

# Exhibit No. 101

*Exhibit No.:*  
*Issue(s):* CIAC-Amortization of  
CIAC, Office Supply and  
Services Expense,  
Promotional Items, PSC  
Assessment  
*Witness:* Alexis L. Branson  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* WR-2022-0303  
*Date Testimony Prepared:* November 22, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**ALEXIS L. BRANSON**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2022-0303**

*Jefferson City, Missouri*  
*November 2022*

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**DIRECT TESTIMONY OF**  
**ALEXIS L. BRANSON**  
**MISSOURI-AMERICAN WATER COMPANY**  
**CASE NO. WR-2022-0303**

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1           A.     I have reviewed the prior workpapers, prior cases, prior testimony, and data  
2 presented by MAWC on these issues.

3           **EXECUTIVE SUMMARY**

4           Q.     What is the purpose of your direct testimony?

5           A.     The purpose of my direct testimony is to present Staff's recommendations  
6 concerning Contributions in Aid of Construction ("CIAC"), CIAC amortization, Office Supply  
7 and Services Expense, Promotional Items, and PSC Assessment Expense.

8           **CIAC-AMORTIZATION OF CIAC**

9           Q.     Please describe CIAC.

10          A.     CIAC is developer-donated plant and any other plant the utility receives at  
11 zero cost. CIAC could also include funds received from developers for the right to connect to  
12 MAWC's system in the form of a tariffed CIAC charge. MAWC has no obligation to repay or  
13 refund CIAC to developers or customers.

14          Q.     Did Staff calculate MAWC's current CIAC balance and associated  
15 amortization?

16          A.     Yes. Staff calculated the CIAC and CIAC amortization balances in the  
17 amounts of \$405,922,098 and \$110,422,995, respectively, as of June 30, 2022, for all  
18 MAWC profit centers, including the systems acquired since the last rate case (Case No.  
19 WR-2020-0344). For the acquisitions since the last rate case, Staff used the most current  
20 information available as of June 30, 2022.

21          Q.     Did Staff include its calculated CIAC and CIAC Amortization balances in its  
22 recommended rate base?

1           A.     Yes. Staff included these amounts on Accounting Schedule 2, Rate Base.

2     **OFFICE SUPPLY AND SERVICES EXPENSE**

3           Q.     What is included in the operating expense related to office supply and services?

4           A.     The operating expense for office supply and services are those expenses related  
5 to software licenses, bank fees, and various office supplies.

6           Q.     Did Staff calculate an adjustment for office supply and services expense?

7           A.     Yes. Staff calculated a total adjustment of \$(12,606). Staff grouped the  
8 16 accounts MAWC uses to record office supply and services expenses into the following  
9 subcategories: Bank Charges, Books & Publications, Forms, Office & Administrative  
10 Supplies, Software Licenses, and Uniforms. Staff reviewed trends for each subcategory  
11 for either the three-year period of July 2019 to June 2022 or the test year composed of  
12 the most current twelve months of data from July 2021 to June 2022. Staff selected the  
13 test year for the following subcategories: Bank Charges, Software Licenses, and Office  
14 & Administrative Supplies. Staff selected these subcategories because trends showed them to  
15 be in a consistent rise or decline. Bank Charges and Office & Administrative Supplies  
16 showed an upward trend, while Software Expenses trended downward. A three-year average  
17 was used for the Books & Publications, Forms, and Uniforms subcategories where more  
18 fluctuation was evident. Books & Publications started with a sharp downward trend in the  
19 first year before trending upward again in the second year, while Forms did the opposite  
20 and started with a sharp upward trend before decreasing again the following year. In this case,  
21 Uniforms had a general upward trend when it did not in the previous cases.

1 **PROMOTIONAL ITEMS**

2 Q. Please describe Staff's promotional items expense methodology.

3 A. MAWC distributes promotional giveaway items such as: jackets, bags, magnets,  
4 and wireless speakers, at various events. All promotional items are affixed with MAWC's logo.  
5 Staff evaluated each promotional giveaway item and determined whether each one provided a  
6 direct benefit to the ratepayers.

7 Q. What is Staff's recommendation regarding the cost of promotional items?

8 A. Staff recommends the exclusion of the cost of any promotional giveaway item  
9 that does not provide a direct benefit to the ratepayers and is not necessary for the provision of  
10 safe and adequate utility service to its customers. Staff disallowed \$225,609 of promotional  
11 items based on the criteria explained above.

12 **PSC ASSESSMENT**

13 Q. Please describe PSC Assessment.

14 A. The annual PSC assessment is an amount billed to utilities regulated by the PSC,  
15 which funds the PSC's operations. The total budget of the PSC is allocated to all regulated  
16 utilities based on several factors that determine the amount to be paid by each utility.

17 Q. Is Staff proposing an adjustment to the test year expenses for the PSC  
18 Assessment?

19 A. Yes. Staff compared MAWC's allocated 2023 fiscal year PSC Assessment  
20 amount to the General Ledger data for Utility Regulatory Assessment (Account 68545000) in  
21 the test year. The adjustment of \$(1,350,257) represents the difference between the total PSC

Direct Testimony of  
Alexis L. Branson

1 Assessment paid during the test year and the most recent annual PSC Assessment in effect for  
2 the 2023 fiscal year, which is July 1, 2022, to June 30, 2023.

3 Q. Does this conclude your direct testimony?

4 A. Yes it does.



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water )  
Company's Request for Authority to ) Case No. WR-2022-0303  
Implement General Rate Increase for Water )  
and Sewer Service Provided in Missouri )  
Service Areas )

**AFFIDAVIT OF ALEXIS BRANSON**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW ALEXIS BRANSON** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct testimony of Alexis Branson*; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.

  
\_\_\_\_\_  
ALEXIS BRANSON

**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 18<sup>th</sup> day of November 2022.

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

  
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Notary Public