

Exhibit No.: _____
Issue: Class Cost of Service and Rate Design
Witness: Timothy S. Lyons
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Confluence Rivers Utility
Operating Company
Case Nos.: WR-2023-0006 / SR-2023-0007
Date: June 29, 2023

**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

of

Timothy S. Lyons

on behalf of

Confluence Rivers Utility Operating Company

June 29, 2023

TABLE OF CONTENTS
FOR THE REBUTTAL TESTIMONY OF TIMOTHY S. LYONS
CONFLUENCE RIVERS UTILITY OPERATING COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. WR-2023-0006 / SR-2023-0007

<u>SUBJECT</u>	<u>PAGE</u>
I. INTRODUCTION.....	1
II. WATER RATE DESIGN.....	1
III. SEWER RATE DESIGN.....	9

REBUTTAL TESTIMONY OF TIMOTHY S. LYONS
CONFLUENCE RIVERS UTILITY OPERATING COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. WR-2023-0006 / SR-2023-0007

1 **I. INTRODUCTION**

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

3 A. My name is Timothy S. Lyons. My business address is 3 Speen Street, Framingham,
4 Massachusetts, 01701.

5 **Q. Are you the same Timothy S. Lyons who filed direct testimony in this proceeding?**

6 A. Yes. I filed direct testimony (“Direct Testimony”) on behalf of Confluence Rivers Utility
7 Operating Company (“Confluence Rivers” or the “Company”) in this proceeding.

8 **Q. What is the purpose of your Rebuttal Testimony?**

9 A. The purpose of my rebuttal testimony is to address recommendations made by Missouri
10 Public Service Commission Staff (“Staff”) witness Keri Roth and Office of the Public
11 Counsel (“OPC”) witness Jordan Seaver regarding the Company’s rate design.

12

13 **II. WATER RATE DESIGN**

14 **Q. What is Staff’s description of the Company’s current water rate design?**

15 A. Staff described the Company’s current water rate design as having approximately 20
16 different monthly customer charges for its water utility systems ranging from \$13.23 to
17 \$71.25 due to the Company’s past acquisition of several water systems and adoption of the
18 existing rates.¹

19

¹ Direct Testimony of Staff Witness Keri Roth, p. 3

1 **Q. What are Staff's recommendations regarding the Company's water rate design?**

2 A. Staff recommends consolidating the Company's water service areas into three tariff or rate
3 districts in the following manner:²

- 4 – Water District No. 1 – Cedar Green, Fawn Lake, Missing Well, Spring Branch,
5 Branson Cedars, Prairie Heights, and Glen Meadows;
- 6 – Water District No. 2 – Hillcrest Manor, Elm Hills, and Port Perry; and,
- 7 – Water District No. 3 – Osage Utilities, Terre Du Lac, and Indian Hills; Confluence
8 Rivers (which consists of Auburn Lakes, Calvey Brooks, Eugene, Evergreen Lakes,
9 Gladlo, Majestic Lakes, Roy-L, Smithview, and Willows).

10 Staff selected these service area groupings to combine water systems with a similar cost of
11 service in the same district, achieve reasonable rates, and mitigate rate shock.³

12 For each district, Staff proposes a monthly customer charge and a single-block
13 commodity charge for customers with a meter. Staff also proposes a monthly customer
14 charge for customers without a meter.

15 **Q. What are the stated benefits of Staff's proposed three-district consolidation?**

16 A. Staff states the primary benefit of the proposed three-district consolidation is to “spread
17 out the costs of investment without causing customers who did not receive the same level
18 of investment in their systems to experience unnecessary and substantial rate increases.”⁴

19 Staff also states all water systems will eventually need significant investment and
20 that keeping systems that have had recent investments and few customers as standalone
21 systems could result in very high rates, as there are so few customers to spread the cost

² Direct Testimony of Staff Witness Keri Roth, p. 3-4

³ Ibid.

⁴ Ibid.

1 recovery.⁵ Staff concludes that combining such small systems into rate districts with larger
2 systems mitigates potential rate shock. Staff also states that the three-district consolidation
3 approach ensures that systems with lower cost of service would not be subject to
4 unnecessary increases in rates.

5 **Q. Does the Company’s proposed single tariff consolidation achieve the same benefits**
6 **discussed by Staff?**

7 A. Yes, however, where Staff’s proposal for district rate consolidation achieves benefits for
8 customers within its proposed districts, the Company’s proposal for single tariff
9 consolidation achieves the benefits across all districts. As described by Mr. Cox, the
10 Company’s proposal achieves the benefits on a much broader scale for customers across
11 all rate districts. Specifically, the Company’s proposal for single tariff consolidation
12 spreads system costs across a larger number of customers, helping to mitigate rate impacts
13 of significant investments by spreading the costs across a larger number of customers.

