

**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 an Infrastructure System)	File No. WO-2019-0184
Replacement Surcharge (ISRS))	

**POSITION STATEMENT OF
THE OFFICE OF THE PUBLIC COUNSEL**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and on behalf of Missouri-American Water Company (MAWC or Company), and the Office of the Public Counsel (OPC), tenders this *List of Issues, List and Order of Witnesses, Order of Cross Examination, and Order of Opening Statements* in satisfaction of the Commission's *Order Setting Procedural Schedule*, issued on May 3, 2019:

ISSUE FOR DECISION:

- 1. In determining MAWC's ISRS rates in this case, under the applicable statute, may MAWC's accumulated deferred income tax (ADIT) balance in rate base be reduced by the ADIT asset resulting from its net operating loss(es), if any?**

Public Counsel Response:

Net Operating Loss (NOL) is an income tax adjustment and not a regulatory item. Further, Missouri American Water, (MAWC or Company). The company has the burden of proof and it cannot demonstrate it had any net operating loss for the period this ISRS will be in effect. This tax return item has no relation to any infrastructure or plant additions. As the Company has admitted and the Commission has accepted, the fact that NOL is not asset specific and, thus, cannot be tied to the water plant claimed in this ISRS.

MAWC cannot substantiate any claimed violation of the Internal Revenue Service's normalization provisions because it is just now seeking a Private Letter Ruling from the IRS.

WHEREFORE, Public Counsel submits this Statement of Position on the Issue.

Respectfully submitted,
OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this 15th day of May, 2019.

/s/ Lera Shemwell