

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Affiliate Transaction

Mantle/Direct

Public Counsel

WR-2022-0303

DIRECT TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

November 22, 2022

DIRECT TESTIMONY

OF

LENA M. MANTLE, P.E.

MISSOURI AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

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

2 A. My name is Lena M. Mantle and my business address is P.O. Box 2230, Jefferson
3 City, Missouri 65102.

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

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

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the OPC.

9 **Q. What are your experience, education and other qualifications?**

10 A. I began my employment with the OPC as Senior Analyst in August 2014. In this
11 position, I have provided expert testimony in electric, gas, and water cases before
12 the Public Service Commission of the State of Missouri (the “Commission”) on
13 behalf of the OPC. I am a Registered Professional Engineer in the State of
14 Missouri.

15 Prior to my employment by the OPC, I worked for the Staff of the
16 Commission (“Staff”) from August 1983 until I retired as Manager of the Energy
17 Unit in December 2012. During my employment at the Commission, I worked as
18 an Economist, Engineer, Engineering Supervisor, and Manager of the Energy
19 Unit.

20 Attached as Schedule LMM-D-1 is a brief summary of my experience with
21 OPC and Staff and a list of the Commission cases in which I testified,

1 Commission rulemakings in which I participated, and Commission reports in rate
2 cases to which I contributed as Staff.

3 **Q. What is the purpose of your direct testimony?**

4 A. The purpose of this direct testimony is to sponsor my whitepaper *Basics of*
5 *Missouri Public Service Commission Affiliate Transaction Rules* attached as
6 Schedule LMM-D-2. OPC witnesses Dr. Geoff Marke and Angela Schaben have
7 also attached this whitepaper to their direct testimonies for the convenience of the
8 readers of their testimony.

9 **Q. Would you summarize your whitepaper?**

10 A. When a regulated utility is a part of a holding company structure with numerous
11 subsidiaries, both regulated and unregulated, an opportunity for abuse exists,
12 intentionally or unintentionally, in the offering and receiving of services or goods
13 between affiliates. There can be cost-savings achieved through affiliate
14 transactions between competitive and regulated monopoly affiliates. However,
15 there is also a potential to shift costs from the non-regulated competitive
16 operations to an affiliate with regulated monopoly operations because recovery of
17 costs is more certain from captive ratepayers of regulated companies.

18 The attached whitepaper explains affiliate transactions and how abuse in
19 these transactions results in harm to captive ratepayers while increasing the profits
20 to the shareholders of the holding company. It incorporates definitions and rule
21 provisions of the Commission’s affiliate transaction rules for investor-owned
22 electric (20 CSR 4240-20.015), natural gas (20 CSR 4240-40.015), and steam
23 heating (20 CSR 4240-80.015) utilities in Missouri (“Affiliate Transaction
24 Rules”).

25 Missouri American Water Company (“MAWC”) is a wholly owned
26 subsidiary of American Water Works Company, Inc. It has numerous affiliates,

1 some of which are regulated utilities in other states and some that are not. The
2 absence of an affiliate transaction rule for regulated water utilities in Missouri
3 does not mean that MAWC’s customers should subsidize its affiliates. The
4 affiliate abuses described in this whitepaper should not be allowed for MAWC
5 regardless of whether or not a Commission rule exists.

6 **Q. Would you provide your relevant experience in this area?**

7 A. I was part of the Staff team that developed draft affiliate transaction rules
8 applicable to electric utilities for the Commission’s consideration in 1998.
9 Specifically, with input from Staff auditors and economists, I drafted the electric
10 and steam heating utility affiliate transaction rules 20 CSR 4240-20.015 Affiliate
11 Transactions, 20 CSR 4240-20.017 HVAC Services Affiliate Transactions, 20
12 CSR 4240-80.015 Affiliate Transactions, and 20 CSR 4240-80.017 HVAC
13 Services Affiliate Transactions. These rules became effective February 29, 2000.

14 **Q. Does this conclude your direct testimony?**

15 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 LENA M. MANTLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Lena M. Mantle, of lawful age and being first duly sworn, deposes and states:

1. My name is Lena M. Mantle. I am a Senior 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.


Lena M. Mantle
Senior Analyst

Subscribed and sworn to me this 22nd day of November 2022.



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


Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.