

Exhibit No.:
Issue(s): *Revenue Stabilization
Mechanism
Class Cost of Service*
Witness: *James A. Busch*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *WR-2020-0344*
Date Testimony Prepared: *January 22, 2021*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER AND SEWER DEPARTMENT

REBUTTAL TESTIMONY

OF

JAMES A. BUSCH

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2020-0344

*Jefferson City, Missouri
January 2021*

1 Q. Briefly describe the RSM that MAWC is proposing.

2 A. MAWC witness John M. Watkins describes the proposed mechanism in detail
3 in his direct testimony. But briefly, it is my understanding that the proposed RSM would work
4 in the following manner:

5 First, it will only impact the residential, commercial, other public authorities (“OPA”),
6 and sale for resale (“SFR”) classes. The industrial class would be exempt.

7 Second, the Commission-approved revenue requirement would be set for each class, as
8 well as production costs (consisting of power, chemicals, purchased water, and waste disposal).

9 Third, the “authorized” revenues and costs for each above-mentioned class would be
10 compared to actual revenues and costs for those same classes on a monthly basis.

11 Fourth, each month, either a regulatory asset (if actuals are less than “authorized”) or a
12 regulatory liability (if actuals are greater than “authorized”) will be booked by the Company.

13 Fifth, at the end of each fiscal year (defined as the year ended December 31), a
14 reconciliation will occur to determine if there is a net asset to be recovered from the consumers
15 or a net liability to be given back to the customers. If there will be a recovery from the
16 consumers, a per-unit surcharge will be calculated that will be included on the consumers’ bills
17 for the months April – December. If MAWC owes money to the customers, a one-time bill
18 credit is the proposed mechanism to give that money back.

19 Q. What does all of that mean?

20 A. It means that once the Commission sets the appropriate revenue requirement,
21 MAWC will essentially be assured of a guaranteed amount of revenue.

22 Q. Is this the same proposal that MAWC requested in its last rate case, Case No.
23 WR-2017-0285?

Rebuttal Testimony of
James A. Busch

1 A. No, but it is extremely similar.

2 Q. What are the differences between the proposal in the 2017 rate case and in this
3 rate case?

4 A. The first difference is that in the 2017 rate case, MAWC proposed an RSM for
5 both water and sewer operations. In this proceeding, MAWC is only proposing an RSM for its
6 water operations.

7 The second difference is that MAWC is proposing to include an interest
8 component to the determination of the RSM adjustment.

9 Q. How would the interest component work?

10 A. Is it my understanding that interest (defined in MAWC's proposed tariff as the
11 Company's short-term interest borrowing rate) would be calculated on the difference between
12 the net revenues and net production costs.

13 Q. Does Staff agree with MAWC's proposed RSM?

14 A. No. Staff recommends that the Commission reject MAWC's proposal in this
15 proceeding, for the reasons detailed below.

16 Q. On page 3, lines 8 – 10, MAWC witness Watkins states that "the RSM is a
17 symmetrical mechanism that will ensure that the Company receives, and the customers pay, the
18 revenue level found appropriate in this case; no more and no less." Is it the role of the
19 Commission to **ensure** that a utility receives the revenue amount determined in a utility's
20 rate case?

21 A. No. The Commission is not required to ensure the utility receives the revenue
22 amount that is determined in a utility's rate case.

23 Q. Please explain.

1 A. Generally speaking one of the roles of the Commission is to simulate a
2 competitive environment in a non-competitive market. From an economic standpoint, the more
3 competitive an environment, the better it is for society (or the public interest). The water
4 industry is a monopoly. A monopoly is the polar opposite of a competitive environment. In a
5 competitive environment, price is set such that price generally equals marginal costs and the
6 firm's minimum average total costs. When this occurs, it is known as economically efficient.
7 Economic efficiency means that the industry is both productively efficient and allocatively
8 efficient. When a firm is productively efficient, price is equal to the minimum of average total
9 costs. When a firm is allocatively efficient, price is equal to marginal costs.

10 A monopoly market structure is not allocatively, nor productively efficient. This means
11 that a monopoly, left to its devices, has the ability to set its own price without the pressure of
12 competitive forces. This leads to the monopoly providing too little of the product at too high
13 of a price. Hence, monopolies are generally outlawed in the United States economy. The major
14 exception to that rule are utilities. To offset the negative aspects of monopoly pricing,
15 investor-owned monopoly utilities are rate regulated, usually by a state utility commission. In
16 Missouri, that is the Public Service Commission.

