

<b>Exhibit No.:</b>	_____
<b>Issue(s):</b>	Line Extensions
<b>Witness/Type of Exhibit:</b>	Robinett/Surrebuttal
<b>Sponsoring Party:</b>	Public Counsel
<b>Case No.:</b>	WR-2022-0303

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**MISSOURI-AMERICAN WATER COMPANY**

CASE NO. WR-2022-0303

February 8, 2023

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

**CASE No. WR-2022-0303**

1 **Q. What is your name and what is your business address?**

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

3 **Q. Are you the same John A. Robinett who filed direct and rebuttal testimony on behalf of**  
4 **the Missouri Office of the Public Counsel (“OPC”) in this proceeding?**

5 A. Yes.

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

7 A. In this testimony, I will respond to the rebuttal testimony of Staff witness Daronn A.  
8 Williams and discuss Staff’s position on Missouri American Water Company’s  
9 (“MAWC”) line extension policy changes.

10 **Q. Before you begin testimony are there any definitions you need to discuss?**

11 A. Yes. It is necessary to define the mathematical terms: mean, median, mode, and range.

12 **Q. How is the mathematical term *mean* defined?**

13 A. The mean is the average of all of the numbers in a data set.

14 **Q. How is the mathematical term *median* defined?**

15 A. The median is the middle number of the data set when placed in order. When an even  
16 number of data points exist in the data set, then the median is calculated by calculating the  
17 average between the two middle numbers in the data set.

18 **Q. How is the mathematical term *mode* defined?**

19 A. The mode is the number that appears the most in a data set.

20 **Q. How is the mathematical term *range* defined?**

21 A. Range is the largest number of a data set minus the smallest number of the data set.

1 **Line Extensions**

2 **Q. Does Staff in its rebuttal testimony support MAWC’s request to change its line extension**  
3 **tariff rules?**

4 A. Not fully. Staff witness Mr. Daronn A. Williams states that “Staff does not object to removing  
5 the 120-day time frame and does not object to the general effort of simplifying the refund  
6 program by using the same refund ratios for all districts, but does object to the 65:35 ratio.”<sup>1</sup>

7 **Q. Why does Mr. Williams not support the 65:35 ratio that MAWC has requested?**

8 A. At page 3 lines 5-7, Mr. Williams states that Staff objects to MAWC’s proposed 35% funding  
9 “because this amount is based on the maximum hypothetical refund for main extensions for  
10 all subdivisions from 2018 through 2022.”

11 **Q. Do you agree with Mr. Williams that MAWC’s proposed 35% funding is “based on the**  
12 **maximum hypothetical refund for main extensions for all subdivisions from 2018**  
13 **through 2022[?]”**

14 A. Yes.

15 **Q. Do you agree with Mr. Williams that this is a good rationale for rejecting MAWC’s 35%**  
16 **funding proposal?**

17 A. Yes. I agree with Mr. Williams’s recommendation that the Commission should reject  
18 MAWC’s 35% funding proposal. I also agree that the rationale provided by Mr. Williams is  
19 at least one good reason for doing so. However, as I will point out, Mr. Williams also relied  
20 on the information that serves as the reason he recommends the Commission reject MAWC’s  
21 recommendation.

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<sup>1</sup>Rebuttal Class Cost of Service/ Rate Design Testimony of Staff Witness Daronn A. Williams page 2 line 21 through page 3 line 7.

1 **Q. Is it correct that Mr. Williams references MAWC Schedule JTK-1 on page 3 lines 17**  
2 **and 18 as showing how MAWC arrived at its recommendation of 65:35?**

3 A. Yes.

4 **Q. Did Mr. Williams rely on Schedule JTK-1 for the development of Staff's position?**

5 A. Yes. Staff also made further changes to MAWC's Schedule JTK-1 in reaching its  
6 recommendation. Most of Mr. Williams's Schedule DAW-r2 is consistent with MAWC's  
7 Schedule JTK-1, but Mr. Williams added three additional columns: (1) "Total # of Lots Built  
8 by 2022," (2) "Actual Cost Paid by MAWC," and (3) "Actual MAWC Percent of Total."  
9 Staff calculated these amounts by, respectively (1) summing the total number of lots  
10 connected for each district over four years, (2) summing the total amounts MAWC paid on a  
11 district level over four years, (3) dividing the "Actual Cost Paid by MAWC" by MAWC's  
12 calculated "Total Cost of Developer Project."

