

Exhibit No.:
Issue: *Class Cost of Service*
Witness: *Matthew J. Barnes*
Sponsoring Party: *MO PSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *WR-2017-0285*
Date Testimony Prepared: *February 9, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

WATER AND SEWER DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MATTHEW J. BARNES

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2017-0285

Jefferson City, Missouri
February 2018

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OF
MATTHEW J. BARNES
MISSOURI-AMERICAN WATER COMPANY
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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **MATTHEW J. BARNES**

4 **MISSOURI-AMERICAN WATER COMPANY**

5 **CASE NO. WR-2017-0285**

6 Q. Please state your name and business address.

7 A. My name is Matthew J. Barnes and my business address is P. O. Box 360,
8 Jefferson City, Missouri 65102.

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

10 A. I am a Utility Regulatory Auditor IV in the Commission Staff Division, Water
11 and Sewer Department of the Missouri Public Service Commission (Commission).

12 Q. Are you the same Matthew J. Barnes that filed Rebuttal Testimony on January
13 17, 2018?

14 A. Yes, I am.

15 Q. What is the purpose of your rate design rebuttal testimony?

16 A. The purpose of my Surrebuttal Testimony is to respond to the rebuttal
17 testimonies of Missouri-American Water Company’s (“MAWC”) witness Constance E.
18 Heppenstall and the Public Water Supply District No. 1 and No. 2 of Andrew County’s
19 (“Water District Intervenors”) witness Donald Johnstone.

20 **MISSOURI-AMERICAN WATER COMPANY**

21 Q. On page 2, line 19 through page 4 line 8, Ms. Heppenstall cites a few errors to
22 Staff’s Direct Class Cost of Service (“CCOS”). What is your response?

1 A. These errors were pointed out to Staff during the CCOS/Rate Design
2 Technical Conference on December 18, 2017. Staff made the corrections to its Direct CCOS
3 that was filed with Rebuttal Testimony on January 24, 2018 along with corrected schedules
4 and workpapers.

5 **WATER DISTRICT INTERVENORS**

6 Q. On page 7 line15 through page 8 line 2 of Mr. Donald Johnstone's Rebuttal
7 Testimony, Mr. Johnstone states the following:

8 Q. Is it possible that the rate impact of the new Platte County Facility
9 will fall disproportionately on Sale For Resale customers as compared
10 to other District 2 customers?

11 A. Yes. The average impact on all of the Staff's proposed District 2
12 customers, assuming an approximate \$4.9 million cost increase would
13 be approximately 2.1%. To develop a rough estimate of Rate B impact
14 I calculated the impact assuming a volumetric allocation and Staff's
15 gallons of usage by customer class. In contrast to the 2.1% average
16 increase for Staff's proposed District 2, the average increase for the
17 Sale for Resale class is roughly estimated to be 8.6%, four times the
18 average for Staff's proposed District 2. Assuming the plant comes on-
19 line as planned, this illustrates an extraordinary impact on the Water
20 District Intervenors that Staff has not yet addressed.

21 What is your response?

22 A. I reviewed Mr. Johnstone's workpapers that show his calculation of the Platte
23 County Facility impact on District 2 customers and noticed that he used the Staff Revenue
24 Requirement from District 1 not District 2.

25 Q. Did Staff do its own analysis showing the impact of the new Platte County
26 Facility for District 2 customers?

27 A. Yes. Attached as Schedule MJB-s1 is the impact of the new Platte County
28 Facility for District 2 customers from Staff's Corrected Direct filing to Staff's estimated

Surrebuttal Testimony of
Matthew J. Barnes

1 True-up as of the date of the filing of this testimony. District 2 Sale for Resale customers
2 would see an increase in revenue requirement for District 2 of 0.60%.

3 Q. Can you explain why it took Staff time to file its true-up estimate on the rate
4 impact for the new Platte County Facility in District 2?

5 A. Yes. Staff filed its true-up estimates in its workpapers supporting the Cost of
6 Service Report filed November 30, 2017¹. Staff had issues imputing the true-up estimate into
7 the EMS program that Staff imports into its Class Cost of Service study. After weeks of
8 working on this issue, Staff is confident that it has fixed the problem on a going forward basis.

9 Q. Does this conclude your rebuttal testimony?

10 A. Yes.

¹ Staff's true-up estimates for the Platte County Facility were filed in Kim Bolin's workpapers.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

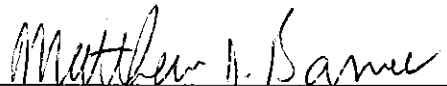
In the Matter of Missouri-American Water)
Company's Request for Authority to) Case No. WR-2017-0285
Implement General Rate Increase for Water)
and Sewer Service Provided in Missouri)
Service Areas)

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MATTHEW J. BARNES and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

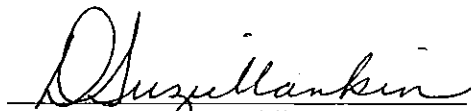
Further the Affiant sayeth not.


MATTHEW J. BARNES

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 8th day of February, 2018.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

Missouri-American Water Company
Case No. WR-2017-0285

District 2 Corrected													
	Residential	Commercial	Other Public Auth	Total Rate A	Rate B	Rate J	Private Fire	Total Rev Req	Rate A Percent of Total	Rate B Percent of Total	Rate J Percent of Total	Private Fire Percent of Total	Percent Total
Revenue Requirement	\$ 18,183,053	\$ 4,595,480	\$ 831,919	\$ 23,610,452	\$ 2,090,851	\$ 4,598,110	\$ 497,700	\$ 30,797,113	76.66%	6.79%	14.93%	1.62%	100.00%
Less Cost of Charge Recovery	\$ 6,583,133	\$ 1,092,205	\$ 162,603	\$ 7,837,941	\$ 38,941	\$ 162,744							
Sales (000g)	2,566,591	1,002,305	194,855	3,763,751	873,996	2,072,126							
Rate A	4.1906	Rate B	2.3477	Rate J	2.1405								
\$													

District 2 True-up Estimate													
	Residential	Commercial	Other Public Auth	Total Rate A	Rate B	Rate J	Private Fire	Total Rev Req	Rate A Percent of Total	Rate B Percent of Total	Rate J Percent of Total	Private Fire Percent of Total	Percent Total
Revenue Requirement	\$ 18,890,893	\$ 5,972,027	\$ 1,100,314	\$ 25,963,234	\$ 2,592,961	\$ 5,934,532	\$ 622,121	\$ 35,112,848	73.94%	7.38%	16.90%	1.77%	100.00%
Less Cost of Charge Recovery	\$ 6,583,133	\$ 1,092,205	\$ 162,603	\$ 7,837,941	\$ 38,941	\$ 162,744							
Sales (000g)	1,948,209	1,002,305	194,855	3,145,369	873,996	2,072,126							
Rate A	5.7625	Rate B	2.9222	Rate J	2.7854								
\$													

Percent Increase/Decrease From	Rate A	Rate B	Rate J	Private Fire
Direct to True-up Estimate	-2.72%	0.60%	1.97%	0.16%

	Residential	Commercial	Industrial	Other Public Auth	Sales For Resale	Private Fire	Public Fire	Total
True-up Estimate	\$ 2,233,577	\$ 798,756	\$ 707,687	\$ 151,308	\$ 327,281	\$ 98,184	\$ 426,414	\$ 4,743,207
Allocation Factors	47.09%	16.84%	14.92%	3.19%	6.90%	2.07%	8.99%	100.00%