

*Exhibit No.:*  
*Issue(s):* COVID-19  
*Witness:* Jarrod J. Robertson  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* WR-2020-0344  
*Date Testimony Prepared:* February 9, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**WATER & SEWER DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**JARROD J. ROBERTSON**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2020-0344**

*Jefferson City, Missouri*  
*February 2021*



1 Q. What was the impact of this omission?

2 A. With the inclusion of the usage and customer count data related to January –  
3 June 2020, it afforded a complete 5yr average by including data for each 12 month period  
4 running from July, 2015 through June, 2020.

5 Q. Why weren't these figures included in your rebuttal testimony?

6 A. The MAWC workpapers I had utilized, "MO Res St Louis Usage Analysis –  
7 2020RC" and "MO Res Non St. Louis County Usage Analysis – 2020RC," did not contain the  
8 formulas necessary to pull the previously mentioned figures from the available data.

9 Q. How did you obtain the proper MAWC workpapers, which contained the  
10 necessary formulas?

11 A. I utilized MAWC response "8006\_Attachment 1" and "8006\_Attachment 2"  
12 which resulted from an Office of the Public Counsel (OPC) Data Request, dated September 8,  
13 2020.

14 Q. Regarding workpaper "JJR-r5" are there any other revisions you'd like  
15 to address?

16 A. Yes. I made an error in the formulas utilized to calculate/extrapolate MAWC's  
17 estimated normalized usage.

18 Q. What is the overall impact of this error?

19 A. The overall impact of this error equated to an underestimation of approximately  
20 5 million gallons per 12 month period analyzed. The revised analysis and data are displayed in  
21 revised workpaper, "WR-2020-0344 (Declining Usage Workpaper) JJR-s1," more specifically,  
22 within the "MAWC Est. Monthly Usage" tab, and the "MAWC" tab, which is represented by  
23 the new schedule, "Schedule JJR-s2.

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1 Q. What was this error, specifically?

2 A. I had incorrectly omitted a figure from the formula related to total annual usage  
3 for both Tariff District 1 and Tariff District 2; inadvertently utilizing a single month's data  
4 instead of including all twelve months in said formula.

5 Q. Does that conclude the revisions to your rebuttal testimony?

6 A. Yes it does.

7 Q. Why have you included "Schedule JJR-s2"

8 A. "Schedule JJR-sr2" presents the revised data from workpaper "JJR-s1," which  
9 compares Staff's Five-year Estimated Average vs. Actual Usage vs. MAWC's Normalized Est.  
10 Usage, which I will go into further detail while addressing MAWC witness Mr. Roach.

11 Q. Which witness will you be responding to first?

12 A. I will first address Mr. Roach's statement on Page 5, lines 19-20 and Page 6,  
13 line 6 that, "The Staff forecasted sales and usage levels make no attempt to normalize usage for  
14 either any long-term structural conservation trend or normalize historic data for the influence  
15 of weather over the period averaged."

16 Q. What it is about this statement you would like to address?

17 A. As mentioned at length in Staff's Direct Report, as well as rebuttal testimony,  
18 Staff determined that the most reasonable method to determine normalized annual residential  
19 customer usage was to use a five-year average of usage for the period July 2015 – June 2020,  
20 as it focuses on recent usage patterns, thus accounting for any possible effect of declining usage  
21 as well. This method employed by Staff is a reasonable approach that uses actual data to support  
22 an annualized level of usage. Averaging the data over the most recent five-year period provides  
23 evidence of recent trends in customer usage, as well as historic data relevant to current trends

1 and historic data as related to the previous rate case. The use of a five-year average provides  
2 data related to a specific time-frame, which includes effects of weather conditions as well as  
3 discretionary and non-discretionary usage, therefore including all variables as significant. The  
4 five-year average encapsulates current usage trends (two-four years), plus “historical” data  
5 (one-three years) from previous usage data from the last rate case. In contrast, according to  
6 Page 9 of Mr. Roach’s direct testimony, to which Staff was responding in rebuttal, MAWC  
7 examined residential customer consumption over the last ten years, to which the Company then  
8 applied standardized statistically linear regression analysis in order to normalize customer  
9 usage. This method includes historical data from six-ten years prior to present day usage  
10 patterns, which may reflect trends in usage that are no longer relevant.

