

Exhibit No.: _____
Issue(s): Rate Design/Class Cost of Service (CCOS)
Witness/Type of Exhibit: Seaver/Direct
Sponsoring Party: Public Counsel
Case No.: WR-2023-0006

DIRECT TESTIMONY

OF

JORDAN SEAVER

Submitted on Behalf of the Office of the Public Counsel

**CONFLUENCE RIVERS UTILITY
OPERATING COMPANY, INC.**

CASE NO. WR-2023-0006

June 8, 2023

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**DIRECT TESTIMONY
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CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

CASE No. WR-2023-0006

1 **I. INTRODUCTION**

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

3 A. My name is Jordan Seaver, and my business address is 200 Madison Street, Governor Office
4 Building, Suite 650, Jefferson City, MO 65102.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Office of Public Counsel (“OPC”) as a Policy Analyst.

7 **Q. Have you previously testified before the Missouri Public Service Commission?**

8 A. Yes. See Schedule JS-D-1 for my past case participation.

9 **Q. What are your work and educational backgrounds?**

10 A. I have been employed as a Policy Analyst by OPC since January 2022. I have attended
11 Michigan State University’s Institute of Public Utilities (“IPU”) Accounting and
12 Ratemaking Course, as well as the National Association of Regulatory Utility
13 Commissioners (“NARUC”) Rate School. I previously worked as a Legal Assistant for
14 Cascino Vaughan Law Offices for 7 years. I have a Master of Arts in Philosophy from the
15 University of Wyoming, and a Bachelor of Arts in Philosophy from the University of
16 Illinois at Chicago.

17 **II. CLASS COST OF SERVICE STUDY**

18 **Q. What is the purpose of your Direct testimony?**

19 A. The purpose of this testimony is to provide a class cost of service study (“CCOS”) for the
20 revenue requirement of Confluence Rivers (“The Company”) in this case, and to offer rate
21 design options for the Commission to choose from.

22 **Q. What is a CCOS?**

23 A. A CCOS is the allocation of costs to different classes based on the cost of serving those
24 classes. The required increase in revenue is divided among the classes by determining the

1 cost to serve said classes. Providing a CCOS allows the Commission to decide how to
2 apportion the revenue requirement to the different classes by increasing rates.

3 **Q. Did you prepare a CCOS for both the Company's water and sewer operations?**

4 A. Yes, I did prepare a CCOS for both water and sewer operations.

5 **Q. What is the rate of return ("ROR") used for the revenue requirement for your**
6 **CCOS?**

7 A. The ROR used for the revenue requirement is 7.77%. This is taken from David Murray's
8 direct testimony in this case.

9 **Q. What is the increase in the revenue requirement ("RR") that you used for the CCOS**
10 **in this case?**

11 A. Based on the Net Original Cost Rate Base in Staff's Consolidated Accounting Schedules
12 filed in this case and Mr. Murray's ROR of 7.77%, the net RR I used is \$1,591,485.70.

13 **Q. How are the costs used to calculate rates?**

14 A. The CCOS is used to assign the costs to the different classes based on the causation of
15 costs, which is used to determine the increase in both fixed and usage charges for metered
16 water, and fixed charges for unmetered water and for sewer service. I have attempted to
17 keep the increase in rates lower for most systems and for every class, where possible.

18 **Q. What is the current rate structure for water service?**

19 A. There are currently two classes of customers for water service. One is metered and the
20 other is unmetered. The metered customers have a fixed charge and a usage charge. The
21 unmetered customers only have a fixed charge. Some of the metered customers have a
22 minimum usage of 2,000 gallons included in the fixed charge.

23 **Q. Are there a range of charges for each water customer class?**

24 A. Yes. For metered customers there are currently a range of fixed and usage charges. For
25 unmetered customers there are also a range of fixed charges.

1 **Q. Are you proposing to keep the range of charges or to consolidate them into single**
2 **tariff pricing?**

3 A. I am offering multiple options for rate design, some of which would keep the range of
4 different rates, some of which change the service to single tariff pricing. These options
5 also take into account different apportionments of the revenue requirement to metered and
6 unmetered customers, and between water and sewer service. I provide these options as a
7 way to see the different impacts of rates on each customer class and to each system.

8 **Q. What were the results of the water CCOS?**

9 A. As stated above, the revenue requirement increase is \$1,591,485.70. The portion of this
10 applied to water service is \$636,594, which is 40% of the total RR. Following is a breakdown
11 of the watered portion between metered and unmetered customers.

12 Metered water service—\$381,957 (60%)

13 Unmetered water service--\$254,638 (40%)

14 **Q. What were the results of the sewer CCOS?**

15 A. The results of the sewer CCOS show that sewer should receive 60% of the RR, or \$954,891.

16 **III. RATE DESIGN**

17 **Q. Can you explain the different rate design options that you have provided?**

18 A. Yes. I have divided the rate options as follows:

- 19 • Water—“1Metered” and “2Metered”, “1Unmetered” and “2Unmetered”
- 20 • Sewer—“1Sewer” and “2Sewer”.