14 **Q. What are OPC’s suggested options regarding the Company’s water rate design?**

15 A. OPC presented various rate design options, stating that the options were provided “as a
16 way to see the different impacts of rates on each customer class and to each system.” Some
17 options maintain the current rate structure (no further consolidation), while other options
18 change the rate structure to single tariff pricing (as suggested by the Company). OPC’s
19 rate options are based on a total required revenue increase of \$1,591,485.70 which is
20 apportioned between water and sewer using varying methods.⁶

⁵ Id., p. 4-5

⁶ Direct Testimony of OPC witness Jordan Seaver, p. 3-5.

1 **Q. What is OPC's recommended rate option?**

2 A. OPC's recommended rate option maintains the current rate structure without any
3 consolidation. OPC recommends applying the rate increase on a uniform basis to all rates.
4 This is presented as OPC's recommendation "1Metered – Option 2" and "1Unmetered –
5 Option 2".⁷

6 Specifically, OPC's proposal includes apportioning 40.00 percent of the total
7 revenue increase to water rates. The revenue increase is then assigned 60.00 percent to
8 metered rates and the remaining 40.00 percent to unmetered rates. Based on these assigned
9 revenue increases, OPC recommends that all fixed charges for metered customers be
10 increased by \$9.00 and all usage charges are increased by \$0.20. OPC also recommends
11 all fixed charges for unmetered customers be increased by \$21.00.

12 **Q. Does the Company support OPC's proposed rate design?**

13 A. No. OPC's recommended proposal does not allow the Company to achieve any of the
14 benefits of tariff consolidation, either the Company's proposal for single tariff
15 consolidation or Staff's proposal for district tariff consolidation.

16 **Q. Has the Company developed a comparison of rates under Staff, OPC, and the
17 Company's proposals?**

18 A. Yes. The Company has developed an illustrative comparison of rates that generally reflects
19 the rate design principles proposed by Staff, OPC, and the Company. Specifically, the
20 Company developed three sets of rates that reflect: 1) Company's 'Full Consolidation'
21 proposal, 2) Staff's 'Three-District' rate consolidation proposal, and 3) OPC's 'No
22 Consolidation' proposal.

⁷ Ibid.

1 For comparison purposes, the rates are designed based on Staff’s proposed revenue
 2 requirements, Staff’s apportionment between fixed and commodity charge revenues, and
 3 Staff’s billing determinants.⁸ While these assumptions do not replicate the Company and
 4 OPC’s actual rate design proposals, they provide a reasonable basis for an “apples-to-
 5 apples” comparison of the rate design methodologies. The rates are discussed below and
 6 presented in Figures 1 through 5.

7 **Q. How do unmetered water rates compare under the Company, Staff, and OPC’s**
 8 **proposals?**

9 A. A comparison of the Company, Staff, and OPC’s unmetered water rates proposals are
 10 presented in Figure 1 (below) as ‘Full Consolidation’, ‘Three-District’, and ‘No
 11 Consolidation’ respectively.

