

Exhibit No.:  
Issue: Rate Design  
Witness: Brian C. Collins  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Triumph Foods, LLC  
Case No.: WR-2020-0344  
Date Testimony Prepared: February 9, 2021

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

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**In the Matter of the Application of Missouri-  
American Water Company's Request for  
Authority to Implement General Rate  
Increase for Water and Sewer Service  
Provided in Missouri Service Areas**

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) **Case No. WR-2020-0344**  
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Surrebuttal Testimony of

**Brian C. Collins**

On behalf of

**Triumph Foods, LLC**

February 9, 2021



Project 10995.1





1 employs approximately 2,700 people with 2,300 of those in production-related positions  
2 and 400 holding management and clerical positions.

3 Triumph Foods uses an extraordinary amount of water and thus has a vested  
4 interest in these proceedings.

5 **Q WHAT IS THE PURPOSE OF THIS SURREBUTTAL TESTIMONY?**

6 A This surrebuttal testimony will address the special contract Triumph Foods has with  
7 MAWC. I will discuss why the special contract continues to be appropriate for Triumph  
8 Foods.

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

11 A Triumph Foods is a pork processing operation located in St. Joseph, Missouri, currently  
12 employing over 2,700 employees at its St. Joseph operations.

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

14 A Triumph Foods began its operations in St. Joseph in 2006. In 2007, Triumph Foods  
15 added a second shift increasing its employee workforce to 2,000 employees. In 2010,  
16 due to expansion of operations, Triumph Foods' workforce totaled 2,700 employees.  
17 In 2012, Triumph Foods expended \$9.5 million to increase its refrigeration and  
18 packaging space to meet growing demand for product exports. This expansion also  
19 added jobs to the workforce. In 2013, Triumph Foods announced a \$7.5 million  
20 expansion for improvements in packaging and storage facilities. This expansion added  
21 100+ jobs to the workforce.

1           In 2016, Daily Premium Meats began operations adjacent to Triumph Foods  
2 and currently employs another 360 employees. Daily Premium Meats is 50% owned  
3 by Triumph Foods. Daily Premium meats operated at full capacity in 2020 and is  
4 currently working on a \$10 million expansion to increase retail bacon product by the  
5 end of 2021. This expansion will increase retail volume by over 100% when completed.

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

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

9   **Q     DOES TRIUMPH FOODS USE WATER IN ITS OPERATIONS?**

10  A     Yes. In fact, Triumph Foods is MAWC's single largest customer. Triumph Foods'  
11       annual water usage is much larger (in excess of 250 million gallons) than the second  
12       largest customer served by MAWC. In the St Joseph district, Triumph Foods is the  
13       equivalent of a smelter facility taking energy from a local electric utility.

14  **Q     IS TRIUMPH FOODS CURRENTLY SERVED BY MAWC PURSUANT TO A**  
15       **SPECIAL CONTRACT?**

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

1 **Q DOES THE SPECIAL CONTRACT COVER THE VARIABLE COSTS OF PROVIDING**  
2 **WATER SERVICE TO TRIUMPH FOODS AND PROVIDE FOR A CONTRIBUTION**  
3 **TO THE FIXED COSTS OF MAWC?**

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

- 7 > Fuel and power costs
- 8 > Chemical costs
- 9 > Miscellaneous water treatment expenses

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

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

14 **Q IS THE SPECIAL CONTRACT WITH TRIUMPH FOODS BENEFICIAL TO THE**  
15 **OTHER MAWC CUSTOMERS IN ST. JOSEPH?**

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

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

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

1 **Q HAS ANY OTHER PARTY IN THIS CASE ADDRESSED THE TRIUMPH FOODS**  
2 **CURRENT LEVEL OF REVENUES?**

3 A Yes. In the Staff's cost of service (revenue requirement) direct filing, the Staff reflected  
4 Triumph Foods at the current special contract rate agreed to in MAWC's last rate case.  
5 This rate appropriately reflects the current level of revenue for the Triumph Foods  
6 special contract.