11 Q. Does Mr. Roach present any evidence that his method is more accurate?

12 A. No. Please refer to “Schedule JJR-s1”. The trend line which results from  
13 calculating MAWC’s estimated normalized usage is a continuous declining slope, which  
14 does/will not account for fluctuations in discretionary and/or non-discretionary residential  
15 usage (as evidenced by Staff’s five-year estimated average capturing the fluctuations from  
16 2017-2019.) Basically, MAWC’s trend line, beyond the continued normalization for weather  
17 will not capture any rise, fall and/or plateau due to changes in customer behavior or  
18 outside variables.

19 Based upon the pronounced and constant declining slope of MAWC’s Est. Normalized  
20 Usage, Staff recommends the Commission utilize Staff’s level of normalized residential  
21 customer usage based on a five-year average of usage.

1 Q. Are there any other portions of Mr. Roach's testimony you'd like to address?

2 A. Yes. I would like to address an opinion that resurfaces throughout Mr. Roach's  
3 rebuttal testimony that COVID-19 is an event for which all of its impacts should be excluded  
4 from the normalization of residential customer usage, as well as excluded from the analysis of  
5 declining usage. To quote, from Page 5, lines 19-20 and Page 6, lines 1-5 and lines 12-14:

6 ... the Staff forecast employs data from the period March through June  
7 2020 that is influenced by the perturbations due to the COVID-19  
8 national medical emergency, a one-time event with a nearly zero  
9 probability of being repeated during the period in which the rates set  
10 by this case will be effective...and 3) ignore the influence of the  
11 COVID-19 national medical emergency will not continue unabated  
12 through the period that rates set during this proceeding will be effective.

13 Q. Is Mr. Roach's position on COVID-19 reasonable?

14 A. No. As explained by Staff witness Kimberly K. Bolin, Mr. Roach's position on  
15 this matter goes to the extreme in not recognizing any update period revenues on account that  
16 those amounts may be materially impacted by the COVID-19 pandemic.

17 Q. Is the COVID-19 pandemic an extraordinary event in nature (i.e., unusual,  
18 unique and nonrecurring)?

19 A. Yes. The Commission has previously found the COVID pandemic to be  
20 extraordinary in nature for MAWC and other Missouri utilities, and thus that the financial  
21 impacts of the pandemic on utilities deserve special accounting and (potentially) ratemaking  
22 treatment through an accounting authority order (AAO). Staff witness Bolin discusses this in  
23 more detail.

1 Q. As of the date of this testimony filing, has the COVID-19 pandemic ended?

2 A. No. While the Commission has already found that the pandemic is an  
3 extraordinary event, it is not yet over. Utilizing the pandemic of 1918 as an example, the  
4 particular 1918 novel strand of influenza didn't just vanish<sup>1</sup>. The virus continuously mutated  
5 as it transferred from humans to other mammals, then morphed into variations of standard  
6 seasonal flu<sup>2</sup>. Mutations and/or variations of the 1918 (H1N1) virus make up our modern day  
7 influenza virus we are still battling to this very day. The documented pandemics which have  
8 occurred since the 1918 "Spanish Flu" pandemic, 1947 (H1N1); 1951 (H1N1); 1957 (H2N2),  
9 1968 (H3N2); 1997 (H3N2); 2003 (H3N2) and 2009 (H1N1) are all derivatives/descendants  
10 and/or a re-assortment of the 1918 influenza virus.<sup>3</sup>

11 Q. Is there any other evidence that the impacts of the COVID-19 pandemic are  
12 continuing at this time?

13 A. Yes. According to the Center for Disease Control and Prevention (CDC), and  
14 specifically for the second week of 2021 (January 16, 2021), "Nationally, surveillance  
15 indicators tracking levels of SARS-CoV-2 circulation, associated illnesses, hospitalizations,  
16 and deaths remain elevated"<sup>4</sup>.