21 The difference between the “1” and “2” options is the percentage of the RR apportioned to
22 water and sewer. In the “1” options the *water* apportionment is \$636,594, or 40%, making
23 the **metered** portion of the RR \$381,957, which is 60% of the *water* portion, and the
24 **unmetered** portion \$254,638, or 40% of the *water* portion. The *sewer* apportionment in the
25 “1” options is \$954,891, which is 60% of the overall RR increase.

1 In the “2” option the *water* portion of the RR is 70%, making it \$1,114,040. The **metered**
2 portion in the “2” options is \$668,424, which is 60% of the *water* portion, and the **unmetered**
3 portion in the “2” options is \$445,616, which is 40%. The *sewer* apportionment in the “2”
4 options is \$77,446, which is 30% of the RR increase.

5 The “1Metered” options are as follows:

- 6 • Option 1: All fixed charges are decreased by \$2.00, and the usage charges are
7 fixed at \$8.66. This option keeps the revenues for most of the systems
8 unchanged, but does see increases between 17% and 31% for commercial
9 customers in the Terre Du Lac system.
- 10 • Option 2: All fixed charges are increased by \$9.00, and all usage charges are
11 increased by \$0.20. The revenues of all systems and customer types are
12 increased by this option, but the biggest increases at 13% are seen in the Port
13 Perry system.
- 14 • Option 3: All fixed charges are set at \$15.00, and all usage charges are set at
15 \$12.60. This option decreases revenues for most systems. The increased
16 revenues come mostly from the Port Perry and Terre Du Lac systems.

17 The “2Metered” options are as follows:

- 18 • Option 1: All fixed charges are set at \$20.00 and all usage charges are set at
19 \$13.45. This option has the most varied amount of increased and decreased
20 revenues across systems, but also within systems for different customer types.

21 The “1Unmetered” options are as follows:

- 22 • Option 1: This option divides the unmetered portion of the water portion of
23 the RR by the total number of bills and sets all fixed charges at \$72.50.
24 Revenues of most systems don’t increase under this option, but there are
25 significant increases in revenues from Cedar Green, Glen Meadows, Missing

1 Well, Prairie Heights, and Spring Branch systems of greater than or equal to
2 20%.

- 3 • Option 2: This option increases all fixed charges by \$21.00. All revenues see
4 an increase, but most of the increased revenues come from Cedar Green, Glen
5 Meadows, Missing Well, Prairie Heights, and Spring Branch systems.
- 6 • Option 3: This option increases all residential fixed charges by different
7 amounts (depending on the current revenue), and increases all commercial
8 customer fixed charges to \$100.00. The multifamily Rate Area 2 is increased
9 to \$83.00. This option attempts to spread out the revenue increase across
10 classes without having any significantly higher differences in revenues for
11 specific systems.

12 The “1Sewer” options are as follows:

- 13 • Option 1: This option changes sewer service to single tariff pricing and sets
14 the fixed charge for all systems to \$66.70.
- 15 • Option 2: This option divides the sewer portion of the RR increase by the total
16 number of bills, which increases all fixed charges by \$17.00.

17 The “2Sewer” options are as follows:

- 18 • Option 1: This option divides the sewer portion of the RR increase by the total
19 number of bills, which increases all fixed charges by \$8.45.

20 **Q. Do you recommend one of the rate design options for water and sewer service?**

21 A. For water, I recommend “1Metered—Option 2” and “1Unmetered—Option 2”. For sewer I
22 recommend “1Sewer—Option 2”.

1 **Q. Can you explain why you recommend these options over the others you have offered?**

2 A. Yes. The options that I recommend avoid the change to single tariff pricing. Although these
3 options have a revenue increase for all systems, for all customer types, they also have a lower
4 revenue increase for all systems than the single tariff pricing options. Thus, I have chosen
5 these options because by increasing each system individually based on spreading out the
6 increase in rates, it avoids very large increases in revenues for some systems that the single
7 tariff pricing options cause.

8 **Q. What is your recommendation generally regarding the options you have provided?**

9 A. I recommend that the Commission choose the options I specifically recommend above.
10 Generally, I recommend that the Commission choose an option for rate design that is not
11 single tariff pricing.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

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

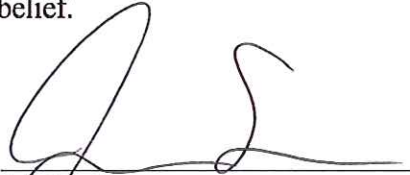
In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for)
Authority to Implement a General Rate Increase) Case No. WR-2023-0006
for Water Service and Sewer Service Provided in)
Missouri Service Areas)

AFFIDAVIT OF JORDAN SEAVER

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Jordan Seaver, of lawful age and being first duly sworn, deposes and states:

1. My name is Jordan Seaver. I am a Policy Analyst for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct 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.

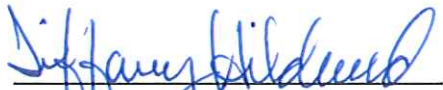


Jordan Seaver
Policy Analyst

Subscribed and sworn to me this 8th day of June 2023.



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



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.