

Exhibit No.:
Issue: Staff's Recommendation
Memorandum
Witness: Amanda C. McMellen
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: WA-2018-0370
Date Testimony Prepared: February 6, 2019

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

AMANDA C. McMELLEN

CARL RICHARD MILLS

CASE NO. WA-2018-0370

Jefferson City, Missouri
February 2019

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AMANDA C. McMELLEN
CARL RICHARD MILLS
CASE NO. WA-2018-0370

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1 **REBUTTAL TESTIMONY OF**

2 **AMANDA C. McMELLEN**

3 **CARL RICHARD MILLS**

4 **CASE NO. WA-2018-0370**

5 Q. Please state your name and business address.

6 A. Amanda C. McMellen, Governor Office Building, P.O. Box 360, Jefferson
7 City, Missouri 65102.

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

9 A. I am employed by the Missouri Public Service Commission (“Commission”)
10 as a Utility Regulatory Auditor V in the Auditing Department, Commission Staff Division of
11 the Commission Staff (“Staff”).

12 Q. Are you adopting the auditing portion of the Staff’s Recommendation
13 Memorandum in File No. WA-2018-0370 filed on October 11, 2018?

14 A. Yes, I am.

15 **BACKGROUND OF WITNESS**

16 Q. Please describe your educational background, work experience and any cases
17 in which you have previously filed testimony before this Commission.

18 A. My credentials and a list of cases in which I have filed testimony previously
19 before this Commission are attached to this rebuttal testimony as Schedule ACM-r1.

20 **EXECUTIVE SUMMARY**

21 Q. What is the purpose of your rebuttal testimony in this proceeding?

22 A. The purpose of my testimony is to explain Staff’s changes to the Operations
23 and Maintenance expense and how these changes effect Staff’s Recommendation

1 Memorandum filed on October 11, 2018, attached with this testimony as Appendix A and
2 Attachments A-E.

3 **OPERATIONS AND MAINTENANCE EXPENSE**

4 Q. Has Staff updated its Operations and Maintenance expense amount for
5 Carl Richard Mills since the filing of its Recommendation Memorandum?

6 A. Yes, Staff has updated the water testing and bush hogging expense.

7 Q. Why are Staff's changes appropriate for water testing expense?

8 A. Staff originally included \$400 (four quarterly \$100 payments) as was
9 supported in Appendix F of the Amended Application for Convenience and Necessity filed
10 on October 2, 2018. However, Company witness Carl Richard Mills filed Direct Testimony
11 on January 3, 2019, page 10 lines 12-13, which stated, "The drinking water is tested by the
12 county at least once or twice per year for quality, and has not had a negative report in any
13 years." Therefore, Staff updated the water testing expense to reflect the most current
14 information found in Mr. Mills' testimony.

15 Q. Did Staff attempt to verify Mr. Mills' statement concerning water testing?

16 A. Yes. Staff submitted Data Request No. 0010, requesting a copy of all water
17 testing reports for each year discussed in Mr. Mills' testimony, including invoices or other
18 documentation to confirm the timing of the water quality tests and the amounts due from
19 Mr. Mills from January 1, 2016, to December 31, 2018.

20 Q. Did Mr. Mills respond to Staff's Data Request No. 0010?

21 A. Yes, for 2017 and 2018. On January 24, 2019, Mr. Mills submitted two water
22 testing lab results taken by Stone County Health Department that were taken on 11/21/2018
23 and 1/11/2017.

1 Q. What was the amount of expense associated with each water test by the Stone
2 County Health Department?

3 A. Based on the information received from Staff Data Request No. 0010, a
4 \$15.00 fee is charged for each private drinking water test for coliform bacteria.

