

*Exhibit No.:*  
*Issue(s):* Depreciation  
*Witness:* Amanda Coffey  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* WR-2022-0303  
*Date Testimony Prepared:* November 22, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENGINEERING ANALYSIS DEPARTMENT**

**DIRECT TESTIMONY**

**OF**

**AMANDA COFFER**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2022-0303**

*Jefferson City, Missouri*  
*November 2022*



1 **DEPRECIATION**

2 Q. What is depreciation?

3 A. Depreciation is defined as “the loss in service value not restored by current  
4 maintenance, incurred in connection with the consumption or prospective retirement of utility  
5 plant in the course of service from causes which are known to be in current operation and against  
6 which the utility is not protected by insurance. Among the causes to be given consideration are  
7 wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art,  
8 changes in demand, and requirements of public authorities.”<sup>1</sup> The rate at which this occurs is  
9 called the depreciation rate.

10 Q. Is MAWC requesting updated depreciation rates in this case?

11 A. No.

12 Q. Did MAWC submit its depreciation study, database, and property unit catalog  
13 in this case?

14 A. No. However, MAWC submitted these items in its last rate case, Case No.  
15 WR-2020-0344, in conjunction with the depreciation study it conducted at that time.  
16 MAWC generally conducts a depreciation study every three to five years.<sup>2</sup> Less than three years  
17 have elapsed in the filing of this current rate case, therefore, Staff did not expect MAWC to  
18 conduct another depreciation study at this time. MAWC performing a depreciation study at this  
19 time would not have been cost effective due to the short time period between now and the time  
20 of the last depreciation study.

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<sup>1</sup> Definition from NARUC USOA for Class A and B Water Utilities 1973.

<sup>2</sup> There are no rules related to how often water and sewer companies are required to submit their depreciation studies, databases, and property unit catalogs. 20 CSR 4240-40.090(1)(B) for gas utilities, and 20 CSR 4240-3.175(1)(B)2 for electric utilities require gas and electric utilities to submit these items every three to five years. Staff believes that this timeframe is also appropriate for water and sewer utilities.

1 Q. Did Staff perform a depreciation study for this case? If no, why not?

2 A. No. Staff last performed a depreciation study for MAWC during its last rate case,  
3 Case No. WR-2020-0344. Depreciation rates are calculated from the observed average service  
4 life of assets therefore Staff would not expect a significant change to that average with the  
5 addition of one year of data. As stated above, MAWC generally submits their depreciation  
6 study, database, and property unit catalog once every three to five years. At such time, Staff  
7 typically performs a depreciation study.

8 **CONCLUSION**

9 Q. What are Staff's recommendations for this case regarding depreciation rates?

10 A. Staff is recommending the continued use of the depreciation rates that are  
11 currently in effect for MAWC as ordered in its last rate case. The currently ordered depreciation  
12 rates are presented in schedule AC-d2 and Staff Accounting Schedule 5.

13 Q. Does this conclude your direct testimony?

14 A. Yes it does.

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-2022-0303

**AFFIDAVIT OF AMANDA COFFER**

STATE OF MISSOURI        )  
                                      )  
COUNTY OF COLE         )        ss.

**COMES NOW AMANDA COFFER** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct testimony of Amanda Coffe*r; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
AMANDA COFFER

**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 17<sup>th</sup> day of November 2022.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: April 04, 2025 Commission Number: 12412070
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Notary Public

## Amanda Coffey

**Present Position:**

I am an Associate Engineer in the Engineering Analysis Department, of the Industry Analysis Division of the Missouri Public Service Commission.

**Educational Background and Work Experience:**

I received my Bachelor of Science in Chemical Engineering from the University of Missouri in 2012. I was employed by the Missouri Department of Natural Resources as an Environmental Engineer from 2015 through 2018. I have been employed by the Commission since 2018.

