

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

In the Matter of the Petition of Missouri-American ) **File No. WR-2026-0160**  
Water Company for Approval to Change Water and ) Tariff Nos. JW-2026-0117  
Sewer Infrastructure Rate Adjustments (WSIRA) ) and JS-2026-0118

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and respectfully states as follows:

1. On March 3, 2026, the Missouri-American Water Company (“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”). MAWC also filed tariff sheets in the tariff tracking files, JW-2026-0117 and JS-2026-0118.

2. On March 9, 2026, the Commission entered an *Order Directing Notice, Setting an Intervention Deadline, Directing a Staff Recommendation, and Consolidating Files*. This Order directed Staff to file its recommendation no later than June 1, 2026, and ordered MAWC to respond to Staff’s recommendation no later than June 8, 2026. No parties requested intervention.

3. Sections 393.1500-1509, RSMo, provide that eligible water and sewer corporations may recover certain infrastructure system replacement costs through a WSIRA. Commission Rule 20 CSR 4240-10.185(3)(C) required MAWC to file all updates to its petition no later than 60 days from the date the petition was initially filed, which was May 2, 2026. MAWC did not file its final update by the 60-day deadline. Instead, on

May 13, 2026, the Company filed a motion to include a final update to the Petition, after submitting its final updates on May 12, 2026. Staff did not oppose the motion, but the Commission has not issued its ruling on that motion.

4. MAWC submitted its Petition to recover WSIRA investment that was placed into service for the period November 1, 2025, to January 31, 2026, with estimated WSIRA costs for February 1, 2026, through April 30, 2026, also included. MAWC estimated in its Petition that it was entitled in this case to WSIRA water revenues of \$17,166,505 and sewer revenues of \$386,079. This would equate to an increase of approximately 3.0876% for water and 1.6077% for sewer, based on the base revenue level approved by the Commission in its most recently completed general rate case.

5. On May 12, 2026, MAWC provided Staff final, updated workpapers which include the actual WSIRA investments through October. These updated workpapers included increases in the proposed revenues for water and increases in the proposed revenues for sewer.

6. As detailed further within the attached *Staff Memorandum* and incorporated herein, based upon its investigation and calculations, Staff concludes the Company's actual WSIRA rates should be designed to recover annual WSIRA revenues of \$12,095,022 from St. Louis County water customers, \$5,796,934 from All Other water customers, \$15,243 from Arnold sewer customers, and \$404,020 from All Other sewer customers. Therefore, Staff's recommendation is approval of \$17,891,956 in water revenues and \$419,263 in sewer revenues, generating a combined water and sewer revenue of \$18,311,219.

7. MAWC is current on its quarterly assessment payments and is not delinquent for prior year's assessments, nor does MAWC have any past due annual reports.

**WHEREFORE**, for the reasons stated above and in Staff's attached Memorandum, incorporated herein, Staff recommends that the Commission issue an order in this case that:

1. Rejects the following proposed tariff sheets filed in Tariff No. JW-2026-0117:
  - a. FORM NO. 13 P.S.C. MO NO. 13 12<sup>th</sup> Revised Sheet No. RT 11.1 Cancelling 11<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 13 12<sup>th</sup> Revised Sheet No. RT 11.2 Cancelling 11<sup>th</sup> Revised Sheet No. RT 11.2;
2. Rejects the following proposed tariff sheets filed in Tariff No. JS-2026-0118:
  - a. FORM NO. 13 P.S.C. MO NO. 26 11<sup>th</sup> Revised Sheet No. RT 11.1 Cancelling 10<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 26 11<sup>th</sup> Revised Sheet No. RT 11.2 Cancelling 10<sup>th</sup> 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 \$12,095,022 from St. Louis County water customers, \$5,796,934 from All Other water customers, \$15,243 from Arnold sewer customers, and \$404,020 from All Other sewer customers for a total of \$17,891,956 in water revenues and \$419,263 in sewer revenues in this filing; 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 \$18,311,219 of combined and water and sewer revenues.

