

Exhibit No.:
Issue: Rate Case Expense
Witness: Jennifer K. Grisham
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2017-0259
Date Testimony Prepared: November 13, 2017

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

JENNIFER K. GRISHAM

INDIAN HILLS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2017-0259

Jefferson City, Missouri
November 2017

**** Denotes Confidential Information ****

1
2
3
4
5
6
7
8

TABLE OF CONTENTS
SURREBUTTAL TESTIMONY OF
JENNIFER K. GRISHAM
INDIAN HILLS UTILITY OPERATING COMPANY, INC.
CASE NO. WR-2017-0259

EXECUTIVE SUMMARY 1
RATE CASE EXPENSE 1

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **JENNIFER K. GRISHAM**

4 **INDIAN HILLS UTILITY OPERATING COMPANY, INC.**

5 **CASE NO. WR-2017-0259**

6 Q. Please state your name and business address.

7 A. Jennifer K. Grisham, P.O. Box 360, Suite 440, Jefferson City, MO 65102.

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

9 A. I am employed by the Missouri Public Service Commission (“Commission”)
10 as a Utility Regulatory Auditor II in the Auditing Department, Commission Staff Division of
11 the Commission Staff (“Staff”).

12 Q. Are you the same Jennifer K. Grisham who has previously filed direct and
13 rebuttal testimony in this proceeding?

14 A. Yes, I am.

15 **EXECUTIVE SUMMARY**

16 Q. What is the purpose of your surrebuttal testimony in this proceeding?

17 A. The purpose of my surrebuttal testimony is to address Indian Hills Utility
18 Operating Company, Inc. (“Indian Hills” or “Company”) rate case expense.

19 **RATE CASE EXPENSE**

20 Q. Has Staff received invoices related to rate case expense from Indian Hills?

21 A. Yes. Indian Hills has provided invoices for some of the rate case expense
22 incurred for this case.

Surrebuttal Testimony of
Jennifer K. Grisham

1 Q. What information has not been provided by the Company?

2 A. Invoices for Indian Hills witness D'Ascendis have not been provided,
3 preventing Staff from being able to fully analyze the totality of rate case expense incurred
4 thus far. Additionally, invoices for rate case services provided to Indian Hills during the
5 month of October have not yet been received.

6 Q. Is there an expense item submitted with which Staff disagrees?

7 A. Yes. An invoice for the final amount owed for the "Before and After" video
8 concerning the Company's work on the Indian Hills system, which was shown at the Local
9 Public Hearing was submitted for inclusion in rate case expense. Staff determined that this
10 video is not a necessary expenditure in providing safe and reliable service. It should be
11 excluded from rate case expense because it does not provide a benefit to the ratepayers.

12 Q. Does Staff have any other concerns about rate case expense?

13 A. Yes. Staff recommends that the cost of both consultants, Mr. D'Ascendis and
14 Mr. Thaman, be subject to rate case "sharing." The result of which would be the costs for
15 these two witnesses are shared equally between Indian Hills and the ratepayers.

16 Q. Why is rate case sharing appropriate?

17 A. Rate cases are sometimes necessary in order for the ratepayers to benefit from
18 utility services that are safe and adequate; however, rate cases also benefit the utility
19 company by way of increased profits. By sharing rate case expenses, the Company
20 recognizes the benefits received by both groups.

21 Q. What are the hourly rates charged by Mr. Thaman and Mr. D'Ascendis?

22 A. The hourly rate charged to Indian Hills by Mr. Thaman is ** ____ ** The
23 hourly rate for Mr. D'Ascendis is unknown at this time because Staff has not received any

1 invoices related to his service to the Company.

2 Q. Is there potentially a special concern regarding rate case expense amounts in
3 the context of a small water or sewer rate case?

4 A. Yes. In general, small water companies do not hire multiple consultants at
5 high dollar rates to testify on their behalf in a rate case, as larger utilities sometimes do.
6 When this occurs for smaller utilities, it would be expected to have a much greater impact on
7 customer rates due to the smaller number of customers available to share these costs
8 compared to the case with larger utilities.

9 Q. Does Staff agree with the Company's proposed three-year normalization
10 period for rate case expense?

11 A. No, Staff recommends a five-year normalization period.

12 Q. Please explain.

13 A. While the totality of rate case expense will not be known until the conclusion
14 of the case, it is likely those costs will materially add to the sizeable rate increase charged to
15 Indian Hills' customers. A lengthened normalization period for rate case expense is
16 appropriate for this reason.

17 Q. How much rate case expense has Indian Hills incurred to date?

18 A. As stated above, Staff has not received any invoices related to the testimony
19 of Mr. D'Ascendis; therefore, the total dollars spent by Indian Hills for rate case expense to
20 date for this case cannot be determined. The total dollar amount of rate case expense
21 submitted by Indian Hills thus far is \$16,596. Based on the information provided to date,
22 Staff recommends a normalized rate case expense of \$2,102. In order to determine this
23 amount, Staff removed the disallowed costs discussed above from the total amount submitted

Surrebuttal Testimony of
Jennifer K. Grisham

1 | to date by Indian Hills and then normalized the new total over five years. This amount will
2 | be updated throughout the course of this rate proceeding.

3 | Q. Does this conclude your surrebuttal testimony?

4 | A. Yes, it does.

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

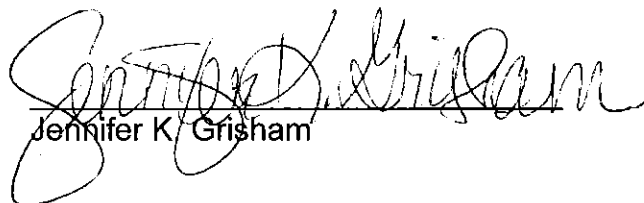
In The Matter of The Rate Increase Request Of)
Indian Hills Utility Operating Company, Inc.) **Case No. WR-2017-0259**

AFFIDAVIT OF JENNIFER K. GRISHAM

State of Missouri)
) ss
County of Cole)

COMES NOW Jennifer K. Grisham, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony*, and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



Jennifer K. Grisham

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 9th day of November, 2017.



NOTARY PUBLIC

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377