

Exhibit No.:
Issues: Cost allocation
Witness: Derek Linam
Exhibit Type: Rebuttal
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2022-0303
Date: January 18, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. WR-2022-0303

REBUTTAL TESTIMONY

OF

DEREK LINAM

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

AFFIDAVIT

I, Derek Linam, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am Deputy Director of Engineering for Missouri-American Water Company, that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.



Derek Linam

January 18, 2023

Dated

**REBUTTAL TESTIMONY
DEREK LINAM
MISSOURI-AMERICAN WATER COMPANY
CASE NO.: WR-2022-0303**

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Q. Please state your name and business address.

A. My name is Derek Linam. My business address is 727 Craig Road, Creve Coeur, MO 63141.

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

A. I am employed by Missouri-American Water Company (MAWC or the Company) as Deputy Director of Engineering.

Q. Please summarize your educational background and business experience.

A. I received a Bachelor of Science in Civil Engineering in 1991 from the University of Arkansas. I am registered as a professional engineer in Missouri and a licensed Missouri Department of Natural Resources level A water treatment and level DSIII distribution operator. I have more than 31 years of experience in the water and wastewater utility industry. I worked as an engineer for Missouri American Water Company (formerly St Louis County Water Company) in the engineering and production departments managing capital projects in the transmission & distribution system as well as production facilities from 1991 to 1999. My work included hydraulic analysis, new installation or replacement of transmission and distribution water mains, and water treatment plant capital projects. In 1999, I was promoted to Operations Superintendent in the St. Louis District Production department at MAWC, where I was responsible for the operations and maintenance of the south area water treatment plants. In 2000, I was promoted to Engineering Manager for MAWC, where I was responsible for capital delivery in the St Louis County District. In

1 2003, I was the Operations Manager for the transmission and distribution system in the St
2 Louis operation of the Company, where I was responsible for the construction and
3 maintenance departments. In 2008, I moved back to the engineering department as
4 Engineering Manager responsible for capital asset planning and/or capital project delivery
5 for the Company in Missouri. In 2022, I was promoted to Deputy Director of Engineering
6 for MAWC.

7 **Q. What are your current employment responsibilities?**

8 A. As Deputy Director of Engineering, I oversee and manage the planning, design and
9 construction of water, wastewater, and other general facilities for Missouri American
10 Water. My responsibilities include administering the capital program for the Company.

11 **Q. Are you generally familiar with the operations, books and records of MAWC?**

12 A. As a Deputy Director of Engineering, I am familiar with the facilities and operations of the
13 Company in each of its operating areas.

14 **Q. Have you previously testified before the Missouri Public Service Commission
15 (Commission)?**

16 A. Yes. I previously testified in Commission Case No. WC-2009-0277.

17 **Q. Did you provide Direct Testimony in this case?**

18 A. No, I did not.

19 **Q. Are you adopting any Direct Testimony in this case?**

20 A. Yes. I am adopting portions of the Direct Testimony of Rebecca Losli, specifically Section
21 III "Description of Plant Additions".

1 **Q. If you were asked the same questions as those asked in Ms. Losli’s Direct Testimony,**
2 **would your responses be the same?**

3 A. Yes. However, I would update the Direct Testimony in regard to the significant capital
4 projects in service during the period January 1, 2021 through December 31, 2022 discussed
5 in the Direct Testimony.¹

6 **Q. What updates would you make?**

7 A. There was a delay in three of those projects that the company anticipates will be in service
8 by May 31, 2023, in addition to those Ms. Losi listed in her Direct Testimony for that time
9 period. Those three projects are: Affton Tank #3 Roof Replacement (I17020186), Joplin
10 Water Plant Replace High Service Pump Station (I1710023), and Incline Village
11 Wastewater Plant #1 Expansion (HRAM3-4) (I17150002).²

12 **Q. Would you make any other changes or updates to Ms. Losi’s Direct Testimony,**
13 **Section III. Description of Plant Additions?**

14 A. No.

15 **Q. What is the purpose of your Rebuttal Testimony?**

16 A. The purpose of my Rebuttal Testimony is to respond to Office of the Public Counsel (OPC)
17 witness Angela Schaben regarding Enterprise Solutions new technology and/or software
18 enhancements.

19 **II. INFORMATION TECHNOLOGY COST ALLOCATION**

20 **Q. In Ms. Schaben’s Direct Testimony, she poses the question, “If information and**

¹ Losli DT, pp. 11-25.

² *Id.* at 12,14, and.23, respectively.

1 **technology and support services are functions of the Service Company, why is MAWC**
2 **requesting \$20 million in new technology and/or software enhancements?”³ How**
3 **would you respond to this question?**

4 A. MAWC uses Enterprise Solutions technology and software to perform business operations
5 such as customer service, meter reading and customer billing, asset management, and
6 others. Enterprise Solutions is utilized across all of American Water’s operating entities
7 in order to assure software and technology solutions integrate system wide. The Service
8 Company coordinates the purchase and implementation with MAWC, and Missouri’s share
9 of the capital cost of equipment and software is allocated to Missouri’s utility plant.

10 **Q. Please explain why the \$20 million dollar capital investment should be included in**
11 **MAWC’s cost of service?**

12 A. These are not service company capital projects. The enterprise technology and software
13 assets are procured and implemented by Service Company for the use of each state to
14 manage state business functions. Without Enterprise Solutions, each state would need to
15 implement an independent solution and procure the equipment and employ the staff to
16 maintain these solutions to run their respective business. Since MAWC uses a portion of
17 these Enterprise Solutions, MAWC’s share of the capital cost should be included in the
18 cost of service.

19 **Q. Does this conclude your Rebuttal Testimony?**

20 A. Yes.

³ Schaben DT, p. 26.