

Exhibit No.: 602
Issues: Revenue Stabilization Mechanism;
Residential Customer Charges;
Inclining Block Rates
Witness: Martin Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Rebuttal Testimony
Case No.: WR-2017-0285

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2017-0285

REBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

January 24, 2018

(Rate Design)

DE Exhibit No. 602
Date 3-06-18 Reporter HF
File No. WR-2017-0285

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement) File No. WR-2017-0285
General Rate Increase for Water and Sewer)
Service Provided in Missouri Service Areas.)

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

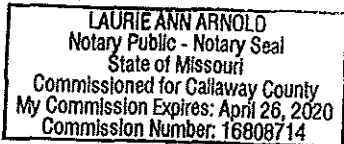
Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

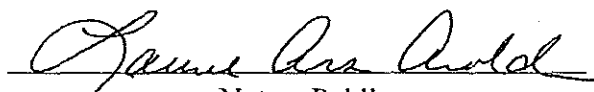
1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony (Rate Design) on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 24th day of January, 2018.





Notary Public

My commission expires: 4/26/20

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO Box 1766, Jefferson City, Missouri 65102.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by the Missouri Department of Economic Development – Division of
7 Energy (“DE”) as a Planner III.

8 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
9 **(“Commission”) on behalf of DE in this case?**

10 A. Yes.

11 **II. PURPOSE AND SUMMARY OF TESTIMONY**

12 **Q. What is the purpose of your Rebuttal Rate Design Testimony in this proceeding?**

13 A. The purpose of my Rebuttal Rate Design Testimony is to:

- 14 1. Address Missouri-American Water Company’s (“MAWC” or “Company”) request
15 for a Revenue Stabilization Mechanism (“RSM”) in this case;
- 16 2. Provide additional considerations as to the residential water customer charges that
17 could result from this case;
- 18 3. Recommend that MAWC and the Commission Staff (“Staff”) file comparisons of
19 their residential water rate designs; and,
- 20 4. Respond to testimony on inclining block rates.

21 **Q. Does DE take a position as to the Company’s district consolidation proposal?**

22 A. No.

1 **III. REVENUE STABILIZATION MECHANISM**

2 **Q. What is the Company's request as to an RSM?**

3 A. Company witness John M. Watkins states that the RSM would allow MAWC to defer
4 differences between approved and actual revenues, accounting for changes in production
5 costs. The RSM would apply to the residential, commercial, other public authorities, and
6 sale for resale customer classes for both water and sewer service.¹

7 **Q. Does DE support the implementation of an RSM in this case?**

8 A. No, not at this time. The RSM request might be reasonable if the Company were
9 implementing robust practices to encourage demand-side water and energy efficiency that
10 resulted in a meaningful level of customer savings. As a form of "decoupling," the RSM
11 could theoretically make the Company indifferent to changes in customer usage, enabling
12 better support of demand-side efficiency programs; better support of demand-side
13 efficiency programs can be a reason to support the shifting of revenue recovery risk from
14 the Company to ratepayers. However, the Company's programs are in their initial phases,
15 following an agreement in MAWC's previous rate case.² At a minimum, an RSM should
16 not be adopted until the Company has shown the ability to effectively implement and
17 manage demand-side efficiency programs, and the Company should first propose a detailed

¹ Missouri Public Service Commission Case Nos. WR-2017-0285 and SR-2017-0286, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of John M. Watkins on Behalf of Missouri-American Water Company, June 30, 2017, page 4, lines 2-11.

² Missouri Public Service Commission Case No. WR-2015-0301, *In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Non-Unanimous Revenue Requirement Stipulation and Agreement, March 16, 2016, pages 3-5.

1 and robust plan to encourage demand-side water efficiency that includes target reductions
2 in water and energy usage and evaluations of the plan's effectiveness.

3 **Q. In the recent natural gas rate cases for Laclede Gas Company and Laclede Gas**
4 **Company d/b/a Missouri Gas Energy (i.e., "Spire"),³ did DE oppose a request for an**
5 **RSM?**

6 **A.** In Spire's recent rate cases, DE did not oppose Spire's RSM request so long as Spire met
7 recommendations as to energy efficiency and residential rate design.⁴ However, the facts
8 in those cases are different from the circumstances in MAWC's current case. Unlike
9 MAWC, Spire has long-standing efficiency programs that, as a result of a stipulation and
10 agreement in the pending cases, will have increased budgets (and associated energy
11 savings).⁵ Additionally, decoupling residential and commercial sales from revenues due to
12 weather and conservation is allowed by Section 386.266.3, RSMo. for natural gas
13 companies; there is no such explicit statutory allowance for water companies.