17 The attempt by commissions to mimic competitive pressures is intended to allow for a
18 rate to be determined that is fair and reasonable, that would allow for safe and adequate service,
19 and would give the utility the opportunity to earn a fair return on its investment. This general
20 model has worked well for over 100 years and should only be modified after careful
21 consideration of all evidence that demonstrates any change will benefit the various
22 stakeholders.

1 When you look at the competitive markets, not only are the firms restrained by
2 competing firms, but firms are also not given any guarantees. Firms are not guaranteed to
3 receive a certain annual amount of revenues, they are not guaranteed a rate of return on their
4 investment, and they are generally not guaranteed survival. Firms in the competitive market
5 also are not granted a captive group of customers, unlike rate regulated utilities that are given
6 certificated areas by state authority.

7 An RSM is a mechanism that enables utilities to essentially guarantee recovery of a
8 certain level of revenues, which significantly enhances the likelihood that they will meet or
9 exceed their authorized rate of return. Bottom line, an RSM would provide a utility a
10 considerably higher opportunity that it will meet its necessary revenues than any other firm is
11 given in a competitive market. Thus, to grant MAWC an RSM in this proceeding is not a
12 symmetrical mechanism that is in the best interests of all stakeholders.

13 Q. On page 4, lines 9 – 10 of his direct testimony, witness Watkins states, in part,
14 that an RSM will provide “the Company with a *realistic* (emphasis added) opportunity to collect
15 the revenues necessary to recover the amount included in authorized rates...” Does MAWC
16 need an RSM to have a “realistic” opportunity to collect its authorized revenues?

17 A. No. By using the phrase, “realistic opportunity,” the Company seems to be
18 inferring that the utility is at some sort of disadvantage under the current regulatory model.
19 Nothing could be further from the truth. Just prior to the phrase “realistic opportunity” witness
20 Watkins discusses that the RSM would help avoid windfalls or shortfalls in revenue collection
21 based on factors such as weather variation. I might quibble with describing variations as
22 windfalls or shortfalls, but overall, it is quite normal that revenues from one year to the next
23 will be higher or lower than the previous year, or, in a utilities case, from a historic test year.

1 Since the Company acknowledges that revenues might be higher or lower, then the Company
2 must be willing to accept that it has a “realistic opportunity” to collect its authorized revenues
3 since it might actually collect more.

4 Q. But isn’t it necessary for the utility to collect its authorized revenues to maintain
5 a solid financial footing?

6 A. No. While revenues are obviously an important factor for a utility (or any firm
7 for that matter), revenues are not the only factor that the financial industry reviews when
8 determining the overall financial health of a utility. A solid rate of return in line with similarly
9 situated companies is of even more importance. To determine the overall rate of return, one
10 must review revenues and expenses. Generally, if revenues are higher or lower, expenses would
11 increase or decrease with those factors leaving the overall rate of return near the authorized
12 amount. Therefore, it is not necessary for the utility to collect its authorized revenues.

13 Q. On page 5, lines 20 and 21, witness Watkins states, “[c]ontinued reduction in
14 revenues constrains the utility’s ability to make investments in its facilities and improvements
15 in its operations.” Has MAWC seen a reduction in revenues?

16 A. No. I have reviewed MAWC’s Annual Reports it has filed with the Commission
17 over the last several years. Below are the total company (water and sewer) annual revenues
18 reported by MAWC in each calendar year between 2015 – 2019.

<u>Year</u>	<u>Total Annual Revenues</u>
2015	\$ 268,845,673
2016	\$ 287,591,368
2017	\$ 289,427,008
2018	\$ 319,007,901
2019	\$ 324,614,677

1 Based on my review of those revenue amounts, it would seem that revenues have been
2 continuing to increase over the past five years.

3 Q. Even with the actual increase in revenues over the past five years, MAWC's
4 argument for an RSM is premised on MAWC's alleged inability to collect its authorized
5 revenues. What were the total company (water and sewer) authorized revenues during each
6 year in your chart?