13 **Q. Do you have any concerns about Schedule JTK-1 and/or Staff's Schedule DAW-r2 that**  
14 **was derived from it?**

15 A. Yes. I have several concerns related to Schedules JTK-1 and DAW-r2.

16 **Q. What is your first concern?**

17 A. My first concern is that St. Charles is not included as part of the St. Louis district<sup>2</sup> in Schedule  
18 JTK-1 or DAW-r2, and is instead listed as its own district included in a break-out of the group  
19 of non-St. Louis districts. This is not accurate. The information pertaining to St. Charles  
20 should be included with St. Louis and not considered a distinct and separate district.

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<sup>2</sup>Schedule JTK-1 and DAW-r2 use St. Louis district and St. Charles district, but the district listed in the tariffs is St. Louis Metro that is both St. Louis and St. Charles combined.

1 **Q. Do you have any evidence to support your claim that St. Charles should be included**  
2 **with the St. Louis district?**

3 A. Yes. Attached as Schedule JAR-S-1 is MAWC’s response to OPC data request 8511. MAWC  
4 responds that for tariff rule 23, St. Charles is considered part of the St. Louis district. It should  
5 therefore have been included with the St. Louis group and not have been used to calculate the  
6 non-St. Louis numbers.

7 **Q. Do you have any other issues with the Schedules?**

8 A. Yes, I have several. The first issue is that the work papers provided with direct testimony for  
9 Mr. Kaiser provide no information to support any of the calculations in Schedule JTK-1. It  
10 was only after Staff issued data request 0264 that MAWC provided the supporting data behind  
11 the calculations.

12 The second problem with these Schedules is that the four times revenue number for  
13 each district is hard coded in the Excel file. This provides no details about how MAWC  
14 reached each number, other than the assertion that it is four times MAWC’s estimated annual  
15 revenue for that district. For instance, the Excel file does not provide any detail regarding  
16 assumed usages per customer. It also does not detail why rates vary and why some are  
17 identical. Given that my understanding is that there are two rate districts for tariff rule 23—  
18 St. Louis Metro and the rest of the State—the only exception is potentially Mexico, as it is  
19 also my understanding that Mexico was placed on a pilot rate in MAWC’s last rate case.

20 The next issue with the Schedules deals with how MAWC and Staff have aggregated  
21 the data over four years. This is not how the tariff instructs MAWC to calculate the amount  
22 of its contribution to the individual projects. As the Schedules are calculated, MAWC  
23 calculated the “Total Cost of Developer Project” and “Total # of Lots Planned” columns for

1 each district by adding together multiple projects over four years. MAWC then calculated the  
2 hypothetical amount of its total contribution per district—listed as “Total MAWC  
3 Contribution Using 4\*Revenue”—by multiplying its determination of four times revenue for  
4 each district by the “Total # of Lots Planned.” The “Total MAWC Contribution Using  
5 4\*Revenue” is what Mr. Williams refers to as MAWC’s hypothetical maximum. MAWC  
6 then calculated the “MAWC % of Total Cost” by dividing the “Total MAWC Contribution  
7 Using 4\*Revenue” by the “Total Cost of Developer Project.” As can be seen, each of these  
8 numbers represents a hypothetical amount, calculated by looking at multiple projects and  
9 multiple years. Neither the “Total MAWC Contribution Using 4\*Revenue” nor “MAWC %  
10 of Total Cost” represent individual project totals. This is so even though per the tariff, MAWC  
11 must review and determine its contribution to these extensions on a project by project basis  
12 and not a sum total of all projects over a period of time.