³ The Commission has recognized that Laclede Gas Company and Laclede Gas Company d/b/a Missouri Gas Energy have changed their name to "Spire Missouri Inc. d/b/a Spire" and has approved the adoption by Spire Missouri Inc. of these respective companies' tariffs. See Missouri Public Service Commission File No. GN-2018-0032, *In the Matter of Laclede Gas Company and Missouri Gas Energy Changing Name to Spire Missouri Inc. d/b/a Spire*, Order Recognizing Name Change, August 16, 2017.

⁴ Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase Its Revenues for Gas Service* and *In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service*, Surrebuttal Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, November 21, 2017, page 2, lines 7-9.

⁵ Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase Its Revenues for Gas Service* and *In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service*, Partial Stipulation and Agreement, December 13, 2017, page 10.

1 **Q. In response to Data Request DED-DE No. 008, did MAWC state that it could**
2 **undertake investments in efficiency rebates or kits if it had an RSM?**

3 A. Yes. This is concerning given MAWC's agreement in its last rate case to implement
4 programs to provide rebates for high-efficiency toilets and to provide efficiency kits.⁶ That
5 agreement was not contingent on the implementation of an RSM. DE does not see a reason
6 to shift the risk of revenue recovery away from the Company until MAWC has a robust set
7 of efficiency programs in place that creates meaningful, quantifiable savings for customers.

8 **IV. RESIDENTIAL CUSTOMER CHARGES**

9 **Q. Please restate DE's recommendation as to residential water customer charges.**

10 A. DE does not recommend any increase to residential water customer charges in this case.⁷

11 **Q. What is Staff's recommendation?**

12 A. Staff recommends maintaining the current residential water customer charges.⁸

⁶ WR-2015-0301, Non-Unanimous Revenue Requirement Stipulation and Agreement, page 3.

⁷ Missouri Public Service Commission Case No. WR-2017-0285, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, December 13, 2017, page 9, lines 3-4.

⁸ Missouri Public Service Commission Case No. WR-2017-0285, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Missouri Public Service Commission Water and Sewer Department, Report on Class Cost of Service and Rate Design ("Staff CCOS Report"), December 13, 2017, page 6, lines 26-27.

1 **Q. The Company supports increasing the quarterly residential water customer charge**
2 **from \$22.35 to \$30.00 for customers served on 5/8-inch meters as part of the move**
3 **from quarterly to monthly billing for certain customers.⁹ How do you respond?**

4 A. DE appreciates the Company's consideration of the need to reduce rate shock for these
5 customers, as well as MAWC's recommended decrease to monthly residential water
6 customer charges from \$15.33 to \$10.00 for customers served on 5/8-inch meters.¹⁰
7 However, the net effect of MAWC's proposal is to raise the fixed portion of customer bills
8 for a large number of residential water customers through a customer charge increase, since
9 most residential water customers are currently billed on a quarterly basis.¹¹

10 **Q. What is DE's recommendation to address the switch to monthly billing?**

11 A. While DE takes no position on movement towards monthly billing, DE recommends that
12 – rather than increase customer charges for the majority of residential customers served on
13 5/8-inch meters – the Company establish parity between monthly and quarterly residential
14 water customer charges by setting the monthly residential water customer charge at one-
15 third of the current quarterly residential water customer charge. This would result in a
16 monthly residential water customer charge of \$7.45 for customers served on 5/8-inch
17 meters, with the customer charge for other meter sizes set in proportion to this
18 recommendation.

⁹ Missouri Public Service Commission Case Nos. WR-2017-0285 and SR-2017-0286, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of Constance E. Heppenstall on Behalf of Missouri-American Water Company, June 30, 2017, page 12, lines 6-15.

¹⁰ *Ibid.*

¹¹ Response to Data Request DED-DE No. 12.

1 **Q. Why not set the quarterly customer charge at three times the current monthly**
2 **customer charge?**

3 A. Doing so would result in a quarterly residential water customer charge of \$45.99 for
4 customers served on 5/8-inch meters – more than two times the current charge of \$22.35.
5 This would create even more severe rate shock than movement to a \$30.00 quarterly
6 charge.

7 **Q. Is there a concern with setting the monthly customer charge at \$7.45 given the results**
8 **of class cost-of-service (“CCOS”) studies in this case?**

9 A. No. Both the Company and Staff recommend setting monthly residential water customer
10 charges for customers served on 5/8-inch meters at levels below these parties’ respective
11 CCOS results (except for Staff’s results for District 3).^{12, 13} However, there is no
12 requirement to determine customer charges based strictly on the filed CCOS results in a
13 particular case; the Commission historically has considered other issues in setting rate
14 designs, such as efficiency and gradualism. Strict adherence to CCOS results could lead to
15 prices that do not adequately support efficient use and/or that create rate shock. CCOS
16 studies are also dependent on the assignments of costs that are chosen, so one study may
17 not assign as many costs to the customer charge as another.