**Case History:**

Case Number	Utility	Type	Issue
EC-2020-0252	Evergy West	Electric	Formal Complaint
EO-2019-0315	KCPL	Electric	RES Compliance Report
EO-2019-0317	KCPL	Electric	RES Compliance Plan
EO-2019-0396	City of Gallatin	Electric	Addendum to Territorial Agreement
EO-2020-0060	Farmers' Electric	Electric	Territorial Agreement
EO-2020-0329	Evergy Metro	Electric	RES Compliance
EO-2020-0331	Evergy Metro	Electric	RES Compliance
EO-2020-0341	Evergy Metro	Electric	Vegetation Management Report
EO-2020-0342	Evergy West	Electric	Vegetation Management Report
EO-2021-0001	Empire	Electric	Reliability Compliance Report
ET-2021-0082	Ameren	Electric	Surge Protection Program
SA-2019-0161	United Services	Sewer	Depreciation
SR-2019-0157	S.K.&M.	Sewer	Depreciation
EA-2020-0371	Ameren	Electric	CCN Application Requirements
EO-2021-0163	SEMO	Electric	Change of Supplier
EO-2021-0345	Evergy Metro	Electric	RES Compliance
EO-2021-0346	Evergy West	Electric	RES Compliance
EO-2021-0347	Evergy Metro	Electric	RES Compliance
EO-2021-0348	Evergy West	Electric	RES Compliance
SA-2022-0014	Elm Hills	Sewer	Depreciation

**cont'd Amanda Coffey**

SA-2022-0029	Mid Mo Sanitation	Sewer	Depreciation
EE-2022-0074	Ameren	Electric	Variance Request
WA-2021-0391/SA-2021-0392	Missouri American Water	Water/Sewer	Depreciation
WA-2022-0049	Missouri American Water	Water/Sewer	Depreciation
ER-2021-0240	Ameren	Electric	Rate Case
ER-2021-0312	Empire	Electric	Rate Case
ER-2022-0129	Evergy	Electric	Rate Case – Green Pricing Plan
WA-2023-0003	Confluence Rivers	Water/Sewer	Depreciation
GR-2022-0179	Spire	Gas	Depreciation

## MISSOURI-AMERICAN WATER COMPANY – Water

### Schedule of Depreciation Rates

WR-2020-0344

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
<b><u>Source of Supply</u></b>					
311.0	Structures & Improvements	1.97%	60	R4	-25%
312.0	Collecting & Impoundment Reservoirs	0.35%	85	R3	0%
313.0	Lake, River & Other Intakes	3.57%	70	S0.5	-10%
314.0	Wells & Springs	2.52%	55	R1.5	-5%
315.0	Infiltration Galleries and Tunnels	1.77%	60	R2.5	0%
316.0	Supply Mains	1.45%	80	R3	-25%
317.0	Miscellaneous Source of Supply – Other	4.97%	25	SQ	0%
<b><u>Pumping Plant</u></b>					
321.0	Structures & Improvements	3.95%	75	R2.5	-15%
322.0	Boiler Plant Equipment	3.05%	37	R3	-5%
323.0	Power Generation Equipment	3.05%	37	R3	-5%
324.0	Steam Pumping Equipment	1.89%	47	R1	-10%
325.0	Electric Pumping Equipment	1.89%	47	R1	-10%
326.0	Diesel Pumping Equipment	1.89%	47	R1	-10%
327.0	Hydraulic Pumping Equipment	1.89%	47	R1	-10%
328.0	Other Pumping Equipment	1.89%	47	R1	-10%
<b><u>Water Treatment Plant</u></b>					
331.0	Structures & Improvements	2.34%	80	R2.5	-15%
332.0	Water Treatment Equipment	2.18%	48	R1.5	-20%
333.0	Miscellaneous Water Treat, Other	3.33%	30	SQ	0%
<b><u>Transmission and Distribution</u></b>					
341.0	Structures & Improvements	1.49%	55	R2.5	-20%
341.1	Structures & Improve - Special Crossing	1.49%	55	R2.5	-20%
342.0	Distribution Reservoirs & Standpipes	1.70%	65	R2.5	-25%
343.0,1,2,3	Transmission & Distribution Mains	1.39%	90	R2.0	-30%
344.0	Fire Mains	1.56%	85	S1	-30%
345.0	Customer Services	2.92%	65	R2.0	-100%
346.0	Customer Meters	2.40%	42	R1.5	-10%
347.0	Customer Meter Pits & Installation	2.40%	42	R1.5	-10%
348.0	Fire Hydrants	1.85%	65	R1.5	-30%
349.0	Misc Trans & Dist – Other	2.96%	50	R3	0%
<b><u>General Plant</u></b>					
390.0	Structures & Improve - Shop & Garage	3.02%	55	R2.5	-20%
390.1	Structures & Improve - Office Buildings	2.09%	47	S0	-20%
390.3	Structures & Improve – Miscellaneous	3.72%	55	R2.0	-20%
390.9	Structures & Improve – Leasehold	2.75%	25	R4	0%
391.0	Office Furniture	3.49%	20	SQ	0%
391.1	Computer & Peripheral Equipment	19.06%	5	SQ	0%
391.2	Computer Hardware & Software	19.06%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	10.46%	15	SQ	0%
391.4	BTS Initial Investment	5.00%	20		0%
392.1	Transportation Equipment - Light trucks	5.57%	9	L1.5	15%
392.2	Transportation Equipment - Heavy trucks	0.00%	10	L1.5	15%
392.3	Transportation Equipment – Autos	0.00%	6	L1.5	15%
392.4	Transportation Equipment – Other	6.15%	15	S3	5%
393.0	Stores Equipment	3.88%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	3.73%	20	SQ	0%
395.0	Laboratory Equipment	3.90%	15	SQ	0%
396.0	Power Operated Equipment	3.79%	12	L1	20%
397.1	Communication Equip - Non Telephone	5.76%	15	SQ	0%
397.2	Communication Equip – Telephone	8.94%	10	SQ	0%
398.0	Miscellaneous Equip	6.48%	15	SQ	0%
399.0	Other Tangible Equipment	2.43%	20	SQ	0%



