

Exhibit No.:
Issue: *Rate Design*
Witness: *Jarrod J. Robertson*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *WR-2016-0064*
Date Testimony Prepared: *May 11, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

WATER AND SEWER DEPARTMENT

REBUTTAL TESTIMONY

OF

JARROD J. ROBERTSON

Hillcrest Utility Operating Company, Inc.

CASE NO. WR-2016-0064

Jefferson City, Missouri
May 2016

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JARROD J. ROBERTSON
HILLCREST UTILITY OPERATING COMPANY, INC.
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JARROD J. ROBERTSON**

4 **HILLCREST UTILITY OPERATING COMPANY, INC.**

5 **CASE NO. WR-2016-0064**

6 Q. Please state your name and business address.

7 A. Jarrod J. Robertson, P. O. Box 360, Jefferson City, Missouri 65102.

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

9 A. I am a Utility Policy Analyst I with the Missouri Public Service Commission
10 (“PSC” or “Commission”).

11 Q. Are you the same Jarrod J. Robertson who has previously filed direct
12 testimony in this proceeding?

13 A. Yes, I am.

14 **PURPOSE OF TESTIMONY**

15 Q. What is the purpose of your rebuttal testimony for this case?

16 A. The purpose of my rebuttal testimony is to document revisions made to my
17 previously submitted water and sewer rate design(s) and to address the proposal made by
18 the Office of the Public Counsel (“Public Counsel” or “OPC”) within the Direct Testimony
19 of Public Counsel witness James Russo, of creating a commercial class for both water
20 and sewer.

21 **WATER RATE DESIGN REVISIONS**

22 Q. What revisions were made to the previously submitted water rate design?

1 A. The following five revisions were made to Staff's water rate design as a result
2 of data not properly linked to the appropriate allocator in Staff's workpapers, therefore
3 causing the implanted formulas to be defunct:

- 4 • Staff adjusted the previous allocation of Property Tax, by correctly linking the
5 proper allocation formula to both the customer charge and the commodity
6 charge. Therefore, subtracting \$148 from the commodity charge allocation,
7 and then adding the same \$148 to the customer charge allocation; for a new
8 customer charge allocation of \$164.
- 9 • Staff adjusted the previous allocation of State and Federal Income Taxes, by
10 correctly linking the proper allocation formula to both the customer charge and
11 the commodity charge. Therefore, adding \$1 to the customer charge allocation
12 and subtracting the same \$1 from the commodity charge allocation; for a new
13 customer charge allocation of \$1,424 and a new commodity charge allocation
14 of \$2,891.
- 15 • Staff adjusted the previous allocation of Depreciation Expense, by correctly
16 linking the proper allocation formula to both the customer charge and the
17 commodity charge. Therefore, adding \$338 to the customer charge allocation,
18 and then subtracting the same \$338 from the commodity charge allocation; for
19 a new customer charge allocation of \$11,470 and a new commodity charge
20 allocation of \$15,205.
- 21 • Staff adjusted the previous allocation of Interest Expense, by correctly linking
22 the proper allocation formula to both the customer charge and the commodity
23 charge. Therefore, adding \$145 to the customer charge, and then subtracting
24 the same \$145 from the commodity charge; for a new customer charge
25 allocation of \$11,829 and a new commodity charge allocation of \$24,015.
- 26 • Staff adjusted the previous allocation of Return on Rate Base, by correctly
27 linking the proper allocation formula to both the customer charge and the
28 commodity charge. Therefore, adding \$181 to the customer charge allocation
29 and subtracting \$181 from the commodity charge allocation; for a new
30 customer charge allocation of \$5,719 and a new commodity charge of \$11,611.

31 Q. Are there any other revisions Staff needs to address, regarding the previously
32 submitted water rate design?

33 A. Staff has no other revisions to address, regarding the previously submitted
34 water rate design.

1 Q. Did the revisions made by Staff to the previously submitted water rate design
2 have an effect on the proposed customer and/or commodity charge?

3 A. The revisions made to the Income Statement of the previously submitted water
4 rate design caused the proposed customer charge to increase from \$34.44 per month to \$34.72
5 per month, and the proposed commodity charge decreased from \$6.60 per 1,000 gallons used
6 to \$6.53 per 1,000 gallons used.

