

*Exhibit No.:*  
*Issue(s):* Customer Usage  
Customer Normalization  
*Witness:* Jarrod J. Robertson  
*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**

**WATER AND SEWER DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**JARROD J. ROBERTSON**

**MISSOURI-AMERICAN WATER COMPANY**

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

*Jefferson City, Missouri*  
*February 2018*



1 This error has been corrected, and is reflected in a change to the District #3 customer usage  
2 per day in my submitted Schedule JJR-s1.

3 Q. What is the next revision you would like to address within Schedule JJR-r1?

4 A. The next revision I will address is a change to Tri-States' customer count for  
5 the year of service, 2013-2014. I had previously made an error in this total customer count  
6 by not dividing the total customer count for this time period by 12 months. This error has  
7 been corrected, and is reflected in a change to the District #3 customer usage per day in my  
8 submitted Schedule JJR-s1.

9 Q. What is the next revision you would like to address within Schedule JJR-r1?

10 A. The next revision I will address is a change to Redfield's customer count for  
11 the year of service, 2015-2016. I had previously made an error in this total customer count  
12 by not dividing the total customer count for this time period by 12 months. This error has  
13 been corrected, and is reflected in a change to the District #1 customer usage per day in my  
14 submitted Schedule JJR-s1.

15 Q. What is the final revision you would like to address within Schedule JJR-r1?

16 A. The final revision I will address is a change to Hickory Hills' customer count  
17 for the years of service, 2015-2016. I had previously made an error in this total customer  
18 count by not dividing the total customer count for this time period by 12 months. This error  
19 has been corrected, and is reflected in a change to the District #1 customer usage per day in  
20 my submitted Schedule JJR-s1.

21 **Usage Normalization**

22 Q. Mr. Roach states, on page 6, lines 9 – 13, the Staff five-year averaging  
23 technique for sales volumes and billing determinants would be based on summer sales

1 volumes influenced by warmer and dryer conditions. Does Staff feel that these assertions  
2 are correct?

3 A. No. Staff's method identifies current customer usage patterns, which are  
4 relevant to establishing normalized usage present day. Staff does not analyze or compare  
5 usage patterns from 10, 20, 30, or 40 years ago. Staff takes current usage patterns over the  
6 past five years, and determines that over the next three to four years (the general timeframe  
7 between MAWC's rate cases) customer usage patterns will be similar. Staff's method  
8 examines actual customer usage over the past five years; Staff does not manipulate, or focus  
9 on a subset of data as it relates to periods of less than a year, or a warmer - cooler climatic  
10 period, or wetter - dryer climate. Staff's method instead, focuses on actual customer usage  
11 as provided by MAWC to normalize usage.

12 Q. On page 7, lines 6 - 9, Mr. Roach states that Staff ignored the impact of  
13 continual replacement of water using devices and appliances with more efficient  
14 counterparts. Is, Mr. Roach, correct in his judgement?

15 A. No, Staff's five-year average takes all current customer usage behavior into  
16 account, thus capturing changes in usage patterns that result from appliance upgrades, and  
17 more efficient devices being utilized by the customer.

18 Q. Mr. Roach states on pages 7 - 8, specifically on page 8, lines 1 - 3, reduction  
19 in usage per customer is a nationally recognized trend, and that if Staff had some reason to  
20 believe that Missouri was singularly exempt from this trend, it should have been incumbent  
21 on Staff to demonstrate and explain such an anomalous result. Does Staff disagree there is a  
22 national trend of reduction in customer usage?

1           A.     No. On page 6, lines 3 – 4, of my rebuttal testimony, Staff acknowledges that  
2 residential customer usage on a per day basis appears to be less today than it was in the past.

3           Q.     Mr. Roach on page 10, lines 6 – 13, states Staff’s five-year simple average  
4 technique, as applied to residential customers in particular, ignores the underlying trend of  
5 reductions to residential customer usage due to continual replacement of water using devices  
6 and appliances with their more efficient counterparts, and Staff’s proposed technique  
7 employs residential usage during a five-year period that has been overstated due to  
8 customer’s responses to warmer and dryer than average climatic conditions. For those two  
9 reasons, the Staff proposed five-year simple averaging technique is inappropriate for setting  
10 rates in this proceeding. Does Staff agree with these statements?

11          A.     No. Staff’s method of a five-year average used in determining a normalized  
12 level of residential usage is the most reasonable and appropriate method in calculating the  
13 appropriate usage on a going forward basis. Usage can fluctuate dramatically, up or down,  
14 based on various factors, and Staff’s five-year average takes into account the most  
15 recent variables that affect the most current customer usage patterns. Variables such as:  
16 climate trends (temperature and moisture), more efficient usage behavior, more efficient  
17 appliances, and infrastructure upgrades.

18           Also, focusing on the most recent usage behavior is important, as rates for MAWC  
19 are generally set for a two- to four-year period. MAWC does control when it chooses to  
20 come to file a rate case; however, to maintain its Infrastructure System Replacement  
21 Surcharge (ISRS), MAWC is bound to no more than three years between rate increases if  
22 it chooses to implement an ISRS. Therefore, Staff’s five-year average also provides  
23 “historical” data (one-three years) from previous usage data from the last rate case.

Surrebuttal Testimony of  
Jarrod J. Robertson

1 | Thus, the five-year average will lead to a more reasonable normalized usage level as it  
2 | focuses on recent usage patterns, more-so than a ten year regression analysis.

3 |       Q.     Does this conclude your surrebuttal testimony?

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

**AFFIDAVIT OF JARROD J. ROBERTSON**

STATE OF MISSOURI     )  
  )     ss.  
COUNTY OF COLE     )

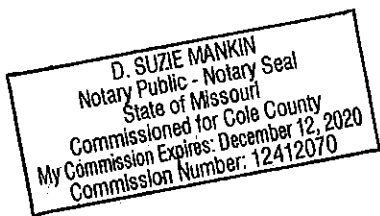
**COMES NOW JARROD J. ROBERTSON** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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**JARROD J. 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 9<sup>th</sup> day of February, 2018.



  
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Notary Public

Missouri-American Water Company

Case No. WR-2017-0285

**Customer Usage Per Day**

<u>Service Area</u>	<u>Usage Per Day</u>
District No. 1	0.22438
District No. 2	0.15458
District No. 3	0.14650