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Depreciation
Robinett/Direct
Public Counsel
WR-2023-0006

DIRECT TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

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

CASE NO. WR-2023-0006

**

Denotes Confidential Information that has been redacted

May 26, 2023

PUBLIC

**DIRECT TESTIMONY
OF
JOHN A. ROBINETT
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

CASE No. WR-2023-0006

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

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service
7 Commission?**

8 A. Yes. Both as a former member of Commission Staff and on behalf of the OPC.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule
11 JAR-D-1.

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

13 A. In this testimony, I will discuss Confluence Rivers Utility Operating Company, Inc.’s
14 (“Confluence”) need for a depreciation study and the importance of RFPs.

15 **Q. Are water and wastewater utilities in Missouri required by Commission rule to perform
16 depreciation studies of their assets similar to the electric and natural gas companies?**

17 A. No.

18 **Q. Do any water and wastewater utilities in the State perform depreciation studies?**

19 A. Yes. Missouri American Water Company files a depreciation study on similar time frames
20 as the investor owned electric and natural gas utilities are required to.

1 **Q. Did Confluence issue a Request for Proposal for depreciation services for purposes of**
2 **this case?**

3 A. No. This has been confirmed by Confluence's response to OPC data request number 8500
4 attached as Schedule JAR-D-2.

5 **Q. Do you have concerns that Confluence did not seek bids for the completion of a**
6 **depreciation study?**

7 A. Yes. While I do not inherently have a problem with Confluence's selected depreciation
8 service provider (Gannett Fleming), which is a familiar outside consultant appearing
9 regularly before this Commission, it is not the only depreciation service provider that could
10 have developed a depreciation study for Confluence. There are other outside consultants
11 that either have been or are currently being used by other utilities in this State, and these
12 other depreciation service providers may have been a much cheaper option. However,
13 because Confluence failed to perform proper due diligence in soliciting and selecting a
14 depreciation consultant, there is no way to know whether one of these other consultants
15 would have been a better choice. The Commission is thus left guessing whether the
16 depreciation study performed by Gannett Fleming on behalf of Confluence is the best and
17 most cost effective study. Unfortunately that is a question that cannot be determined
18 (because of Confluence's lack of due diligence) and rate payers should consequently not
19 shoulder the cost of this depreciation study.

20 **Q. If the Commission were to nevertheless permit recovery of the cost of the depreciation**
21 **study, over what time period should the cost of the depreciation study be recovered?**

22 A. As discussed above, a depreciation study is not required by the Missouri Public Service
23 Commission rules and regulations for a water and waste water utility. However, if the

1 Commission determines it will allow for the recovery of the depreciation study regardless,
2 it should allow for recovery over five years, which is consistent with how electric and
3 natural gas utilities are required to provide studies every five years.

4 **Q. What are rate payers getting for this depreciation study?**

5 A. Essentially nothing.

6 **Q. Why do you say that rate payers are not getting anything from this depreciation study?**

7 A. My conclusion is based on data request responses provided by Confluence in response to
8 OPC data request number 8506 attached as Schedule JAR-D-3. In its response Confluence
9 confirms that none of the accounts recorded in Confluence's books had sufficient data
10 available to perform a traditional statistical service life and net salvage analyses. This
11 means Confluence has insufficient data on which to perform a statistically valid life
12 analyses to determine average service lives for its assets.

13 **Q. Why might Confluence have insufficient data?**

14 A. Confluence has acquired multiple regulated and non-regulated systems most of which are
15 smaller and have varying level of sophistication and record keeping practices. The
16 historical data from each of these acquisitions may or may not have been given to
17 Confluence.

18 **Q. At the time of direct testimony, how much has Confluence been charged for the purpose
19 of providing the depreciation study?**

20 A. Based on the Confluence's response to OPC data request 8503, to date Confluence has
21 been billed **_____**.

1 **Q. What takeaways do you have from the depreciation study provided by Confluence in**
2 **this case?**

3 A. Current data is not sufficient to perform a statistically valid depreciation study. The
4 Commission should order Confluence to maintain data by account consistent with
5 Commission rules 20 CSR 4240-3.160, 20 CSR 4240-3.175, or 20 CSR 4240-40.090.

6 **Q. What is your ultimate recommendation related to depreciation in this case?**

7 A. I recommend the Commission disallow recovery of the cost of the depreciation study for
8 reasons stated above. Secondly the Commission should order Confluence to begin
9 maintaining data by account as described in Commission rules 20 CSR 4240-3.160, 20
10 CSR 4240-3.175, or 20 CSR 4240-40.090.

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

12 A. Yes, it does.