17 Q. Are there any other examples, on a local level, that demonstrate the effects of  
18 the COVID-19 pandemic will continue?

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<sup>1</sup> Jordan, J., Tumpey, T., Jester, B. (2009, December 17) *The Deadliest Flu: The Complete Story of the Discovery and Reconstruction of the 1918 Pandemic Virus* Centers for Disease Control and Prevention. <https://www.cdc.gov/flu/pandemic-resources/reconstruction-1918-virus.html>.

<sup>2</sup> Morens, D., Taubenberger, J., Fauci, A.S., (2009, July 16) *The Persistent Legacy of the 1918 Influenza Virus* The New England Journal of Medicine. <https://www.nejm.org/doi/full/10.1056/nejmp0904819>.

<sup>3</sup> *Id.*

<sup>4</sup> Center for Disease Control and Prevention. (2021, January 16). *COVIDView A Weekly Surveillance summary of U.S. COVID-19 Activity: Key Updates for Week 2, ending January 16, 2021*. Retrieved from <https://www.cdc.gov/>.

1 A. Yes. Please see the MDHSS, “State of Missouri Regional COVID-19  
2 Hospitalized Cases Model” (table below)<sup>5</sup>:

3 **Our model estimates possible outcomes based on currently available information**

What does the model tell us	What does it not tell us
Range of plausible outcomes based on our current knowledge of COVID-19 in Missouri	What will happen in the future
Approximate date and magnitude of peak/s based on current understanding of policy interventions and human behavior and assumptions about future interventions	Date and magnitude of peak/s if there are major changes in planned policy interventions and human behavior
Approximate estimate of effective transmission rate across a region	Exact transmission rate in all parts of a region – there may be areas of higher and lower transmission within the region
Projected hospitalizations for regions in MO with sufficient data, i.e. Kansas City Area, Central, St. Louis Area, Southeast and Southwest	Projected hospitalizations in regions where daily COVID-19 hospitalizations are fewer than 15 because insufficient cases

4  
5 Q. Is there an item of particular importance?

6 A. Yes. The statement contained within the second row – second column, which  
7 reads, “What will happen in the future,” pertaining to “What does it not tell us,” lays it out in  
8 black and white that the future effects of COVID-19 are at present, unknown.

9 Q. Is it possible that the COVID-19 pandemic could lead to ongoing and continuing  
10 impacts on the level of revenues received by MAWC from customers?

11 A. Yes. COVID-19 is an event that may and probably will have further effects on  
12 the public and/or the public’s habits related to residential water usage due to personal behavior,  
13 as well as policy changes that have occurred due to the pandemic which are likely to remain in  
14 some capacity, whether by choice or mandate, such as stay-at-home schooling, working

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<sup>5</sup> Missouri Department of Health and Senior Services (2021, January 19). *State of Missouri Regional COVID-19 Hospitalized Cases Model*. Retrieved from <https://health.mo.gov/>.



1 remotely from home and home delivery of household goods/products/food. Many of the  
2 previously mentioned processes are not only related to policy but also personal preference, and  
3 it would be short-sighted to suggest that one knows how the public will react on a personal  
4 preference level moving forward.

5 Q. Should any continuing or ongoing impacts of the COVID-19 pandemic be  
6 reflected in setting MAWC's permanent rates?

