

Exhibit No.:
Issues: Rate Base, Depreciation Expense,
Amortization Expense, Working
Capital, Uncollectible Expense,
Customer Accounting, Maintenance
Supplies and Services, Insurance
Other than Group, Public Service
Commission Assessment
Witness: Jennifer M.B. Grisham
Exhibit Type: Direct
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2026-0304
SR-2026-0305
Date: July 1, 2026

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2026-0304

CASE NO. SR-2026-0305

DIRECT TESTIMONY

OF

JENNIFER M.B. GRISHAM

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

AFFIDAVIT

I, Jennifer M.B. Grisham under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am a Senior Manager, Regulatory Services for American Water Works Service Company Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.


Jennifer M.B. Grisham

July 1, 2026
Dated

DIRECT TESTIMONY
JENNIFER M.B. GRISHAM
MISSOURI AMERICAN WATER COMPANY
CASE NO.: WR-2026-0304
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DIRECT TESTIMONY

JENNIFER M.B. GRISHAM

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Jennifer M.B. Grisham, and my business address is 1 Water Street, Camden, NJ 08102.

Q. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. (“Service Company” or “AWWSC”) as a Senior Manager of Regulatory Services. The Service Company is a wholly owned subsidiary of American Water Works Company, Inc. (“American Water”) that provides services to Missouri-American Water Company (“MAWC”, “Missouri-American”, or “Company”).

Q. Please summarize your educational background and business experience.

A. I received a Bachelor of Science in Business Administration from University of Maryland, College Park, and a Master’s in Business Administration from George Washington University. I have been employed by Service Company since April 2021 in my current role. Prior to my employment with Service Company, I worked as an Associate for a global consulting firm, followed by Pepco Holdings, an electric utility under the parent company Exelon. I joined Pepco Holdings’ Regulatory Affairs department in 2008 as a Senior Analyst. Over the next 12 years, I held various principal and managerial positions within the Rates, Asset Management, and Strategic Initiatives departments.

Q. What are your current employment responsibilities?

A. My duties consist of preparing, assisting, and reviewing regulatory filings and related

activities for regulated subsidiaries of American Water. My responsibilities and my team's responsibilities include the preparation of written testimony, exhibits, and workpapers in support of rate applications and other regulatory filings as well as responses to data requests for Missouri-American.

Q. Are you generally familiar with the operations, books and records of MAWC?

A. Yes.

Q. Have you previously testified before the Missouri Public Service Commission?

A. Yes. I previously submitted testimony for Missouri-American in Cases Nos. WR-2022-0303 and WR-2024-0320.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my Direct Testimony is to sponsor and testify in support of the Company's rate base levels and certain expenses and proposed recovery of these investments in this proceeding. I will discuss the level of investments as well as the Company's pro forma adjustments associated with depreciation and amortization expense.

II. RATE BASE

a. Utility Plant in Service

Q. Please explain Schedule CAS-4 Utility Plant in Service.

A. Schedule CAS-4 Utility Plant in Service ("UPIS") shows the actual UPIS balance as of December 31, 2025 and the projected UPIS balances at December 31, 2026, and May 31, 2028, by National Association of Regulatory Utility Commissioners ("NARUC") account and by water tariff groups and sewer tariff groups. Historical information was taken from the Company's fixed asset and Enterprise Resource Planning ("ERP") systems. Historical UPIS amounts that are recorded at the corporate district location were allocated to the tariff

groups. Adjustments for projected capital spending, retirements, and transfers/adjustments were made through the future test year ending May 31, 2028, by account and by water tariff groups and sewer tariff groups. The pro forma UPIS balance is the summation of the historical UPIS balance, and the adjustments calculated by NARUC account and by water tariff groups and sewer tariff groups.

Q. Please describe the MAWC corporate district asset allocation.

A. Missouri-American corporate district asset balances as of December 31, 2025, with adjustments through the future test year ending May 31, 2028, were allocated to the two (2) water tariff groups and the two (2) sewer tariff groups by customer counts as of December 31, 2025. All corporate district assets were recorded in water and sewer utility accounts.

Q. How were the adjustments calculated?

A. Adjustments were computed by adding forecasted capital expenditures for assets placed into service minus retirements through May 31, 2028. The capital expenditures came from the Company's Strategic Capital Expenditure Plan ("SCEP") for the years 2026-2031, which is discussed in further detail by Company witness Matthew Leuders. Additionally, capital plant in service was included for acquisitions for the test year. The Company is forecasting asset retirements using a three (3) year average of retirements for the years 2023-2025.

b. Accumulated Depreciation Reserve

Q. Please explain Schedule CAS-5 Accumulated Depreciation Reserve.

A. Schedule CAS-5 Accumulated Depreciation Reserve shows the actual reserve balances as of December 31, 2025 and the projected reserve balance for December 31, 2026, as well

as May 31, 2028 by account and by water tariff groups and sewer tariff groups. Historical information was taken from the Company's fixed assets and ERP systems. Historical depreciation reserve amounts that are recorded at the corporate district are allocated to the operating districts. Adjustments for projected depreciation were made through the future test year ending May 31, 2028 by account and by water tariff groups and sewer tariff groups. The pro forma accumulated depreciation balance is the summation of the historical reserve balance and the adjustments calculated by account and district.

