

**Exhibit No.:**

**Issue(s):**

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

\_\_\_\_\_  
Depreciation Expense

Robinett/Surrebuttal

Public Counsel

WR-2020-0344

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**MISSOURI-AMERICAN WATER COMPANY**

CASE NO. WR-2020-0344

February 9, 2021


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

In the Matter of Missouri-American            )  
Water Company's Request for                )  
Authority to Implement General Rate        )    Case No. WR-2020-0344  
Increase for Water and Sewer Service     )  
Provided in Missouri Service Areas        )

**VERIFICATION OF JOHN A. ROBINETT**

John A. Robinett, under penalty of perjury, states:

1. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony in the above-captioned case.
2. My answer to each question in the attached surrebuttal testimony is true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist  
Office of the Public Counsel

**SURREBUTTAL TESTIMONY  
OF  
JOHN A. ROBINETT  
MISSOURI AMERICAN WATER COMPANY**

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

1 **Q. Please state your name and business address.**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering  
5 Specialist.

6 **Q. Are you the same John A. Robinett that filed rebuttal testimony on behalf of the OPC  
7 in this case?**

8 A. Yes.

9 **Q. What is the purpose of your surrebuttal testimony?**

10 A. The purpose of this testimony is to address my concerns with Staff witness Cedric E.  
11 Cunigan’s rebuttal testimony and addresses the depreciation expense rebuttal testimony of  
12 MAWC witness Brian LaGrand.

13 **MAWC Depreciation Recommendation**

14 **Q. What is your position regarding the depreciation rates to be used for MAWC?**

15 A. As I stated in my rebuttal testimony, I support Staff’s Direct recommendation to continue  
16 the use of currently existing depreciation rates agreed to and ordered in Case No. WR-  
17 2017-0285.

18 **Q. Does Mr. LaGrand’s rebuttal testimony directly address Staff’s direct  
19 recommendation for depreciation expense?**

20 A. No. Mr. LaGrand, at pages 34 through 36 of his rebuttal testimony, restates the Company’s  
21 position as not agreeing with Staff’s preliminary recommendation, and states that Mr. Larry

1 E. Kennedy’s methodology is reasonable and properly supported. Mr. LaGrand further  
2 states that the Company “will respond to Staff’s position, if present, in the Company’s  
3 surrebuttal testimony.”<sup>1</sup>

4 **Q. Why does Mr. LaGrand’s statement about how MAWC will address Staff’s**  
5 **recommendation in surrebuttal concern you?**

6 A. MAWC, by only discussing Staff’s position in surrebuttal testimony instead of rebuttal  
7 testimony, has effectively eliminated the opportunity for Staff or OPC to respond to any  
8 criticisms MAWC may make of the direct testimony recommendations.

9 **Q. Do any other of Mr. LaGrand’s statements on depreciation expense concern you?**

10 A. Yes. At page 36 of Mr. LaGrand’s revenue requirement rebuttal testimony, he states the  
11 following:

12 **Q. Are there any other issues with depreciation expense the Company**  
13 **would like to address?**

14  
15 A. Yes. When the Company acquired the Woodland Manor, Benton County  
16 Sewer, and Jaxson Estates Sewer, the Commission orders in those cases  
17 directed the Company to adopt the existing Commission approved  
18 depreciation rates for those systems. In the Stipulation and Agreement in  
19 the Company’s last rate case, the Company agreed to continue using the  
20 depreciation rates authorized in Case No: WR-2015-0301. The Company  
21 would propose that the three acquired systems be placed on the depreciation  
22 rates ultimately approved in this case.

23 This statement concerns me because testimony from Staff in Case No. WR-2017-0285  
24 discusses inclusion of these facilities in rates in that case.

25 Service territories added to MAWC’s portfolio since the last rate case  
26 include: Jaxon Estates (water and sewer), Benton County Sewer District  
27 (sewer), Woodland Manor (water), and the Village of Wardsville (water and

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<sup>1</sup>Case No. WR-2020-0344, EFIS Item #98, MAWC witness Brian W. LaGrand Revenue Requirement Rebuttal Testimony, page 34 line 18.

