

Issue: Rate Design
Witness: Brian C. Collins
Type of Exhibit: Rebuttal Testimony
Sponsoring Parties: Triumph Foods, LLC
Case Nos.: WR-2022-0303 & SR-2022-0304
Date Testimony Prepared: January 25, 2023

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

_____)
In the Matter of Missouri-American)
Water Company's Request for Authority) Case Nos. WR-2022-0303/
to Implement General Rate Increase for) SR-2022-0304
Water and Sewer Service Provided in)
Missouri Service Areas.)
_____)

Rebuttal Testimony and Schedule of

Brian C. Collins

On behalf of

Triumph Foods, LLC

REDACTED VERSION

January 25, 2023



1 employs approximately 2,500 people with 2,050 of those in production-related positions
2 and 450 holding management and clerical positions.

3 Triumph Foods uses an extraordinary amount of water far in excess of typical
4 industrial water consumers and operates under a special service contract with MAWC
5 (described below) and thus has a vested interest in these proceedings.

6 **Q WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

7 A This rebuttal testimony will address the Staff's direct testimony on class cost of service
8 and rate design in regard to the special contract Triumph Foods has with MAWC. I will
9 discuss why the special contract continues to be in the public interest and appropriate
10 for Triumph Foods.

11 **Q WHAT BUSINESS IS TRIUMPH FOODS INVOLVED IN AND IN WHAT PART OF
12 MAWC'S SERVICE TERRITORY DOES IT OPERATE?**

13 A Triumph Foods is a pork processing operation located in St. Joseph, Missouri, currently
14 employing approximately 2,500 employees at its St. Joseph operations.

15 **Q PLEASE DESCRIBE THE GROWTH OF TRIUMPH FOODS IN ST JOSEPH.**

16 A Triumph Foods began its operations in St. Joseph in 2006. In 2007, Triumph Foods
17 added a second shift increasing its employee workforce to 2,000 employees. In 2010,
18 Triumph Foods expanded its operations and added several hundred employees. In
19 2012, Triumph Foods expended \$9.5 million to increase its refrigeration and packaging
20 space to meet growing demand for product exports. This expansion also added jobs
21 to the workforce. In 2013, Triumph Foods announced a \$7.5 million expansion for
22 improvements in packaging and storage facilities.

1 In 2016, Daily Premium Meats began operations adjacent to Triumph Foods
2 with an initial level of 140 employees. Today, Daily Premium Meats has 429
3 employees. Daily Premium Meats is 50% owned by Triumph Foods.

4 Daily Premium Meats operated at full capacity in 2020 and implemented a
5 \$10 million expansion that increased retail bacon product by over 100% by the end of
6 2021.

7 In 2022, Triumph Foods completed an approximate \$10 million expansion to its
8 equilibration bays.

9 Triumph Foods has also recently announced a nearly \$12 million project to add
10 additional technology to its production floor. In addition, an approximate \$3 million
11 project is underway that will automate operations in its export coolers with conveyors,
12 palletizing robots, and wrapping robots. These projects are in addition to its approved
13 \$12 million recurring capital expansion budget for 2023.

14 Overall, Triumph Foods has committed approximately \$51 million to capital
15 projects at its St. Joseph facility over the last three years (2020-2023).

16 **Q IS TRIUMPH FOODS A MAJOR EMPLOYER IN ST. JOSEPH?**

17 A Yes. Triumph Foods is the second largest employer in the St. Joseph area in terms of
18 total workforce levels, and the largest employer in the area in terms of revenues. In
19 addition, Triumph is involved in many civic activities, supports charitable organizations,
20 and invests in the economic infrastructure of St. Joseph.

21 **Q DOES TRIUMPH FOODS USE WATER IN ITS OPERATIONS?**

22 A Yes. In fact, Triumph Foods is MAWC's single largest customer. Triumph Foods'
23 annual water usage is in excess of ***[REDACTED]***.

1 **Q IS TRIUMPH FOODS CURRENTLY SERVED BY MAWC PURSUANT TO A**
2 **SPECIAL CONTRACT?**

3 A Yes. Triumph Foods has been operating under a special contract since the beginning
4 of its operations in St. Joseph.

5 **Q DOES THE SPECIAL CONTRACT COVER THE VARIABLE COSTS OF PROVIDING**
6 **WATER SERVICE TO TRIUMPH FOODS AND PROVIDE FOR A CONTRIBUTION**
7 **TO THE FIXED COSTS OF MAWC?**

8 A Yes. The special contract terms assure that the variable costs of serving Triumph
9 Foods are recovered in the rate. The special contract rate is typically revised each
10 MAWC rate case based on changes in the following costs:

- 11 • Fuel and power costs;
- 12 • Chemical costs; and
- 13 • Miscellaneous water treatment expenses.

14 The above costs represent the variable costs of serving Triumph Foods.

15 In addition to those costs, the special contract also has a provision for marginal
16 cost recovery, which relates to Triumph Foods making a contribution to the fixed costs
17 of MAWC.

18 **Q IS THE SPECIAL CONTRACT WITH TRIUMPH FOODS BENEFICIAL TO THE**
19 **OTHER MAWC CUSTOMERS IN ST. JOSEPH?**

20 A Yes. Because the special contract calls for Triumph Foods to provide a contribution to
21 MAWC's fixed costs, and allows MAWC to recover its variable costs to serve Triumph
22 Foods, the other customers of St. Joseph are paying less for water service than if
23 Triumph Foods were not on the MAWC system.

