Exhibit No.:

Issue(s): Hydrant Maintenance

Valve Maintenance

 $Witness: \quad \textit{Christopher D. Caldwell}$

Sponsoring Party: MoPSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: WR-2020-0344

Date Testimony Prepared: January 21, 2021

MISSOURI PUBLIC SERVICE COMMISSION FINANCIAL AND BUSINESS ANALYSIS DIVISION AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

CHRISTOPHER D. CALDWELL

MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2020-0344

Jefferson City, Missouri January 2021

1		REBUTTAL TESTIMONY	
2		OF	
3		CHRISTOPHER D. CALDWELL	
4		MISSOURI-AMERICAN WATER COMPANY	
5		CASE NO. WR-2020-0344	
6	Q.	Please state your name and business address.	
7	A.	Christopher Caldwell, 111 N. 7 th St., Ste. 105, St. Louis, Missouri 63101.	
8	Q.	By whom are you employed and in what capacity?	
9	A.	I am employed by the Missouri Public Service Commission ("Commission"), as	
10	a Utility Regulatory Auditor.		
11	Q.	Are you the same Christopher Caldwell that contributed to Staff's Cost of	
12	Service Report filed November 24, 2020, in Case No. WR-2020-0344?		
13	A.	Yes.	
14	Q.	What is the purpose of your rebuttal testimony in this case?	
15	A.	The purpose of my rebuttal testimony is to provide further explanation of	
16	Staff's concerns regarding aspects of Missouri American Water Company's ("MAWC")		
17	general ledger recording, specifically that of hydrant and valve maintenance.		
18	Q.	Has MAWC requested recovery of expense related to hydrant and valve	
19	maintenance in this case?		
20	A.	Yes. However, Staff did not make any adjustments to MAWC's expense related	
21	to this issue in its Cost of Service Report.		
22	Q.	What is your understanding of the frequency at which Missouri American Water	
23	Company performs hydrant and valve maintenance?		

- A. Prior to 2017, MAWC performed hydrant and valve maintenance on an as needed basis and when time allowed. While hydrants can be inspected independently of other maintenance work, often times a valve was discovered to be inoperable or in need of repair only during a main break. During MAWC's last general rate Case No. WR-2017-0285, the Company had begun to develop hydrant maintenance and valve maintenance programs to ensure a more consistent and more uniform review of hydrants and valves in its territories. MAWC was developing these programs, at least partly, to address concerns brought up by the Utility Workers Union, Local 335, as well as other issues raised by MAWC in prior rate case proceedings. Since the 2017 rate case, MAWC has been performing this work on a more scheduled basis.
- Q. In its review of MAWC's hydrant and valve maintenance records, has Staff come across any concerns?
- A. Yes. Staff discovered issues surrounding the non-labor aspect of hydrant and valve maintenance expense and how that expense is currently recorded with main break expense. Staff believes that it would be more accurate and easier to separately determine the ongoing level of non-labor costs related to main breaks, valve, and hydrant maintenance as the programs and schedules for valve and hydrant maintenance may be different from main break expense maintenance since the establishment of programs specifically developed for hydrants and valves. Staff's review of the non-labor costs associated with hydrant and valve inspection, maintenance, and repair revealed that MAWC currently records the non-labor maintenance in a manner that does not permit Staff to review the non-labor costs related to main breaks, valve, and hydrant maintenance separately and thus Staff cannot normalize these costs based on specific program information.

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- Q. Has Staff relayed its concerns to MAWC and does MAWC have the ability to do as Staff is requesting?
- A. Yes. Staff has had multiple discussions with MAWC personnel to discuss this issue, and has participated in a demonstration of the software abilities that MAWC has for the recording of these costs. MAWC began using a software called MapCall in January 2018 to support its daily business activities and programs. MapCall is a work and asset management software that allows different areas of business operations to interact and update related data. Specifically, MAWC uses Mapcall for incident recording; equipment inspections such as hydrants, valves, pumps and manholes; work order creation and completion; permit tracking; restoration activities; asset and work reporting; assigning and reassigning work, and service line management. The work orders and all related data are entered and executed through MapCall and then the cost data is transferred to the general ledger through certain work order coding once work is complete.
 - Q. What does Staff recommend regarding MAWC's recording of non-labor hydrant and valve maintenance?
 - A. Staff recommends that the Commission order MAWC to separately record its various non-labor maintenance costs, and specifically to work with Staff in determining a method of separating the non-labor costs into separate categories of accounts or unique coding in the general ledger for hydrants, valves, main breaks, and other related items. Also, MAWC needs to have a standard system and associated training for how work orders are established regarding each type of non-labor maintenance expense in MapCall. This system and training should be based on the new division of maintenance expense and how work orders are posted to the general ledger based on that new division of expense. This will make it easier for Staff

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- to be able to verify ledger information with invoices as well as notating which profit center a work order should be recorded to.
 - MAWC has suggested, and Staff agrees, that prior to the beginning of its next rate case, a meeting between MAWC and Staff would be the most efficient and effective path to resolve various general ledger recording concerns that have come to light during Staff's investigation.
 - Q. Does this conclude your rebuttal testimony in this proceeding?
 - A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water)	
	,	Case No. WR-2020-0344
Company's Request for Authority to)	Case No. W K-2020-0544
Implement General Rate Increase for)	
Water and Sewer Service Provided in)	
Missouri Service Areas)	
AFFIDAVIT OF CHR	ISTO	PHER D. CALDWELL

STATE OF MISSOURI) ss. COUNTY OF COLE)

COMES NOW Christopher D. Caldwell, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Christopher D. Caldwell*; 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/ Christopher D. Caldwell
CHRISTOPHER D. CALDWELL