7 A. For 2015 and 2016, it is difficult to determine the authorized level of revenues.
8 The stipulation and agreement in Case No. WR-2011-0337 only indicates a revenue
9 requirement increase of \$24 million and does not spell out what current revenues were at
10 the time. In July of 2016, an increase in rates went into effect as a result of Case No.
11 WR-2015-0301. The authorized revenue requirement in that case was \$285,680,272. In
12 May 2018, an increase in rates went into effect as a result of Case No. WR-2017-0285. The
13 authorized revenue requirement in that case was \$318,000,000. Comparing the annual revenues
14 for years 2016 – 2019 to the Company's authorized revenues for those same years shows that
15 MAWC's actual revenues have exceeded authorized revenues over the past four calendar years.

16 Q. Did MAWC have an RSM during any of those years?

17 A. It did not. But yet, it was able to exceed its authorized revenues in each of the
18 past four years.

19 Q. Starting on page 5 of witness Watkin's direct testimony, Mr. Watkins begins a
20 discussion regarding the relatively fixed nature of MAWC's costs compared to the
21 MAWC's fixed revenues. Do you have a comment regarding the relatively fixed nature of
22 MAWC's revenues?

Rebuttal Testimony of
James A. Busch

1 A. Yes I do. As Mr. Watkins states in his testimony, MAWC collects its rate
2 revenues in two ways, through a fixed customer charge and/or a variable commodity charge.
3 Based on the overall level usage, a majority of MAWC's revenues are indeed collected through
4 the variable usage charge. However, it is important to point out that the fixed customer charge
5 was reduced in MAWC's last rate case. In Case No. WR-2015-0301, the Commission approved
6 a customer charge for a residential customer on a 5/8" meter of \$15.33, on a company-wide
7 basis. However, in the next rate case, Case No. WR-2017-0285, MAWC proposed a customer
8 charge of \$10.00, even though its class cost of service study supported a customer charge of
9 \$18.68. Ultimately, the Commission ordered a customer charge of \$9.00. It seems
10 disingenuous for MAWC to raise the specter of a disparity between fixed revenues and fixed
11 costs when in its last rate case MAWC itself argued for a lower fixed customer charge than its
12 previous charge and lower than its own study suggested.

13 Q. What is MAWC's recommended customer charge in this proceeding?

14 A. MAWC's is proposing to increase its customer charge to \$12.

15 Q. Are the revenues that are collected from the fixed customer charge the only
16 stable revenues that MAWC is able to collect?

17 A. No. Based on MAWC's workpapers submitted with this case, an average
18 customer's monthly usage is approximately 6,000 gallons per month in its St. Louis County
19 service area and approximately 4,000 gallons per month in the rest of its Missouri operations.
20 However, a certain percentage of those 4,000-6,000 gallons are non-discretionary (or base)
21 usage.

Rebuttal Testimony of
James A. Busch

1 Q. What do you mean by non-discretionary usage?

2 A. Non-discretionary, or base usage, is the level of water that a customer uses on a
3 monthly basis that is not impacted by the variability of weather. Usually, this base usage
4 amount is determined by the customer's usage of water during the winter months, generally
5 December – March. This usage is not impacted by the weather and is used for in-house reasons,
6 i.e. cooking, personal hygiene, clothes washing, etc.

7 Q. Please explain how non-discretionary usage provides stable revenues.

8 A. Based on the review of MAWC's workpapers, even in the months of
9 December – March, average monthly usage per customer is at least 3,000. This means that
10 approximately half of the revenues that are collected from the variable commodity charge are,
11 for the purposes of this analysis, fixed. Ultimately, this means that a much higher proportion
12 of its revenues are fixed/stable than the 20.77% used by Mr. Watkins.

13 Q. On page 10, line 4, of his testimony, witness Watkins states that the Company
14 is asking the Commission to be forward looking on the theory of revenue erosion. Has the
15 Company shown revenue erosion?

16 A. No it has not. In fact, MAWC's total revenues have increased year over year,
17 since at least 2015.

18 Q. On page 10 of his testimony, lines 12 – 22, and in schedule JMW-1, witness
19 Watkins presents information that appears to show that the Company has collected less
20 revenues than it was authorized to collect in seven out of the past ten years. What is your
21 response to this argument?

22 A. My response is that Mr. Watkins is showing a slice of MAWC's revenue pie in
23 this attempt to persuade the Commission to give MAWC a mechanism that it does not need. In

1 its argument, MAWC focuses only on residential, commercial, OPA (other public authorities),
2 and Sale for Resale customers.