7 A. Yes, if quantifiable. Staff witness Bolin discusses this in more detail.

8 Q. What portions of Mr. LaGrand's testimony on customer usage do you wish  
9 to address?

10 A. The conflict between Mr. LaGrand's testimony and Mr. Roach.

11 Q. What is this conflict?

12 A. Regarding Mr. LaGrand's statement made in his rebuttal testimony on Page 9,  
13 lines 20-21, and Page 10, lines 1-2, "However, in the event the Commission were to utilize a  
14 five year average, the average should be included in the true-up and taken over the five-year  
15 period ending with December 2020. This is the most recent period used and will capture the  
16 most recent effect of declining use per customer." This request to include data for the months  
17 of January – December of 2020 are in conflict with Mr. Roach's assertion that any figures  
18 related to the effect of COVID-19 be eliminated from the data utilized to normalize residential  
19 customer usage, as well as the analysis of declining usage.

20 Q. What does Staff recommend related to Rate Design?

21 A. Staff recommends that the Commission utilize Staff's five-year average  
22 approach in order to normalize customer usage, and that data related to the effects of

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1 COVID-19, unless quantifiable, through December 2020 (the end of the true-up period in this  
2 case) remain within the analyzed data set.

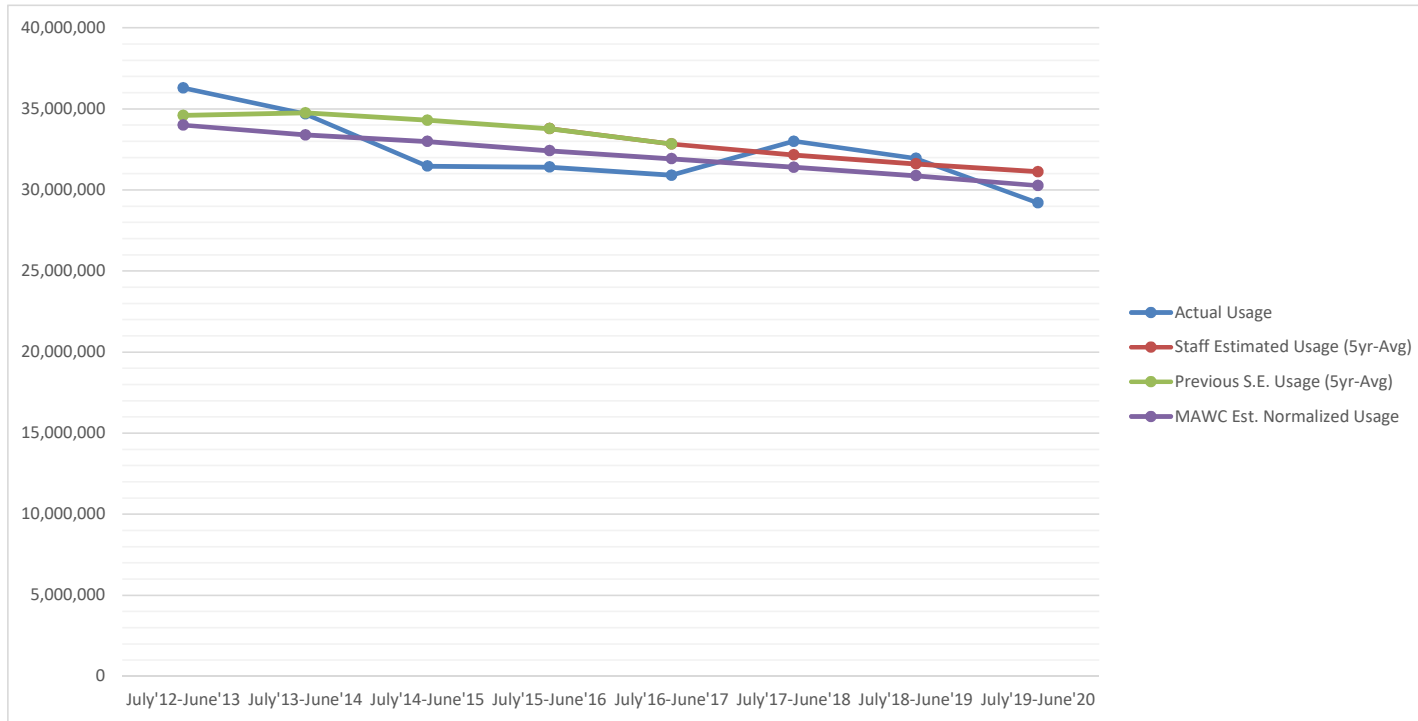
3 Q. Does this conclude your surrebuttal testimony?

