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

Exhibit No.:

Issue(s): Depreciation
Witness: Amanda Coffer
ring Party: MoPSC Staff

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 SURREBUTTAL TESTIMONY OF 2 **AMANDA COFFER** 3 CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC. 4 **CASE NO. WR-2023-0006** 5 Q. Please state your name and business address. My name is Amanda Coffer, and my business address is Missouri Public Service 6 A. 7 Commission, P.O. Box 360, Jefferson City, Missouri, 65102. 8 Q. Are you the same Amanda Coffer who filed direct testimony in this case on 9 May 26, 2023? 10 Α. Yes I am. 11 What is the purpose of your surrebuttal testimony? O. 12 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony 13 of the Office of the Public Counsel ("OPC") witness John A. Robinett and the rebuttal testimony 14 of Confluence Rivers Utility Operating Company, Inc. ("Confluence") witness Ned W. Allis. 15 Q. In his testimony, Mr. Robinett calls into question your reasoning for utilizing 16 the depreciation rates of Missouri-American Water Company ("MAWC") over other Class A 17 water and sewer companies. Do you have any additional rationale to provide? 18 Yes. There were no previously ordered depreciation rates for Confluence water A. 19 accounts 317, 344, and 398 or sewer accounts 365 and 398 so I utilized the same depreciation 20 rates that MAWC uses for those accounts. In my direct testimony, I justify my use of these 21 rates because both Confluence and MAWC are Class A water and sewer companies. 22 Mr. Robinett specifically mentions Liberty, Raytown, and Timber Creek, all of which are 23 Class A utilities. Of those four options, MAWC is the only company that has depreciation rates

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

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	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

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

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

- Q. Did Mr. Allis provide justification for his decision making process?
- A. No. In response to OPC's Data Request No. 8504, Confluence provided a list of the "similar utilities", along with life, net salvage, and survivor curve type, for each account. However, it was not apparent how the provided data was used to determine the estimates that 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.

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

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

- 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 Authority to Implement a General Rate Increase for Water Service and Sewer Service Provided in Missouri Service Areas	Case No. WR-2023-0006
AFFIDAVIT OF AMAN	DA COFFER
and the second s	
STATE OF MISSOURI)	
COUNTY OF COLE) ss.	
COMES NOW AMANDA COFFER and on her	oath declares that she is of sound mind and
lawful age; that she contributed to the foregoing Surreb	uttal Testimony of Amanda Coffer; and that
the same is true and correct according to her best know	rledge and belief.
Further the Affiant sayeth not. AMAND	nda Coffee
JURAT	e ·
Subscribed and sworn before me, a duly constitute	ed and authorized Notary Public, in and for
the County of Cole, State of Missouri, at my office in	Jefferson City, on this/9 # 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	Juzellanken ublic