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Service Commission

Exhibit No. 124

Staff – Exhibit 124
Coffer Surrebuttal
File No. WR-2023-0006

Exhibit No.:
Issue(s): Depreciation
Witness: Amanda Coffey
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2023-0006
Date Testimony Prepared: July 21, 2023

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY

OF

AMANDA COFFER

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

Jefferson City, Missouri
July 2023

1 ordered for all of those accounts. I have included the depreciation rates for all four companies
2 in the table below:

3

	MAWC	Liberty	Raytown	Timber Creek
Water				
317	5%	No ordered rate	No ordered rate	n/a
344	1.56%	No ordered rate	No ordered rate	n/a
398	6.43%	No ordered rate	No ordered rate	n/a
Sewer				
365	4%	No ordered rate	n/a	No ordered rate
398	6.7%	5%	n/a	No ordered rate

4

5 Q. Mr. Allis mentions in his rebuttal testimony that two of the primary inputs to
6 calculate depreciation rates, service lives and net salvage, are based on a combination of
7 statistical analyses of historical data as well as professional judgment that incorporates the
8 extensive experience of the experts performing the studies.¹ Do you agree?

9 A. Yes. However, Confluence was unable to provide the historical data for service
10 lives and net salvage. Therefore, Mr. Allis used data from “similar utilities” to estimate service
11 life and net salvage. Although professional judgement is needed when performing a
12 depreciation study, an expert should still be able to provide justification for their decision
13 making process.

14 Q. Did Mr. Allis provide justification for his decision making process?

15 A. No. In response to OPC’s Data Request No. 8504, Confluence provided a list
16 of the “similar utilities”, along with life, net salvage, and survivor curve type, for each account.
17 However, it was not apparent how the provided data was used to determine the estimates that
18 Mr. Allis used for the depreciation study and no explanation was provided. The list contained

¹ Rebuttal testimony of Ned W. Allis, page 4, line 28 through page 5, line 4.

Surrebuttal Testimony of
Amanda Coffey

1 life data, survivor curve type, and net salvage data by account for 35 water companies and
2 19 sewer companies. The data used by Mr. Allis in his depreciation study does not match that
3 of any individual company listed and there were no calculations provided.

4 Staff requested additional clarification regarding the response to OPC Data Request
5 No. 8504 in Staff Data Request No. 0265. No quantitative explanation or additional
6 workpapers were provided. The response stated, "Each of the service life and net salvage
7 estimates were determined based on Mr. Allis's experience and judgment..." If Mr. Allis used
8 the data provided in OPC Data Request No. 8504, he should be able to explain how he used it.
9 Additionally, there were a number of accounts that Confluence uses for which there was no
10 data included in the response to OPC Data Request No. 8504 and no explanation or additional
11 workpapers were provided to explain this in response Staff Data Request No. 0265. Mr. Allis
12 should be able to explain how he used the data provided in OPC Data Request No. 8504 and
13 what data he used for the accounts that were not included in that data; water accounts 312, 313,
14 314, 316, 317, 321, 323, 325, 325.1, 325.2, 328, 390, 391, 391.1, 392, 393, 394, 395, 396, 397,
15 398; and sewer accounts 351, 352.1, 352.2, 353, 370.1, 372, 372.1, 373, 374, and 399.

16 Q. Does this conclude your surrebuttal testimony?

17 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for) Case No. WR-2023-0006
Authority to Implement a General Rate)
Increase for Water Service and Sewer)
Service Provided in Missouri Service Areas)

AFFIDAVIT OF AMANDA COFFER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW AMANDA COFFER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Amanda Coffe*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Amanda Coffe

AMANDA COFFER

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 19th day of July 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

D. Suzie Mankin

Notary Public