1 sewer). This list does not include other properties that MAWC most recently  
2 has been granted approval to take over, which will not be included in this  
3 rate case, i.e. Pevely Farms (water and sewer), Radcliffe Estates (sewer),  
4 Homestead Estates (sewer), and Spokane Highlands (water).<sup>2</sup>

5 The acquired systems discussed (Jaxon Estates (water and sewer), Benton County Sewer  
6 District (sewer), Woodland Manor (water), and the Village of Wardsville (water and sewer  
7 )) were all incorporated in rates going forward from that case and the resulting depreciation  
8 rates from Case No. WR-2017-0285 should have already been applied to those acquired  
9 utilities discussed above. If these acquired utilities were not on same rates as other MAWC  
10 facilities an over or under recovery for those facilities may exist. Further discovery is  
11 required to understand what has been occurring with these utility assets. If there are any  
12 needed adjustments, I will file true-up direct testimony to address those concerns.

13 **Q. Based on Mr. Cedric E. Cunigan’s testimony, has Staff performed an independent**  
14 **study of the appropriate depreciation rates for Missouri American Water Company?**

15 A. I do not know. There is no evidence of an independent study based on what Staff has  
16 presented in testimony.

17 **Q. What does Mr. Cunigan focus on?**

18 A. Staff’s rebuttal testimony for depreciation focuses on MAWC’s request for General Plant  
19 Amortization and the use of the appropriate version of the National Association of  
20 Regulatory Utility Commissioners (“NARUC”) Uniform System of Accounts (“USoA”).

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<sup>2</sup> Case No. WR-2017-0285, EFIS Item #107, Report on Class Cost of Service and Rate Design, page 12 lines 20-25.

1 **Q. Did Staff in their depreciation rebuttal testimony provide a new depreciation rate**  
2 **recommendation?**

3 A. No. Mr. Cunigan states at the bottom of page 1 and continuing on page 2 of his rebuttal  
4 that:

5 Staff has been able to replicate similar results to that of MAWC witness  
6 Larry E. Kennedy since the filing of Staff's Cost of Service Report.  
7 However, Staff still has concerns with the depreciation study.

8 **Q. Do you agree with Staff's concerns with General Plant Amortization?**

9 A. Yes. I agree with Staff as to page 4 of Mr. Cunigan's rebuttal testimony, where he states  
10 that:

11 [General Plant] Amortization does not track the actual retirement of assets  
12 and records retirements on the books after [a] predetermined amount of  
13 time.

14 I am concerned about the ability to perform prudence audits on the General Plant accounts  
15 if spending trends change drastically. The move to General Plant Amortization, as was  
16 discussed in my rebuttal testimony, threatens the ability to perform any sort of prudence  
17 review of plant added into these accounts because it fails to track retirement units and  
18 original costs. Total additions do not reflect the costs per retirement unit (a "retirement  
19 unit" being the smallest measurable breakdown of a particular type of asset to be recorded  
20 as capital). Not reflecting the costs per retirement unit is concerning because it will hamper  
21 the ability of parties to evaluate the prudence of capital expenditures. This is because it is  
22 difficult to make any type of prudence evaluation for a given asset when all the assets are  
23 lumped together in one account instead of being broken out by asset (*i.e.* cost per retirement  
24 unit).

1 **Q. Does Staff share your concern for the ability to perform prudency audits?**

2 A. Yes. At page 4, lines 4 through 6, Mr. Cunigan’s rebuttal testimony states, “In addition,  
3 the lack of historical data for these accounts would hinder Staff’s ability to access necessary  
4 information for prudence reviews of assets in the amortized accounts.”

5 **Q. Do you have any recommendations if the Commission determines that General Plant  
6 Amortization is appropriate?**

7 A. Yes. If the Commission approves MAWC’s request for General Plant Amortization, I  
8 recommend that the Commission order MAWC to continue specifying the original cost  
9 and associated retirement units for all additions to the accounts where General Plant  
10 Amortization accounting treatment will occur. Additionally, MAWC should be placed  
11 under a standing order to treat all General Plant that exceeds the amortization period as  
12 retired for ratemaking purposes. A more detailed discussion of my issues with General  
13 Plant Amortization and the rationale for these recommendations was provided in my  
14 rebuttal testimony page 3 line 6 through page 5 line 12.