3 Q. Why is this only a slice of MAWC's revenue pie?

4 A. MAWC collects revenues from industrial customers and it also collects revenues
5 from its sewer customers.

6 Q. Have you reviewed witness Watkins Schedule JMW – 1?

7 A. Yes.

8 Q. In your opinion, does the Schedule fit the narrative that Mr. Watkins has stated?

9 A. No. Looking at the data, over the past ten years, revenues for the customer
10 classes to be included in the RSM increased in five of the nine years compared to the previous
11 years' levels. In those five years, the percentage increases ranged from a year-on-year
12 comparison of as low as 6.94% to as high as 17.49%. Of these five increase, three of the
13 five year-on-year percentage increase were over 10%. Of the four years that saw a decrease in
14 revenues when compared to the previous year, the range in decrease was 0.82% - 6.00%. So,
15 while revenues are variable, as they would be for any firm, the increases far exceed the
16 decreases. Again, these do not include other revenues from other sources.

17 Q. What about the correlation between production costs and revenues as
18 Mr. Watkins mentions on page 17, lines 1 – 4 of his direct testimony?

19 A. In my review of the data in Mr. Watkins's schedule, I do not see the correlation
20 that Mr. Watkins suggests. Only in one year, 2013, is the year-on-year change in revenues and
21 production costs correlated. Below is a chart that compares the year-on-year percentage change
22 and the disparate nature of the two accounts:

1

	Revenues			Production Costs		
	<u>Actual</u>	<u>\$ Change</u>	<u>%Change</u>	<u>Actual</u>	<u>\$ Change</u>	<u>%Change</u>
2010	192,614,238			18,409,894		
2011	207,389,279	14,775,041	7.67%	19,140,166	730,272	3.97%
2012	243,652,841	36,263,562	17.49%	20,275,212	1,135,046	5.93%
		-			-	
2013	229,023,141	14,629,700	-6.00%	19,050,403	1,224,809	-6.04%
2014	227,138,052	-1,885,089	-0.82%	19,792,061	741,658	3.89%
2015	218,000,520	-9,137,532	-4.02%	20,132,948	340,887	1.72%
2016	233,128,505	15,127,985	6.94%	20,542,707	409,759	2.04%
2017	259,688,899	26,560,394	11.39%	20,418,118	-124,589	-0.61%
2018	286,326,807	26,637,908	10.26%	21,629,604	1,211,486	5.93%
		-			-	
2019	276,050,243	10,276,564	-3.59%	18,218,210	3,411,394	-15.77%

2

3

As can be seen, in three of the nine years, the components are moving in the opposite direction (2014, 2015, and 2017). And in 2012 and 2019, especially, the magnitude of change in one component is vastly different than the other, although in the same direction. Based on this review, there does not appear to be a direct correlation between production costs and sales volume.

7

8

Q. On page 11 of his testimony, lines 18 – 23, witness Watkins discusses whether an RSM will guarantee that MAWC will earn a profit. Mr. Watkins answers “[n]o.” What is your response to his answer and explanation?

10

11

A. While it is technically true that an RSM in and of itself will not “guarantee” a profit, it will make it virtually impossible for MAWC not to earn a profit. Mr. Watkins makes this point clear in his testimony.

13

14

Q. Please explain.

15

A. As Mr. Watkins points out, the RSM is a revenue guarantee only. The company-controlled expenses and company-controlled investments could increase to

16

1 extraordinary levels that would potentially cause a loss instead of a profit. The problem with
2 that is that revenues are authorized to cover all normalized expenses, plus a fair rate of return
3 on its investment, and depreciation on current net rate base. The increase in expenses necessary
4 to turn an authorized rate of return negative would be historic. Further if the costs were
5 increasing so high and so fast that a negative return was threatened, MAWC could file a rate
6 case to increase rates; it could even request emergency rate relief to stem the tide. Therefore,
7 it is highly unlikely that a profit would not be guaranteed.

8 Q. On page 20 of his direct testimony, witness Watkins states that due to seasonal
9 variability and declining usage, the current rate structure does not give the utility a reasonable
10 opportunity to recover its authorized revenues, and thus its ability to raise capital to invest in
11 infrastructure is hindered. Do you agree?

