because of this mix of rate design types for sewer customers, MAWC has proposed to continue a sewer WSIRA rate that is a percentage of the total customer bill. The revenues authorized in MAWC's most recent rate case were used as the basis because that should be the annual base rate revenue generated from the currently approved sewer rates. Therefore, including a surcharge of .0249% (for Arnold) and 1.2504% (for Other Sewer) of the customer bill should generate the appropriate sewer WSIRA revenue requirement.

For this case, Staff finds it reasonable to utilize the Company's methodology for calculating the WSIRA water and sewer rates based on Staff's calculation of the WSIRA water and sewer revenue requirements. Staff adjusted its calculations to make Rate B the same for all customers. This is the same as the current rate design approved in the last rate case. The WSIRA rates are reflected in Appendix A1 through Appendix A4 attached to this Memorandum.

ASSESSMENTS AND ANNUAL REPORTS

MAWC is current on its quarterly assessment payments and is not delinquent for the prior year's assessments. MAWC does not have any past due annual reports.

STAFF RECONCILIATION

Section 393.1509.5(2), RSMo, requires a utility to reconcile any previously unreconciled WSIRA revenues as necessary to ensure that revenues resulting from the WSIRA match as closely as possible the appropriate pretax revenues as found by the Commission for that period. In the Company's updated workpapers, it calculated a reconciliation adjustment of \$2,639,500, indicating it has under-recovered WSIRA revenues in that amount since it began collecting the WSIRA. Staff agrees with this calculation.

STAFF'S CONCLUSIONS

In its Petition, MAWC filed to recover WSIRA-eligible infrastructure system project costs incurred during the period of May 31, 2025, through October 31, 2025. In the Petition, MAWC estimated an amount of additional plant investment for August, September, and October of 2025. At the time MAWC filed its Petition, MAWC proposed WSIRA revenues for water of \$15,239,647 and sewer revenues of \$216,589. The final, updated workpapers, which include the actual WSIRA investments through October, were received on November 18, 2025. These updated workpapers included increases in the proposed revenues for water and decreases in the proposed revenues for sewer. MAWC's final request includes WSIRA water revenues of \$15,726,666 and sewer revenues of \$208,630.

Based upon its investigation and calculations, Staff concludes the Company's actual WSIRA rates should be designed to recover annual WSIRA revenues of \$12,279,215 from St. Louis County water customers, \$3,079,305 from All Other water customers, \$1,861 from Arnold sewer customers, and \$206,769 from All Other sewer customers for a total of \$15,567,151.

Staff's calculations reflect the overall weighted average cost of capital of 7.00% (tax grossed up rate of return) and MAWC's current depreciation rates, as reflected in the

Stipulation and Agreement the Commission approved and ordered on May 7, 2025, in Case No. WR-2024-0320.

Staff's calculations reflect the actual WSIRA eligible investment placed in service from May 31, 2025 through October 31, 2025. In addition, no property taxes have been included in Staff's calculation, as there will be no property tax liability from MAWC due within the next 12 months related to these WSIRA investments.

Staff based its conclusions on an examination of workpapers 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-2024-0320. As a result, it is Staff's conclusion that the project costs incorporated within this WSIRA filing meet the requirements of the governing statutes as summarized previously in this Memorandum in the discussion of the Company's Petition. As per the enabling statute, neither Staff nor the Commission is making a determination of the ultimate prudence of any of the projects included in this WSIRA filing.

STAFF'S RECOMMENDATION

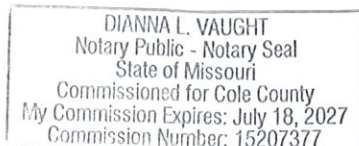
Based on the above, Staff recommends that the Commission issue an order that:

1. Rejects the following proposed tariff sheets filed in Tariff No. JW-2026-0029:
 - a. FORM NO. 13 P.S.C. MO NO. 13 11th Revised Sheet No. RT 11.1 Cancelling 10th Revised Sheet No. RT 11.1, and
 - b. FORM NO. 13. P.S.C. MO No. 13 11th Revised Sheet No. RT 11.2 Cancelling 10th Revised Sheet No. RT 11.2;
2. Rejects the following proposed tariff sheets filed in Tariff No. JS-2026-0030:
 - a. FORM NO. 13 P.S.C. MO NO. 26 10th Revised Sheet No. RT 11.1 Cancelling 9th Revised Sheet No. RT 11.1, and
 - b. FORM NO. 13. P.S.C. MO No. 26 10th Revised Sheet No. RT 11.2 Cancelling 9th 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 \$12,279,215 from St. Louis County water customers, \$3,079,305 from All Other water customers, \$1,861 from Arnold sewer customers, and \$206,769 from All Other sewer customers for a total in this filing of \$15,567,151; 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 \$15,567,151.