Figure 1: Comparison of Unmetered Water Rates

Service Area	Meter Type	Number of Bills	Current Average Month Bill	Average Month Bill			Bill Increase / (Decrease) (\$)		
				Full Consolidation	Three-District	No Consolidation	Full Consolidation	Three-District	No Consolidation
Unmetered Rates									
Branson Cedar	Residential	696	\$ 61.99	\$ 72.68	\$ 58.78	\$ 86.88	\$ 10.69	\$ (3.21)	\$ 24.89
Cedar Green	Residential	648	\$ 26.79	\$ 72.68	\$ 58.78	\$ 51.68	\$ 45.89	\$ 31.99	\$ 24.89
Glen Meadows	Residential	2,796	\$ 27.50	\$ 72.68	\$ 58.78	\$ 52.39	\$ 45.18	\$ 31.28	\$ 24.89
Missing Well	Residential	876	\$ 20.00	\$ 72.68	\$ 58.78	\$ 44.89	\$ 52.68	\$ 38.78	\$ 24.89
Prairie Heights	Residential	672	\$ 20.00	\$ 72.68	\$ 58.78	\$ 44.89	\$ 52.68	\$ 38.78	\$ 24.89
Spring Branch	Residential	1,380	\$ 30.99	\$ 72.68	\$ 58.78	\$ 55.88	\$ 41.69	\$ 27.79	\$ 24.89
Elm Hills	Residential	1,704	\$ 60.15	\$ 72.68	\$ 34.48	\$ 85.04	\$ 12.53	\$ (25.67)	\$ 24.89
Auburn Lakes	Residential	732	\$ 69.63	\$ 72.68	\$ 94.12	\$ 94.52	\$ 3.05	\$ 24.49	\$ 24.89
Calvey Brooks	Residential	192	\$ 69.63	\$ 72.68	\$ 94.12	\$ 94.52	\$ 3.05	\$ 24.49	\$ 24.89
Roy L Unmetered :	Residential	132	\$ 69.63	\$ 72.68	\$ 94.12	\$ 94.52	\$ 3.05	\$ 24.49	\$ 24.89
Roy L Unmetered :	Residential	180	\$ 50.64	\$ 72.68	\$ 94.12	\$ 75.53	\$ 22.04	\$ 43.48	\$ 24.89
Smithview	Residential	1,812	\$ 71.25	\$ 72.68	\$ 94.12	\$ 96.14	\$ 1.43	\$ 22.87	\$ 24.89
Willows	Residential	1,920	\$ 69.63	\$ 72.68	\$ 94.12	\$ 94.52	\$ 3.05	\$ 24.49	\$ 24.89
Osage	Residential	1,344	\$ 24.76	\$ 72.68	\$ 94.12	\$ 49.65	\$ 47.92	\$ 69.36	\$ 24.89
Majestic Lakes	Residential	1,308	\$ 69.63	\$ 72.68	\$ 94.12	\$ 94.52	\$ 3.05	\$ 24.49	\$ 24.89

⁸ Staff’s assumed customer usage for Staff’s proposed Rate District 2 included 5,000 gallons usage for flat rate (unmetered) customers. For the purposes of this analysis, this assumed usage has been excluded since the unmetered customers are not charged a usage charge.

1 The Figure shows that while the Company has proposed some increases that are higher
2 than Staff's proposed increases, those increases are generally in service areas that have
3 among the lowest current charges and resulted from the Company's adoption of rates that
4 had typically not changed in years.

5 The Figure also shows that Staff's proposed increases result in charges that are
6 significantly different across districts. Specifically, Staff's District 1 charge of \$58.78 is
7 almost double the District 2 charge of \$34.48. In addition, Staff's District 3 charge of
8 \$94.12 is almost triple the District 2 charge.

9 Such disparity in charges makes movement toward a single tariff consolidation
10 more challenging in the future. Specifically, by establishing such vastly different rates in
11 this case, further consolidation in the future will lead to large differences in rate increases
12 in future cases. As such, Staff's limited consolidation effectively establishes an
13 impediment to further consolidation in the future.

14 **Q. How do metered water rates compare under the Company, Staff, and OPC's**
15 **proposals?**

16 A. A comparison of the Company, Staff, and OPC's metered water rates proposals are
17 presented in Figure 2 (below) as 'Full Consolidation', 'Three-District', and 'No
18 Consolidation' respectively.

