

*Exhibit No.:*  
*Issue(s):* *Rate Design*  
*Witness:* *Matthew J. Barnes*  
*Sponsoring Party:* *MO PSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case No.:* *WR-2020-0344*  
*Date Testimony Prepared:* *February 9, 2021*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**WATER AND SEWER DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**MATTHEW J. BARNES**

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2020-0344**

*Jefferson City, Missouri*  
*February 2021*

1  
2  
3  
4  
5  
6  
7  
8  
9

**TABLE OF CONTENTS OF  
SURREBUTTAL TESTIMONY  
OF  
MATTHEW J. BARNES  
MISSOURI-AMERICAN WATER COMPANY  
CASE NO. WR-2020-0344**

RESPONSE TO MAWC’S PROPOSED LARGE INDUSTRIAL CUSTOMER CLASS ..... 1  
STAFF’S PROPOSED CUSTOMER CHARGE ..... 4  
SUMMARY..... 6

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **MATTHEW J. BARNES**

4 **MISSOURI-AMERICAN WATER COMPANY**

5 **CASE NO. WR-2020-0344**

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. Are you the same Matthew J. Barnes that sponsored Class Cost of Service  
10 (“CCOS”) filed on December 9, 2020 and Rate Design rebuttal testimony filed on January 22,  
11 2021 in this proceeding?

12 A. Yes I am.

13 Q. What is the purpose of your surrebuttal testimony?

14 A. The purpose of my surrebuttal testimony is as follows:

- 15 1. Respond to the testimony of Company witness Charles B. Rea’s testimony  
16 regarding MAWC’s proposal to create a new large customer class referred to  
17 as Rate L and moving current Rate J customers to the Rate A customer class,  
18 and;
- 19 2. Discuss Staff’s proposed customer charge.

20 **RESPONSE TO MAWC’S PROPOSED LARGE INDUSTRIAL CUSTOMER CLASS**

21 Q. Is MAWC proposing to create a new customer class for Large Industrial  
22 Customers?

23 A. Yes.

24 Q. Does Staff agree with MAWC’s proposal to create a new large industrial class?

1           A.     Not at this time. As Staff mentioned in its rebuttal testimony it is Staff's position  
2 that if MAWC wishes to create a new large industrial class in its next rate proceeding, MAWC  
3 should file a class cost of service study for the Company's proposed Rate L customers. MAWC  
4 should also file a separate cost of service study for its Rate J customers that do not qualify for  
5 Rate L service under MAWC's proposed qualifications. This would enable the Commission to  
6 sufficiently evaluate whether a new separate large class should be created.

7           Q.     In its proposal, does MAWC plan on shifting current Rate J customers to Rate A  
8 if those customers do not qualify for the new proposed Rate L?

9           A.     Yes.

10          Q.     Is MAWC planning on shifting those customers to Rate A in this rate case?

11          A.     Yes. Although those customers will be classified in Rate A, they will be given  
12 a credit to offset the change in rates. These customers will be classified as Rate J1<sup>1</sup>.

13          Q.     What is the amount of the credit to offset the move?

14          A.     MAWC is proposing a credit of approximately 50% to offset the change  
15 resulting from this rate case.

16          Q.     If the Commission approves the new rate class, does Staff agree with this  
17 approximate 50% movement in this rate case?

18          A.     No.

19          Q.     Why not?

20          A.     In Staff's rebuttal testimony, Staff mentioned that it had an outstanding data  
21 request (DR) asking MAWC how long the Company expects to transition current Rate J

---

<sup>1</sup> MAWC response to DR No. 0232.

1 customers to Rate A that do not qualify for MAWC's proposed Rate L.<sup>2</sup> The Company response  
2 was, "MAWC would expect to fully transition Rate J customers that do not qualify for Rate L  
3 onto Rate A over an approximate ten-year period."

