

Exhibit No.:
Issue(s): *Rate Design*
Class Cost of Service
Witness: *Curt B. Gateley*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *WR-2020-0344*
Date Testimony Prepared: *December 9, 2020*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER AND SEWER DEPARTMENT

DIRECT TESTIMONY

OF

CURT B. GATELEY

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2020-0344

Jefferson City, Missouri
December 2020

1 A. Staff recommends the Commission maintain the current rate design approved by
2 the Commission in Missouri American Water Company's (MAWC's) most recent rate case,
3 Case No. WR-2017-0285, which included single block rates for most customers, and an
4 inclining block pilot program in MAWC's Mexico service area. Staff intends to provide its
5 recommendation as to MAWC's low-income rate pilot program in the St. Joseph, Platte County,
6 and Brunswick service areas in its Rebuttal Testimony. Staff also proposes to maintain the
7 currently effective miscellaneous service charges that were approved in MAWC's previous rate
8 proceeding.

9 Q. What is Staff's rate design recommendation for sewer service in this case?

10 A. Staff recommends that the Commission maintain the current rate design and
11 sewer rate districts, with the exception that Lawson be moved into District B. Lawson was
12 purchased by MAWC after the previous rate case, and had been a stand-alone rate since that
13 purchase. The COS demonstrates a need for rate increases. Staff recommend rates increases
14 and also some adjustments to District A and District B rate design.

15 **CLASS COST OF SERVICE STUDY**

16 Q. Did Staff perform a CCOS study in this case?

17 A. Yes, for MAWC's water operations. Staff's CCOS study for MAWC's water
18 operations is designed to determine the relative class cost responsibility for the overall revenue
19 requirement of MAWC within its various service territories. Staff did not perform a CCOS
20 Study for MAWC's sewer operations because its sewer operations are relatively small and
21 generally consist of residential customers. The rates for MAWC's sewer operations were
22 determined by the results of Staff's audit and the development of cost of service (COS) for

1 MAWC's sewer operations based on the Water & Sewer Department's small company rate
2 design method.

3 Q. What method of cost allocation did Staff use in its CCOS study when direct
4 assignment was not possible?

5 A. Staff used the base-extra capacity method as described in the American Water
6 Works Association (AWWA) manual of water supply practices, Principles of Water Rates,
7 Fees, and Charges, Seventh Edition ("AWWA M1"). This is the method used by Staff and other
8 parties in previous MAWC cases and is a widely accepted method for allocating costs to the
9 various customer classes.

10 **CCOS REPORT AND STAFF RATE DESIGN**

11 Q. How is the Staff's CCOS Report organized?

12 A. The CCOS Report is organized by topic as follows:

13 I. Executive Summary

14 II. Class Cost of Service: Water Operations

15 III. Rate Design: Water Operations

16 IV. Cost of Service: Sewer Operations

17 V. Rate Design: Sewer Operations

18 VI. Special Contracts

19 VII. Miscellaneous Fees

20 VIII. Revenue Stabilization Mechanism

21 IX. Schedules Included in Staff's CCOS Report

22 Q. Does this conclude your direct testimony?

23 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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

Case No. WR-2020-0344

AFFIDAVIT OF CURT B. GATELEY

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COME NOW Curt B. Gateley, on his oath declare that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Curt B. Gateley*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further your Affiants sayeth not.

/s/ Curt B. Gateley
Curt B. Gateley

Curt B. Gateley

I am a Senior Research Analyst in both the Energy Resource Department and the Water & Sewer Department, in the Commission Staff Division of the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission since July of 2014. In the Water & Sewer Department my primary duties are to act as Case Manager for rate cases and transfer of assets cases, and also draft rate design, and conduct tariff reviews. I also work on regulation development, and liaise with the Department of Natural Resources and the U.S. Environmental Protection Agency on technical issues related to drinking water and sewer regulations. In the Energy Resources Department, I assist with review of utility filings associated with the Missouri Energy Efficiency Investment Act, and rate adjustments under fuel adjustment clauses, as well as regulation development.

Educational Background and Work Experience

I have a Bachelor of Science degree in Fisheries and Wildlife from the University of Missouri-Columbia. Prior to joining the Public Service Commission I was employed by the Missouri Department of Natural Resources from 2000-2014, as an Environmental Specialist and a Unit Chief. During my time with the agency I worked in compliance and enforcement, industrial and domestic wastewater permitting, industrial stormwater permitting, and eventually oversaw a staff of eight Permit Writers. I have served as expert witness before the Administrative Hearing Commission, as well as expert witness in State and Federal enforcement cases.

Previous Testimony Before the Public Service Commission

<u>Case No.</u>	<u>Company</u>	<u>Type of Filing</u>	<u>Issue</u>
SR-2014-0153	Peaceful Valley	Live Testimony only	Compliance with Dept. of Natural Resources Regulations
WR-2015-0301	Missouri American Water Company	Direct and Rebuttal Testimony	Class Cost of Service Report
SR-2016-0202	Raccoon Creek Utility Operating Company	Direct and Rebuttal Testimony	Rate Design and Tariff Review
WO-2017-0236	Ridge Creek Utility Company, LLC	Live Testimony only	Petition for Interim Receiver
WR-2017-0110	Terre Du Lac Utilities Corporation	Direct Testimony	Rate Design and Tariff Review
WR-2017-0259	Indian Hills Utility Operating Company	Direct, Rebuttal and Surrebuttal Testimony	Rate Design
WR-2017-0285	Missouri American Water Company	Direct, Rebuttal and Surrebuttal Testimony	Class Cost of Service, Rate Design
WR-2018-0285	Liberty Utilities	Direct Testimony	Contract Services, Miscellaneous Service Charges, Tariff Revisions