

Exhibit No.:
Issues: Income Taxes
Witness: Carl R. Meyers
Exhibit Type: Direct
Sponsoring Party: Missouri-American Water
Company
Case No.: WR-2015-0301
SR-2015-0302
Date: July 31, 2015

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO. WR-2015-0301
CASE NO. WR-2015-0302**

DIRECT TESTIMONY

OF

CARL R. MEYERS

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

IN THE MATTER OF MISSOURI-AMERICAN)	
WATER COMPANY FOR AUTHORITY TO)	
FILE TARIFFS REFLECTING INCREASED)	CASE NO. WR-2015-0301
RATES FOR WATER AND SEWER)	CASE NO. SR-2015-0302
SERVICE)	

AFFIDAVIT OF CARL R. MEYERS

Carl R. Meyers, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Carl R. Meyers"; that said testimony was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge.



Carl R. Meyers

State of New Jersey
County of Camden
SUBSCRIBED and sworn to
Before me this 28th day of July 2015.



Notary Public

My commission expires:

**BEVERLY A. VAZQUEZ
NOTARY PUBLIC OF NEW JERSEY
ID # 50014203
My Commission Expires 4/20/2020**

**DIRECT TESTIMONY
CARL R. MEYERS
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2015-0301
CASE NO. WR-2015-0302**

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DIRECT TESTIMONY

CARL R. MEYER

I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

My name is Carl R. Meyers and my business address is 131 Woodcrest Road, Cherry Hill, New Jersey 08003.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by American Water Works Service Company, Inc. (“Service Company”) as the Director of Income Tax. The Service Company is a subsidiary of American Water Works Company, Inc. (“American Water”) that provides support services to American Water’s subsidiaries, including Missouri-American Water Company, Inc. (“Missouri American”, or the “Company”).

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS.

A. I graduated from Rowan University in Glassboro, New Jersey in 1993 with a Bachelor of Science degree in Accounting and I am a Certified Public Accountant. I have over 20 years of tax and accounting experience with approximately 9 years in the utility industry.

Q. PLEASE OUTLINE YOUR PROFESSIONAL EXPERIENCE.

A. Most of my career has been in public accounting. I began my work experience at Konnor and Company, PC from 1994-1995 as a Staff Auditor, at Baratz and Associates, PA from

1 1995-1998 as a Senior Accountant and at Pricewaterhouse Coopers from 1998-2005 as a
2 Tax Manager. My utility experience began while working for Ernst & Young from 2005-
3 2009 as a Senior Tax Manager. American Water was one of my clients where I provided
4 consulting services on FAS 109 (Accounting for Income Taxes), FIN 48 (Uncertain Tax
5 Positions) and related topics. In addition, I was an instructor and speaker on various
6 topics including FAS 109, FIN 48, and Sarbanes Oxley 404 (Internal Controls). After
7 Ernst & Young, I worked briefly at Integra LifeSciences Corporation from 2009-2010 as
8 Director of Tax Accounting before joining American Water in 2010 as Director of
9 Income Tax.

10
11 **Q. HAVE YOU PREVIOUSLY PARTICIPATED IN REGULATORY MATTERS?**

12 A. Yes. I have testified before the Kentucky Public Service Commission and provided
13 written testimony to the Kentucky Public Service Commission, California Public Utilities
14 Commission, and Indiana Utility Regulatory Commission regarding income tax matters.

15
16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

17 A. The purpose of my testimony is to support and explain current and deferred state and
18 federal tax adjustments.

19
20 **II. INCOME TAXES**

21
22 **Q. PLEASE EXPLAIN THE COMPANY'S CALCULATION OF ITS PRO FORMA**
23 **LEVEL OF INCOME TAXES.**

1 A. The Company's pro forma level of current income taxes at present rates is based on
2 deducting from revenues all operating expenses and interest expense. Additional add-
3 backs and deductions are reflected for tax-over book depreciation, repairs tax deduction,
4 non-deductible meals, and preferred stock expense. The resulting taxable income is then
5 multiplied by the state and federal statutory tax rates of 6.25% and 35%, respectively.
6 Deferred income taxes for the temporary timing difference related to tax-over book
7 depreciation and the repairs tax deduction were calculated at the statutory tax rates. The
8 per books level of the amortization of the deferred investment tax credits ("ITC") and the
9 deferred taxes associated with the amortization of the regulatory assets and liabilities was
10 also included in the calculation of income taxes.

11 Income taxes at proposed rates reflect the impact of the Company's request for additional
12 revenues.

13

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 A. Yes, it does.