15 **Q. If the Commission approves General Plant Amortization despite your concerns, what  
16 amount of retirements do you recommend?**

17 A. MAWC should retire all plant in each requested account that exceeds the amortization period.  
18 Attached as Schedule JAR-S-1 is OPC data request number 8522 in which MAWC identifies  
19 the assets that exceed the amortization period as of December 31, 2020, if the Commission  
20 approves General Plant Amortization. These assets would need to be retired in this case as  
21 they have exceeded the amortization period of their perspective accounts and customers have  
22 met their obligation to pay for the associated depreciation.

1 | **Q. Does this conclude your surrebuttal testimony?**

2 | A. Yes, it does.



**DATA INFORMATION REQUEST  
Missouri-American Water Company  
WR-2020-0344**

**Requested From:** Brian LaGrand

**Date Requested:** 1/11/2021

**Information Requested:**

For water and waste water for each account where general plant amortizations have been sought, please provide a list of assets and total plant in service value that needs to be retired as it has exceeded the amortization period as of 12/31/2020.

**Requested By:** John Robinette - Office of Public Counsel – john.robinette@opc.mo.gov

**Information Provided:**

Please see OPC 8522\_Attachment.

Responsible Witness: Brian LaGrand

Asset ID	NARUC	NARUC Description	Account	Account Description	Profit Ctr	Profit Center Name	Vintage	Asset Location	Property Group	Work Order Description	In Service	Book Cost	Allocated Reserve	Net Book Value
45799124	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2011	1702 St. Louis-Central Plant	Computer Hardware and Software	Work Order Addition	12/16/2011	1,267	1,784	(518)
45799127	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2011	1702 St. Louis-North Plant	Computer Hardware and Software	Work Order Addition	12/16/2011	633	892	(259)
45799130	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2011	1702 St. Louis-Service Center	Computer Hardware and Software	Work Order Addition	12/16/2011	633	892	(259)
45799403	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2011	1702 St. Louis-South Plant	Computer Hardware and Software	Work Order Addition	12/16/2011	648	913	(265)
45799406	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2011	1702 St. Louis-Meramec Plant	Computer Hardware and Software	Work Order Addition	12/16/2011	648	913	(265)
62910053	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2012	1702 St. Louis-Service Center	Computer Hardware and Software	Work Order Addition	11/4/2012	150,508	205,537	(55,030)
65198142	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2013	1702 St. Louis-Service Center	Computer Hardware and Software	Work Order Addition	2/20/2013	716,432	947,561	(231,129)
65625043	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2013	1702 St. Louis-Service Center	Computer Hardware and Software	Work Order Addition	5/20/2013	735	973	(237)
107083134	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2016	1702 St. Louis-South Plant	Computer Hardware and Software	Work Order Addition	10/4/2016	15,066	17,983	(2,916)
107083153	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2016	1702 St. Louis-Meramec Plant	Computer Hardware and Software	Work Order Addition	10/4/2016	15,066	17,983	(2,916)
107705432	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2016	1702 St. Louis-North Plant	Computer Hardware and Software	Work Order Addition	1/26/2016	14,698	17,543	(2,845)
107705459	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2016	1702 St. Louis-Central Plant	Computer Hardware and Software	Work Order Addition	1/26/2016	14,698	17,543	(2,845)
134069678	391.25	Computer Software	340300	Computer Software	1702	MO-ST. LOUIS COUNTY	2020	1702 St. Louis-Meramec Plant	Computer Hardware and Software	Meramec WTP intake Exacq	3/1/2020	1,173	1,199	(25)
86626051	397.2	Telephone Equipment	346200	Comm Equip Telephone	1711	MO-JOPLIN	2012	1711 Joplin-Service Center	Communication	Work Order Addition	7/31/2012	40,340	89,967	(49,627)
