

Exhibit No.:
Issue: Rate Design
Witness: Brian C. Collins
Type of Exhibit: Direct Testimony
Sponsoring Party: Sunnydale Properties, LLC
Case No.: WR-2020-0344
Date Testimony Prepared: December 9, 2020

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

**In the Matter of the Application of Missouri-
American Water Company's Request for
Authority to Implement General Rate
Increase for Water and Sewer Service
Provided in Missouri Service Areas**

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) **Case No. WR-2020-0344**
)
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Direct Testimony of

Brian C. Collins

On behalf of

Sunnydale Properties, LLC

December 9, 2020



Project 10995.3

**BEFORE THE PUBLIC SERVICE COMMISSION
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STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

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Affidavit of Brian C. Collins

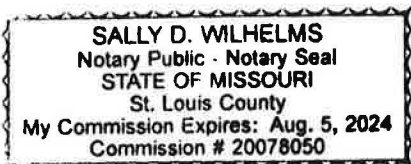
Brian C. Collins, being first duly sworn, on his oath states:

1. My name is Brian C. Collins. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Sunnydale Properties, LLC in this proceeding on its behalf.
2. Attached hereto and made a part hereof for all purposes is my direct testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. WR-2020-0344.
3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



Brian C. Collins

Subscribed and sworn to before me this 9th day of December, 2020.





Notary Public

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Direct Testimony 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?**

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

7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8 A This information is included in Appendix A to this testimony.

9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10 A This testimony is presented on behalf of Sunnydale Properties, LLC ("Sunnydale").
11 Sunnydale manages a community of nearly 300 manufactured homes in St. Charles,
12 Missouri, and is a high-volume customer of Missouri-American Water Company
13 ("MAWC" or "Company").

**Brian C. Collins
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1 **Q WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A Sunnydale disputes the rate classification proposed by MAWC for the billing of water it
3 purchases from MAWC. The purpose of my testimony is to describe how Sunnydale
4 receives water service from MAWC and why it is appropriate for Sunnydale to be billed
5 for future water service under MAWC's existing Rate J. In the alternative, to the extent
6 MAWC moves to a Rate J1 and Rate L structure, it is appropriate for Sunnydale to be
7 billed for future water service under MAWC's Rate J1.

8 **Q DID MAWC RECENTLY DESIGNATE SUNNYDALE AS A RATE A CUSTOMER?**

9 A Yes. On July 29, 2019, Sunnydale received notice from MAWC that it was being moved
10 from Rate J to Rate A. According to the notice, this change came as the result of an
11 MAWC audit which asserted Sunnydale was ineligible for Rate J due to use of water in
12 residences.

13 **Q HOW LONG WAS SUNNYDALE A RATE J CUSTOMER PRIOR TO MAWC'S**
14 **NOTICE OF RATE CHANGE IN JULY OF 2019?**

15 A Sunnydale has been a Rate J customer since May 2009. Prior to MAWC's notice, it is
16 my understanding that MAWC had not indicated to Sunnydale that there were any
17 issues with the rate classification of Sunnydale's water service during the 10-year
18 period May 2009 to July 2019.

1 Q DOES SUNNYDALE OBJECT TO MAWC'S RATE DESIGNATION FOR
2 SUNNYDALE?

3 A Yes. Sunnydale objects to being designated a Rate A customer going forward because
4 Sunnydale does not receive residential water service. It receives water service from
5 MAWC as a customer with service and billing provided via a single 6-inch meter.

6 Q DO RESIDENCES RECEIVE RESIDENTIAL SERVICE UNDER MAWC'S TARIFF?

7 A Yes.

8 Q WHAT IS MAWC'S TARIFF DEFINITION OF RESIDENTIAL SERVICE?

9 A Under its current tariff, 2nd Revised Sheet No. R 6, MAWC defines "residential service"
10 as follows:

11 *Individually metered residences.* Residences are defined as
12 consisting of one or more rooms, with space for eating, living, sleeping
13 and permanent provision for cooking and sanitation. (emphasis added)

14 Please note that this same definition was included in MAWC's tariffs in effect in 2009.

15 Q DOES SUNNYDALE MEET MAWC'S TARIFF DEFINITION OF RESIDENTIAL
16 SERVICE?

17 A No, it does not. Sunnydale's nearly 300 manufactured homes in its community are not
18 individually metered. In addition to its manufactured homes, Sunnydale also receives
19 water service from MAWC via its single 6-inch water meter for other facilities in its
20 community, including a community swimming pool and clubhouse. These facilities also
21 are not individually metered.

