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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1		SURREBUTTAL TESTIMONY				
2	OF					
3	MICHAEL JASON TAYLOR					
4		GASCONY WATER COMPANY, INC.				
5		CASE NO. WR-2017-0343				
6	Q.	Please state your name and business address.				
7	A.	Michael Jason Taylor, Fletcher Daniels State Office Building, 615 East 13 <sup>th</sup>				
8	Street, Room 201, Kansas City, Missouri 64106.					
9	Q.	Are you the same Michael Jason Taylor that filed rebuttal testimony?				
10	A.	Yes, I filed rebuttal testimony on January 29, 2018.				
11	Q.	What is the purpose of your surrebuttal testimony?				
12	A.	I will respond to Office of Public Counsel ("OPC") witness Keri Roth's				
13	testimony concerning mileage expense and rate case expense.					
14	MILEAGE I	EXPENSE				
15	Q.	Please identify OPC witness Roth's position on mileage expense?				
16	A.	Ms. Roth states in her rebuttal testimony at page 3 that OPC does not agree				
17	with using the Internal Revenue Service's ("IRS") mileage rate of 53.5 cents per mile. OPC					
18	recommends	using the 2017 State of Missouri mileage rate of 37 cents per mile.				
19	Q.	Does OPC know what Staff's position is regarding mileage expense?				
20	A.	While Ms. Roth recognized that Staff had not filed direct testimony regarding a				
21	position, she did know Staff's position due to the Staff Accounting Schedules associated with					
22	the Partial Stipulation Agreement and Request for Evidentiary Hearing.					

Why did Staff use 53.5 cents for mileage expense? 1 Q. 2 A. Staff used 53.5 cents for mileage expense because that is the 2017 IRS standard mileage rate<sup>1</sup> that businesses are able to deduct on the federal income tax returns. 3 4 Q. Has the State of Missouri used the IRS standard mileage rate? 5 Yes. According to the State of Missouri's Office of Administration website,<sup>2</sup> A. 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 rate of 37 cents per mile? 10 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 over a six-year period. 18 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.

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

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

Surrebuttal Testimony of Michael Jason Taylor

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

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

Q. Does this conclude your surrebuttal testimony?

A. Yes.

## BEFORE THE PUBLIC SERVICE COMMISSION

## OF THE STATE OF MISSOURI

In the Matter of the Reques In Annual Water System Op Revenues for Gascony Wat	perating	) ) )	Case No. WR-2017-0343
AFF	FIDAVIT OF MIC	СНАЕ	L JASON TAYLOR
STATE OF MISSOURI	)		

COMES NOW MICHAEL JASON TAYLOR, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony, and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

COUNTY OF JACKSON

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Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 6 day of February, 2018.

Yotary Public

MICHAEL JASON TAYLOR

BEVERLY M. WEBB My Commission Expires April 14, 2020 Clay County Commission #12464070