

Exhibit No.:	Rate Design
Issue:	Brian C. Collins
Witness:	Surrebuttal Testimony
Type of Exhibit:	Triumph Foods, LLC
Sponsoring Party:	WR-2017-0285
Case No.:	February 9, 2018
Date Testimony Prepared:	

FILED
 March 23, 2018
 Data Center
 Missouri Public
 Service Commission

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

_____)
 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)
 _____)

Case No. WR-2017-0285

Surrebuttal Testimony of

Brian C. Collins

On behalf of

Triumph Foods, LLC

February 9, 2018



Project 10440.1

Exhibit No. 650
 Date 3/8/18 Reporter MR
 File No. WR-2017-0285

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Water and Sewer Service Provided in)
Missouri Service Areas)

STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

Affidavit of Brian C. Collins

Brian C. Collins, being first duly sworn, on his oath states:

1. My name is Brian C. Collins. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Triumph Foods, LLC in this proceeding on its behalf.

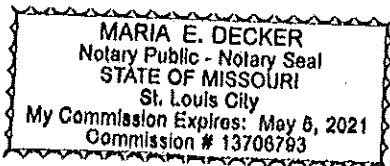
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. WR-2017-0285.

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

Brian C. Collins

Brian C. Collins

Subscribed and sworn to before me this 9th day of February, 2018.



Maria E. Decker

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

<p style="margin: 0;">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</p>)))))))	Case No. WR-2017-0285
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Surrebuttal Testimony of Brian C. Collins

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 Q ARE YOU THE SAME BRIAN C. COLLINS WHO PREVIOUSLY FILED
5 TESTIMONY IN THIS CASE?

6 A Yes. On December 13, 2017 and January 24, 2018, I filed direct and rebuttal
7 testimony, respectively, on behalf of the Missouri Industrial Energy Consumers
8 ("MIEC") regarding Missouri-American Water Company's ("MAWC" or "Company")
9 cost of service and rate design.

10 Q ON WHOSE BEHALF ARE YOU SPONSORING THIS TESTIMONY?

11 A I am filing this surrebuttal testimony on behalf of Triumph Foods, LLC ("Triumph
12 Foods"). Triumph Foods uses an extraordinary amount of water and thus has a
13 vested interest in these proceedings.

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1 Q WHAT IS THE PURPOSE OF THIS SURREBUTTAL TESTIMONY?

2 A This surrebuttal testimony will address the special contract Triumph Foods has with
3 MAWC. I will discuss why the special contract continues to be appropriate for
4 Triumph Foods.

5 Q WHAT BUSINESS IS TRIUMPH FOODS INVOLVED IN AND IN WHAT PART OF
6 MAWC'S SERVICE TERRITORY DOES IT OPERATE?

7 A Triumph Foods is a pork processing operation located in St. Joseph, Missouri.
8 Currently, Triumph Foods employs over 2,800 employees at its St. Joseph
9 operations.

10 Q PLEASE DESCRIBE THE GROWTH OF TRIUMPH FOODS IN ST JOSEPH.

11 A Triumph Foods began its operations in St. Joseph in 2006. In 2007, Triumph Foods
12 added a second shift increasing its employee workforce to 2,000 employees. In
13 2010, due to expansion of operations, Triumph Foods' workforce totaled 2,700
14 employees. In 2012, Triumph Foods expended \$9.5 million to increase its
15 refrigeration and packaging space to meet growing demand for product exports. This
16 expansion also added jobs to the workforce. In 2013, Triumph Foods announced a
17 \$7.5 million expansion for improvements in packaging and storage facilities. This
18 expansion added 100+ jobs to the workforce. In 2016, Daily Premium Meats began
19 operations adjacent to Triumph Foods employing another 200 employees. Daily
20 Premium Meats is 50% owned by Triumph Foods.

21 Q IS TRIUMPH FOODS A MAJOR EMPLOYER IN ST. JOSEPH?

22 A Yes. Triumph Foods is the second largest employer in the St. Joseph area trailing
23 only Mosaic Life Care in total workforce levels.

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1 Q DOES TRIUMPH FOODS USE WATER IN ITS OPERATIONS?

2 A Yes. In fact, Triumph Foods is MAWC's single largest customer. Triumph Foods'
3 water usage is multiple times larger than the second largest customer served by
4 MAWC. In the St Joseph district, Triumph Foods is the equivalent of a smelter facility
5 taking energy from a local electric utility.