1

Figure 2: Comparison of Metered Water Rates⁹

Service Area	Meter Type	Number of Bills	Current		Average Month Bill			Bill Increase / (Decrease) (\$)		
			Average Month Bill		Full Consolidation	Three-District	No Consolidation	Full Consolidation	Three-District	No Consolidation
Metered Rates										
Fawn Lake	3/4"	348	\$ 65.00	\$ 72.51	\$ 58.81	\$ 81.84	\$ 7.51	(\$ 6.19)	\$ 16.84	
Hillcrest	3/4"	2,640	\$ 77.23	\$ 72.51	\$ 37.31	\$ 94.07	(\$ 4.72)	(\$ 39.92)	\$ 16.84	
Hillcrest	3/4"	132	\$ 69.13	\$ 72.51	\$ 37.31	\$ 85.97	\$ 3.38	(\$ 31.82)	\$ 16.84	
Hillcrest	1"	120	\$ 97.47	\$ 109.05	\$ 53.27	\$ 114.31	\$ 11.58	(\$ 44.20)	\$ 16.84	
Port Perry	5/8"	4,596	\$ 31.13	\$ 72.51	\$ 37.31	\$ 47.97	\$ 41.38	\$ 6.18	\$ 16.84	
Port Perry	3/4"	828	\$ 34.16	\$ 72.51	\$ 37.31	\$ 51.00	\$ 38.35	\$ 3.15	\$ 16.84	
Port Perry	1"	12	\$ 40.23	\$ 109.05	\$ 53.27	\$ 57.07	\$ 68.82	\$ 13.04	\$ 16.84	
Port Perry	2"	12	\$ 73.59	\$ 218.69	\$ 101.16	\$ 90.43	\$ 145.10	\$ 27.57	\$ 16.84	
Eugene	3/4"	600	\$ 81.47	\$ 72.51	\$ 93.99	\$ 98.31	(\$ 8.96)	\$ 12.52	\$ 16.84	
Evergreen	3/4"	864	\$ 81.47	\$ 72.51	\$ 93.99	\$ 98.31	(\$ 8.96)	\$ 12.52	\$ 16.84	
Gladlo	3/4"	852	\$ 81.47	\$ 72.51	\$ 93.99	\$ 98.31	(\$ 8.96)	\$ 12.52	\$ 16.84	
Indian Hills	3/4"	7,404	\$ 89.40	\$ 72.51	\$ 93.99	\$ 106.24	(\$ 16.89)	\$ 4.59	\$ 16.84	
Majestic Lakes	3/4"	1,836	\$ 81.47	\$ 72.51	\$ 93.99	\$ 98.31	(\$ 8.96)	\$ 12.52	\$ 16.84	
Osage	5/8"	3,240	\$ 54.06	\$ 72.51	\$ 93.99	\$ 70.90	\$ 18.45	\$ 39.93	\$ 16.84	
Roy L	3/4"	420	\$ 81.47	\$ 72.51	\$ 93.99	\$ 98.31	(\$ 8.96)	\$ 12.52	\$ 16.84	
Terre Du Lac	3/4"	15,912	\$ 23.85	\$ 72.51	\$ 93.99	\$ 40.69	\$ 48.66	\$ 70.14	\$ 16.84	
Terre Du Lac	1"	60	\$ 46.14	\$ 109.05	\$ 136.26	\$ 62.98	\$ 62.91	\$ 90.12	\$ 16.84	
Terre Du Lac	2"	12	\$ 127.85	\$ 218.69	\$ 263.06	\$ 144.69	\$ 90.84	\$ 135.21	\$ 16.84	

2

3

Similar to the comparison of unmetered water charges, the Figure shows that while the Company has proposed some increases that are higher than Staff’s proposed increases, those increases are generally in service areas that have among the lowest current charges resulting from the previous adoption of rates.

7

The Figure also shows that Staff’s proposed increases result in charges that are significantly different across districts. Specifically, Staff’s District 1 charges for most service areas are almost double District 2 charges, and Staff’s District 3 charges for most service areas are almost triple District 2 charges.

11

Again, such disparity in charges will make movement toward a single tariff consolidation more challenging in the future.

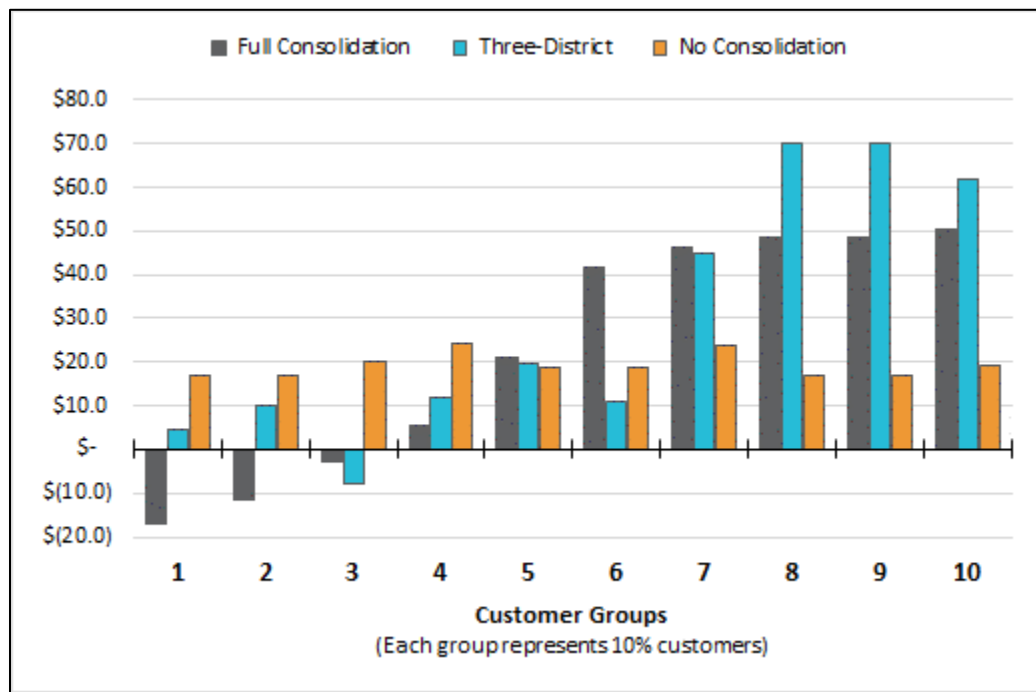
13

⁹ The average bills reflect 5,000 gallons of monthly customer water usage, consistent with Staff’s assumption for customer usage.

