

Exhibit No.
Issue: Cost of Service
Witness: Michael Duffy
Type of Exhibit: Direct Testimony
Sponsoring Party: City of Riverside
Case Number: WR-2010-0131
Date Prepared: March 9, 2010

Missouri-American Water Company

WR-2010-0131

Direct Testimony of

Michael Duffy

Before the
Missouri Public Service Commission

On behalf of

City of Riverside

March 9, 2010

1 Missouri-American Water Company

2 WR-2010-0131

3 Direct Testimony of Michael Duffy

4 **Q PLEASE STATE YOUR NAME.**

5 A My name is Michael Duffy.

6 **Q ON WHOSE BEHALF ARE YOU APPEARING FOR THE PURPOSES OF THIS**
7 **DIRECT TESTIMONY?**

8 A I am appearing for purposes of this testimony on behalf of intervenor City of Riverside (the
9 “City”). The City receives service directly and its residents also receive service from
10 Missouri-American Water Company (“MAWC”).

11 **Q PLEASE DESCRIBE YOUR EMPLOYMENT.**

12 A I am Director of Community Development for the City.

13 **Q WHAT IS YOUR INTEREST IN THIS PARTICULAR CASE?**

14 A I am testifying as a representative of the City, which is attempting to protect its citizens in
15 the present case. The City is within the Parkville District, subject to the Platte County water
16 tariff at issue in this case.

17 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

18 A The purpose of my testimony is to describe the City’s direct investment in its water
19 distribution system as a result of MAWC’s failure to provide adequate water service, and to
20 object to certain charges by MAWC.

21 **Q WHAT IS THE CITY’S INVESTMENT IN THE WATER DISTRIBUTION**
22 **SYSTEM?**

1 A Due to MAWC's failure to provide adequate water service, as described in the direct
2 testimony of Fire Chief Gordon Fowlston in this case, the City has approved a capital budget
3 line item of \$500,000 annually for the consecutive five years beginning in 2008 to replace
4 insufficient water mains and install new water mains within the City. The City already has
5 purchased pipe for its first project, and it anticipates projects to occur within each of its three
6 wards.

7 Another reason for this capital expenditure is that the insufficient fire flow in the City affects
8 new construction. Without sufficient flow, the City's process of issuing building permits is
9 hindered.

10 These new and replacement water mains will be tied in to MAWC's infrastructure and will
11 become the property of MAWC following installation. At present, there is no provision for
12 compensation from MAWC for this contribution, to my knowledge.

13 While I am not intending to offer testimony as a rate expert, the City and its citizens
14 nonetheless will be expending substantial monies annually to the benefit of MAWC.

15 **Q WHAT ARE THE MAWC CHARGES TO WHICH THE CITY OBJECTS?**

16 A The City objects to the lawfulness of MAWC charging a "hydrant fee" and a "standby fee"
17 for certain fire hydrants and sprinkler systems, rather than including the cost of placement
18 and maintenance of such fire hydrants in its cost basis in determining a fair and reasonable
19 rate to be charged for water, as we understand is required by Missouri law. We believe the
20 charging of both fees is inappropriate and contradictory of MAWC's requirement under
21 Missouri law to provide safe and adequate service that is in all respects just and reasonable.

22 **Q BASED ON THE FOREGOING, WHAT RELIEF ARE YOU REQUESTING IN**
23 **RELATION TO THESE ISSUES?**

1 A The City requests that the inadequacy of MAWC service and the inappropriate MAWC
2 charges be a consideration when the amount of rate relief is determined.

3 **Q SHOULD THE REDUCTION IN RESPONSE TO YOUR PROBLEM BE PASSED**
4 **ON TO OTHER DISTRICTS?**

5 A No. The reduction originates from the Parkville District and should not be attributed to other
6 districts.

7 **Q DOES THAT CONCLUDE YOUR TESTIMONY?**

8 A Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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In the matter of Missouri-American)
Water Company's Request for Authority)
to Implement a General Rate Increase) Case No. WR-2010-0131
for Water and Sewer Service Provided)
in Missouri Service Areas)

Affidavit of Michael Duffy

State of Missouri)
County of Clay) ss.

Michael Duffy, being first duly sworn, on his oath states:

1. My name is Michael Duffy. I am Director of Community Development for the City of Riverside.
2. The above Direct Testimony in question and answer form was prepared by me, or at my direction.
3. I hereby swear and affirm that the aforesaid written direct testimony is true and accurate to the best of my present knowledge, information and belief.

Michael Duffy
Michael Duffy

Subscribed and sworn to before me on this 9 day of March, 2010.

Holly Phillips
Notary Public

My commission expires:
March 25, 2012