13 Finally it does not appear from the Schedules that the column titled “MAWC % of  
14 Total Cost” takes into account the additional costs beyond MAWC’s calculation of four times  
15 revenue. My understanding is that for all project costs that exceed the amount MAWC  
16 calculates as four times revenue, MAWC funds those costs using the 95/5 or 86/14 sharing  
17 mechanisms depending on where the line extension is located. This means that the numbers  
18 reported in the column titled “MAWC % of Total Cost” may be significantly understated  
19 because MAWC did not take into account the amounts that it paid using the sharing  
20 mechanisms for project costs that exceed four times revenue.

1 **Q. Do you have any other concerns with the information MAWC provided in response to**  
2 **Staff data request 0264?**

3 A, Yes. The data for MAWC's contribution provided as part of the response to Staff data request  
4 number 0264 varies widely from 3.53% to 99.01%. This reinforces my concerns regarding  
5 the use of aggregated project data.

6 **Q. Given all of these concerns, do you find Mr. Williams's attempt to develop Schedule**  
7 **DAW-r2 based off of MAWC's Schedule JTK-1 to be reasonable?**

8 A, No.

9 **Q. Do you have other concerns with Mr. Williams's recommendation beyond its reliance**  
10 **on MAWC's Schedule JTK-1?**

11 A. Yes. I do not find Mr. Williams's recommendation to be logical or reasonable.

12 **Q. What did Mr. Williams recommend?**

13 A. Mr. Williams agrees with MAWC that the 120-day connection time frame should be  
14 eliminated. Additionally Mr. Williams supports consolidating the St. Louis district and the  
15 rest of the state down to a single district with a 25% maximum refund and zero triggering  
16 mechanisms. This means that MAWC will automatically pay 25% of the cost to extend  
17 service and there are no criteria that developers must meet to get a refund for part of the cost  
18 of the service line extension.

19 **Q. How did Mr. Williams arrive at this 25% refund recommendation?**

20 A. Based on my review of Mr. Williams's work papers, schedules, and rebuttal testimony, it is  
21 my understanding that Mr. Williams calculated his 25% recommendation by taking the mean  
22 of the median values found in the "MAWC % of Total Cost" column and his added column  
23 "Actual MAWC Percent of Total" (excluding the Total Non STL value).



1 **Q. That was a bit complex, can you please simplify.**

2 A. Certainly. The “MAWC % of Total Cost” column found in Mr. Williams’s Schedule DAW-  
3 r2 and MAWC’s Schedule JTK-1 represents the hypothetical maximum percentage of the  
4 total cost of developer projects that MAWC could have covered for each district, as calculated  
5 by MAWC.<sup>3</sup> Mr. Williams used the median value for this column, which he determined to be  
6 34.91%.

7 The “Actual MAWC Percent of Total” column found in Mr. Williams’s Schedule  
8 DAW-r2 represents the actual percentage of total project costs that MAWC refunded for each  
9 district, as calculated by Staff. Mr. Williams calculated the median value for this column to  
10 be 14.30%.

11 Mr. Williams’s recommended 25% is based on the mean of these two values:  
12  $((34.91\% + 14.30\%)/2 = 24.60\%)$ .

13 **Q. Why do you consider this to be an illogical or unreasonable approach?**

14 A. There are several reasons. First, all the problems with Schedule JTK-1 (and thus Staff’s  
15 Schedule DAW-r2, which is derived from Schedule JTK-1) that I discussed previously.

16 Second, Mr. Williams has not described why he decided to use the median values of  
17 the “MAWC % of Total Cost” and “Actual MAWC Percent of Total” columns instead of the  
18 mean value for those two data sets. This is especially true given that there is an even number  
19 of data points (8) in each set, which means that Mr. Williams’s median value is actually the  
20 mean of the two middle numbers of the data set when placed in order. This is important  
21 because a mean shows what the true average for a data set is, which better represents the data

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<sup>3</sup> Keep in mind that this value is a hypothetical because it considers multiple projects and multiple years, it does not represent the actual percentage of the cost of each project completed in each district on a project-by-project basis.

1 set as a whole. A median has no relevant purpose, it is a middle number of a set of data. The  
2 mean could differ wildly from the median if the number distributions are skewed one way or  
3 another.