4 MAWC has come before the Commission requesting a rate increase approximately  
5 every three (3) years. If MAWC continues to file a rate case every three (3) years, this would  
6 mean that the transition of current Rate J customers to Rate A that do not qualify for Rate L  
7 would take place over the next three (3) rate cases, along with this rate case. The credit that  
8 MAWC is proposing in this case is approximately 50% of MAWC's proposed Rate A.  
9 That leaves approximately 17% of the credit left to apply to Rate J customers' bills over the  
10 next three (3) rate cases. Staff has concerns that if the Company is willing to apply a credit of  
11 50% in this case, then it could complete the transition of Rate J customers to Rate A by its next  
12 rate case.

13 Q. What is Staff's recommendation for the credit that should be applied to current  
14 Rate J customers who do not qualify for Rate L if the Commission approves the new class?

15 A. Based on MAWC's response above to Staff's data request, if the Commission  
16 approves MAWC's proposal to create a new large industrial rate class, Rate L, Staff  
17 recommends that the Commission set the credit for the current Rate J customers to 25% of  
18 Rate A rate versus MAWC's proposed 50%, to evenly and fairly spread out the credit over  
19 MAWC's next three (3) rate cases as the Company suggests in its data request response.

---

<sup>2</sup> Matthew J. Barnes, Rebuttal, Page 11, Lines 22-24.

**STAFF'S PROPOSED CUSTOMER CHARGE**

Q. Did Staff update its CCOS and Rate Design position since rebuttal testimony was filed on January 22, 2021?

A. Yes. Since Staff filed its rebuttal testimony on January 22, 2021, Staff further reviewed its CCOS and Rate Design studies. Staff's analysis shows that the customer charge for a 5/8" meter customer for each district is \$8.98, \$.02 less than the current customer charge of \$9.00 that the Commission approved in MAWC's last rate case, WR-2017-0285. Because the various meter charges are developed using factors based off the 5/8" meter charge, the remaining meter charges would also be essentially the same as determined in the last rate case. Since Staff's analysis shows that its proposed customer charge is slightly less than the current customer charge, Staff now recommends that the Commission approve the current customer charges that it approved in MAWC's last rate case, WR-2017-0285.

Q. What customer charges did the Commission approve in MAWC's last rate Case No. WR-2017-0285?

A. The following are customer charges for each meter size the Commission approved for MAWC in its last rate case:

<u>Meter Size</u>	<u>Monthly Billing</u>
5/8"	\$9.00
3/4"	\$12.25
1-1/2"	\$16.58
2"	\$40.43
3"	\$71.10
4"	\$114.11
6"	\$222.47
8"	\$379.54
10"	\$637.71
12"	\$765.25

Surrebuttal Testimony of  
Matthew J. Barnes

1 Q. What about Staff’s proposed commodity charges? Did those change as a result  
2 of Staff’s updated CCOS and Rate Design studies?

3 A. Yes. Based on Staff’s updated CCOS and Rate Design studies, the commodity  
4 charge results in a rate of \$4.8283 for the St. Louis County District and \$5.7683 for All Other  
5 MO service area customers.

6 Q. If the Commission approves Staff’s proposed customer charge and commodity  
7 charges for each district, what would be the customer billing results?

8 A. The table below shows the customer billing results using examples of 3,000,  
9 5,000 and 7,000 gallons of water usage per month if the Commission approves Staff’s proposed  
10 customer charge and commodity charges for each district:

Water District 1 - St. Louis County Service Area Metered Monthly Customers	Usage In Gallons	Present Rates			Proposed Rates			Dollar Change	Percent Change
		Customer Charge	Volumetric Charge	Total Charge	Customer Charge	Volumetric Charge	Total Charge		
St. Louis Metro & Peveley Farms	3,000	\$ 9.00	\$ 4.7814	\$ 23.34	\$ 9.00	\$ 4.8283	\$ 23.48	\$ 0.14	0.60%
	5,000	\$ 9.00	\$ 4.7814	\$ 32.91	\$ 9.00	\$ 4.8283	\$ 33.14	\$ 0.23	0.71%
	7,000	\$ 9.00	\$ 4.7814	\$ 42.47	\$ 9.00	\$ 4.8283	\$ 42.80	\$ 0.33	0.77%
<b>Metered Quarterly Customers</b>									
St. Louis Metro & Peveley Farms	9,000	\$ 27.00	\$ 4.7814	\$ 70.03	\$ 27.00	\$ 4.8283	\$ 70.45	\$ 0.42	0.60%
	15,000	\$ 27.00	\$ 4.7814	\$ 98.72	\$ 27.00	\$ 4.8283	\$ 99.42	\$ 0.70	0.71%
	21,000	\$ 27.00	\$ 4.7814	\$ 127.41	\$ 27.00	\$ 4.8283	\$ 128.39	\$ 0.98	0.77%
<b>Water District 2 - All Other Missouri Service Area</b>									
Water District 2 - All Other Missouri Service Area Metered Monthly Customers	Usage In Gallons	Present Rates			Proposed Rates			Dollar Change	Percent Change
		Customer Charge	Volumetric Charge	Total Charge	Customer Charge	Volumetric Charge	Total Charge		
Brunswick, Emerald Pointe, Golden Acres, Joplin, Lakewood Manor, Lake Taneycomo, Maplewood, Ozark Mountain, Pevely Farms, Platte County, Riverside, Rogue Creek, Spring Valley, Saddlebrooke, Spokane Highlands, St. Joseph, Stonebridge, Tri- States, Wardsville, and Warrensburg	3,000	\$ 9.00	\$ 6.2469	\$ 27.74	\$ 9.00	\$ 5.7683	\$ 26.30	\$(1.44)	-5.18%
	5,000	\$ 9.00	\$ 6.2469	\$ 40.23	\$ 9.00	\$ 5.7683	\$ 37.84	\$(2.39)	-5.95%
	7,000	\$ 9.00	\$ 6.2469	\$ 52.73	\$ 9.00	\$ 5.7683	\$ 49.38	\$(3.35)	-6.35%
<b>Flat Rate Monthly Customers</b>									
Anna Meadows, Jaxson Estates, Rankin Acres and White Branch	Flat	\$ 48.40	\$ -	\$ 48.40	\$ 44.69	\$ -	\$ 44.69	\$(3.71)	-7.66%

12  
13 Q. What billing results does the table show?

14 A. The table shows that the billing results for a customer using 5,000 gallons per  
15 month would be an increase to a customer’s bill of \$.23 for St. Louis County customers and a  
16 decrease to a customer’s bill of \$2.39 for All Other Mo customers.

1 Q. Will Staff's customer charge change as a result of any change in MAWC's Cost  
2 of Service ("COS")?

3 A. No. Staff proposes that any change in the Company's COS will not change the  
4 customer charge. Any changes in MAWC's COS would result in changes to Staff's proposed  
5 commodity charge.

6 Q. If Staff has updates to its COS for true-up that is to be filed March 5, 2021, will  
7 Staff update its CCOS as well?

8 A. Yes. Staff will update its CCOS if there are any changes to its COS.

9 **SUMMARY**

10 Q. Please summarize your surrebuttal testimony.

11 A. Staff recommends the Commission deny MAWC's proposal to create a new  
12 large industrial class, Rate L and order MAWC in its next general rate case to file a class cost  
13 of service study for the Company's proposed Rate L customers, and a separate class cost of  
14 service study for its Rate J customers that do not qualify for Rate L service under MAWC's  
15 proposed qualifications. However, if the Commission does approve the new Rate L and a credit  
16 for the newly created Rate J1 customers in this case, the credits should be spread out over the  
17 course of this rate case and the next three rate cases to ensure a smoother transition for those  
18 customers.

19 Staff also recommends that the Commission approve Staff's proposed customer charge  
20 and approve Staff's proposed separate commodity charges for each district in this case.

21 Q. Does this conclude your surrebuttal testimony?

22 A. Yes.



**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 MATTHEW J. BARNES**

STATE OF MISSOURI        )  
                                  )        ss.  
COUNTY OF COLE         )

**COME 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 of Matthew J. Barnes*; 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/ Matthew J. Barnes  
**MATTHEW J. BARNES**