4 A. Yes.



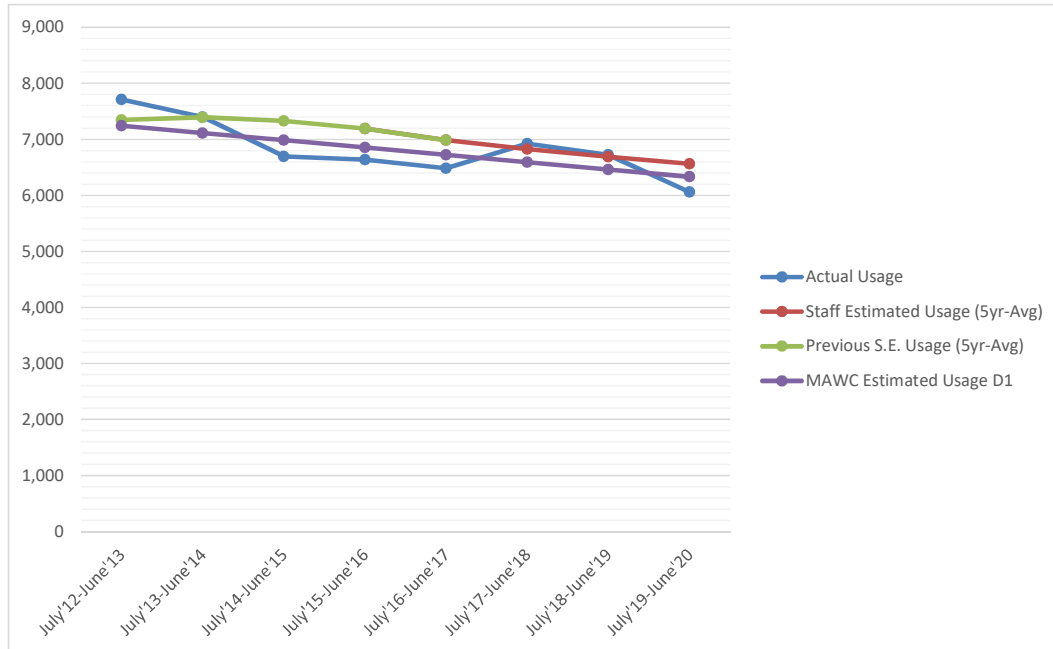
**Case No. WR-2020-0344**  
**Missouri-American Water Company**

<b>MAWC Total</b>	<b>July'12-June'13</b>	<b>July'13-June'14</b>	<b>July'14-June'15</b>	<b>July'15-June'16</b>	<b>July'16-June'17</b>	<b>July'17-June'18</b>	<b>July'18-June'19</b>	<b>July'19-June'20</b>
Actual Usage	36,277,895	34,678,589	31,462,456	31,409,643	30,903,091	32,994,883	31,943,876	29,190,258
Staff Estimated Usage (5yr-Avg)				33,772,901	32,826,433	32,154,791	31,601,719	31,120,957
Previous S.E. Usage (5yr-Avg)	34,591,381	34,752,466	34,294,993	33,772,901	32,826,433			
MAWC Est. Normalized Usage	33,996,171	33,393,903	32,980,131	32,417,774	31,913,578	31,394,393	30,868,727	30,261,917