5 Q. What is Staff's updated estimated annualized level for water testing?

6 A. Staff's estimated annualized level is \$30, which reflects two water testings per
7 year at \$15 each.

8 Q. What was Staff's original recommended amount for bush hogging expense?

9 A. Staff originally included \$2,000 (ten times per year at \$20 per occurrence) as
10 was supported in Appendix F of the Amended Application for Convenience and Necessity
11 filed on October 2, 2018. However, this cost should have been split in half between the water
12 and sewer system (Mr. Mills' sewer system is a non-regulated operation). Staff then
13 calculated an estimated reasonable annualized cost for bush hogging related to water
14 operations.

15 Q. Why are Staff's changes appropriate for bush hogging expense?

16 A. Staff has included a reasonable estimate for bush-hogging expense by
17 estimating the annualized total at 30 weeks per year, approximately 15 minutes each time, at
18 \$50 an hour, including labor and a tractor.

19 Q. What is Staff's updated estimated annualized level for bush hogging expense?

20 A. Staff's estimated annualized total is \$375.

21 Q. What is Staff's updated estimated annualized level for Operations and
22 Maintenance expense?

23 A. \$2,277. See Attachment D-1 for Staff's updated estimated annualized level
24 for Operations and Maintenance expense.

Rebuttal Testimony of
Amanda C. McMellen

1 Q. What is the updated flat quarterly rate for water services?

2 A. \$271.42.¹

3 Q. Does this conclude your rebuttal testimony?

4 A. Yes, it does.

¹ Staff proposed a flat quarterly rate for water service of \$344.17 in its October 11, 2018, Staff Recommendation. This amount has been updated in Attachment D-1.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Carl R. Mills Trust Certificate)
of Convenience and Necessity Authorizing it to)
Install, Own, Acquire, Construct, Operate,)
Control, Manage and Maintain Water Systems)
in Carriage Oaks Estates)

Case No. WA-2018-0370

AFFIDAVIT OF AMANDA C. McMELLEN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

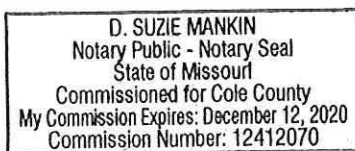
COMES NOW AMANDA C. McMELLEN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony*; and that the same is true and correct according to her best knowledge and belief.

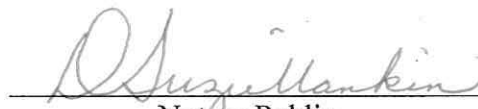
Further the Affiant sayeth not.


AMANDA C. McMELLEN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of February 2019.




Notary Public

Amanda C. McMellen
Utility Regulatory Auditor V

EDUCATION

Bachelors of Science
DeVry Institute of Technology, Kansas City, MO-June 1998

PROFESSIONAL EXPERIENCE

Missouri Public Service Commission
Utility Regulatory Auditor V
February 2013 – Present
Utility Regulatory Auditor IV
November 2006 – February 2013
Utility Regulatory Auditor III
June 2002 – November 2006
Utility Regulatory Auditor II
June 2000 – June 2002
Utility Regulatory Auditor I
June 1999 – June 2000

I am a Utility Regulatory Auditor for the Missouri Public Service Commission (Commission). I graduated from the DeVry Institute of Technology in June 1998 with a Bachelor of Science degree in Accounting. Before coming to work at the Commission, I worked as an accounts receivable clerk. I commenced employment with the Commission Staff in June 1999. As a Utility Regulatory Auditor, I am responsible for assisting in the audits and examinations of the books and records of utility companies operating within the state of Missouri.

