

Exhibit No.:
Issue: *Tariff Rate*
Witness: *James A. Busch*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *WO-2018-0059*
Date Testimony Prepared: *November 20, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

WATER AND SEWER DEPARTMENT

DIRECT TESTIMONY

OF

JAMES A. BUSCH

MISSOURI AMERICAN WATER COMPANY, INC.

CASE NO. WO-2018-0059

Jefferson City, Missouri
November 2017

1 **DIRECT TESTIMONY**

2 **OF**

3 **JAMES A. BUSCH**

4 **MISSOURI AMERICAN WATER COMPANY, INC.**

5 **CASE NO. WO-2018-0059**

6 Q. Please state your name and business address.

7 A. My name is James A. Busch and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, MO 65102.

9 Q. What is your position at the Missouri Public Service Commission
10 (Commission)?

11 A. I am the Utility Regulatory Manager in the Commission Staff Division, Water
12 and Sewer Department.

13 Q. What is your work and educational background?

14 A. I hold Bachelor of Science and Master of Science degrees in Economics from
15 Southern Illinois University at Edwardsville. From April 2005 through January 2008,
16 I worked as a Regulatory Economist III with the Energy Department of the
17 Commission. Previously, I worked as a Public Utility Economist with the Office of
18 the Public Counsel (Public Counsel) from 1999 to 2005. Prior to my employment
19 with Public Counsel, I worked as a Regulatory Economist I with the Procurement
20 Analysis Department of the Commission from 1997 to 1999. I have been employed
21 as the Regulatory Manager of the Water and Sewer Department with the Staff of the
22 Commission (Staff) since February 2008. In addition, I am a member of the Adjunct

1 Faculty of Columbia College. I teach both graduate and undergraduate classes in
2 economics.

3 Q. Have you previously filed testimony before the Commission?

4 A. Yes. Please see Schedule JAB-d1.

5 Q. What is the purpose of your direct testimony?

6 A. The purpose of my testimony is to provide to the Commission the ISRS rates
7 based on the various parties ISRS revenue requirements.

8 Q. What is ISRS?

9 A. ISRS stands for Infrastructure System Replacement Surcharge.

10 Q. Are there other Staff members filing testimony in this proceeding?

11 A. Yes. Staff experts Kim Bolin and Caroline Newkirk will be filing testimony
12 regarding Staff's recommended position concerning the calculation of dollars MAWC
13 should be allowed to collect through its ISRS.

14 Q. What are Staff's proposed ISRS rates?

15 A. Based on Staff's ISRS revenue calculation supported by Ms. Newkirk, Staff
16 proposes the Commission approve the following rates for each rate class:

17	Rate A & Other	\$0.01981
18	Rate B	\$0.00135
19	Rate J	\$0.00072

20 Q. Please briefly explain the various classes.

21 A. Rate A & Other represents residential, commercial, and small industrial
22 customers. Rate B represents Sale for Resale customers. Rate J represents large industrial
23 customers.

24 Q. How are rates determined for each class?

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James A. Busch

1 A. For each class, the cost of service allocation is based on the revenue
2 requirement being spread to each class based on billing determinants agreed to in the
3 previous rate case.

4 Q. What are the MAWC's proposed ISRS rates?

5 A. According to MAWC's initial filing, MAWC proposes the following rates:

6	Rate A & Other	\$0.02266
7	Rate B	\$0.00155
8	Rate J	\$0.00082

9 Q. Has Public Counsel proposed ISRS rates at this time?

10 A. No. Public Counsel did not propose specific rates in its *Public Counsel's*
11 *Response To Staff's Recommendation and Request For Hearing*¹. However, Public Counsel
12 did propose adjustments to Staff's recommendation. Staff used these adjustments and
13 determined that OPC's ISRS rate design would result in the following rates:

14	Rate A & Other	\$0.01166
15	Rate B	\$0.00080
16	Rate J	\$0.00042

17 Q. Could you include a Table that shows a side-by-side comparison of the
18 various potential rates?

19 A. Yes. Please see Table 1 below for a side-by-side comparison. The bottom
20 part of the Table shows the difference in rates between each parties' position.

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¹ Page 2 of *Public Counsel's Response To Staff's Recommendation And Request For Hearing* filed November 9, 2017.

Table 1
Proposed ISRS Rate Designs Per 100 Gallons

	Company	Staff	OPC
Rate A & Other	\$ 0.02266	\$0.01981	\$0.01166
Rate B	\$ 0.00155	\$0.00135	\$0.00080
Rate J	\$ 0.00082	\$0.00072	\$0.00042
	Rate A & Other	Rate B	Rate J
Difference between Company and Staff:	\$ 0.00285	\$0.00020	\$0.00010
Difference between Company and OPC:	\$ 0.01100	\$0.00075	\$0.00040
Difference between Staff and OPC:	\$ 0.00815	\$0.00055	\$0.00030

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Q. Does this conclude your direct testimony?

A. Yes.

**Cases of Filed Testimony
James A. Busch**

<u>Company</u>	<u>Case No.</u>
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GO-98-484
Laclede Gas Company	GR-98-374
St. Joseph Light & Power	GR-99-246
Laclede Gas Company	GT-99-303
Laclede Gas Company	GR-99-315
Fiber Four Corporation	TA-2000-23; et al
Missouri-American Water Company	WR-2000-281/SR-2000-282
Union Electric Company d/b/a AmerenUE	GR-2000-512
St. Louis County Water	WR-2000-844
Empire District Electric Company	ER-2001-299
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329
Laclede Gas Company	GO-2000-394
Laclede Gas Company	GR-2001-629
UtiliCorp United, Inc.	ER-2001-672
Union Electric Company d/b/a AmerenUE	EC-2001-1
Laclede Gas Company	GR-2002-356
Empire District Electric Company	ER-2002-424
Southern Union Company	GM-2003-0238
Aquila, Inc.	EF-2003-0465
Missouri-American Water Company	WR-2003-0500
Union Electric Company d/b/a AmerenUE	GR-2003-0517
Aquila, Inc.	ER-2004-0034
Aquila, Inc.	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Empire District Electric Company	ER-2004-0570
Aquila, Inc.	EO-2002-0384
Aquila, Inc.	ER-2005-0436
Empire District Electric Company	ER-2006-0315
Kansas City Power & Light	ER-2006-0314
Union Electric Company d/b/a AmerenUE	ER-2007-0002
Aquila, Inc.	EO-2007-0395
Missouri-American Water Company (Live)	WC-2009-0277
Missouri-American Water Company	WR-2010-0131
Review of Economic, Legal and Policy Considerations Of District Specific Pricing and Single Tariff Pricing (Live)	SW-2011-0103
Timber Creek Sewer Company	SR-2011-0320
Missouri-American Water Company	WR-2011-0337
Emerald Pointe Utility Company	SR-2013-0016
City of Pevely and CPWSD C-1 of Jefferson County	WC-2014-0018

Hickory Hills Water and Sewer Company, Inc
Peaceful Valley Service Company (Live)
Central Rivers Wastewater Utility
Missouri-American Water Company
Ridge Creek Water, LLC

SR-2014-0166/WR-2014-0167
SR-2014-0153/WR-2014-0154
SR-2014-0247
WR-2015-0301
WO-2017-0236