Q. Please describe the MAWC corporate district reserve allocation.

A. MAWC corporate district reserve allocation is the accumulated depreciation balances as of December 31, 2025. The accumulated depreciation balances were allocated to the two (2) water and the two (2) sewer tariff groups by customer count as of December 31, 2025. The corporate district reserve has been recorded using the depreciation rates in the WR-2024-0320 Schedules of Depreciation Rates.

Q. How were the adjustments calculated?

A. Adjustments for the reserve were computed by adding monthly depreciation accruals, and any transfers through May 31, 2028, less retirements and net cost of removal expenditures. Monthly depreciation accruals are calculated based on monthly UPIS balances and net cost of removal projected from the Company's SCEP. Additionally, capital plant reserve was included for acquisitions for the test year. Asset retirements were forecasted using a three (3) year average of retirements for the years 2023-2025. The depreciation accrual rates used are the rates recommended by Company witness Brian LaGrand and proposed by Company witness Amanda Nori in the depreciation studies presented in this case attached to Ms. Nori's Direct Testimony as Schedule ARN-2 and Schedule ARN-3.

c. Customer Advances & CIAC

Q. Please explain Schedule CAS-6 Customer Advances and CIAC.

A. Schedule CAS-6 Customer Advances and Contribution in Aid of Construction (“CIAC”) shows balances for the base year as of December 31, 2025, December 31, 2026, and the future test year ending May 31, 2028, for the water tariff groups and the sewer tariff groups. Historical information was taken from the Company’s fixed assets and ERP systems.

Q. How were the adjustments calculated?

A. Adjustments were projected to include additional CIAC for the period of January 1, 2026 through May 31, 2028 as projected by the Company’s SCEP. Please refer to the Direct Testimony of Company witness Matthew Lueders for a discussion on the SCEP. The projection includes contributions for the stated period. The CIAC balances were amortized over the same period as the corresponding assets at the rates approved in MAWC’s last general rate case.

d. Deferred Income Taxes

Q. Please explain deferred income taxes in Schedule CAS-3.

A. Schedule CAS-3 shows the historical balances for Deferred Income Taxes as of December 31, 2025 by tariff group. Adjustments were made for the tax effect of plant related book/tax differences, including depreciation and tax repairs, through the future test year ending May 31, 2028. In addition, deferred taxes were adjusted for the tax effect of several non-plant related items, including balances related to pension assets, the pension and OPEB trackers, and regulatory asset deferrals, all of which are included in rate base.

e. Cash Working Capital

Q. Please explain Schedule CAS-7 and how it was compiled.

A. Schedule CAS-7 shows the calculation of cash working capital (“CWC”) for the consolidated water tariff group and the sewer tariff groups. CWC is included in a utility’s rate base to account for the lag between the time expenses are recorded for providing utility service to the customer and the time it takes to collect the revenues associated with that service. For this proceeding, MAWC is utilizing the lead lag days calculated in the study performed in Case No. WR-2024-0320.

f. Pension Asset

Q. Please discuss the pension asset.

A. The pension asset (Schedule CAS-3) measures the accumulated difference between the pension expense accrued to date and the actual cash contributions to the pension fund to date. Schedule CAS-3 shows the balance for the base year as of December 31, 2025 and the future test year balance through May 31, 2028. The value for this asset is forecasted by subtracting the expected accruals and adding the expected cash contributions, based on documents from the Company’s professional actuary, Willis Towers Watson (“WTW”). Please refer to the Direct Testimony of Company witness Matthew S. Mason for a discussion on the Company’s Pension and Other Post-Employment Benefits (“OPEB”) tracker.

g. Materials and Supplies

Q. Please discuss materials and supplies.

A. Materials and supplies (Schedule CAS-3) include inventory accounts related to plant materials, fuel, chemicals, and other materials, and are reflected for the consolidated water

tariff group and each sewer tariff group. MAWC presents the base year using actuals as of December 31, 2025 and utilizes the 12-month average ending December 2025 for the future test year ending May 31, 2028. Any inventories recorded at the corporate district level are allocated to the consolidated water tariff group and the sewer groups using customer count.

h. Regulatory Deferrals

Q. Please discuss regulatory deferrals.

A. The Regulatory Deferrals entry on Schedule CAS-3 represents regulatory assets acquired by the Company in a sewer system acquisition, and a deferral for the property tax tracker directed by Section 393.400, RSMo.

i. Tank Painting Tracker

Q. Please describe the tank painting tracker.

A. MAWC utilizes a tracker to record costs associated with tank painting and inspections in excess of the annual \$2,080,730 included in rates. In accordance with the Commission Order in Case No. WR-2024-0320, the Company has excluded the unamortized balance of the tank painting tracker from rate base as presented in Schedule CAS-3.

