FILED³

AUG 24 2018

Missouri Public Service Commission Exhibit No.: Issue(s):

Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared: Revenue Requirement Rate Case Expense Paul R. Harrison MoPSC Staff Surrebuttal Testimony WR-2018-0170 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



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1		SURREBUTTAL TESTIMONY		
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3		PAUL R. HARRISON		
4 5	LIBERTY UTILITIES (MISSOURI WATER), LLC d/b/a LIBERTY UTILITIES			
6	CASE NO. WR-2018-0170			
7	Q.	Please state your name and business address.		
8	А.	Paul R. Harrison, P. O. Box 360, Jefferson City, Missouri 65102.		
9	Q.	Are you the same Paul R. Harrison who has previously filed direct and rebuttal		
10	testimony in this proceeding?			
11	А.	Yes, I am.		
12	Q.	What is the purpose of your surrebuttal testimony for this case?		
13	А.	The purpose of my surrebuttal testimony in this case is: (1) to address the		
14	changes that Staff has made to Staff's revenue requirement for Liberty Utilities since Staff			
15	filed its rebuttal testimony on July 20, 2018, (2) to address Company witness Jill Schwartz's			
16	rebuttal testimony on rate case expense, and (3) to update rate case expense.			
17	REVENUE REQUIREMENT AFTER RATE CASE EXPENSE UPDATE			
18	Q.	What changes have been made to Staff's cost of service calculation since filing		
19	rebuttal testimony to cause Staff's recommended revenue requirement to change?			
20	А.	On July 17, 2018, the Company filed a supplemental response to Data Request		
21	No. 0016, updating its rate case expense for this case. Staff was unable to address the update			
22	to rate case expense in its rebuttal testimony because of the timing of receiving the			

Surrebuttal Testimony of Paul R. Harrison

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

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

A. The incremental increase for water and sewer rates that was filed in Staff's
rebuttal testimony was \$978,569, and the recommended incremental increase in rates after
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?

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

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

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

Surrebuttal Testimony of Paul R. Harrison

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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. P	Please explain what the differences are between the Company and Staff for	
8	rate case expense?		
9	A. E	Below is a listing of Staff's recommended disallowance(s) for rate case	
10	expense.		
11 12		Three legal invoices totaling \$720 were disallowed because they were legal fees from a 2016 rate case that was never filed.	
13 14		One legal invoice totaling \$1,763 only showed charges for \$660 and Staff disallowed the other \$1,103 for lack of support.	
15 16 17 18 19]	The last disallowed legal invoice totaling \$14,329 only showed charges of \$8,355 and included a charge of \$923 for Ozark International which is not part of this case. Staff recommends a total disallowance of \$6,896 (\$14,329-\$8,355+\$923) of this invoice until we receive additional information.	
20	Q. V	Vill the Staff continue to supplement the rate case expense amount in	
21	this case?		
22	A. Y	es. 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. D	Does this conclude your surrebuttal testimony?	
25	A. Y	zes.	

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BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In The Matter of the Application of Rate Increase Request for Liberty Utilities (Missouri Water), LLC d/b/a Liberty Utilities

File No. WR-2018-0170

AFFIDAVIT OF PAUL R. HARRISON

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State of Missouri)) ss. County of Cole)

COMES NOW Paul R. Harrison and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Paul R. Harrison

<u>JURAT</u>

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 264 day of July, 2018.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 152073

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