

Exhibit No.:
Issues: Cost of Service, Rate Design
Witness: Brian C. Collins
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Missouri Industrial Energy Consumers
Case No.: WR-2017-0285
Date Testimony Prepared: January 24, 2018

**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 Increase for
Water and Sewer Service Provided in
Missouri Service Areas**

Case No. WR-2017-0285

Rebuttal Testimony of

Brian C. Collins

On behalf of

Missouri Industrial Energy Consumers

January 24, 2018



Project 10440

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STATE OF MISSOURI)
)
) SS
COUNTY OF ST. LOUIS)

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 Missouri Industrial Energy Consumers in this proceeding on their behalf.

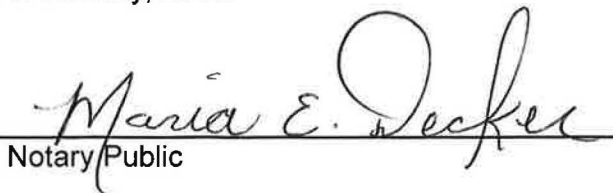
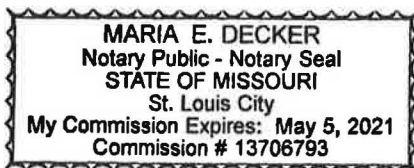
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. WR-2017-0285.

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 24th day of January, 2018.



Notary Public

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Rebuttal 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 ARE YOU THE SAME BRIAN C. COLLINS WHO PREVIOUSLY FILED**
5 **TESTIMONY IN THIS CASE?**

6 A Yes. On December 13, 2017, I filed direct testimony on behalf of the Missouri
7 Industrial Energy Consumers ("MIEC") regarding Missouri-American Water
8 Company's ("MAWC" or "Company") cost of service and rate design. .

9 **Q ON WHOSE BEHALF ARE YOU SPONSORING THIS TESTIMONY?**

10 A I am filing this rebuttal testimony on behalf of MIEC.

11 **Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12 A The purpose of my testimony is to reply to the direct testimony presented on behalf of
13 the City of Riverside ("Riverside"), the Office of the Public Counsel ("OPC"), the
14 Missouri Public Service Commission Staff ("Staff"), and the Cities of St. Joseph,
15 Joplin, Jefferson City, and Warrensburg, Missouri ("Cities").

**Brian C. Collins
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1 Q **WHAT IS THE SUBJECT MATTER OF THIS REBUTTAL TESTIMONY?**

2 A I will address consolidated pricing in establishing the Company's rates in this rate
3 case as well as provide some additional clarification for my class revenue allocation
4 and rate design proposal presented in my direct testimony.

5 Q **HAVE YOU REVIEWED THE TESTIMONY PRESENTED ON BEHALF OF THE
6 CITY OF RIVERSIDE?**

7 A Yes, I have reviewed the testimony of Mayor Kathleen L. Rose on behalf of Riverside.
8 Mayor Rose supports consolidating all of the Company's customers into a single
9 pricing district for the purpose of establishing the Company's rates in this case.

10 Q **WHAT WAS YOUR POSITION IN DIRECT TESTIMONY WITH RESPECT TO
11 CONSOLIDATED PRICING FOR THE COMPANY?**

12 A As indicated in my direct testimony, I am opposed to consolidated pricing because it
13 does not best reflect cost causation on the Company's system.

14 Q **BASED ON YOUR REVIEW OF RIVERSIDE'S TESTIMONY, HAS YOUR POSITION
15 CHANGED?**

16 A No, it has not. As in my direct testimony, I recommend that the Company's pricing
17 districts, as approved by the Commission in the last rate case, continue to be used to
18 establish rates for the Company's customers in this case.

19 Q **HAVE YOU ALSO REVIEWED THE DIRECT TESTIMONY OF OPC AND STAFF
20 WITH RESPECT TO COST OF SERVICE AND RATE DESIGN?**

21 A Yes, I have.

1 Mr. Geoff Marke indicates in his testimony on behalf of OPC that he is also
2 opposed to consolidated pricing for this rate case.

3 Consistent with my recommendation in direct testimony, Staff recommends
4 that the three pricing districts established in the last rate case continue to be used for
5 establishing rates in this case.

6 **Q HAVE YOU REVIEWED THE DIRECT TESTIMONY OF MR. MICHAEL J.**
7 **MCGARRY, SR. ON BEHALF OF THE CITIES?**

8 A Yes, I have. Mr. McGarry opposes consolidated pricing and recommends that rates
9 for the Company be established based on the eight pricing districts in place prior to
10 the Company's rate case in WR-2015-0301.

11 **Q DO YOU OPPOSE THE CITIES' RECOMMENDATION FOR EIGHT PRICING**
12 **DISTRICTS?**

13 A No, I do not oppose the Cities' recommendation. In fact, in the last MAWC rate case,
14 the MIEC recommended that the eight pricing districts be maintained.

15 **Q DO YOU HAVE ANY ADDITIONAL CLARIFICATION WITH RESPECT TO YOUR**
16 **CLASS REVENUE ALLOCATION AND RATE DESIGN PROPOSAL PRESENTED**
17 **IN YOUR DIRECT TESTIMONY?**

18 A Yes, I do.

19 In direct testimony, I proposed that each rate class at proposed rates be
20 brought to its respective cost of service as calculated by my colleague, Ms. Jessica
21 York. As shown on Schedule BCC-2 of my direct testimony, under my proposed
22 class revenue allocation, and at the Company's claimed revenue deficiency, Rate J

1 customers would receive an increase of \$2,115,835. This is about \$392,000 less than
2 the Company's proposed revenue increase of \$2,507,642 for Rate J customers on a
3 statewide basis. I recommended accepting the Company's proposed customer
4 charge revenues, and reducing the Company's proposed commodity charge revenue
5 for Rate J customers by about \$392,000 to bring Rate J to cost of service on a
6 statewide basis, based on the results of Ms. York's class cost of service study.

7 Based on the purchased power expense for Rate J in each District, provided
8 in the Company's response to MIEC Data Request 2-2, I recommend that the
9 \$392,000 statewide reduction to the Company's proposal for Rate J customers be
10 applied 54% to District 1 Rate J customers, 24% to District 2 Rate J customers, and
11 22% to District 3 Rate J customers.

12 This would reduce the commodity charge revenue for District 1 Rate J
13 customers by approximately \$211,680.

14 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

15 **A** Yes, it does.

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