III. SELECT OPERATING EXPENSES

a. Uncollectible Expense

Q. Please describe the operating expense for uncollectible (or bad debt) expense.

A. Uncollectible expense is made up of net charge-offs associated with bad debt related to billed revenues. Each year a portion of revenues that were billed for collection is charged off due to non-payment. Net charge-offs comprise billed revenue written-off net of prior bad debt that was subsequently collected.

Q. Please explain how the pro forma calculation for uncollectible expense was developed.

A. To determine uncollectible expense, the Company computed a pro forma level of expense that is derived from the method that has historically been used for the calculation — a historic three (3) year average. The Company calculated an uncollectible rate for the years 2023, 2024, and 2025 by taking actual net charge-offs over annual billed revenue. Any adjustments for the recording of an allowance for doubtful accounts have been removed from the calculation. This three (3) year average was then applied to present rate and proposed rate revenues to develop the on-going level of expense that will be applicable to the filed revenue requirement. Expense related to acquisitions was also included in the test year. This adjustment is reflected in Schedule CAS-9.

b. Customer Accounting

Q. Please describe the types of costs that are typically included for Customer Accounting.

A. The Company incurs operating expenses for customer accounting that include costs related to lock box fees for payment collection and bank fees. To calculate the appropriate expense level, the Company started with the historic base period ended December 31, 2025, which was then adjusted for the removal of accruals and accrual reversals. The Company then applied an inflationary factor of 2.18%, as derived from the United States Bureau of Labor Statistics (“BLS”) for professional services, which covers Customer Accounting, on a three-year average annual change, to calculate the forecasted expenses which can be found in the file entitled 2026 MAWC Rate Case Inflation_Workpaper_BLS. Expense related to acquisitions was also included in the test year. The schedule can be found in Schedule CAS-9.

c. Maintenance Supplies and Services

Q. Please describe the operating expenses related to maintenance supplies and services.

A. The operating expenses associated with maintenance supplies and services are those expenses associated with maintenance cost for the general operation of the business, hydrant painting expense, main break expense, and Engineered Coatings expense.

Q. Please explain how pro forma expense for maintenance supplies and services was developed.

A. To calculate maintenance services and supplies expense, MAWC utilized a three-year average of expenses from 2023 through 2025 as the basis for the going level of expense. MAWC then adjusted expenses through the future test year ending May 31, 2028, based on the three-year BLS average inflation rate of 4.44% for non-residential building maintenance and repair, which covers Maintenance Supplies and Services. Expense related to acquisitions was also included in the test year. This adjustment is reflected on Schedule CAS-9.

d. Insurance Other than Group

Q. Please explain the components of the Company's "insurance other than group" expense.

A. MAWC incurs costs related to several types of insurance including Auto Liability, General Liability, Excess Liability, Workers' Compensation, and Property. These policies account for majority of the insurance other than group ("IOTG") cost. The Company also has other coverages such as Crime, Directors and Officers Liability, Employment Practices, Fiduciary, Lawyers, Pollution Legal Liability, Special Contingency Risk, and Terrorism Risk Insurance, including Nuclear Biological Chemical Radiological (NBCR).

The Company's General Liability, Auto Liability and Workers' Compensation premiums are based upon a combination of loss experience (50%) and exposure (50%). The loss experience is generally based upon a five (5) year historical average. The five (5) year average is used to normalize losses in any particular year. This is consistent with the commercial insurance market underwriting practice. Exposure is based upon factors related to risk exposure for each coverage in relation to overall policy factors. The exposure factor used for Auto Liability is vehicle fleet, and for Workers' Compensation is payroll costs. The Company exposure factor for General and Excess Liability is based upon the number of customers the Company serves. The factor for Property is based upon the insured value of assets.

Q. Has MAWC changed the way that it accounts for IOTG expense since its most recent rate case?

A. Yes, based upon a reassessment of the factors utilized to allocate its IOTG costs, the Company determined that several changes should be made to more appropriately match coverages to their underlying risk and related costs. Therefore, beginning with the premium renewals in 2026, the cost of exposure for General Liability, Excess Liability, and Pollution were changed, from being based on payroll costs to being based on the number of customers served.