¹² WR-2017-0285 and SR-2017-0286, Heppenstall Direct, page 12, lines 15-17.

¹³ Missouri Public Service Commission Case No. WR-2017-0285, *In the Matter of Missouri-American Water Company’s Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, workpapers of Matthew J. Barnes, December 15, 2017.

1 **Q. Is there another reason to reduce the monthly residential water customer charge to**
2 **\$7.45 for customers served on 5/8-inch meters?**

3 A. Yes. On a revenue-neutral basis, lower customer charges necessitate higher volumetric
4 charges. The combination of lower customer charges and higher volumetric charges
5 provides better price signals and better supports customer efficiency actions, since
6 customers see greater savings from reduced water use when volumetric charges are higher.
7 In addition, lower fixed charges benefit low-income customers by reducing the fixed
8 payment required for each water bill, and by enabling customers to better control their bills
9 through reductions in discretionary usage.

10 **Q. Is it possible to compare directly the residential water rate designs proposed by the**
11 **Company and Staff?**

12 A. No, for three reasons. First, the Company and Staff propose different revenue requirement
13 increases. MAWC requests an increase of around \$74.6 million in water and sewer
14 revenues, including about \$17.5 million in anticipated Infrastructure System Replacement
15 Surcharge investments.¹⁴ In contrast, Staff recommends an increase of approximately
16 \$18.7 million in water and sewer revenues, most of which includes an estimated allowance
17 for true-up.¹⁵ Differences in revenue requirements can be significant drivers of differences
18 in bill impacts.

¹⁴ Missouri Public Service Commission Case No. WR-2017-0285, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of Natelle Dietrich, November 30, 2017, page 3, lines 9-12.

¹⁵ *Ibid*, pages 2-3, lines 22-23 and 1.

1 Second, the Company proposes to reorganize its rate classes by separating Rate A into
2 residential and non-residential customer classes.¹⁶ By contrast, Staff recommends
3 maintaining the current rate classifications.¹⁷ Bill impacts on customers will depend on
4 their rate classifications, which drive differences in cost allocation.

5 Lastly, the Company has proposed to consolidate its residential water districts,¹⁸ while
6 Staff has proposed maintaining the current three districts.¹⁹ The extent to which districts
7 are consolidated will also determine customer rates.

8 **Q. What is DE's proposed solution to this inability to directly compare rate designs?**

9 A. DE proposes that the Commission require the Company and Staff to file residential water
10 rate designs based on each other's revenue requirements, rate classifications, and
11 consolidation proposals, but using the same customer charges as proposed in their
12 respective testimonies. Additionally, DE recommends that both parties file bill impact
13 analyses based on these rate comparisons. Such filings could assist parties and the
14 Commission in evaluating alternative rate designs.

15 **V. INCLINING BLOCK RATES**

16 **Q. Did you address inclining block rates in your Direct Testimony?**

17 A. Yes.²⁰

¹⁶ Missouri Public Service Commission Case Nos. WR-2017-0285 and SR-2017-0286, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of Brian W. LaGrand on Behalf of Missouri-American Water Company, June 30, 2017, page 18, lines 6-7.

¹⁷ WR-2017-0285, Staff CCOS Report, CCOS Schedule 2.

¹⁸ WR-2017-0285 and SR-2017-0286, LaGrand Direct, page 18, lines 8-9.

¹⁹ WR-2017-0285, Staff CCOS Report, page 1, lines 9 and 13.

²⁰ WR-2017-0285, Hyman Direct, pages 9-12, lines 5-16, 1-19, 1-20, and 1-19.

1 **Q. Is DE's recommendation to implement inclining block rates in this case for residential**
2 **water customers?**

3 A. DE's recommendation is only to implement inclining block rates if such a rate design
4 would not cause undue adverse bill impacts on customers. However, DE has concerns
5 about implementing inclining block rates in this case given the bill impacts that could result
6 from the combination of possible district consolidation, a potential revenue requirement
7 increase, and the effects of the Company's most recent rate case. Although the
8 Commission's decision on these issues is not yet known, the potentially high bill impacts
9 on certain customers due to the above-cited factors necessitates caution in implementing
10 new rate designs. Depending on the consolidation and revenue requirement decisions in
11 this case, MAWC should be required to implement residential inclining block rates in this
12 or a subsequent case, based on an evaluation of bill impacts.²¹ Additionally, setting the first
13 block of an inclining block rate requires the consideration of factors such as the basic (i.e.,
14 non-discretionary) usage of a typical customer.