4 Third, and perhaps most importantly, I do not understand why Mr. Williams based his  
5 recommendation on the mean of the median values of (a) what MAWC calculated as the  
6 theoretical maximum it could have contributed to projects in each district—the “MAWC %  
7 of Total Cost” column—and (b) what Staff determined the Company actually did spend on  
8 the projects completed in each district—the “Actual MAWC Percent of Total” column. Staff  
9 has provided no justification for recommending a mean of the medians of two data sets as  
10 opposed to using the mean of the actual values that Staff calculated.

11 It is ironic that Mr. Williams discusses rejecting the “maximum hypothetical amount  
12 MAWC could refund and not actual amounts it has refunded” and that “Staff would prefer to  
13 rely on historical data rather than hypothetical data” considering that Mr. Williams does the  
14 opposite to arrive at his recommendation. If Staff truly wants to rely on historical data rather  
15 than hypothetical data, it would rely on the “Actual Cost Paid by MAWC” and the “Actual  
16 MAWC Percent of Total” columns, instead of the hypotheticals MAWC calculated. These  
17 hypotheticals are what Staff cites as the reason the Commission should reject MAWC’s  
18 position. Mr. Williams’s recommendation consequently and perplexingly relies on the same  
19 data he recommends the Commission reject and not rely on.

20 **Q. In your opinion what should Staff have recommended to be conservative?**

21 A. A far better method is to utilize a simple mean of actuals that Staff calculated. According to  
22 Mr. Williams’s Schedule DAW-r2, this would mean an average company contribution of  
23 14.39% for the non-STL group and an average company contribution of 5.05% for the St.

1 Louis Metro area. This is consistent with what is already in place for these two districts, per  
2 MAWC's tariff rule 23. This further indicates why the existing line extension policy should  
3 be left alone.

4 **Q. Do you agree with Staff's claim that its position is a conservative approach?**

5 A. No. Staff's position is conservative only when it is compared to MAWC's request. Staff does  
6 not discuss its rationale behind its decision to recommend the mean of two median  
7 calculations where the underlying data sets result from aggregating multiple projects and  
8 multiple years and the median of one of the data sets (MAWC's request of 35%) Staff  
9 ultimately recommends the Commission not use. The most conservative approach Staff could  
10 have taken and still accomplished its stated goals would have been to maintain the 5%  
11 contribution for St. Louis and the 14% currently in effect for the rest of the state, while still  
12 eliminating the 120-day connection requirement.

13 **Q. Do you agree with Staff's statement that they prefer the conservative approach while  
14 being conscientious of this impact on MAWC's customers?**

15 A. Yes I agree with this statement, but it is my opinion that Staff did not accomplish this goal in  
16 its recommendation. OPC issued discovery to Staff seeking information on the studies it  
17 performed or did not perform to determine the cost effectiveness and impact on existing  
18 customers of the current approved tariff, MAWC's requested 35% refund, and Staff's  
19 recommended refund of 25%. Staff objected to these data requests and in those objections it  
20 states that Staff did not perform studies of the impact to existing customers of any of the  
21 recommendations.<sup>4</sup> I have attached Staff's objections as Schedule JAR-S-2.

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<sup>4</sup> Although I did not perform any studies on cost effectiveness, I am only seeking more information—in the form of a new report—to make an informed decision in a later case.

1 Staff also provided an Excel spreadsheet with its objections and responses to the data  
2 requests. I have attached the Excel file as Schedule JAR-S-2. This Excel file is not a study of  
3 how each of the recommendations would affect current customers. Rather, this is a math  
4 exercise to show that using Staff's recommended 25% would require MAWC to pay less than  
5 the 35% that MAWC requested. Based on this, Staff was "conservative" when compared to  
6 MAWC. However, this Excel file should be given zero consideration as Staff did not explain  
7 or provide any rationale for its 25% recommendation other than their statement discussed  
8 above.

9 Further, review of Staff's Excel file shows that Staff's 25% recommendation would  
10 have more than tripled the actual amount MAWC paid on these projects. It also shows that  
11 MAWC's 35% request would have quadrupled the amount MAWC actually paid.