Additionally, beginning with their respective renewal dates in 2026 and beyond, the coverages for Cyber Security, Crime, Directors & Officers Liability, Employment Practices, Fiduciary Liability, Lawyers Liability, Special Contingency Risk, and Travel will be allocated to the Service Company where the majority of the coverages are managed.

The Service Company will, in turn, bill the Company and its affiliates for these insurance costs using methods consistent with our Cost Accounting Manual.

Q. Please describe the timing of the IOTG premiums and the pro forma adjustments to operating expenses.

A. The majority of the Company's IOTG policy premiums renew annually. Portions of Workers' Compensation, Auto Liability, and General Liability renew annually in January. The remainder for these policies renew annually in April. Property Insurance and Terrorism policies renew annually in January. Crime, Directors and Officers, Employment Practices, Fiduciary, Lawyers, and Excess Liability policies renew annually in April. The coverage for Special Contingency Risk renews every three years in January. Pollution Legal Liability renewed in June 2025 for a 15-month policy term and is expected to convert to an annual term upon renewal in October 2026.

The pro forma adjustments to operating expenses include anticipated premium escalation factors that were applied to anticipated premium renewals for both the bridge year ending December 31, 2026 as well as the future test year ending May 31, 2028. The pro forma adjustments also include the effects of any remaining allocation changes described previously. Finally, expense related to acquisitions was included in the test year.

e. PSC Assessment Fees

Q. Please describe the adjustment to operating expenses related to the Public Service Commission ("PSC") Assessment.

A. The purpose of this adjustment is to normalize the PSC Assessment fee paid by MAWC. The pro forma amount is based on a three-year average assessed expense for the years

2024-2026. The three-year average assessment expense is then inflated based on the increased PSC funding ceiling from 0.315% to 0.450% pursuant to the passage of Senate Bill 4 (“SB 4”) in August 2025. Next, the Company applied a factor of 0.057% to the PSC ceiling as additional funding for the Office of the Public Counsel (“OPC”) as provided in SB 4. The projected expenses for both the PSC and OPC assessments were added to determine the total PSC Assessment expense for the future test year ending May 31, 2028. The summary of this adjustment is found on Schedule CAS-13.

IV. DEPRECIATION EXPENSE

Q. Please describe the adjustments to operating expenses related to depreciation.

A. Depreciation expense (Schedule CAS-9) is calculated based on the pro forma UPIS balance on Schedule CAS-4 by NARUC account and by water tariff groups and sewer tariff groups. This balance, as discussed above, includes adjustments through the future test year ending May 31, 2028. The depreciation rates used for the calculation are the newly proposed depreciation rates recommended by Company witness Brian LaGrand and proposed by Company witness Nori based on the current depreciation studies and presented in Schedule AN-1 and Schedule AN-2, attached to Ms. Nori’s Direct Testimony. This adjustment is reflected on Schedule CAS-9.

V. AMORTIZATION EXPENSE

Q. Please describe the adjustment to operating expenses related to amortization?

A. The adjustments to amortization expense (Schedule CAS-9) are the annual amortization expense on new items in addition to items from MAWC’s previous rate case that are included in the current base year, such as customer owned lead service line replacements, Arnold sewer, the Hollister pipeline, enterprise solutions, Rogue Creek water and sewer,

costs incurred to operate the City of Purcell's water and sewer system prior to acquisition approval, the balance of the tank painting tracker, the balance of the property tax tracker, and for the balance of negative meter reserve.

Q. What portions of the tank painting tracker and the property tax tracker are being amortized by MAWC?

A. As authorized in Case WR-2024-3020, the Company is amortizing the balance of both the tank painting and property tax trackers as of December 31, 2024. The balances of both trackers are being amortized over a 5-year period.

Q. Is the Company including any new amortizations in this case?

A. Yes, MAWC is proposing the addition of amortization for dollars stemming from the PFAS settlement as discussed by Company witness Brian LaGrand.

Q. What amortization period is the Company proposing in this case for PFAS settlement proceeds?

A. MAWC proposes PFAS settlement proceeds be amortized over a 24-month period.

Q. Has the Company included deferred costs related to the replacement of customer owned lead service lines?

A. Yes. Consistent with the Commission Order in Case No. WR-2017-0285, the Company has deferred costs associated with the replacement of customer owned lead lines. Deferred costs that were addressed in Case Nos. WR-2017-0285, WR-2020-0344, and WR-2022-0303 are being amortized over 10 years. For deferred costs beginning in January 2023, the Company has been applying carrying costs at the long-term debt rate, and the Company is proposing a ten (10) year amortization of those costs, consistent with prior deferrals.

Q. Is the Company including a return on the unamortized balance of the customer owned lead line deferrals?

A. Yes. The Company is including a return at the long-term debt rate, applied to the entire deferred balance, and has included that in the total revenue requirement.

Q. Does this conclude your Direct Testimony?

A. Yes.