12 A. I do not. A review of MAWC's investment over the past five years shows
13 \$850 million in investment. In fact, in this case, MAWC is stating that over the next three years
14 it plans on investing nearly \$1,000,000,000 (one *billion* dollars). To go along with this level of
15 investment, MAWC has been investing in its infrastructure through its ISRS (Infrastructure
16 System Replacement Surcharge). The ISRS allows MAWC to invest substantial dollars into
17 replacing its distribution system and receive recovery of those investments outside of a general
18 rate case. Further, MAWC has been very active in acquiring systems throughout the years,
19 which is an activity that Staff applauds due to MAWC's ability to ensure that more citizens
20 have access to safe drinking water and that wastewater is treated appropriately.

21 Q. Starting on page 12 of his testimony, Mr. Watkins attempts to explain how the
22 RSM protects consumers. Do you agree that the RSM protects consumers?

1 A. No. The RSM negatively affects a customers' ability control their bills. If a
2 customer's goal is to use less water in order to lower his or her bill, an RSM effectively punishes
3 that customer by increasing the cost of water to make up for the lower use. A customer making
4 investments in efficiency, or changes in lifestyle, to achieve lower water use expects to see
5 benefits in a lower bill. This reduction in bills over time, compared to the cost of the
6 investments, (often referred to as the 'pay-back period') is central to a customer's decision to
7 make the investments in the first place. An RSM could conceivably deter some customers to
8 make those investments due to an increase in the overall payback period.

9 Q. On page 12 of his testimony, lines 18-20, Mr. Watkins states that "[t]he
10 Company's proposed RSM still encourages and rewards customers for using water more
11 efficiently because reduced consumption will still translate into a reduced bill and increased
12 consumption will still result in a higher bill." Do you agree with his statement?

13 A. No. The consumer is currently encouraged to conserve water. With a
14 volumetric rate component, the less usage, the lower the bill. The RSM is not needed to
15 encourage that behavior, and in fact, the RSM would likely discourage conservation by possibly
16 reducing the effect conservation has on a customer's bill.

17 Q. In his testimony, Mr. Watkins, on page 18, lines 16 – 18, states that if a customer
18 conserves water, that customer saves more money "not only on the current bill, but also on any
19 adjustment applied the following year." Please comment.

20 A. This is a very specious argument. While it is true that a consumer who uses less
21 pays less, if an RSM is in place, the consumer will have to pay some of those savings back to
22 the utility in the form of the RSM surcharge.

1 So, even though that customer made investments or significant changes in their habits
2 to save more money, he or she still has to pay back a portion of his savings to the Company.
3 Depending on the customer and the usage level, this could provide a disincentive to save.
4 Regardless, this is not an encouragement to conserve.

5 Q. Could the RSM surcharge cause even higher bills during adverse weather
6 conditions?

7 A. Yes. Let's assume that MAWC is allowed to place an RSM surcharge on its
8 customers' bills. As spelled out, the surcharge is to be collected between April and
9 December of the following year. Let's assume that the surcharge is the same as used above of
10 \$0.0108 per hundred gallons. If the summer months of that year are particularly warm and dry,
11 usage for many, if not most customers, will increase; even if conservation actions had been
12 taking in the previous years. For example, assume that instead of using 6,000 gallons a month
13 for June – September, the customer uses 8,000 gallons a month for those same four months.
14 The customer would not only be paying a higher monthly bill because of the additional
15 2,000 gallons of usage, but it will also be paying an extra \$3.45 over those four months due to
16 the RSM. In this example, changes in weather would cause usage to increase, which would
17 cause bills to increase. With an RSM, bills would be even higher due to the RSM and its
18 surcharge from the previous year. In this scenario, customers are hit with the double whammy
19 of higher usage and higher rates.

20 Q. On page 20, lines 4 – 9 of his direct testimony, witness Watkins writes that the
21 current rate design structure rewards MAWC for selling more water and implicitly encourages
22 water use and penalizes MAWC from encouraging conservation. He further writes that this is

1 a problem because it is a misalignment of priorities due to the role that MAWC plays in helping
2 improve the efficient use of water. Do you agree?

3 A. No. In the 12 years that I have been working as the Manager of the Water and
4 Sewer Department and my greater than 20 years of overall public utility experience, I have
5 never seen a utility, let alone MAWC, send a message to its customers to use more water. In
6 fact, what has happened is that MAWC does take an active role in providing information and
7 tools for its customers to conserve water and use water more efficiently. MAWC is doing its
8 part in helping preserve water, our most precious resource.