## MISSOURI-AMERICAN WATER COMPANY – Sewer

### Schedule of Depreciation Rates

WR-2020-0344

USOA Account Number	Account Description	Remaining Life Depreciation Rate %	Average Service Life (Years)	Iowa Curves	% Net Salvage
<b><u>Collection Plant</u></b>					
351	Structures & Improvements	2.03%	50	R3	-5%
352.1	Collection Sewers (Force)	1.64%	60	R2.5	-10%
352.2	Collection Sewers (Gravity)	1.58%	70	R3	-20%
353	Services To Customers	2.87%	55	R2.0	-40%
354	Flow Measuring Devices	3.38%	25	S2.5	0%
356	Other Collection Equipment	3.15%	50		0%
357	Communication Equipment	6.67%	15	SQ	0%
<b><u>Pumping Plant</u></b>					
361	Structures & Improvements	2.17%	45	R3	0%
362	Receiving Wells	2.87%	30	L2.5	0%
363	Electric Pumping Equip, (Includes Generators)	4.31%	15	L1.5	-5%
364	Diesel Pumping Equipment	4.31%	15	L1.5	-5%
365	Other Pumping Equipment	4.31%	15	L1.5	-5%
<b><u>Treatment and Disposal Plant</u></b>					
371	Structures & Improvements	1.43%	60	R2.5	-5%
372	Treatment & Disposal Equipment (Includes pumps, blowers, generators)	3.97%	30	S0.5	-20%
373	Plant Sewers	1.60%	50	R2.5	0%
374	Outfall Sewer Lines	3.04%	35	L2.0	0%
<b><u>General Plant</u></b>					
390.0	Structures & Improve – General	3.11%	35	R2.5	-5%
390.9	Structures & Improve – Leasehold	5.00%	20	R4	0%
391.0	Office Furniture	5.00%	20	SQ	0%
391.1	Computer & Peripheral Equipment	20.00%	5	SQ	0%
391.2	Computer Hardware & Software	20.00%	5	SQ	0%
391.25	Computer Software	5.00%	20	SQ	0%
391.26	Personal Computer Software	10.00%	10	SQ	0%
391.3	Other Office Equipment	6.67%	15		0%
391.4	BTS Initial Investment	5.00%	20		0%
392.0	WW Transportation Equipment	3.45%	10	L2.5	5%
392.1	Transportation Equipment - Light trucks	3.45%	10	L2.5	5%
392.2	Transportation Equipment - Heavy trucks	3.45%	10	L2.5	5%
392.3	Transportation Equipment – Autos	3.45%	10	L2.5	5%
392.4	Transportation Equipment – Other	3.45%	10	L2.5	5%
393.0	Stores Equipment	4.00%	25	SQ	0%
394.0	Tools, Shop, Garage Equipment	5.00%	20	SQ	0%
395.0	Laboratory Equipment	6.67%	15	SQ	0%
396.0	Power Operated Equipment	7.71%	15	L2.5	0%
397.1	Communication Equip - Non Telephone	6.67%	15	SQ	0%
397.2	Communication Equip – Telephone	6.67%	15	SQ	0%
398.0	Miscellaneous Equip	6.43%	15	SQ	0%
399.0	Other Tangible Equipment	0.00%	30	R2.0	0%