Exhibit No.: Issue(s): Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

Depreciation Amanda Coffer MoPSC Staff Surrebuttal Testimony WR-2023-0006 July 21, 2023

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY

OF

AMANDA COFFER

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

Jefferson City, Missouri July 2023

1	SURREBUTTAL TESTIMONY OF				
2	AMANDA COFFER				
3	CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.				
4	CASE NO. WR-2023-0006				
5	Q. Please state your name and business address.				
6	A. My name is Amanda Coffer, and my business address is Missouri Public Service				
7	Commission, P.O. Box 360, Jefferson City, Missouri, 65102.				
8	Q. Are you the same Amanda Coffer who filed direct testimony in this case on				
9	May 26, 2023?				
10	A. Yes I am.				
11	Q. What is the purpose of your surrebuttal testimony?				
12	A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony				
13	of the Office of the Public Counsel ("OPC") witness John A. Robinett and the rebuttal testimony				
14	of Confluence Rivers Utility Operating Company, Inc. ("Confluence") witness Ned W. Allis.				
15	Q. In his testimony, Mr. Robinett calls into question your reasoning for utilizing				
16	the depreciation rates of Missouri-American Water Company ("MAWC") over other Class A				
17	water and sewer companies. Do you have any additional rationale to provide?				
18	A. Yes. There were no previously ordered depreciation rates for Confluence water				
19	accounts 317, 344, and 398 or sewer accounts 365 and 398 so I utilized the same depreciation				
20	rates that MAWC uses for those accounts. In my direct testimony, I justify my use of these				
21	rates because both Confluence and MAWC are Class A water and sewer companies.				
22	Mr. Robinett specifically mentions Liberty, Raytown, and Timber Creek, all of which are				
23	Class A utilities. Of those four options, MAWC is the only company that has depreciation rates				

Surrebuttal Testimony of Amanda Coffer

- ordered for all of those accounts. I have included the depreciation rates for all four companies 1
- 2 in the table below:
- 3

	MAWC	Liberty	Raytown	Timber Creek
Water				
317	5%	No ordered rate	No ordered rate	n/a
344	1.56%	No ordered rate	No ordered rate	n/a
398	6.43%	No ordered rate	No ordered rate	n/a
Sewer				
365	4%	No ordered rate	n/a	No ordered rate
398	6.7%	5%	n/a	No ordered rate

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5 Q. Mr. Allis mentions in his rebuttal testimony that two of the primary inputs to calculate depreciation rates, service lives and net salvage, are based on a combination of 6 7 statistical analyses of historical data as well as professional judgment that incorporates the extensive experience of the experts performing the studies.¹ Do you agree? 8

9 A. Yes. However, Confluence was unable to provide the historical data for service 10 lives and net salvage. Therefore, Mr. Allis used data from "similar utilities" to estimate service 11 life and net salvage. Although professional judgement is needed when performing a 12 depreciation study, an expert should still be able to provide justification for their decision 13 making process.

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Q. Did Mr. Allis provide justification for his decision making process?

15 A. No. In response to OPC's Data Request No. 8504, Confluence provided a list 16 of the "similar utilities", along with life, net salvage, and survivor curve type, for each account. 17 However, it was not apparent how the provided data was used to determine the estimates that Mr. Allis used for the depreciation study and no explanation was provided. The list contained

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¹ Rebuttal testimony of Ned W. Allis, page 4, line 28 through page 5, line 4.

Surrebuttal Testimony of Amanda Coffer

life data, survivor curve type, and net salvage data by account for 35 water companies and
19 sewer companies. The data used by Mr. Allis in his depreciation study does not match that
of any individual company listed and there were no calculations provided.

4 Staff requested additional clarification regarding the response to OPC Data Request 5 No. 8504 in Staff Data Request No. 0265. No quantitative explanation or additional 6 workpapers were provided. The response stated, "Each of the service life and net salvage 7 estimates were determined based on Mr. Allis's experience and judgment..." If Mr. Allis used 8 the data provided in OPC Data Request No. 8504, he should be able to explain how he used it. 9 Additionally, there were a number of accounts that Confluence uses for which there was no 10 data included in the response to OPC Data Request No. 8504 and no explanation or additional 11 workpapers were provided to explain this in response Staff Data Request No. 0265. Mr. Allis 12 should be able to explain how he used the data provided in OPC Data Request No. 8504 and 13 what data he used for the accounts that were not included in that data; water accounts 312, 313, 14 314, 316, 317, 321, 323, 325, 325.1, 325.2, 328, 390, 391, 391.1, 392, 393, 394, 395, 396, 397, 15 398; and sewer accounts 351, 352.1, 352.2, 353, 370.1, 372, 372.1, 373, 374, and 399.

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Q. Does this conclude your surrebuttal testimony?

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- A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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In the Matter of Confluence Rivers Utility Operating Company, Inc.'s Request for Authority to Implement a General Rate Increase for Water Service and Sewer Service Provided in Missouri Service Areas

Case No. WR-2023-0006

AFFIDAVIT OF AMANDA COFFER

STATE OF MISSOURI)) ss. COUNTY OF COLE)

COMES NOW AMANDA COFFER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Amanda Coffer*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this $19\frac{14}{10}$ day of July 2023.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: April 04, 2025 Commission Number: 12412070

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