15 **Q. Would DE recommend implementing inclining block rates for non-residential**
16 **customers?**

17 A. No, not at this time. The usage characteristics of non-residential customers can differ
18 substantially between individual customers; for example, a business with certain kinds of
19 landscaping might have more weather-sensitive usage than a laundromat or hotel. Due to
20 these differences, designing a new inclining block rate for non-residential customers would
21 require more study.

²¹ *Ibid*, page 12, lines 8-19.

1 **Q. Did the Company or Staff provide testimony on inclining block rates?**

2 A. Yes,^{22, 23} however, neither party supports implementing an inclining block rate, and neither
3 party provides enough information for the Commission to implement an inclining block
4 rate in this case (i.e., actual potential rate designs).

5 **Q. What did the Commission request with respect to inclining block rates in this case?**

6 A. In the previous rate case, the Commission stated, "In the next rate case, the Commission
7 asks the parties to file information on inclining block rates so the Commission can consider
8 the information in setting just and reasonable rates in that case."²⁴ No party has provided
9 the requisite information to allow the Commission to make such a consideration.

10 **Q. Is DE able to provide this information?**

11 A. Unfortunately, no. DE requested bill frequency data in Data Request DED-DE No. 201,
12 but the Company was only able to provide a sample of customer bills. Without bill
13 frequency data, rate blocks for inclining block rates cannot be determined in a way that
14 supports revenue adequacy for the utility; usage within the potential blocks can be
15 estimated, but not known based on actual data. Even if such data were available in this
16 case, the recent consolidation of MAWC's water rate districts would limit the usefulness
17 of the data as an indication of water usage in the new districts.

²² Missouri Public Service Commission Case Nos. WR-2017-0285 and SR-2017-0286, *In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Direct Testimony of James M. Jenkins on Behalf of Missouri-American Water Company, June 30, 2017, pages 36-38, lines 8-22, 1-23, and 1-7.

²³ WR-2017-0285, Staff CCOS Report, pages 7-9, lines 8-31, 1-25, and 1-9.

²⁴ Missouri Public Service Commission Case No. WR-2015-0301, *In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas*, Report and Order, May 26, 2016, page 41.

1 DE also requested information on the price elasticity of water consumption in the
2 Company's service area, but MAWC did not provide any definitive territory-specific
3 information on price elasticity in response to DE's request.²⁵ In fact, in response to Office
4 of the Public Counsel Data Request OPC 2053, the Company states that it believes that the
5 passage of time is a better predictor of changes in usage than price. However, this
6 conclusion is not reasonable from a causative standpoint, since it is unclear how "time"
7 would itself change customer usage. At best, time could be considered a proxy variable for
8 price, changes in appliance stock, and so on. Without information on the price elasticity of
9 water demand in the Company's territory, designing inclining block rates is less feasible,
10 although not impossible; elasticity estimates can aid with estimations of potential changes
11 in usage due to new rate designs and enable the refinement of rate designs based on such
12 usage changes in order to better ensure revenue adequacy, if needed.

13 **Q. In the past, has Staff provided specific alternative inclining block rate designs?**

14 A. Yes. In the Spire cases mentioned above, Staff provided alternative inclining block rate
15 designs as part of its direct-filed case.²⁶

16 **Q. What are the conclusions of the Company and Staff regarding inclining block rates?**

17 A. MAWC concludes that, "There are minimal water supply issues in Missouri that would
18 warrant implementing inclining block rates," and that Missourians already use less water
19 because of national efficiency laws, more efficient plumbing fixtures, and, "... a strong

²⁵ Response to Data Request DED-DE No. 202 and response to Office of the Public Counsel Data Request OPC 2053.

²⁶ Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase Its Revenues for Gas Service* and *In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service*, Staff Report – Class Cost of Service, September 22, 2017, pages 22-25, lines 9-10, 1-6, 1-6, and 1-12.

