

Exhibit No.:
Issue(s): *Mileage Expense and
Rate Case*
Witness: *Michael Jason Taylor*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *WR-2017-0343*
Date Testimony Prepared: *February 9, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MICHAEL JASON TAYLOR

GASCONY WATER COMPANY, INC.

CASE NO. WR-2017-0343

Jefferson City, Missouri
February 2018

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OF
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SURREBUTTAL TESTIMONY

OF

MICHAEL JASON TAYLOR

GASCONY WATER COMPANY, INC.

CASE NO. WR-2017-0343

Q. Please state your name and business address.

A. Michael Jason Taylor, Fletcher Daniels State Office Building, 615 East 13th Street, Room 201, Kansas City, Missouri 64106.

Q. Are you the same Michael Jason Taylor that filed rebuttal testimony?

A. Yes, I filed rebuttal testimony on January 29, 2018.

Q. What is the purpose of your surrebuttal testimony?

A. I will respond to Office of Public Counsel (“OPC”) witness Keri Roth’s testimony concerning mileage expense and rate case expense.

MILEAGE EXPENSE

Q. Please identify OPC witness Roth's position on mileage expense?

A. Ms. Roth states in her rebuttal testimony at page 3 that OPC does not agree with using the Internal Revenue Service’s (“IRS”) mileage rate of 53.5 cents per mile. OPC recommends using the 2017 State of Missouri mileage rate of 37 cents per mile.

Q. Does OPC know what Staff's position is regarding mileage expense?

A. While Ms. Roth recognized that Staff had not filed direct testimony regarding a position, she did know Staff's position due to the Staff Accounting Schedules associated with the Partial Stipulation Agreement and Request for Evidentiary Hearing.

1 Q. Why did Staff use 53.5 cents for mileage expense?

2 A. Staff used 53.5 cents for mileage expense because that is the 2017 IRS
3 standard mileage rate¹ that businesses are able to deduct on the federal income tax returns.

4 Q. Has the State of Missouri used the IRS standard mileage rate?

5 A. Yes. According to the State of Missouri's Office of Administration website,²
6 the State of Missouri authorizes the IRS's standard mileage rate less three cents per mile.
7 However, as result of budgetary constraints, the State of Missouri has used the rate of 37 cents
8 per mile for travel mileage since May 2010.

9 Q. Does Staff agree with OPC's position of using the State of Missouri's mileage
10 rate of 37 cents per mile?

11 A. No. Staff's opinion is that the Commission should use the 2017 IRS standard
12 mileage rate of 53.5 cents per mile. The Company is not a state agency and therefore should
13 not fall under the 37 cent per mile.

14 **RATE CASE EXPENSE**

15 Q. What is OPC's position on rate case expense?

16 A. OPC agrees with Company on recovery of actual dollars, prudently incurred,
17 related to rate case expense and is agreeable to Company's proposal to normalize the costs
18 over a six-year period.

19 Q. Does Staff agree with OPC's position on rate case expense?

20 A. No. Staff does not agree with OPC's position as identified in my rebuttal
21 testimony on page 31.

¹ <https://www.irs.gov/tax-professionals/standard-mileage-rates>

² <https://oa.mo.gov/accounting/state-employees/travel-portal-information/mileage>

Surrebuttal Testimony of
Michael Jason Taylor

1 Q. What is Staff's position with respect to rate case expense for Gascony Water?

2 A. As stated in rebuttal testimony at page 31, Staff has included an amount for
3 actual rate case expense incurred normalized over a 10 year period.

4 Q. Does this conclude your surrebuttal testimony?

5 A. Yes.