Respectfully submitted,

**/s/ Eric Vandergriff**

Eric Vandergriff

Senior Counsel

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Staff Counsel for the

Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 28<sup>th</sup> day of May 2026.

**/s/ Eric Vandergriff**



normal course of a WSIRA case, the revenues are expected to increase or decrease as the estimated values are updated, as described below.

On March 9, 2026, the Commission issued its *Order Directing Notice, Setting an Intervention Deadline, Directing a Staff Recommendation, and Consolidating Files*, establishing March 18, 2026, 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 March 9, 2026, 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 June 1, 2026. The Commission ordered MAWC to respond to Staff's recommendation no later than June 8, 2026. On May 13, 2026, the Company filed a motion to include a final update to the Petition, as they submitted their final updates on May 12, 2026, falling outside the 60-day deadline of May 2, 2026. The Commission has not yet made a ruling on the motion.

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 April, were received on May 12, 2026. MAWC's final request includes WSIRA water revenues of \$18,690,772 and sewer revenues of \$438,269. 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 March 3, 2026, and an effective date of April 2, 2026. 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-2025-0345, were issued February 19, 2026, and became effective March 21, 2026.

### **STAFF INVESTIGATION**

As noted in its Petition, MAWC serves approximately 485,000 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 <sup>2</sup>
Prior Case – WSIRA WR-2025-0345	\$15,567,151
Current Case – WSIRA WR-2026-0160	\$18,311,219 <sup>3</sup>

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.

### **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.

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-owed 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.<sup>4</sup>

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

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<sup>2</sup> 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.

<sup>3</sup> Includes WSIRA revenue adjustments for reconciliation and a revenue cap adjustment.

<sup>4</sup> Case Number WU-2017-0296, Commission Report and Order, page 5, paragraph 5.

made from January 1, 2017, through May 31, 2018, using its short-term borrowing rate as its carrying cost.<sup>5</sup>

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.<sup>6</sup>

### **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.

There were also several accounting entries and invoices Staff is recommending be excluded from the WSIRA request as Staff does not believe them to be WSIRA eligible project expenses. These expenses are for lead service line investigations, meter relocation program, smoke testing, miscellaneous employee expenses, and water filter pitchers. 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 excluded expenses after depreciation and taxes is a total revenue requirement of \$798,816 less than the Company is requesting.

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<sup>5</sup> Case Number WU-2017-0296, Commission Report and Order, page 10, paragraph 2.

<sup>6</sup> 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.

## **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 surcharge of 0.2038% (for Arnold) and 2.4432% (for Other Sewer) of the customer bill should generate the appropriate WSIRA revenue requirement for the sewer districts.

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 \$0, due to the previous WSIRA adjustment remaining active. 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 November 1, 2025, through April 30, 2026. In the Petition, MAWC estimated the amount of additional plant investment for February, March, and April of 2026. At the time MAWC filed its Petition, MAWC proposed WSIRA revenues for water of \$17,166,505 and sewer revenues of \$386,079. The final, updated workpapers, which include the actual WSIRA investments through October, were received on May 12, 2026. These updated workpapers included increases in the proposed revenues for water and increases in the proposed revenues for sewer. MAWC's final request includes WSIRA water revenues of \$18,690,772 and sewer revenues of \$438,269.

Based upon its investigation and calculations, Staff concludes the Company's actual WSIRA rates should be designed to recover annual WSIRA revenues of \$12,095,022 from St. Louis County water customers, \$5,796,934 from All Other water customers, \$15,243 from Arnold sewer customers, and \$404,020 from All Other sewer customers. Therefore, Staff's recommendation is approval of \$17,891,956 in water revenues and \$419,263 in sewer revenues.

