

Exhibit No.:
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*

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**TABLE OF CONTENTS OF
SURREBUTTAL TESTIMONY**

OF

PAUL R. HARRISON

**LIBERTY UTILITIES (MISSOURI WATER), LLC
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CASE NO. WR-2018-0170

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

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **PAUL R. HARRISON**

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

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

7 Q. Please state your name and business address.

8 A. 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 A. Yes, I am.

12 Q. What is the purpose of your surrebuttal testimony for this case?

13 A. 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 A. 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

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

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.

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) File No. WR-2018-0170
d/b/a Liberty Utilities)

AFFIDAVIT OF PAUL R. HARRISON

State of Missouri)
) ss.
County of Cole)

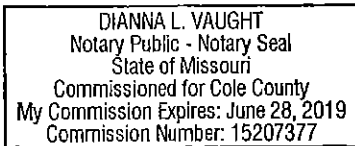
COMES NOW Paul R. Harrison and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Paul R. Harrison
Paul R. Harrison

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 26th day of July, 2018.



Dianna L. Vaught
NOTARY PUBLIC