1 **Q. Have you summarized customer bill impacts under the Company, Staff, and OPC’s**
 2 **proposals?**

3 A. Yes. Customer bill impacts under the Company, Staff, and OPC’s rate design proposals
 4 for metered service are summarized in Figure 3 (below) through a frequency distribution
 5 that illustrates the range of customer bill impacts from those customers having the lowest
 6 bill increases (or decreases) to those having the highest bill increases. Customers were
 7 divided equally in 10 groups, with each group having an equal number of customers that
 8 reflects 10.00 percent of customers (i.e., 5,628 bills, or 469 customers).

9 **Figure 2: Customer Bill Increase / (Decrease) (\$)**



10

11 The Figure shows that:¹⁰

¹⁰ Percentages and bill changes are approximations.

- 1 – Under the Company’s single tariff consolidation proposal, bill impacts within each
2 group range from an average decrease of \$20.00 to an average increase of \$50.00.

3 Specifically,

- 4 ○ 30.00 percent of customers experience a bill reduction of \$5.00 to \$20.00.
5 ○ 20.00 percent of customers experience a bill increase of \$5.00 to \$20.00.
6 ○ 50.00 percent of customers experience a bill increase of \$45.00.
- 7 – Under Staff’s three-district tariff consolidation proposal, bill impacts within each
8 group range from a decrease of \$10.00 to an increase of \$70.00. Specifically,
9 ○ 10.00 percent of customers experience a bill reduction of \$10.00.
10 ○ 50.00 percent of customers experience a bill increase of \$5.00 to \$20.00.
11 ○ 10.00 percent of customers experience a bill increase of \$45.00.
12 ○ 30.00 percent of customers experience a bill increase of \$60.00 to \$70.00.
- 13 – Under OPC’s no consolidation proposal, all customers experience a bill increase of
14 approximately \$20.00.
- 15

16 **III. SEWER RATE DESIGN**

17 **Q. What is Staff’s description of the Company’s current sewer rate structure?**

18 A. All of the Company’s current sewer customers are not metered. As such, all sewer charges
19 are a flat, monthly amount. Given this, Staff described the Company’s current sewer
20 charges as ranging from \$16.67 per month to \$99.88 per month. Similar to the water
21 system charges, the range is largely due to the Company’s past acquisition of sewer systems
22 and adoption of the existing rates.¹¹

¹¹ Direct Testimony of Staff Witness Keri Roth, p. 7

1 **Q. What are Staff’s recommendations regarding the Company’s sewer rate design?**

2 A. Similar to its recommendations regarding water rates, Staff recommends consolidating the
3 Company’s sewer areas into four rate districts as follows:¹²

- 4 – Sewer District A – Deer Run, Missing Well, Prairie Heights, DeGuire, Glen
5 Meadows, Freeman Hills, and Cedar Green;
- 6 – Sewer District B – Branson Cedars, Clemstone, and Hillcrest;
- 7 – Sewer District C – Port Perry, Osage Utilities, and Terre Du Lac; and,
- 8 – Sewer District D – Raccoon Creek, Confluence Rivers, and Elm Hills.

9 For each district, Staff proposes a monthly customer charge.

10 **Q. What are the benefits discussed by Staff of the proposed four-district consolidation?**

11 A. Similar to its proposed water rate consolidation, Staff cites the primary benefit of sewer
12 rate consolidation as to “spread out the costs of investment without causing customers who
13 did not receive the same level of investment in their systems to experience unnecessary
14 and substantial rate increases.”¹³

15 Staff also discusses that sewer systems will eventually need significant investment
16 and that combining small systems into districts with larger systems mitigates potential rate
17 shock.

18 **Q. Does the Company’s proposed single tariff consolidation achieve the same benefits as
19 discussed by Staff?**

20 A. Yes, however, where Staff’s proposal for district tariff consolidation achieves benefits for
21 customers within sewer districts, the Company’s proposal achieves the benefits across

¹² Ibid.