OF THE STATE OF MISSOURI

) Case No. WR-2025-0345
) Tariff Nos. JW-2026-0029
) And JS-2026-0030
)



Missouri-American Water Company
Case No. WR-2025-0345
Staff's WSIRA Water Rate Design Calculation
St. Louis District Water

	WSIRA Recovery		WSIRA Rate
	Staff Revenue Requirement	Billing Determinants Sales (000 Gal) (1)	per 1000 Gal.
Rate A	\$ 11,733,791	31,037,272	\$ 0.37805
Rate B	\$ 173,869	1,575,961	\$ 0.09354
Rate J	\$ 371,556	3,894,380	\$ 0.09541
	\$ 12,279,215	36,507,613	

(1) Per billing determinants in Case WR-2024-0320

Proposed WSIRA Rate Design Per 1,000 Gallons				
	Current WSIRA Rate	Adjustment to Current WSIRA Rate (2)	Proposed WSIRA Rate to Use on Tariff	
Rate Per 1000 Gal				
Rate A	\$ -	\$ 0.37805	\$	0.37805
Rate B	\$ -	\$ 0.09354	\$	0.09354
Rate J	\$ -	\$ 0.09541	\$	0.09541

(2) Calculated per above

Proposed WSIRA Rate Design Per 100 Gallons				
	Current WSIRA Rate	Adjustment to Current WSIRA Rate	Proposed WSIRA Rate to Use on Tariff	
Rate Per 100 Gal				
Rate A	\$ -	\$ 0.03781	\$	0.03781
Rate B	\$ -	\$ 0.00935	\$	0.00935
Rate J	\$ -	\$ 0.00954	\$	0.00954

Missouri-American Water Company
Case No. WR-2025-0345
Staff's WSIRA Water Rate Design Calculation
All Other District Water

	WSIRA Recovery		
	Staff Revenue Requirement	Billing Determinants Sales (000 Gal) (1)	WSIRA Rate per 1000 Gal.
Rate A	\$ 2,700,743	9,680,860	\$ 0.27898
Rate B	\$ 103,803	1,392,610	\$ 0.09354
Rate J	\$ 274,759	3,260,508	\$ 0.08427
	\$ 3,079,305	14,333,979	

(1) Per billing determinants in Case WR-2024-0320

Proposed WSIRA Rate Design Per 1,000 Gallons				
	Current WSIRA Rate	Adjustment to Current WSIRA Rate (2)		Proposed WSIRA Rate to Use on Tariff
Rate Per 1000 Gal				
Rate A	\$ -	\$ 0.27898	\$	0.27898
Rate B	\$ -	\$ 0.09354	\$	0.09354
Rate J	\$ -	\$ 0.08427	\$	0.08427

(2) Calculated per above

Proposed WSIRA Rate Design Per 100 Gallons				
	Current WSIRA Rate	Adjustment to Current WSIRA Rate		Proposed WSIRA Rate to Use on Tariff
Rate Per 100 Gal				
Rate A	\$ -	\$ 0.02790	\$	0.02790
Rate B	\$ -	\$ 0.00935	\$	0.00935
Rate J	\$ -	\$ 0.00843	\$	0.00843

Missouri-American Water Company
Case No. WR-2025-0345
Staff's WSIRA Sewer Rate Design Calculation
Arnold Sewer

	WSIRA Recovery Staff Revenue Requirement
WSIRA Staff Revenue Requirement	\$ 1,861
Revenues Authorized in Case No. WR-2024-0320	\$ 7,478,213
Percent (%) Authorized Revenues	0.0249%

Customer Bill
\$ 0.01188 RT 1.1

Proposed WSIRA Sewer Rate Design			
	Current WSIRA Rate	Adjustment to Current WSIRA Rate (1)	Proposed WSIRA Rate to Use on Tariff
Arnold Sewer	0.0000%	0.0249%	0.0249%
(1) Calculated per above			

Missouri-American Water Company
Case No. WR-2025-0345
Staff's WSIRA Sewer Rate Design Calculation
All Other Sewer

	WSIRA Recovery Staff Revenue Requirement
WSIRA Staff Revenue Requirement	\$ 206,769
Revenues Authorized in Case No. WR-2024-0320	\$ 16,536,787
Percent (%) Authorized Revenues	1.2504%

Customer Bill

\$ 0.92664 RT 2.1
\$ 0.76309 RT 3.1

Proposed WSIRA Sewer Rate Design			
	Current WSIRA Rate	Adjustment to Current WSIRA Rate (1)	Proposed WSIRA Rate to Use on Tariff
All Other Sewer	0.0000%	1.2504%	1.2504%
(1) Calculated per above			