

*Exhibit No.:*  
*Issues:* Postage Expense  
*Witness:* Ali Arabian  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* WR-2017-0285  
*Date Testimony Prepared:* February 9, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**ALI ARABIAN**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2017-0285**

*Jefferson City, Missouri*  
*February 2018*

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **ALI ARABIAN**

4 **MISSOURI-AMERICAN WATER COMPANY**

5 **CASE NO. WR-2017-0285**

6 Q. Please state your name and business address.

7 A. Ali Arabian, 200 Madison Street, Suite 440, Jefferson City, Missouri 65101.

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 II.

11 Q. Are you the same Ali Arabian who has filed portions of the Commission  
12 Staff’s (“Staff”) Cost of Service Report in this case?

13 A. Yes.

14 Q. What is the purpose of your surrebuttal testimony?

15 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony  
16 of Missouri-American Water Company’s (“MAWC” or “Company”) witness Nikole L.  
17 Bowen concerning the calculation of postage expense.

18 **STAFF CALCULATION OF POSTAGE EXPENSE**

19 Q. How did Staff calculate postage expense?

20 A. Staff annualized postage expense by applying the postage rates in effect as of  
21 June 30, 2017, to the number of mailings in 2016 as provided in the Company’s responses to  
22 Staff Data Requests No. 0069 and 0070, respectively. Staff then allocated the annualized

Surrebuttal Testimony of  
Ali Arabian

1 | postage expense by district based on the number of bills for each district. The total number of  
2 | bills for 2016 was 3,020,001.

3 | Q. On page 36, lines 12-14, Ms. Bowen states in her rebuttal testimony “Staff  
4 | made no adjustment to the number of mailings to include customer growth, acquisitions and  
5 | most importantly the change from quarterly to monthly billing for St. Louis County.” How  
6 | do you respond to this statement?

7 | A. Staff did not receive supporting documentation from the Company related to  
8 | the number of customers converting from quarterly to monthly billing in St. Louis County.  
9 | Thus, this factor was not taken into consideration when total cost was calculated for test year.  
10 | Also, Staff has not recommended switching St. Louis County quarterly billed customers to  
11 | monthly billing; thus Staff’s case has not reflected any changes to its cost of service to reflect  
12 | a move to monthly billing. Staff’s calculation of postage expense did reflect the acquisition  
13 | of Wardsville, Jaxson Estates, Woodland Manor, and Benton County systems.

14 | Q. On page 36, lines 21-23 and page 37, lines 1-2, Ms. Bowen states in her  
15 | rebuttal testimony “In 2017, the Company was scheduled to convert roughly 100,000  
16 | customers from quarterly to monthly billing” and “an adjustment should be made to annualize  
17 | the 2017 conversion mailings to accommodate the quarterly to monthly conversion.” Do you  
18 | agree with Ms. Bowen’s statements as to 2017 conversion activities?

19 | A. No. On January 19, 2018, Staff submitted Data Request No. 0262 which asked  
20 | the Company to “please provide for St. Louis County water customers, the number of  
21 | customers MAWC has switched from quarterly to monthly billing as of December 31, 2017.”  
22 | On January 25, 2018, the Company provided its response which states “the Company has not  
23 | switched any St. Louis County customers from quarterly to monthly billing.” If Staff

Surrebuttal Testimony of  
Ali Arabian

1 | determines it is appropriate for MAWC to convert its customers to monthly billing, Staff will  
2 | consider reflecting the cost and benefits associated with the change in its revenue requirement  
3 | recommendation.

4 |       Q.     Does this conclude your surrebuttal testimony?

5 |       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 ) Case No. WR-2017-0285  
Implement General Rate Increase for Water )  
and Sewer Service Provided in Missouri )  
Service Areas )

**AFFIDAVIT OF ALI ARABIAN**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

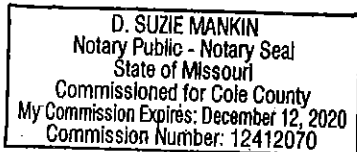
**COMES NOW ALI ARABIAN** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

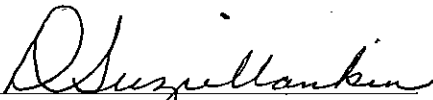
Further the Affiant sayeth not.

  
\_\_\_\_\_  
ALI ARABIAN

**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 8<sup>th</sup> day of February, 2018.



  
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Notary Public