¹³ Ibid.

1 districts. The Company’s proposal achieves the benefits on a much broader scale for
2 customers across all sewer districts. Specifically, the Company’s proposal for single tariff
3 consolidation spreads system costs across a larger number of customers, helping to mitigate
4 rate impacts of significant investments by spreading the costs across a larger number of
5 customers.

6 **Q. What are OPC’s recommendations regarding the Company’s sewer rate design?**

7 A. Similar to its proposed water rate design, OPC presented various rate design options.

8 Ultimately, however, OPC recommends continuing the current rate structure and
9 applying the rate increase on a uniform basis to all rates. This is presented as OPC’s
10 recommendation “1Sewer – Option 2”. Specifically, OPC recommends that all flat sewer
11 charges be increased by \$17.00.¹⁴

12 **Q. Does the Company support OPC’s proposed rate design?**

13 A. No. OPC’s proposal does not reflect the benefits of tariff consolidation, either the
14 Company’s proposal for single tariff consolidation or Staff’s proposal for district tariff
15 consolidation.

16 **Q. Has the Company developed a comparison of rates under Staff, OPC, and the
17 Company’s proposals?**

18 A. Yes. The Company developed a comparison of sewer rates with the same methodology
19 and assumptions as discussed earlier for water rates. As discussed earlier, the rates are
20 developed using general assumptions that do not necessarily reflect the Company and
21 OPC’s actual rate design proposals but provide a reasonable basis for an “apples-to-apples”
22 comparison of the rate design methodologies.

¹⁴ Direct Testimony of OPC witness Jordan Seaver, p. 3-5

1 **Q. How do the sewer rates compare under the Company, Staff, and OPC proposals?**

2 A. A comparison of the Company, Staff, and OPC's sewer rate proposals are presented in
3 Figure 4 (below) as 'Full Consolidation', 'Four District Consolidation', and 'No
4 Consolidation'.