7 **Q DID STAFF ADDRESS THE TRIUMPH FOODS RATE IN ITS RATE DESIGN**  
8 **REBUTTAL TESTIMONY?**

9 A Yes. Staff witness Matthew J. Barnes addresses the Triumph Foods contract rate in  
10 his rebuttal testimony. He recommends that the Commission approve continuation of  
11 MAWC's special contract with Triumph Foods. I support Mr. Barnes' recommendation.

12 **Q PLEASE SUMMARIZE YOUR TESTIMONY.**

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

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

21 A Yes, it does.

## Qualifications 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     WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5    A     I am a consultant in the field of public utility regulation and a Principal with the firm of  
6            Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7    **Q     PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK  
8            EXPERIENCE.**

9    A     I graduated from Southern Illinois University Carbondale with a Bachelor of Science  
10            degree in Electrical Engineering. I also graduated from the University of Illinois at  
11            Springfield with a Master of Business Administration degree. Prior to joining BAI, I was  
12            employed by the Illinois Commerce Commission and City Water Light & Power  
13            ("CWLP") in Springfield, Illinois.

14            My responsibilities at the Illinois Commerce Commission included the review of  
15            the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the  
16            Commission as well as the review of utilities' requests for certificates of public  
17            convenience and necessity for new electric transmission lines. My responsibilities at  
18            CWLP included generation and transmission system planning. While at CWLP, I  
19            completed several thermal and voltage studies in support of CWLP's operating and  
20            planning decisions. I also performed duties for CWLP's Operations Department,  
21            including calculating CWLP's monthly cost of production. I also determined CWLP's

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1 allocation of wholesale purchased power costs to retail and wholesale customers for  
2 use in the monthly fuel adjustment.

3 In June 2001, I joined BAI as a Consultant. Since that time, I have participated  
4 in the analysis of various utility rate and other matters in several states and before the  
5 Federal Energy Regulatory Commission (“FERC”). I have filed or presented testimony  
6 before the Arkansas Public Service Commission, the California Public Utilities  
7 Commission, the Delaware Public Service Commission, the Public Service  
8 Commission of the District of Columbia, the Florida Public Service Commission, the  
9 Georgia Public Service Commission, the Idaho Public Utilities Commission, the Illinois  
10 Commerce Commission, the Indiana Utility Regulatory Commission, the Kentucky  
11 Public Service Commission, the Public Utilities Board of Manitoba, the Minnesota  
12 Public Utilities Commission, the Mississippi Public Service Commission, the Missouri  
13 Public Service Commission, the Montana Public Service Commission, the North  
14 Dakota Public Service Commission, the Public Utilities Commission of Ohio, the  
15 Oregon Public Utility Commission, the Rhode Island Public Utilities Commission, the  
16 Public Service Commission of Utah, the Virginia State Corporation Commission, the  
17 Public Service Commission of Wisconsin, the Washington Utilities and Transportation  
18 Commission, and the Wyoming Public Service Commission. I have also assisted in  
19 the analysis of transmission line routes proposed in certificate of convenience and  
20 necessity proceedings before the Public Utility Commission of Texas.

21 In 2009, I completed the University of Wisconsin – Madison High Voltage Direct  
22 Current (“HVDC”) Transmission Course for Planners that was sponsored by the  
23 Midwest Independent Transmission System Operator, Inc. (“MISO”).

24 BAI was formed in April 1995. BAI and its predecessor firm has participated in  
25 more than 700 regulatory proceedings in forty states and Canada.

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**Appendix A**  
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1           BAI provides consulting services in the economic, technical, accounting, and  
2 financial aspects of public utility rates and in the acquisition of utility and energy  
3 services through RFPs and negotiations, in both regulated and unregulated markets.  
4 Our clients include large industrial and institutional customers, some utilities and, on  
5 occasion, state regulatory agencies. We also prepare special studies and reports,  
6 forecasts, surveys and siting studies, and present seminars on utility-related issues.

7           In general, we are engaged in energy and regulatory consulting, economic  
8 analysis and contract negotiation. In addition to our main office in St. Louis, the firm  
9 also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

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