134098233	397.2	Telephone Equipment	346200	Comm Equip Telephone	1753	MO-LAWSON WATER	2018	1753 Lawson Service Center	Communication	Cisco Catalyst 9300-Lawson	11/13/2018	686	934	(248)
7325531	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1715	MO-WARREN COUNTY WW	2008	1715 Warren County Wastewater-Wastewater Plant #1	Office Equipment	Work Order Addition	9/24/2008	19	23	(4)
7325533	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1715	MO-WARREN COUNTY WW	2008	1715 Warren County Wastewater-Wastewater Plant #1	Office Equipment	Work Order Addition	9/24/2008	9	11	(2)
39201591	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City WW Office	Office Equipment	Computer Hardware and Software:	1/31/2007	418	499	(82)
39201614	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City WW Office	Office Equipment	Office Furniture	1/31/2007	342	409	(67)
39201625	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City WW Office	Office Equipment	Office Furniture	1/31/2007	191	228	(37)
39317153	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City WW Office	Office Equipment	Office Furniture	1/31/2007	568	679	(111)
61959096	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1730	MO - MERAMEC WW	2011	1730 Meramec WW Plant	Office Equipment	Printer	11/12/2011	97	110	(13)
100644088	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1730	MO - MERAMEC WW	2011	1730 Meramec WW Plant	Office Equipment	Pager	4/15/2011	35	40	(5)
100644099	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1727	MO-JEFFERSON CITY WW	2015	1727 Jefferson City WW Office	Office Equipment	Work Order Addition	12/31/2015	495	534	(39)
100644102	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1707	MO-CEDAR HILL WW	2015	1707 Cedar Hill-Sand Creek WWTP	Office Equipment	Work Order Addition	12/31/2015	1,264	1,365	(101)
129949545	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1730	MO - MERAMEC WW	2015	1730 Meramec WW Plant	Office Equipment	Work Order Addition	12/31/2015	1,264	1,365	(101)
129949643	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1707	MO-CEDAR HILL WW	2007	1707 Cedar Hill-Sand Creek WWTP	Office Equipment	Work Order Addition	12/10/2007	3,871	4,628	(756)
129956034	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1707	MO-CEDAR HILL WW	2007	1707 Cedar Hill-Sand Creek WWTP	Office Equipment	Work Order Addition	12/26/2007	122	145	(24)
129974154	391	Office Furniture and Equipment	390000	WW Office Furniture & Equip	1707	MO-CEDAR HILL WW	2004	1707 Cedar Hill-Sand Creek WWTP	Office Equipment	Office & Furniture Eqpt	1/1/2004	7,216	8,939	(1,723)
106586494	391.1	Computers & Peripheral Equipment	390200	WW Computers & Peripheral	1740	MO-ARNOLD WASTEWATER	2007	1740 Cedar Hill-Sand Creek WWTP	Office Equipment	Work Order Addition	6/23/2007	1,624	1,941	(317)
106586497	391.1	Computers & Peripheral Equipment	390200	WW Computers & Peripheral	1740	MO-ARNOLD WASTEWATER	2016	1740 Arnold Service Center	Computer Hardware and Software	Work Order Addition	11/4/2016	39,073	53,708	(14,635)
106586524	391.1	Computers & Peripheral Equipment	390200	WW Computers & Peripheral	1740	MO-ARNOLD WASTEWATER	2016	1740 Arnold Service Center	Computer Hardware and Software	Work Order Addition	11/4/2016	39,073	53,708	(14,635)
22979961	393	Stores Equipment	392000	WW Stores Equipment	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City shared WW Assets	Tools and Small Equipment	Stores Equipment	1/31/2007	1,911	2,010	(100)
22980074	393	Stores Equipment	392000	WW Stores Equipment	1727	MO-JEFFERSON CITY WW	2007	1727 Jefferson City shared WW Assets	Tools and Small Equipment	Stores Equipment	1/1/2007	17,490	18,402	(912)
22980329	393	Stores Equipment	392000	WW Stores Equipment	1726	MO-MAPLEWOOD WW	2007	1726 Maplewood WW Plant	Tools and Small Equipment	Stores Equipment	1/1/2007	5,999	6,312	(313)
119403563	398	Miscellaneous Equipment	397000	WW Misc Equipment	1740	MO-ARNOLD WASTEWATER	2019	1740 Keller Lift Station	Tools and Small Equipment	Work Order Addition	2/22/2019	13,593	21,613	(8,019)
Total												\$1,120,932	\$1,517,187	(\$396,255)