1 **Q HOW DID THE COMPANY REFLECT THE TRIUMPH FOODS SPECIAL CONTRACT**
2 **IN ITS COST OF SERVICE (REVENUE REQUIREMENT)?**

3 A MAWC reflected Triumph Foods in its cost of service at a rate of ***[REDACTED]*** per
4 100 gallons water sold. This rate was based on the Company's filed revenue
5 requirement and class cost of service study. To the extent the Company's filed revenue
6 requirement or class cost of service study results are adjusted, I would expect that the
7 Triumph rate will be updated.

8 **Q DID STAFF ADDRESS THE TRIUMPH FOODS RATE IN ITS RATE DESIGN**
9 **TESTIMONY?**

10 A Yes. Staff witness Keri Roth addresses the Triumph Foods contract rate in her class
11 cost of service and rate design direct testimony. She recommends that the
12 Commission approve continuation of MAWC's special contract with Triumph Foods. I
13 support Ms. Roth's recommendation.

14 **Q PLEASE SUMMARIZE YOUR TESTIMONY.**

15 A Triumph Foods is a major employer in St. Joseph, Missouri. Triumph Foods has
16 continued to grow its operations in St. Joseph adding hundreds of jobs over a period
17 of several years. Triumph Foods is MAWC's largest water user. Triumph Foods'
18 decision to locate in St. Joseph was directly linked to the accessibility of water at the
19 reduced rate contained in the current special contract. The St. Joseph area is
20 experiencing many rewards from the decision of Triumph Foods to locate in St. Joseph.
21 There is no credible rationale to discontinue the special contract at this time.

1 Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

2 A Yes, it does.

Qualifications of Brian C. Collins

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5 A I am a consultant in the field of public utility regulation and a Managing Principal with
6 the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory
7 consultants.

8 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK
9 EXPERIENCE.**

10 A I graduated from Southern Illinois University Carbondale with a Bachelor of Science
11 degree in Electrical Engineering. I also graduated from the University of Illinois at
12 Springfield with a Master of Business Administration degree. Prior to joining BAI, I was
13 employed by the Illinois Commerce Commission and City Water Light & Power
14 ("CWLP") in Springfield, Illinois.

15 My responsibilities at the Illinois Commerce Commission included the review of
16 the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the
17 Commission as well as the review of utilities' requests for certificates of public
18 convenience and necessity for new electric transmission lines. My responsibilities at
19 CWLP included generation and transmission system planning. While at CWLP, I
20 completed several thermal and voltage studies in support of CWLP's operating and
21 planning decisions. I also performed duties for CWLP's Operations Department,

1 including calculating CWLP's monthly cost of production. I also determined CWLP's
2 allocation of wholesale purchased power costs to retail and wholesale customers for
3 use in the monthly fuel adjustment.

4 In June 2001, I joined BAI as a Consultant. Since that time, I have participated
5 in the analysis of various utility rate and other matters in several states and before the
6 Federal Energy Regulatory Commission ("FERC"). I have filed or presented testimony
7 before the Arkansas Public Service Commission, the California Public Utilities
8 Commission, the Colorado Public Utilities Commission, the Delaware Public Service
9 Commission, the Public Service Commission of the District of Columbia, the Florida
10 Public Service Commission, the Georgia Public Service Commission, the Guam Public
11 Utilities Commission, the Idaho Public Utilities Commission, the Illinois Commerce
12 Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service
13 Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities
14 Commission, the Mississippi Public Service Commission, the Missouri Public Service
15 Commission, the Montana Public Service Commission, the North Carolina Utilities
16 Commission, the North Dakota Public Service Commission, the Public Utilities
17 Commission of Ohio, the Oklahoma Corporation Commission, the Oregon Public Utility
18 Commission, the Rhode Island Public Utilities Commission, the Public Service
19 Commission of Utah, the Virginia State Corporation Commission, the Washington
20 Utilities and Transportation Commission, the Public Service Commission of Wisconsin,
21 and the Wyoming Public Service Commission. I have also assisted in the analysis of
22 transmission line routes proposed in certificate of convenience and necessity
23 proceedings before the Public Utility Commission of Texas.

1 In 2009, I completed the University of Wisconsin – Madison High Voltage Direct
2 Current (“HVDC”) Transmission Course for Planners that was sponsored by the
3 Midwest Independent Transmission System Operator, Inc. (“MISO”).

4 BAI was formed in April 1995. BAI and its predecessor firm have participated
5 in more than 1,000 regulatory proceedings in forty states and Canada.

6 BAI provides consulting services in the economic, technical, accounting, and
7 financial aspects of public utility rates and in the acquisition of utility and energy
8 services through RFPs and negotiations, in both regulated and unregulated markets.
9 Our clients include large industrial and institutional customers, some utilities and, on
10 occasion, state regulatory agencies. We also prepare special studies and reports,
11 forecasts, surveys and siting studies, and present seminars on utility-related issues.

12 In general, we are engaged in energy and regulatory consulting, economic
13 analysis and contract negotiation. In addition to our main office in St. Louis, the firm
14 also has branch offices in Corpus Christi, Texas; Detroit, Michigan; Louisville, Kentucky
15 and Phoenix, Arizona.

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