1 **Q HOW IS A TYPICAL RESIDENTIAL CUSTOMER PROVIDED RESIDENTIAL**
2 **SERVICE FROM MAWC?**

3 A A typical residential customer receives service via a 5/8 inch or 3/4 inch meter and via
4 the smaller sized mains on MAWC's system. This is in contrast to Sunnydale which
5 receives services for its entire community via a single 6-inch meter.

6 **Q IS IT TYPICAL FOR RESIDENTIAL SERVICE TO BE PROVIDED BY MAWC**
7 **THROUGH A 6-INCH METER?**

8 A No, it is not. For example, as shown in LaGrand Schedule BWL – 3, page 91 of 115,
9 included in MAWC's filing related to services outside St. Louis County, on an annual
10 basis, MAWC primarily serves residential customers via a 5/8-inch meter (1,279,073
11 total monthly customer meter billings in the base year). The largest meter sizes only
12 had 36 billings (3-inch meter) and 2 billings (8-inch). There were no residential
13 customer meter billings for 6-inch meters.

14 **Q BASED ON YOUR REVIEW OF THE NATURE OF RESIDENTIAL SERVICE UNDER**
15 **MAWC'S TARIFF, DOES SUNNYDALE RECEIVE RESIDENTIAL SERVICE?**

16 A No. Sunnydale's entire community is served by MAWC via a single 6-inch meter and
17 does not utilize the smallest mains on the Company's distribution service like a typical
18 residential customer who receives residential service from MAWC. In addition,
19 Sunnydale maintains its own distribution system on its property used to provide water
20 service to all of its manufactured homes and other facilities in its community that utilize
21 water. Finally, as previously indicated, the nearly 300 units at Sunnydale are not
22 individually metered.

1 **Q ARE THERE OTHER BUSINESSES SIMILAR TO SUNNYDALE THAT ARE**
2 **CURRENTLY ON RATE J?**

3 A Yes. Many independent living facilities are currently on Rate J, as shown in MAWC's
4 CONFIDENTIAL response to MPSC Data Request 0226. Like Sunnydale, these
5 entities each have a single master meter, and provide water for the individual residents
6 at their respective facility as well as community facilities.

7 **Q WHY IS IT JUST AND REASONABLE FOR A HIGH VOLUME CUSTOMER SERVED**
8 **BY A SINGLE METER TO PAY RATE J (LOWER RATES) RATHER THAN RATE A?**

9 A Rate A customers are more expensive to serve than Rate J customers. Unlike Rate J
10 customers with large usage volumes, Rate A customers utilize the smallest mains on
11 the Company's distribution system, which adds to the cost to serve them. In addition,
12 unlike Rate J customers, Rate A customers tend to have peakier water usage profiles,
13 which also adds to the cost to serve them. As a result, Rate A is appropriately priced
14 higher than Rate J due to cost of service.

15 Rate A is available for residential customers, as well as low volume commercial
16 and industrial customers that do not qualify for Rate J. Sunnydale is neither a
17 residential customer nor a low volume commercial or industrial customer. Unlike a
18 typical residential customer, Sunnydale is not served by the smallest mains, and its
19 usage is more consistent than a typical residential user. Therefore, Rate A is
20 inappropriate for Sunnydale. Because Sunnydale meets the qualifications for Rate J,
21 Rate J is a just and reasonable rate for Sunnydale.

1 Q ARE THERE OTHER DEFINITIONS IN THE MAWC TARIFF RELEVANT TO
2 RESIDENTIAL SERVICE THAT SHOULD BE NOTED?

3 A Yes. Rates are available to a "customer" on the customer's "premises." The definition
4 of "customer" and "premises" are in particular relevant to residential service.

5 Q WHAT IS THE DEFINITION OF CUSTOMER UNDER MAWC'S TARIFF?

6 A Under MAWC's current tariff, customer is defined as the following:

7 "Customer": Any person, group of persons, firm, business, municipality,
8 or other entity who has complied with all of the following:

- 9 a) Has applied for and has been accepted for water service, and
10 b) Has assumed the obligation for payment of water service
11 covered under one or more of the applicable rate schedules of
12 the Company, and
13 c) Is not in violation at the time accepted as a new Customer of any
14 of the applicable Rules and Regulations of the Company,
15 Federal and/or State regulatory agencies.
16 d) If required, the Company has set a meter at the premises to be
17 served, and
18 e) Water has been turned on by the Company for a metered water
19 service line, or, when a tap is made for a private fire protection
20 service.