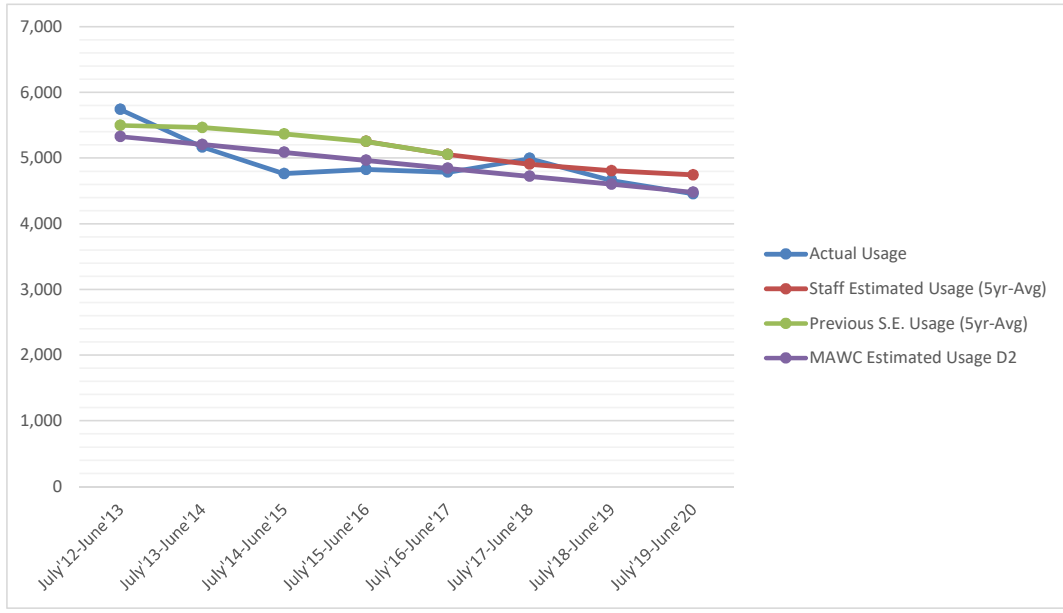
**Case No. WR-2020-0344**  
**Missouri-American Water Company**

<b>Tariff District 1 (Monthly Avg)</b>	<b>July'12-June'13</b>	<b>July'13-June'14</b>	<b>July'14-June'15</b>	<b>July'15-June'16</b>	<b>July'16-June'17</b>	<b>July'17-June'18</b>	<b>July'18-June'19</b>	<b>July'19-June'20</b>
Actual Usage	7,711	7,395	6,694	6,638	6,481	6,923	6,723	6,060
Staff Estimated Usage (5yr-Avg)				7,192	6,984	6,826	6,692	6,565
Previous S.E. Usage (5yr-Avg)	7,346	7,393	7,328	7,192	6,984			
MAWC Estimated Usage D1	7,243	7,114	6,984	6,853	6,723	6,593	6,464	6,333



**Case No. WR-2020-0344**  
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<b>Tariff District 2 (Monthly Avg)</b>	<b>July'12-June'13</b>	<b>July'13-June'14</b>	<b>July'14-June'15</b>	<b>July'15-June'16</b>	<b>July'16-June'17</b>	<b>July'17-June'18</b>	<b>July'18-June'19</b>	<b>July'19-June'20</b>
Actual Usage	5,740	5,169	4,762	4,825	4,785	4,995	4,662	4,457
Staff Estimated Usage (5yr-Avg)				5,253	5,056	4,907	4,806	4,745
Previous S.E. Usage (5yr-Avg)	5,499	5,464	5,366	5,253	5,056			
MAWC Estimated Usage D2	5,328	5,207	5,086	4,965	4,843	4,722	4,601	4,479



MAWC Total	July'12-June'13	July'13-June'14	July'14-June'15	July'15-June'16	July'16-June'17	July'17-June'18	July'18-June'19	July'19-June'20
Actual Usage	36,277,895	34,678,589	31,462,456	31,409,643	30,903,091	32,994,883	31,943,876	29,190,258
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