5

1

Figure 3: Comparison of Sewer Rates¹⁵

Service Area	Number of Bills	Current		Average Month Bill			Bill Increase / (Decrease) (\$)		
		Average Month Bill	Full Consolidation	4-District	No Consolidation	Full Consolidation	4-District	No Consolidation	
Cedar Green*	648	\$ 47.55	\$ 59.79	\$ 60.64	\$ 55.66	\$ 12.24	\$ 13.09	\$ 8.11	
Deer Run	732	\$ 20.00	\$ 59.79	\$ 60.64	\$ 28.11	\$ 39.79	\$ 40.64	\$ 8.11	
Deguire	288	\$ 20.00	\$ 59.79	\$ 60.64	\$ 28.11	\$ 39.79	\$ 40.64	\$ 8.11	
Freeman Hills	192	\$ 16.67	\$ 59.79	\$ 60.64	\$ 24.78	\$ 43.12	\$ 43.97	\$ 8.11	
Glen Meadows	2,796	\$ 27.50	\$ 59.79	\$ 60.64	\$ 35.61	\$ 32.29	\$ 33.14	\$ 8.11	
Missing Well	360	\$ 20.00	\$ 59.79	\$ 60.64	\$ 28.11	\$ 39.79	\$ 40.64	\$ 8.11	
Prairie Heights	228	\$ 25.00	\$ 59.79	\$ 60.64	\$ 33.11	\$ 34.79	\$ 35.64	\$ 8.11	
Deguire	12	\$ 28.92	\$ 59.79	\$ 60.64	\$ 37.03	\$ 30.87	\$ 31.72	\$ 8.11	
Freeman Hills	12	\$ 18.34	\$ 59.79	\$ 60.64	\$ 26.45	\$ 41.45	\$ 42.30	\$ 8.11	
Branson Cedar	708	\$ 61.97	\$ 59.79	\$ 74.54	\$ 70.08	\$ (2.18)	\$ 12.57	\$ 8.11	
Clemstone	912	\$ 60.00	\$ 59.79	\$ 74.54	\$ 68.11	\$ (0.21)	\$ 14.54	\$ 8.11	
Hillcrest	2,748	\$ 83.56	\$ 59.79	\$ 74.54	\$ 91.67	\$ (23.77)	\$ (9.02)	\$ 8.11	
Hillcrest	240	\$ 66.85	\$ 59.79	\$ 74.54	\$ 74.96	\$ (7.06)	\$ 7.69	\$ 8.11	
Hillcrest	36	\$ 125.34	\$ 59.79	\$ 74.54	\$ 133.45	\$ (65.55)	\$ (50.80)	\$ 8.11	
Osage	4,632	\$ 29.02	\$ 59.79	\$ 41.34	\$ 37.13	\$ 30.77	\$ 12.32	\$ 8.11	
Port Perry	2,208	\$ 18.94	\$ 59.79	\$ 41.34	\$ 27.05	\$ 40.85	\$ 22.40	\$ 8.11	
Port Perry	816	\$ 14.21	\$ 59.79	\$ 41.34	\$ 22.32	\$ 45.58	\$ 27.13	\$ 8.11	
Terre Du Lac	15,900	\$ 19.72	\$ 59.79	\$ 41.34	\$ 27.83	\$ 40.07	\$ 21.62	\$ 8.11	
Commercial	12	\$ 55.50	\$ 59.79	\$ 41.34	\$ 63.61	\$ 4.29	\$ (14.16)	\$ 8.11	
Pool - Port Perry	48	\$ 37.37	\$ 59.79	\$ 41.34	\$ 45.48	\$ 22.42	\$ 3.97	\$ 8.11	
Terre Du Lac	48	\$ 49.29	\$ 59.79	\$ 41.34	\$ 57.40	\$ 10.50	\$ (7.95)	\$ 8.11	
Terre Du Lac	12	\$ 157.74	\$ 59.79	\$ 41.34	\$ 165.85	\$ (97.95)	\$ (116.40)	\$ 8.11	
Auburn Lakes	720	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Calvey Brooks	192	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Gladlo	756	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Lake Virginia	456	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Majestic Lakes	3,252	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Mill Creek	900	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Roy L	684	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Villa Ridge	2,448	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Willows	1,932	\$ 72.48	\$ 59.79	\$ 73.60	\$ 80.59	\$ (12.69)	\$ 1.12	\$ 8.11	
Missouri Utilities	1,608	\$ 99.88	\$ 59.79	\$ 73.60	\$ 107.99	\$ (40.09)	\$ (26.28)	\$ 8.11	
Rainbow Acres	540	\$ 99.88	\$ 59.79	\$ 73.60	\$ 107.99	\$ (40.09)	\$ (26.28)	\$ 8.11	
Twin Oaks	2,124	\$ 99.88	\$ 59.79	\$ 73.60	\$ 107.99	\$ (40.09)	\$ (26.28)	\$ 8.11	
State Park Village	516	\$ 99.88	\$ 59.79	\$ 73.60	\$ 107.99	\$ (40.09)	\$ (26.28)	\$ 8.11	
Berkshire Glen	384	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Private Gardens	996	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Wil-Mar	1,020	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Countryside Meac	84	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Park Estates	168	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Fox Run	480	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
Country Hill	636	\$ 44.81	\$ 59.79	\$ 73.60	\$ 52.92	\$ 14.98	\$ 28.79	\$ 8.11	
WPC	1,008	\$ 95.76	\$ 59.79	\$ 73.60	\$ 103.87	\$ (35.97)	\$ (22.16)	\$ 8.11	
WSS	2,064	\$ 95.76	\$ 59.79	\$ 73.60	\$ 103.87	\$ (35.97)	\$ (22.16)	\$ 8.11	
Villages	3,336	\$ 79.74	\$ 59.79	\$ 73.60	\$ 87.85	\$ (19.95)	\$ (6.14)	\$ 8.11	

2

¹⁵ For comparison purposes, the charges are based on Staff's proposed revenue requirements and billing determinants.

1 The Figure shows that while the Company has proposed some increases that are higher
2 than Staff's proposed increases, those increases are generally in service areas that have
3 among the lowest current charges.

4 The Figure also shows that Staff's proposed increases result in charges that are
5 significantly different across districts. Specifically, Staff's District 1 charges are
6 approximately 50.00 percent higher than District 3 charges. In addition, Staff's Districts 2
7 and 4 are approximately 80.00 percent higher than District 3 charges.