6 Q IS TRIUMPH FOODS CURRENTLY SERVED BY MAWC PURSUANT TO A
7 SPECIAL CONTRACT?

8 A Yes. Triumph Foods has been operating under a special contract since the beginning
9 of its operations in St. Joseph.

10 Q DOES THE SPECIAL CONTRACT COVER THE VARIABLE COSTS OF
11 PROVIDING WATER SERVICE TO TRIUMPH FOODS AND PROVIDE FOR A
12 CONTRIBUTION TO THE FIXED COSTS OF MAWC?

13 A Yes. The special contract terms assure that the variable costs of serving Triumph
14 Foods are recovered in the rate. The special contract rate is typically revised each
15 MAWC rate case based on changes in the following costs:

- 16 > Fuel and power costs
- 17 > Chemical costs
- 18 > Miscellaneous water treatment expenses

19 The above costs represent the variable costs of serving Triumph Foods.

20 In addition to those costs, the special contract also has a provision for
21 marginal cost recovery, which relates to Triumph Foods making a contribution to the
22 fixed costs of MAWC.

1 Q IS THE SPECIAL CONTRACT WITH TRIUMPH FOODS BENEFICIAL TO THE
2 OTHER MAWC CUSTOMERS IN ST. JOSEPH?

3 A Yes. Because the special contract calls for Triumph Foods to provide a contribution
4 to MAWC's fixed costs, and allows MAWC to recover its variable costs to serve
5 Triumph Foods, the other customers of St. Joseph are paying less for water service
6 than if Triumph Foods were not on the MAWC system.

7 Q HOW DID THE COMPANY REFLECT THE TRIUMPH FOODS SPECIAL
8 CONTRACT IN ITS COST OF SERVICE (REVENUE REQUIREMENT)?

9 A MAWC reflected Triumph Foods in its cost of service at the rate stipulated to in
10 MAWC's last rate case which is reflective of the current special contract.

11 Q HAS ANY OTHER PARTY IN THIS CASE ADDRESSED THE TRIUMPH FOODS
12 LEVEL OF REVENUES?

13 A Yes. In the Staff's cost of service (revenue requirement) direct filing, the Staff
14 reflected Triumph Foods at the current rate agreed to in MAWC's last rate case. This
15 level of revenues also reflects the Triumph Foods special contract.

16 Q DID STAFF ADDRESS THE TRIUMPH FOODS RATE IN ITS RATE DESIGN
17 REBUTTAL TESTIMONY?

18 A Yes. Staff witness Matthew J. Barnes addresses the Triumph Foods contract rate in
19 his rebuttal testimony. He indicates that Triumph Foods continues to meet the criteria
20 of the Company's Economic Development Rider and recommends that the
21 Commission approve continuation of MAWC's special contract with Triumph Foods at
22 the rate identified in his confidential rate design rebuttal testimony because the

1 contract provides numerous economic benefits to the St. Joseph area and the State
2 of Missouri. I support Mr. Barnes' recommendations.

3

4 **Q DOES MR. BARNES' REBUTTAL TESTIMONY ADDRESS CONCERNS RELATED**
5 **TO TRIUMPH FOODS' SPECIAL CONTRACT RAISED IN THE REBUTTAL**
6 **TESTIMONY OF DR. MARKE ON BEHALF OF OPC?**

7 **A** Yes, Mr. Barnes' rebuttal testimony addresses the concerns raised by Dr. Marke and
8 as a result, Dr. Marke's concerns are without merit.

9 **Q PLEASE SUMMARIZE YOUR TESTIMONY.**

10 **A** Triumph Foods is a major employer in St. Joseph, Missouri. Triumph Foods has
11 continued to grow its operations in St. Joseph adding hundreds of jobs over a period
12 of several years. Triumph Foods is MAWC's largest water user. Triumph Foods'
13 decision to locate in St. Joseph was directly linked to the accessibility of water at the
14 reduced rate contained in the current special contract. The St. Joseph area is
15 experiencing many rewards from the decision of Triumph Foods to locate in
16 St. Joseph. There is no credible rationale to discontinue the special contract at this
17 time.

18 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

19 **A** Yes, it does.

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