7 Q. Did these changes also impact Staff's alternative phase-in rate design?

8 A. Yes. These changes were also made to Staff's alternative phase-in rate design.

9 **SEWER RATE DESIGN REVISIONS**

10 Q. What revisions were made to the previously submitted sewer rate design?

11 A. Staff made the following revisions to the previously submitted Income
12 Statement portion of the sewer rate design. The following three revisions were made as a
13 result of dollar amounts not allocated to the proper expense item(s):

- 14 • Staff adjusted the total amount allocated to Outside Services by subtracting
15 \$90 from this item, and adding \$90 to the total amount allocated to Bank Fees.
16 The new Outside Services total is \$929, and the new total for Bank Fees is
17 \$2,241.
- 18 • Staff adjusted the total amount allocated to Telephone & Internet Expense by
19 adding \$38 to this item and subtracting the same \$38 from the total amount
20 allocated to Miscellaneous General Expenses. The new Telephone & Internet
21 Expense total is \$361, and the new total for Miscellaneous General Expenses
22 is \$0.
- 23 • Staff adjusted the total amount allocated to Employee Pensions & Benefits by
24 subtracting \$2,104 and adding the same \$2,104 to the total amount allocated to
25 Employer FICA Taxes. The new Employee Pensions & Benefits total is
26 \$6,971, and the new Employer FICA Taxes total is \$2,104.

27 Q. Are there any other revisions Staff needs to address, regarding the previously
28 submitted sewer rate design?

1 A. Staff has no other revisions to address, regarding the previously submitted
2 sewer rate design.

3 Q. Did the revisions made by Staff to the previously submitted sewer rate design
4 have an effect on the proposed customer charge?

5 A. The changes made by Staff to the previously submitted sewer rate design
6 had no effect on the proposed customer charge. Since there is only a flat, monthly fee for
7 sewer service, there were no allocations to be made between a customer charge and a
8 commodity rate.

9 **PUBLIC COUNSEL'S PROPOSAL**

10 Q. Did Public Counsel propose to add a new customer class for both water and
11 sewer customers?

12 A. Yes. Public Counsel has proposed to create a commercial class for both water
13 and sewer service.

14 Q. What is Staff's position regarding OPC's proposal to create a commercial class
15 for both water and sewer?

16 A. Staff does not oppose the proposal made by OPC to create a commercial class
17 for both water and sewer.

18 Q. Does this conclude your rebuttal testimony?

19 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

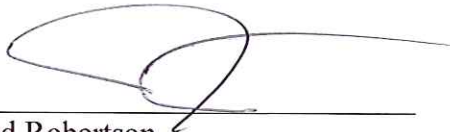
In the Matter of the Water Rate Increase)
Request of Hillcrest Utility Operating) Case No. WR-2016-0064
Company, Inc.)

AFFIDAVIT OF JARROD ROBERTSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

Further the Affiant sayeth not.

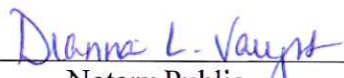


Jarrod Robertson

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 10th day of May, 2016.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377



Notary Public

WATER & SEWER COMPANY

Residential Customer Bill Comparison-**Water**

Phase In Alternative

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$3.58	\$28.65	\$1.84	\$4.26

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

5,300 gallons/month usage

Current Rates

Customer Charge	\$ 3.58
Usage Charge	\$ 9.75
Total Bill	\$ 13.33

Proposed Rates

Customer Charge	\$ 28.65
Usage Charge	\$ 22.57
Total Bill	\$ 51.22

INCREASES

Customer Charge

\$ Increase	\$25.07
% Increase	700.31%

Usage Charge

\$ Increase	\$12.82
% Increase	131.44%

Total Bill

\$ Increase	\$37.89
% Increase	284.20%

WATER & SEWER COMPANY

Residential Customer Bill Comparison-Sewer

Phase In Alternative

Rates for Residential Customer

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>
\$14.63	\$55.53

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 14.63
Usage Charge	\$ -
Total Bill	\$ 14.63

Proposed Rates

Customer Charge	\$ 55.53
Usage Charge	\$ -
Total Bill	\$ 55.53

INCREASES

Customer Charge

\$ Increase	\$40.90
% Increase	279.55%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$40.90
% Increase	279.55%

WATER & SEWER COMPANY

Residential Customer Bill Comparison-**Water**

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$3.58	\$34.72	\$1.84	\$6.53

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

5,300 gallons/month usage

Current Rates

Customer Charge	\$ 3.58
Usage Charge	\$ 9.75
Total Bill	\$ 13.33

Proposed Rates

Customer Charge	\$ 34.72
Usage Charge	\$ 34.61
Total Bill	\$ 69.33

INCREASES

Customer Charge

\$ Increase	\$31.14
% Increase	869.84%

Usage Charge

\$ Increase	\$24.86
% Increase	254.90%

Total Bill

\$ Increase	\$56.00
% Increase	420.03%

WATER & SEWER COMPANY

Residential Customer Bill Comparison-Sewer

Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$14.63	\$73.75

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 14.63
Usage Charge	\$ -
Total Bill	\$ 14.63

Proposed Rates

Customer Charge	\$ 73.75
Usage Charge	\$ -
Total Bill	\$ 73.75

INCREASES

Customer Charge

\$ Increase	\$59.12
% Increase	404.07%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$59.12
% Increase	404.07%