21 Q DO SUNNYDALE'S INDIVIDUAL MANUFACTURED HOMES MEET THIS
22 DEFINITION OF CUSTOMER UNDER THE MAWC TARIFF?

23 A No. In particular, each individual unit in the Sunnydale community has not assumed
24 the obligation for payment for water service to MAWC as required under part b. above.
25 As a result, because each individual unit in the Sunnydale community does not receive
26 individually metered residential service from MAWC, each individual unit in the
27 Sunnydale community is not a residential customer of MAWC. In addition, none of the

1 nearly 300 manufactured homes have applied for service from MAWC. Sunnydale is
2 the sole applicant for service from MAWC.

3 Clearly, under this definition, Sunnydale, as the sole applicant and recipient of
4 service from MAWC, takes responsibility for paying the bill for water service from
5 MAWC.

6 **Q WHAT IS THE DEFINITION OF PREMISES UNDER MAWC'S TARIFF?**

7 A Under MAWC's current tariff, premises is defined, in part, as the following:

8 "Premises": The standard unit of service of the Company. A "premises"
9 as used herein shall include the following:

10 a) A building of one or more stories, owned or leased and occupied
11 as a single residence and served by its own separate water
12 meter.

13 **Q DO SUNNYDALE'S INDIVIDUAL MANUFACTURED HOMES MEET THIS**
14 **DEFINITION OF PREMISES?**

15 A No, they do not. Each unit in the Sunnydale community is not individually metered
16 under a separate water meter from MAWC and as a result, does not meet the definition
17 of premises.

18 **Q WHAT QUALIFICATIONS ARE REQUIRED FOR SERVICE UNDER EXISTING**
19 **RATE J?**

20 A Rate J is a large user rate applicable to customers using more than 450,000 gallons
21 per month, where usage is fairly constant throughout the year, and usage is not for
22 residential, irrigation, or construction use.¹

¹Direct Testimony of Charles B. Rea at 32.

1 **Q IS IT YOUR POSITION THAT ALL COMMUNITIES OF MANUFACTURED HOMES**
2 **SHOULD BE ON RATE J?**

3 A No. Rate J is only available to large volume users with usage of at least 450,000
4 gallons per month. Only customers with this large volume use would qualify for Rate J.²

5 **Q SHOULD THE EXISTING RATE J CONTINUE, WOULD SUNNYDALE MEET THE**
6 **REQUIREMENTS FOR RATE J?**

7 A Yes. Sunnydale's monthly usage is in excess of 1,200,000 gallons. In addition,
8 Sunnydale's average daily usage is fairly constant.

9 **Q BASED ON YOUR REVIEW OF MAWC'S TARIFFS, SUNNYDALE'S USAGE AND**
10 **THE CIRCUMSTANCES RELATED TO ITS WATER SERVICE FROM MAWC, DOES**
11 **SUNNYDALE QUALIFY FOR SERVICE UNDER EXISTING RATE J?**

12 A Yes. Sunnydale's individual manufactured homes are not individually metered and fail
13 to meet the definition of either a customer or premises in order to receive residential
14 service. Sunnydale meets the usage characteristics required by MAWC for water
15 service under Rate J. As a result, Sunnydale qualifies as a Rate J customer and should
16 appropriately receive water service under Rate J from MAWC.

17 **Q BASED ON YOUR REVIEW OF MAWC'S TARIFFS, SUNNYDALE'S USAGE AND**
18 **THE CIRCUMSTANCES RELATED TO ITS WATER SERVICE FROM MAWC, DOES**
19 **SUNNYDALE QUALIFY FOR SERVICE UNDER PROPOSED RATE J1?**

20 A Yes. Sunnydale's individual manufactured homes are not individually metered and fail
21 to meet the definition of either a customer or premises in order to receive residential

²*Id.*

1 service. Sunnydale meets the usage characteristics required by MAWC for water
2 service under existing Rate J, but not for Rate L. As a result, Sunnydale qualifies as a
3 Rate J1 customer and should appropriately receive water service under Rate J1 from
4 MAWC.

5 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 **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 Principal with the firm of
6 Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

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

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

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

Brian C. Collins
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1 allocation of wholesale purchased power costs to retail and wholesale customers for
2 use in the monthly fuel adjustment.

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

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

24 BAI was formed in April 1995. BAI and its predecessor firm has participated in
25 more than 700 regulatory proceedings in forty states and Canada.

Brian C. Collins
Appendix A
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1 BAI provides consulting services in the economic, technical, accounting, and
2 financial aspects of public utility rates and in the acquisition of utility and energy
3 services through RFPs and negotiations, in both regulated and unregulated markets.
4 Our clients include large industrial and institutional customers, some utilities and, on
5 occasion, state regulatory agencies. We also prepare special studies and reports,
6 forecasts, surveys and siting studies, and present seminars on utility-related issues.

7 In general, we are engaged in energy and regulatory consulting, economic
8 analysis and contract negotiation. In addition to our main office in St. Louis, the firm
9 also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

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