1 and growing conservation ethic”²⁷ Staff raises similar points and also suggests that:
2 inclining block rates could adversely affect customers with little ability to conserve;
3 deprivation of service could occur; customers must understand their rate structure;
4 inclining block rates could create windfalls for a utility or affect revenue sufficiency; the
5 effects of inclining block rates would vary by district; reductions in use due to inclining
6 block rates would affect sewer revenues where sewer rates are based on water usage; and,
7 the variable costs of water production are low.²⁸

8 **Q. Does DE agree with these conclusions?**

9 **A.** For the most part, no. Arguing that water scarcity is a prerequisite for the implementation
10 of inclining block rates effectively suggests that utility planning should focus on the best
11 short-run decisions, rather than the decisions that support appropriate long-run
12 investments, improve bill affordability, and avoid unnecessary waste. Planning for the long
13 term requires decision-making that reduces the need for investment in future plant. Current
14 reductions in customer usage also do not support inaction; rather, they suggest that
15 customers have the ability to make efficient consumption choices under the right policy
16 environment.

17 DE agrees that inclining block rates would have to be designed carefully to avoid adverse
18 impacts on customers, prevent volatility in utility revenue recovery, and account for
19 differing usage by district (if district-specific pricing is retained). DE also agrees that
20 customers should understand their rate designs. None of these barriers is insurmountable
21 with appropriate data and customer education. To the extent that customers are unable to

²⁷ WR-2017-0285 and SR-2017-0286, Jenkins Direct, page 37, lines 7-16.

²⁸ WR-2017-0285, Staff CCOS Report, pages 7-9, lines 17-31, 1-25, and 1-9.

1 change their usage because of income or other factors, DE supports efficiency programs
2 that help customers control their water and energy usage. Potential effects from inclining
3 block rates on usage-dependent sewer revenues can be mitigated through appropriate
4 adjustments to sewer rates based on predicted or observed changes in water usage, if such
5 sewer revenue variations were found to be substantial.

6 As to Staff's argument regarding variable costs such as energy, DE is unsure why Staff
7 believes that, "... water conservation may not cause a significant reduction in MAWC's
8 cost of service" when, by Staff's own admission, treatment and pumping costs were under
9 15 percent of MAWC's total cost of service in the prior rate case.²⁹ DE would also note
10 that the price of electricity supplied by investor-owned utilities in Missouri has trended
11 upwards in recent years, so the assumption that, "Energy costs in Missouri are relatively
12 low ..." ³⁰ should not be relied upon for future planning. Finally, the purpose of inclining
13 block rates is not solely the reduction of chemical treatment and energy costs; inclining
14 block rates can reduce the need for investment in future plant.

15 **Q. Does the Commission's Report and Order in MAWC's last rate case support the**
16 **conclusions reached by MAWC and Staff?**

17 **A.** No. In fact, the Commission explicitly stated that:

18 Conservation of water is important for more than just a need to conserve the supply
19 of water. Water and wastewater supply processes are energy intensive. Large
20 amounts of electricity are required to pump water through the pumping stations,

²⁹ *Ibid*, page 9, lines 5-7.

³⁰ *Ibid*, line 4.

1 treatment facilities and distribution system. Thus, the promotion of water efficiency
2 leads to the promotion of energy efficiency. (Citations omitted.)³¹

3 **Q. Does DE have a recommendation on providing the Commission with information on**
4 **inclining block rates?**

5 A. Yes. To ensure that the Commission has a full record upon which to make a decision on
6 inclining block rates, DE recommends that the Commission order the following for the
7 Company's next rate case if inclining block rates are not established in this case:

- 8 1. The Company and Staff shall provide bill frequency data along with their direct case
9 filings;
- 10 2. The Company and Staff shall provide alternative inclining block rate proposals in
11 addition to their recommended rate designs as part of their direct filings, although no
12 party shall be obligated to support any such inclining block rate designs; and,
- 13 3. Other parties may provide their own recommended inclining block rate designs in
14 direct-filed testimony or may respond to the filings of MAWC and Staff in rebuttal
15 testimony, as appropriate.

16 **VI. CONCLUSIONS**

17 **Q. Please summarize your conclusions and the positions of DE.**

18 A. At this time, DE does not support the implementation of an RSM. DE continues to support
19 low residential water customer charges and recommends that the monthly residential water
20 customer charge be established at \$7.45 for customers served on 5/8-inch meters. DE also
21 recommends that the Commission order MAWC and Staff to provide comparisons of their

³¹ WR-2015-0301, Report and Order, page 34.

1 rate designs based on their differing revenue requirements, rate classifications, and
2 consolidation proposals. DE continues to recommend that inclining block rates only be
3 implemented for residential water customers if the resulting bill impacts are not
4 significantly adverse; however, DE recommends that the Commission require the filing of
5 certain information in the Company's next rate case regarding inclining block rates if such
6 rates are not implemented in this case.

7 **Q. Does this conclude your Rebuttal Rate Design Testimony in this case?**

8 **A. Yes.**