

**FILED<sup>3</sup>**

**AUG 24 2018**

**Missouri Public  
Service Commission**

*Exhibit No.:*

107

*Issue(s):*

*Revenue Requirement  
Rate Case Expense*

*Witness:*

*Paul R. Harrison*

*Sponsoring Party:*

*MoPSC Staff*

*Type of Exhibit:*

*Surrebuttal Testimony*

*Case No.:*

*WR-2018-0170*

*Date Testimony Prepared:*

*August 3, 2018*

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**PAUL R. HARRISON**

**LIBERTY UTILITIES (MISSOURI WATER), LLC  
d/b/a LIBERTY UTILITIES**

**CASE NO. WR-2018-0170**

*Jefferson City, Missouri  
August 2018*

*Exhibit No. 107*  
*Date 8-16-18 Reporter TH*  
*File No. WR-2018-0170*

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OF  
PAUL R. HARRISON  
LIBERTY UTILITIES (MISSOURI WATER), LLC  
d/b/a LIBERTY UTILITIES  
CASE NO. WR-2018-0170**

**REVENUE REQUIREMENT AFTER RATE CASE EXPENSE UPDATE ..... 1**  
**RATE CASE EXPENSE ..... 2**



Surrebuttal Testimony of  
Paul R. Harrison

1 supplemental response and the deadline for filing its rebuttal testimony; therefore I am  
2 updating the revenue requirement and rate case expense in this testimony.

3 Q. What affect did this change make on the Staff's recommended revenue  
4 requirement for Liberty Utilities?

5 A. The incremental increase for water and sewer rates that was filed in Staff's  
6 rebuttal testimony was \$978,569, and the recommended incremental increase in rates after  
7 Staff updated rate case expense is \$984,581.

8 RATE CASE EXPENSE

9 Q. Has Liberty Utilities incurred any rate case expense to process its current  
10 rate case?

11 A. Yes. Company witness Jill Schwartz states in her rebuttal testimony on page 2,  
12 lines 15 through 18 that, "The Company is mindful of the costs of rate cases and has worked  
13 hard to keep rate case expenses low given the small customer base in this case. As reflected in  
14 the Company's supplemental response to Data Request No. 0016, the Company has incurred  
15 \$20,517 for services rendered as of April 2018."

16 Q. Does Staff agree with the Company that the level of rate case expense that  
17 should be included in this case up through April 2018 is \$20,517, and supplemented up  
18 through June 2018 to be \$38,442?

19 A. No. On July 17, 2018, the Company provided Staff with rate case expense  
20 invoices for this case up through April 2018 and on July 27, 2018, the Company provided  
21 Staff with additional rate case expense invoices for this case for May and June of 2018. Based  
22 on Staff's analysis, as described more below, the amount of rate case expense for water  
23 should be \$23,604 and the amount for sewer should be \$6,457. Staff is recommending that

Surrebuttal Testimony of  
Paul R. Harrison

1 these amounts be normalized over a five-year period and has included \$4,721 annually for  
2 water and \$1,291 annually for sewer in its cost of service for rate case expense. The water and  
3 sewer rate case expense amounts for each tariffed system were developed by calculating the  
4 percentage of the incremental revenue requirement increase of each system as compared to  
5 the total company revenue requirement. Staff's workpaper with its calculations of rate case  
6 expense will be provided to all parties.

7 Q. Please explain what the differences are between the Company and Staff for  
8 rate case expense?

9 A. Below is a listing of Staff's recommended disallowance(s) for rate case  
10 expense.

- 11 • Three legal invoices totaling \$720 were disallowed because they were  
12 legal fees from a 2016 rate case that was never filed.
- 13 • One legal invoice totaling \$1,763 only showed charges for \$660 and Staff  
14 disallowed the other \$1,103 for lack of support.
- 15 • The last disallowed legal invoice totaling \$14,329 only showed charges of  
16 \$8,355 and included a charge of \$923 for Ozark International which is not  
17 part of this case. Staff recommends a total disallowance of \$6,896  
18 (\$14,329-\$8,355+\$923) of this invoice until we receive additional  
19 information.

20 Q. Will the Staff continue to supplement the rate case expense amount in  
21 this case?

22 A. Yes. Staff will continue to update rate case expense throughout this case as  
23 Staff receives rate case expense invoices from the Company or until this case is complete.

24 Q. Does this conclude your surrebuttal testimony?

25 A. Yes.

