

Exhibit No.:
Issue(s): *Cost of Service/Rate Design*
Witness: *Keri Roth*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *WR-2023-0006*
Date Testimony Prepared: *July 21, 2023*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER, SEWER, AND STEAM DEPARTMENT

SURREBUTTAL TESTIMONY

OF

KERI ROTH

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

Jefferson City, Missouri
July 2023

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **KERI ROTH**

4 **CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

5 **CASE NO. WR-2023-0006**

6 Q. Please state your name and business address.

7 A. My name is Keri Roth and my business address is 200 Madison Street,
8 P.O. Box 360, Jefferson City, Missouri 65102.

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

10 A. I am employed by the Missouri Public Service Commission (“Commission”)
11 as a Senior Research/Data Analyst in the Water, Sewer, & Steam Department, Industry
12 Analysis Division.

13 Q. Are you the same Keri Roth who filed direct testimony in this case on
14 June 8, 2023 and rebuttal testimony on June 29, 2023?

15 A. Yes, I am.

16 Q. What is the purpose of your surrebuttal testimony in this case?

17 A. The purpose of my surrebuttal testimony is to address the rebuttal testimonies of
18 Confluence Rivers Utility Operating Company, Inc. (“Confluence”) witnesses Josiah Cox and
19 Timothy S. Lyons regarding rate consolidation, and water and sewer rate design.

20 **RATE CONSOLIDATION**

21 Q. Mr. Cox states in his rebuttal testimony that Confluence is still seeking to
22 consolidate all of its current systems into common water and sewer tariffs that would have

1 consolidated rates, rules of service, and a single list of miscellaneous charges.¹ Has
2 Staff's position changed regarding full consolidation?

3 A. Staff is not opposed to consolidating the tariff books utilizing the similar rules
4 of service and a single list of miscellaneous charges for all systems where appropriate.
5 However, Staff's position has not changed regarding full consolidation of tariff rates. As
6 indicated in my rebuttal testimony, Staff's proposal, also known as modified district-specific
7 pricing ("DSP"), consists of consolidating systems into three (3) separate water districts and
8 four (4) separate sewer districts. Each water district has its own single rate and usage charge
9 for metered customers and its own single flat rate for non-metered customers. Each sewer
10 district has its own single flat rate charge for sewer service.²

11 Q. Mr. Cox states in rebuttal testimony that single tariff pricing ("STP") helps to
12 encourage the acquisition of small, troubled water and wastewater systems by spreading costs
13 to a larger customer base.³ Does Staff believe that proposing districts, rather than full
14 consolidation, will impede Confluence from continuing to acquire small, troubled water and
15 wastewater systems?

16 A. No. It has been a long-standing business practice of Confluence to acquire
17 small, troubled water and sewer systems and work toward bringing those systems into
18 compliance. This has occurred without single tariff pricing. Additionally, since 2021,
19 Confluence has aggressively filed acquisition cases with the Commission and has acquired
20 approximately 17 additional water and sewer systems without consolidating to STP.

¹ Josiah Cox, Rebuttal Testimony, page 13, lines 7 – 9.

² Keri Roth, Rebuttal Testimony, page 3, lines 14 – 18.

³ Josiah Cox, Rebuttal Testimony, page 13, lines 12 – 14.

1 Q. Why does Staff believe DSP is more appropriate for Confluence rather
2 than STP?

3 A. As previously discussed in my rebuttal testimony, the primary benefit of DSP is
4 that it more closely aligns with the principles of cost causation by having the cost causers
5 pay for their own costs of service.⁴ Staff has grouped systems into specific districts that
6 share a similar cost of service in an attempt to achieve reasonable rates and attempt to mitigate
7 rate shock as much as possible. Each system is very unique and tends to have a fairly small
8 customer base.

9 On the other hand, the STP mechanism tends to work best when there is a large customer
10 base. Confluence continues to have a fairly small customer base of approximately 4,830 water
11 connections and 5,053 sewer connections as of January 31, 2023.⁵

12 Q. Mr. Lyons states in rebuttal testimony that Staff's DSP proposal and
13 Confluence's STP proposal achieve the same benefits.⁶ Does Staff agree?

14 A. While both mechanisms will spread costs amongst a larger customer base,
15 Confluence's STP proposal completely ignores cost causation. STP combines systems together
16 regardless if the systems cost of service is \$10,000 or \$500,000. Staff's DSP proposal combines
17 systems into districts with similar costs of service to keep similar cost causers grouped together,
18 while also being as mindful as possible of rate impacts.

19 Q. Mr. Lyons states in rebuttal testimony that Staff's limited consolidation
20 effectively establishes an impediment to further consolidation in the future.⁷ Do you agree?

⁴ Keri Roth, Rebuttal Testimony, page 4, lines 1 – 2.

⁵ Paul Amenthor, Direct Testimony, page 3, lines 6 – 7.

⁶ Timothy S. Lyons, Rebuttal Testimony, page 3, lines 7 – 9.

⁷ Timothy S. Lyons, Rebuttal Testimony, page 6, lines 12 – 13.

Surrebuttal Testimony of
Keri Roth

1 A. No. Staff reviews rate design during every rate case, and Staff will continue to
2 do so in future Confluence rate cases. Missouri-American Water Company (“MAWC”) is an
3 example of limited consolidation over the last several years, and MAWC’s number of districts
4 have only become smaller. Limited consolidation does not prevent Staff from making further
5 consolidation recommendations in future rate cases, if it deems appropriate.

6 Q. Does this conclude your surrebuttal testimony?

7 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for) Case No. WR-2023-0006
Authority to Implement a General Rate)
Increase for Water Service and Sewer)
Service Provided in Missouri Service Areas)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

Further the Affiant sayeth not.



KERI ROTH

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 17th day of July 2023.

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



Notary Public