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 November 1, 2025, through April 30, 2026. In addition, property taxes have been included in Staff's calculation, as there will be 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-2026-0117:
  - a. FORM NO. 13 P.S.C. MO NO. 13 12<sup>th</sup> Revised Sheet No. RT 11.1 Cancelling 11<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 13 12<sup>th</sup> Revised Sheet No. RT 11.2 Cancelling 11<sup>th</sup> Revised Sheet No. RT 11.2;
2. Rejects the following proposed tariff sheets filed in Tariff No. JS-2026-0118:
  - a. FORM NO. 13 P.S.C. MO NO. 26 11<sup>th</sup> Revised Sheet No. RT 11.1 Cancelling 10<sup>th</sup> Revised Sheet No. RT 11.1, and
  - b. FORM NO. 13. P.S.C. MO No. 26 11<sup>th</sup> Revised Sheet No. RT 11.2 Cancelling 10<sup>th</sup> 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 \$12,095,022 from St. Louis County water customers, \$5,796,934 from All Other water customers, \$15,243 from Arnold sewer customers, and \$404,020 from All Other sewer customers for a total of \$17,891,956 in water revenues and \$419,263 in sewer revenues in this filing; 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 \$18,311,219 of combined and water and sewer revenues.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

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

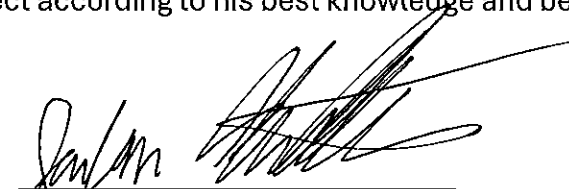
File No. WR-2026-0160

**AFFIDAVIT OF JADON STAFFORD**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

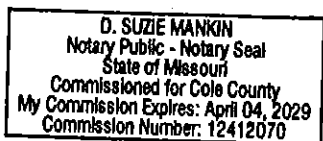
**COMES NOW JADON STAFFORD** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to his best knowledge and belief.

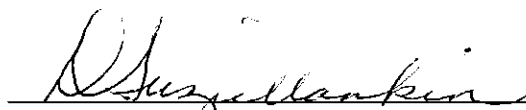
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**JADON STAFFORD**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28<sup>th</sup> day of May 2026.



  
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Notary Public

Missouri-American Water Company  
Case No. WR-2026-0160  
Staff's WSIRA Water Rate Design Calculation  
St. Louis District Water

	<b>WSIRA Recovery Staff Revenue Requirement</b>	<b>Billing Determinants Sales (000 Gal)<sup>1</sup></b>	<b>WSIRA Rate per 1000 Gal.</b>
Rate A	\$ 11,557,779	31,037,272	\$ 0.37238
Rate B	\$ 171,260	2,968,571	\$ 0.05769
Rate J	\$ 365,982	3,894,380	\$ 0.09398
	<b>\$ 12,095,022</b>	<b>37,900,223</b>	

<sup>1</sup>Per billing determinants in Case WR-2024-0320

<b>Proposed WSIRA Rate Design Per 1,000 Gallons</b>					
	Current WSIRA Rate		Adjustment to the Current WSIRA Rate <sup>2</sup>		Proposed WSIRA Rate to be used in Tariff
<b>Rate Per 1000 Gal</b>					
Rate A	\$ 0.37805	\$	0.37238	\$	0.75043
Rate B	\$ 0.09354	\$	0.05769	\$	0.15123
Rate J	\$ 0.09541	\$	0.09398	\$	0.18939

<sup>2</sup>Calculated in cells D9-D11

<b>Proposed WSIRA Rate Design Per 100 Gallons</b>					
	Current WSIRA Rate		Adjustment to the Current WSIRA Rate <sup>3</sup>		Proposed WSIRA Rate to be used in Tariff
<b>Rate Per 100 Gal</b>					
Rate A	\$ 0.03781	\$	0.03724	\$	0.07504
Rate B	\$ 0.00935	\$	0.00577	\$	0.01512
Rate J	\$ 0.00954	\$	0.00940	\$	0.01894

<sup>3</sup>Take the above calculation and divide by 10

Missouri-American Water Company  
Case No. WR-2026-0160  
Staff's WSIRA Water Rate Design Calculation  
All Other District Water