9 Q. Has MAWC argued that declining usage is financially harmful?

10 A. MAWC in this case and in previous cases has made an argument that declining
11 usage is hurting its bottom line. In fact, it appears this is MAWC's main driver for requesting
12 an RSM. So, even though the current rate design does allow for higher revenues when MAWC
13 sells more water, the current rate design is perfectly designed to encourage customers to use
14 water efficiently.

15 Q. Can the RSM also cause intra-class subsidization?

16 A. Yes. If a customer has already undertaken conservation efforts, it has already
17 reduced its usage. If other users then lower their usage, the Company will not meet its
18 "authorized" revenues and a surcharge will be place on all customers' bills. Thus the first
19 customer who has undertaken conservation efforts or who cannot lower usage for other reasons,
20 will pay a surcharge to help offset the lower revenue amount caused by the second consumer
21 who finally undertook some conservation methods. The same argument holds for low volume
22 residential users versus high volume residential users. Basically, the RSM will cause intra-class
23 shifts of responsibility, while the Company is made whole.

1 Q. Please explain why an RSM shifts all of the risk onto the customers.

2 A. In general, if consumers take action to lower their usage in order to conserve
3 water or lower their bills, the RSM will place a surcharge on future bills, which means that
4 consumers' conservation efforts will not be as beneficial to those customers. Consumers
5 understand that if they use more, they will pay more. Because consumers can control their
6 usage to control their bill, this leads to one of the biggest detriments to consumers under
7 MAWC's proposed RSM—all of the risk to the Company is shifted onto the customers.

8 Q. The Company will have the benefit of stability in its revenues and has shifted
9 the risk to its customers. Has the Company thus included any type of reduction in ROE as part
10 of its proposal?

11 A. No. Although the business risk of the Company will be lower since revenues
12 will no longer be variable, the Company has not included any type of reduction in ROE or cost
13 of debt in its proposal. In fact, the Company's ROE witness is recommending the Commission
14 approve the high end of her ROE range.

15 Q. Do you have evidence that the Company's business risk will be lower if its
16 RSM proposal is adopted?

17 A. First, it just makes sense. Any company's ability to earn profit is dependent on
18 two basic factors, dollars in and dollars out. All businesses face risk the revenues will not be
19 as robust as is forecasted, and thus investors require a risk reward for that uncertainty. If
20 revenues are all but guaranteed, uncertainty fades and risk is reduced. Second, RAP, the

1 Regulatory Assistance Program, acknowledges that decoupling (another name for an RSM),
2 tends to reduce utility risk by providing revenue stability.¹

3 Q. Should MAWC have included a reduced level of business risk in its ROE as a
4 part of its proposed RSM?

5 A. Yes.

6 Q. Does Staff have any recommendations to the Commission if the Commission
7 decides to implement an RSM?

8 A. If the Commission does decide to approve an RSM, Staff recommends that the
9 Commission acknowledge the reduced business risk that the Company will face with an RSM
10 in place. There are two ways that the Commission can make this acknowledgement.

11 First, the Commission, after making its ROE findings, can then lower that ROE by a
12 certain amount that reflects the reduction in business risk.

13 Second, if the Commission is wary of lowering ROE, the Commission can adjust the
14 capital structure that it found reasonable to be weighted more heavily on the debt side due to
15 the lower cost of debt. Either method can be used to achieve a similar result and is discussed
16 in the RAP paper described earlier in this testimony.

17 Staff further recommends that even if the Commission approves an RSM, it should
18 reject MAWC's proposed future test year as spelled out in Staff witness Kim Bolin's rebuttal
19 testimony.

20 Q. Does that conclude your rebuttal testimony?

¹ Migden-Ostrander, Janine, & Sedano, Rich (2016) *Decoupling Design: Customizing Revenue Regulation to Your State's Priorities*, Montpelier, VT: The Regulatory Assistance Project, available at <http://www.raponline.org/knowledge-center/decoupling-design-customizing-revenue-regulation-state-priorities>.

Rebuttal Testimony of
James A. Busch

1 A. Yes. The actual evidence of the Company's performance shows that its
2 arguments for an RSM are not supported and MAWC's request for an RSM in this proceeding
3 should be denied.

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-2020-0344
Implement General Rate Increase for)
Water and Sewer Service Provided in)
Missouri Service Areas)

AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW James A. Busch, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of James A. Busch*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ James A. Busch
JAMES A. BUSCH