Amanda C. McMellen

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Osage Water Company	SR-2000-556	Plant in Service Depreciation Reserve Depreciation Expense Operation & Maintenance Expense
Osage Water Company	WR-2000-557	Plant in Service Depreciation Reserve Depreciation Expense Operation & Maintenance Expense
Empire District Electric Company	ER-2001-299	Plant in Service Depreciation Reserve Depreciation Expense Cash Working Capital Other Working Capital Rate Case Expense PSC Assessment Advertising Dues, Donations & Contributions
UtiliCorp United, Inc./ d/b/a Missouri Public Service	ER-2001-672	Insurance Injuries and Damages Property Taxes Lobbying Outside Services Maintenance SJLP Related Expenses
BPS Telephone Company	TC-2002-1076	Accounting Schedules Separation Factors Plant in Service Depreciation Reserve Revenues Payroll Payroll Related Benefits Other Expenses

Amanda C. McMellen

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2004-0034	Revenue Annualizations Uncollectibles
Fidelity Telephone Company	IR-2004-0272	Revenue Revenue Related Expenses
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2005-0436	Revenue Annualizations Uncollectibles
Empire District Electric Company	ER-2006-0315	Payroll Payroll Taxes 401(k) Plan Health Care Costs Incentive Compensation Depreciation Expense Amortization Expense Customer Demand Program Deferred State Income Taxes Income Taxes
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2007-0004	Revenue Annualizations Uncollectibles Maintenance Expenses Turbine Overhaul Maintenance
Empire District Electric Company	ER-2008-0093	Revenues Bad Debts Employee Benefits Tree Trimming Storm Costs Customer Programs Amortizations Current Income Taxes Deferred Income taxes Jurisdictional Allocations Corporate Allocations

Amanda C. McMellen

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Missouri Gas Energy, a Division of Southern Union Company	GR-2009-0355	Staff Report Cost of Service Revenues-Customer Growth Corporate Allocations Other Rate Base Items Amortization Expense Interest expense on customer Deposits Rents and Leases
Missouri-American Water Company	WR-2010-0131	Staff Report Cost of Service Corporate and District Allocations Lobbying Costs Net Negative Salvage Amortization of Regulatory Assets Belleville Lab Expenses Comprehensive Planning Study Payroll Payroll Taxes
Kansas City Power & Light Company	ER-2010-0355	Staff Report Cost of Service Revenues-Customer Growth In-Field Service Fees Gross Receipts Taxes Forfeited Discounts Other Revenues Credit Card Acceptance Program Bad Debts
KCP&L Greater Missouri Operations Company	ER-2010-0356	Staff Report Cost of Service Revenues-Customer Growth Other Revenues Credit Card Acceptance Program Bad Debts
Empire District Electric Company	ER-2011-0004	Staff Report Cost of Service Plant in Service Depreciation Reserve Depreciation Expense Pensions & OPEBs Customer Programs Amortizations Carrying Costs Revenue Annualizations

Amanda C. McMellen

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Empire District Electric Company	ER-2012-0345	Staff Report Cost of Service Plant in Service Depreciation Reserve Depreciation Expense Prepayments Materials and Supplies Customer Demand Programs Amortization of Electric Plant Customer Deposits Customer Advances Carrying Costs Customer Programs Customer Deposit Interest Expense Franchise Taxes Amortizations Banking Fees Lease Expense Pay Station Fees Amortizations
Summit Natural Gas Company of Missouri, Inc.	ER-2014-0086	Corporate Allocations Capitalization Policy MGU Purchase Price SMNG Legacy Asset Valuation Energy Efficiency Programs
Empire District Electric Company	ER-2016-0023	Staff Report Cost of Service Test Year/Update/True-Up Accumulated Deferred Income Taxes SWPA Hydro Reimbursement SPP Revenues and Expenses SPP Transmission Expenses ASM Revenue and Expense Miscellaneous SPP Related Revenues and Expenses Off-System Sales Revenue and Expense Current Income Taxes Deferred Income Taxes Rate Case Expense-Sharing Advertising Dues and Donations SWPA Amortization Tornado AAO Amortization Corporate Expenses Capitalized Depreciation Proposed Acquisition
Laclede Gas Company	GR-2017-0215	Staff Report Cost of Service Revenues Uncollectibles

Amanda C. McMellen

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Missouri Gas Energy	GR-2017-0215	Staff Report Cost of Service Revenues Uncollectibles