	<b>WSIRA Recovery Staff Revenue Requirement</b>	<b>Billing Determinants Sales (000 Gal)<sup>1</sup></b>	<b>WSIRA Rate per 1000 Gal.</b>
Rate A	\$ 5,084,273	9,680,860	\$ 0.52519
Rate B	\$ 195,414	2,968,571	\$ 0.06583
Rate J	\$ 517,247	3,260,508	\$ 0.15864
	<b>\$ 5,796,934</b>	<b>15,909,939</b>	

<sup>1</sup>Per billing determinants in Case WR-2024-0320

<b>Proposed WSIRA Rate Design Per 1,000 Gallons</b>					
	Current WSIRA Rate	Adjustment to Current WSIRA Rate <sup>2</sup>	Proposed WSIRA Rate to Use on Tariff		
<b>Rate Per 1000 Gal</b>					
Rate A	\$ 0.27898	\$ 0.52519	\$	0.80417	\$
Rate B	\$ 0.09354	\$ 0.06583	\$	0.15937	\$
Rate J	\$ 0.08427	\$ 0.15864	\$	0.24291	\$

<sup>2</sup>Calculated in cells D9-D11

<b>Proposed WSIRA Rate Design Per 100 Gallons</b>					
	Current WSIRA Rate	Adjustment to Current WSIRA Rate <sup>3</sup>	Proposed WSIRA Rate to Use on Tariff		
<b>Rate Per 100 Gal</b>					
Rate A	\$ 0.02790	\$ 0.05252	\$	0.08042	\$
Rate B	\$ 0.00935	\$ 0.00658	\$	0.01594	\$
Rate J	\$ 0.00843	\$ 0.01586	\$	0.02429	\$

<sup>3</sup>Take the above calculation and divide by 10

Missouri-American Water Company  
Case No. WR-2026-0160  
Staff's WSIRA Sewer Rate Design Calculation  
Arnold Sewer

	<b>WSIRA Recovery Staff Revenue Requirement</b>
WSIRA Staff Revenue Requirement	\$ 15,243
Revenues Authorized in Case No. WR-2024-0320	\$ 7,478,213
Percent (%) Authorized Revenues	<b>0.2038%</b>

<b>Proposed WSIRA Sewer Rate Design</b>			
	Current WSIRA Rate	Adjustment to Current WSIRA Rate <sup>1</sup>	Proposed WSIRA Rate to Use on Tariff
Arnold Sewer	0.0249%	0.2038%	0.2287%

<sup>1</sup>Calculated in cell B11

	Customer Bill		Current WSIRA		Adjustment to WSIRA		Proposed WSIRA
Rate Authorized in Case No. WR-2024-0320	\$ 47.74	\$	0.0119	\$	0.0973	\$	0.1092 RT 1.1

Missouri-American Water Company  
Case No. WR-2026-0160  
Staff's WSIRA Sewer Rate Design Calculation  
All Other Sewer

	<b>WSIRA Recovery Staff Revenue Requirement</b>
WSIRA Staff Revenue Requirement	\$ 404,020
Revenues Authorized in Case No. WR-2024-0320	\$ 16,536,787
Percent (%) Authorized Revenues	<b>2.4432%</b>

<b>Proposed WSIRA Sewer Rate Design</b>			
	Current WSIRA Rate	Adjustment to Current WSIRA Rate <sup>1</sup>	Proposed WSIRA Rate to Use on Tariff
All Other Sewer	1.2504%	2.4432%	3.6936%

<sup>1</sup>Calculated in cell B11

	Customer Bill		Current WSIRA		Adjustment to WSIRA		Proposed WSIRA	
Rate Authorized in Case No. WR-2024-0320	\$ 74.11	\$	0.9267	\$	1.8106	\$	2.7373	RT 2.1
Rate Authorized in Case No. WR-2024-0320	\$ 61.03	\$	0.7631	\$	1.4911	\$	2.2542	RT 3.1