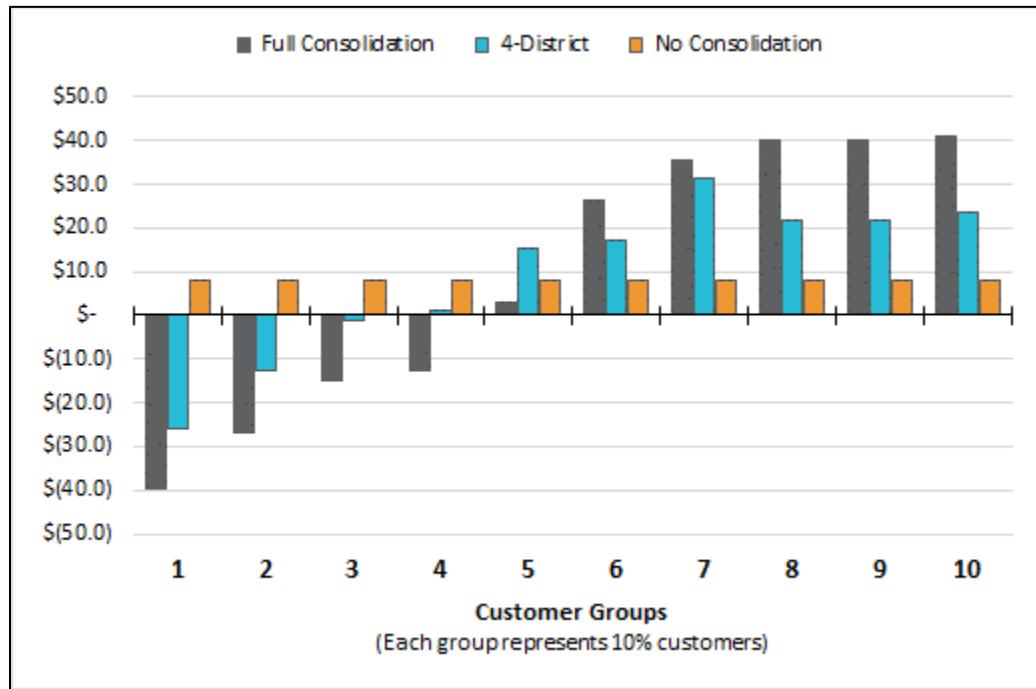
8 As with its proposed water consolidation / rate design, Staff's disparity in sewer
9 charges makes movement toward a single tariff consolidation more challenging in the
10 future.

11 **Q. Have you summarized customer bill impacts under the Company, Staff, and OPC's**
12 **proposals?**

13 A. Yes. Customer bill impacts under the Company, Staff, and OPC's rate design proposals
14 are summarized in Figure 5 (below) through a frequency distribution that illustrates the
15 range of customer bill impacts from those customers having the lowest bill increase/
16 decrease to those having the highest bill increase. Customers were divided equally in 10
17 groups, with each group having an equal number of customers that reflects 10.0 percent of
18 customers (i.e., 5,989 bills, or 499 customers).

1

Figure 4: Customer Bill Increase / (Decrease) (\$)



2

3 The Figure shows that:¹⁶

4 – Under the Company’s single tariff consolidation proposal, customer bill impacts
5 within each group range from an average decrease of \$40.00 to an average increase

6 of \$40.00. Specifically,

- 7 ○ 40.00 percent of customers experience a bill reduction of \$10.00 to \$40.00.
- 8 ○ 10.00 percent of customers experience a bill increase of \$5.00.
- 9 ○ 50.00 percent of customers experience a bill increase of \$35.00 to \$40.00.

10 – Under Staff’s four-district tariff consolidation proposal, customer bill impacts
11 within each group range from a decrease of \$25.00 to an increase of \$30.00.

12 Specifically,

- 13 ○ 20.00 percent of customers experience a bill reduction of \$10.00 to \$25.00.

¹⁶ Percentages and bill changes are approximations.

- 1 ○ 20.0 percent of customers do not experience a bill increase or decrease.
- 2 ○ 50.00 percent of customers experience a bill increase of \$15.00 to \$25.00.
- 3 ○ 10.00 percent of customers experience a bill increase of \$30.00.
- 4 – Under OPC’s no consolidation proposal, all customers experience a bill increase of
- 5 approximately \$8.00.

6 **Q. Does this conclude your rebuttal 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 Authority)
to Implement a General Rate Increase for Water) **File No. WR-2023-0006**
Service and Sewer Service Provided in Missouri)
Service Areas.)

VERIFICATION OF TIMOTHY S. LYONS

STATE OF VERMONT)
)
COUNTY OF CHITTENDON)

I, Timothy S. Lyons, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is Timothy S. Lyons. I am employed by ScottMadden, Inc. as Partner. I have been retained by Confluence Rivers Utility Operating Company, Inc. to provide testimony in this case.
2. My rebuttal testimony on behalf of Confluence Rivers Utility Operating Company, Inc. is attached to this verification.
3. My answers to each question in the attached rebuttal testimony are true and correct to the best of my knowledge, information, and belief.

/s/ Timothy S. Lyons
Timothy S. Lyons

June 29, 2023
Date