Exhibit No.:

Issue(s): Policy

Witness: Natelle Dietrich Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: WA-2019-0299

Date Testimony Prepared: September 23, 2019

MISSOURI PUBLIC SERVICE COMMISSION COMMISSION STAFF DIVISION

SURREBUTTAL TESTIMONY

OF

NATELLE DIETRICH

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WA-2019-0299

Jefferson City, Missouri September 2019

| 1 | SURREBUTTAL TESTIMONY | | | |
|--------|---|--|--|--|
| 2 | OF | | | |
| 3 | NATELLE DIETRICH | | | |
| 4 5 | CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC. | | | |
| 6 | CASE NO. WA-2019-0299 | | | |
| 7 | Q. Please state your name and business address. | | | |
| 8 | A. My name is Natelle Dietrich. My business address is 200 Madison Street, | | | |
| 9 | Jefferson City, Missouri 65101. | | | |
| 10 | Q. Are you the same Natelle Dietrich that previously filed Direct Testimony in this | | | |
| 11 | case on May 31, 2019? | | | |
| 12 | A. Yes I am. | | | |
| 13 | Q. What is the purpose of your Surrebuttal Testimony? | | | |
| 14 | A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal | | | |
| 15 | Testimony of Lake Perry Lot Owners Association ("LPLOA") witnesses Richard DeWilde and | | | |
| 16 | Glen Justis. More specifically, I address their discussions that the Confluence Rivers' Utility | | | |
| 17 | Operating Company's ("CRU") Application is detrimental to the public interest and LPLOA's | | | |
| 18 | proposal for an alternative. | | | |
| 19 | Q. Mr. DeWilde's testimony, at page 3, lines 7-8, states his testimony will present | | | |
| 20 | facts showing the CRU Application is detrimental to the public interest. Please explain the | | | |
| 21 | information Staff reviews when making a recommendation to the Commission as to whether a | | | |
| 22 | transaction meets the "not detrimental to the public interest" standard. | | | |
| 23 | A. When an entity seeks authority to acquire assets and/or certificates of | | | |
| 24 | convenience and necessity ("CCN") of a Commission-regulated utility, Staff reviews the | | | |

technical, managerial, and financial ("TMF") capacity of the applicant. In this case, Staff reviewed the experience and expertise of CRU's president and its affiliates operating in Missouri. In its Memorandum attached to my Direct Testimony as Schedule ND-d2 ("Memorandum"), Staff explains that CRU satisfies the TMF criteria.

When reviewing a request for a new CCN, Staff reviews the Tartan criteria: 1) the need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the feasibility of the proposal; and, 5) promotion of the public interest. While not a "new" CCN, Staff considered the Tartan criteria in its investigation of the current Application. For instance, since Port Perry Service Company ("PPSC") has decided to exit the water and sewer utility business and sell the systems to CRU, there is a demonstrated need for service. As an example of economic feasibility, Staff notes in its Memorandum that CRU has the advantage of economies-of-scale since it is already providing water and sewer service to more than just the customers to which it would be providing service in the PPSC service area.

Based on its review of the TMF and Tartan Factors in this case, Staff asserts that it is not detrimental to the public interest for CRU to acquire the assets and CCNs of PPSC. Further, the Commission has found that CRU's affiliates meet the TMF or Tartan criteria in previous cases ¹ under the same or similar circumstances and conditions as proposed in this case. Finally, as explained below, Staff witnesses provide additional Surrebuttal Testimony on certain aspects of the TMF or Tartan criteria for Commission consideration.

Q. Mr. Justis, at page 4 beginning at line 18 through page 5 line 2, indicates the acquisition of PPSC by CRU is detrimental to the public interest, and further indicates he

¹ For instance, see Case Nos. WM-2018-0116, SM-2018-0117, WM-2017-0151, SM-2017-0150.

worked with the Lake Perry community on an alternative "for the benefit of the community and adjacent customers". How does Staff respond?

- A. Staff is aware that there is a business plan presented by LPLOA witnesses in this case. However, Staff would note that the Commission only has one application before it the application for CRU to acquire the assets and CCNs of PPSC. As previously explained, and without getting into legal arguments, the standard for Commission review is not which proposal is best, but whether the Application before it is "not detrimental to the public interest." Further, PPSC has executed a contract for CRU to acquire its assets and CCNs. There is no such contract between PPSC and LPLOA; therefore, at this time, there is no alternative for Commission review or consideration should it not approve the Application.
- Q. Confidential Schedule ND-d2 includes a list of several Staff witnesses that contributed to the Memorandum. Are other Staff witnesses filing Surrebuttal Testimony in this case?
- A. Yes. Staff witness Kim Bolin, who contributed to the Rate Base portion of Staff's Memorandum, is filing Surrebuttal Testimony in response to LPLOA witness Justis on issues that are ultimately future rate case issues; Staff witness Dana Parish, who contributed to the Customer Notice/Customer Service portion of Staff's Memorandum, is filing Surrebuttal Testimony in response to LPLOA witness Justis and submitting information on the public comments submitted in this case in response to a request at the Local Public Hearing; David Roos, who contributed to the Water and Sewer analysis portion of Staff's Memorandum is filing Surrebuttal Testimony in response to LPLOA witness Justis. With the exception of Staff member Daronn Williams, who prepared the Depreciation section of the Memorandum, all

Surrebuttal Testimony of Natelle Dietrich

- 1 other Staff members listed on the Memorandum provided information or support to the
- 2 Memorandum, but are not sponsoring contributors to the writing of the Memorandum.
 - Q. Does this conclude your Surrebuttal Testimony?
- 4 A. Yes it does.

3

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

| In the Matter of the Application of Confluence Rivers Utility Operating Company, Inc. to Acquire Certain Water and Sewer Assets and for a Certificate of Convenience and Necessity |))) | Case No. WA-2019-0299 |
|--|-------------|-----------------------|
| | | |

AFFIDAVIT OF NATELLE DIETRICH

| STATE OF MISSOURI |) | |
|-------------------|---|----|
| |) | SS |
| COUNTY OF COLE |) | |

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

Further the Affiant sayeth not.

NATELLE DIETRICH

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 _______ day of September, 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070

Notary Public