

Exhibit No.:
Issues: Water Use Normalization
Witness: Jerry Scheible, P.E.
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2010-0131
Date Testimony Prepared: May 5, 2010

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

JERRY SCHEIBLE, P.E.

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2010-0131

**Jefferson City, Missouri
May 2010**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

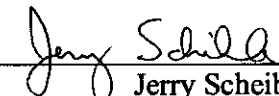
In the Matter of Missouri-American Water)
Company's Request for Authority to)
Implement a General Rate Increase for)
Water and Sewer Services Provided in)
Missouri Service Areas.)

Case No. WR-2010-0131

AFFIDAVIT OF JERRY SCHEIBLE, P.E.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Jerry Scheible, P.E., of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 3 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

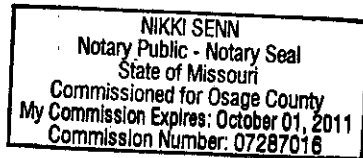


Jerry Scheible, P.E.

Subscribed and sworn to before me this 5th day of May, 2010



Notary Public



1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **JERRY SCHEIBLE, P.E.**

4 **MISSOURI-AMERICAN WATER COMPANY**

5 **CASE NO. WR-2010-0131**

6 Q. Please state your name and business address.

7 A. My name is Jerry Scheible and my business address is P. O. Box 360,
8 Jefferson City, Missouri 65102.

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

10 A. I am a Utility Regulatory Engineer in the Water and Sewer Department, Utility
11 Operations Division of the Missouri Public Service Commission (Staff).

12 Q. Are you the same Jerry Scheible who previously prepared testimony on various
13 issues in the Staff's Cost of Service Report and Rebuttal Testimony filed in this case?

14 A. Yes, I am.

15 Q. What is the purpose of your Surrebuttal Testimony in this case?

16 A. The purpose of my Surrebuttal Testimony is to address the Rebuttal
17 testimonies of Missouri-American Water Company (Company) witnesses Edward L.
18 Spitznagel, Jr. and Donald J. Petry, and to further explain Staff's recommendation for
19 customer water usages for the various Company customer classes and service areas.

20 Q. Witness Spitznagel presents in his Rebuttal Testimony, that in using a six-year
21 average, Staff has ignored the Palmer Drought Severity Index (PDSI) as an important weather
22 variable used in his method of predicting customer usage. Does Staff feel it necessary to
23 utilize PDSI data in predicting customer usage?

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Jerry Scheible

1 A. No. PDSI values are derived from current and historical measurements of
2 precipitation, air temperature, and local soil moisture. In order to account for soil moisture in
3 predicting future water usage, not only would total future precipitation amounts need to be
4 predicted, but the frequency and intensity of the precipitation would also have to be added as
5 predicted variables. Staff's method of utilizing a six-year average does not attempt to predict
6 future precipitation totals, frequency or intensity. Those unknown and immeasurable
7 variables do not impact Staff's recommended customer usage, as only actual past usage was
8 used in calculations.

9 Q. Witness Spitznagel also presents in his Rebuttal Testimony that Staff has not
10 accounted for a downward trend in per-customer per-day water consumption over recent
11 years. Would any such potential downward trend be accounted for in Staff's prediction
12 method?

13 A. Yes. Trends in water usage due to conservation practices or lawn
14 size/irrigation practices could certainly be unique to any given service area, and would be
15 accounted for in an average of actual usages from the most recent years of data that is
16 available.

17 Q. Witness Petry states in his Rebuttal testimony that Staff's six-year average for
18 calculating customer usage overstates the level of sales. How do Staff's predicted usages
19 compare to those the Company has proposed?

20 A. Witness Petry has included a summary schedule (Rebuttal Schedule DJP-1) to
21 his Rebuttal Testimony that compares the customer usages as predicted by both the Company
22 and Staff. Unfortunately, the Staff values presented in Witness Petry's schedule are misstated
23 for three (3) of the nineteen (19) customer classes for which Staff has proposed normalized

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1 usage: St. Louis Residential Quarterly, St. Louis Commercial Monthly and St. Louis
2 Commercial Quarterly. I believe this error to be due to the data being presented by Witness
3 Petry in the volumetric form of cubic feet rather than as gallons. Regardless of the error
4 however, Staff's predicted customer usages are actually *lower* than those proposed by the
5 Company in eleven (11) of the nineteen (19) customer classes for which Staff has proposed
6 normalized usage, therefore indicating that Staff's method does not generally overstate
7 customer usage.

8 Q. What other justification is there that Staff's use of a six-year average method
9 of normalizing water consumption is valid?

10 A. The same six-year average method was utilized and recommended for use in
11 the instant Case by the Company for three of the customer classes.

12 Q. Does this conclude your Surrebuttal Testimony?

13 A. Yes.