12 If Staff and MAWC wish to make a change to MAWC's current line extension policy,  
13 they need to support and show that their recommendations are cost effective and do not harm  
14 existing customers. While it is easy for Staff to claim it is being conservative, it is an entirely  
15 different matter to make a recommendation without understanding or determining the impact  
16 of the changes on MAWC's customers.

17 **Q. Do you have additional concerns related to Staff's testimony?**

18 A. Yes. Staff stated: "Staff does not object to MAWC's efforts to simplify the refund process  
19 while remaining competitive and incentivizing residential developments in its service areas."<sup>5</sup>  
20 This statement, however, is illogical. MAWC is a regulated monopoly, and thus has no  
21 competition in providing service within its approved territory.

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<sup>5</sup> Rebuttal Class Cost of Service/ Rate Design Testimony of Staff Witness Daronn A. Williams page 5 lines 6 through 7.

1 **Q. At page 3 line 16 of his rebuttal testimony, Mr. Williams discusses MAWC not providing**  
2 **to Staff data related to homes being connected to water service within the 120-day time**  
3 **frame specified in MAWC's tariff. Are you aware of any recommendation that would**  
4 **alleviate this concern raised by Staff?**

5 A. Yes. As was discussed in my rebuttal testimony, I recommend the Commission order a  
6 reporting mechanism that will track various items related to the line extension policy. In that  
7 testimony, I recommended that the Commission order monthly reports for service line  
8 extensions in Excel format. This report should include a brief description of the extension(s);  
9 area/location name; total cost of the extension(s); MAWC's monetary contribution to the cost  
10 of the extension (as a total and percentage); number of connections made to each extension  
11 during the preceding month; revenue collected from new customers who connected to that  
12 service line and started taking service during the month and, separately, revenues from the  
13 customers who were already taking service on that extension; and finally usage data of each  
14 line extension. This information would allow parties to review whether the line extensions are  
15 cost effective and whether they are being subsidized by existing customers.

16 **Q. What do you recommend the Commission do in regards to MAWC's line extension**  
17 **policy?**

18 A. I recommend that the Commission deny not only MAWC's request to change its line  
19 extension rule, but deny Staff's recommendation as well. I make this recommendation for the  
20 very same reasons that Staff provided to explain why it did not support MAWC's request.  
21 Staff has itself relied on hypotheticals as a factor in calculating its recommendation as opposed  
22 to basing its calculation on the actual data it developed. Instead, the Commission should keep  
23 the tariff as it currently exists and order a reporting mechanism that will track various items

1 related to the line extension policy, as set forth in my rebuttal testimony. Specifically, I  
2 recommend that the Commission order monthly reports for all service line extensions in Excel  
3 format. This report should include a brief description of the extension(s); area/location name;  
4 total cost of the extension(s); MAWC's monetary contribution to the cost of the extension (as  
5 a total and percentage); number of connections made to each extension during the preceding  
6 month; revenue collected from new customers who connected to that service line and started  
7 taking service during the month and, separately, revenues from the customers who were  
8 already taking service on that extension; and finally usage data of each line extension. This  
9 information would allow parties to review whether the line extensions are cost effective and  
10 whether they are being subsidized by existing customers.

11 **Q. Does this conclude your surrebuttal testimony?**

12 **A.** Yes, it does.

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

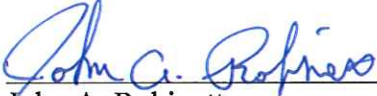
In the Matter of the Application of Missouri- )  
American Water Company’s Request for )  
Authority to Implement General Rate Increase ) Case No. WR-2022-0303  
for Water and Sewer Service Provided in )  
Missouri Service Areas )

**AFFIDAVIT OF JOHN A. ROBINETT**

STATE OF MISSOURI )  
  ) ss  
COUNTY OF COLE )

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist

Subscribed and sworn to me this 8<sup>th</sup> day of February 2023.



TIFFANY HILDEBRAND  
My Commission Expires  
August 8, 2023  
Cole County  
Commission #15637121

  
\_\_\_\_\_  
Tiffany Hildebrand  
Notary Public

My Commission expires August 8, 2023.