

Exhibit No.:
Issue(s): *Cash Working Capital,*
Call Center Costs,
Rate Case Expense,
Error Corrections
Witness: *Jane C. Dhority*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *WR-2023-0006*
Date Testimony Prepared: *June 29, 2023*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

Cost of Service

OF

JANE C. DHORITY

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

Jefferson City, Missouri

June 2023

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1 **REBUTTAL TESTIMONY OF**

2 **JANE C. DHORITY**

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

4 **CASE NO. WR-2023-0006**

5 Q. Please state your name and business address.

6 A. My name is Jane C. Dhority and my business address is 111 North 7th Street,
7 Suite 105, St. Louis, MO 63101.

8 Q. Are you the same Jane C. Dhority who filed direct testimony in this case?

9 A. Yes.

10 Q. What is the purpose of your rebuttal testimony?

11 A. The purpose of this testimony is to discuss adjustments made to cash working
12 capital, call center costs, and rate case expense. Staff will also describe corrections made to
13 Staff's direct filing.

14 **CASH WORKING CAPITAL**

15 Q. Has Staff made any updates to cash working capital calculations since the direct
16 case was filed?

17 A. No.

18 Q. Please explain.

19 Q. As was discussed in the previous filing, Staff believed it may be missing
20 invoices. Staff has since confirmed that this is correct and has notified the Company of
21 the invoices still needed for its lead/lag study. During the technical conference held on
22 June 14, 2023, Confluence stated that it is currently working to put together the invoices Staff
23 is still missing, but could not provide the date when the missing invoices would be available to

1 Staff. On June 20, 2023, Staff reached out to the Company to check on the status of the missing
2 invoices, to which Confluence replied that a large majority of the missing invoices could be
3 found in the Company's Data Room (their online file sharing site). Staff reviewed the
4 additional files and found that there were still invoices the Company had not provided. On
5 June 21, 2023, Staff informed Confluence of the invoices it still needed for the lead/lag study.
6 On June 22, 2023, Confluence informed Staff that the remaining invoices were available in
7 the Data Room. Because the information Staff requested was provided the day before
8 Staff's internal deadlines for this filing, Staff did not have sufficient time to review and
9 incorporate the final invoices into its lead/lag study. Staff will update and finalize its lead lag
10 study in its Surrebuttal testimony.

11 **CALL CENTER COSTS**

12 Q. Has Staff made any adjustments to its direct position for call center costs?

13 A. Yes. Staff has made an adjustment to remove all costs pertaining to liveVOICE
14 answering service, and an adjustment to remove 50% of all costs pertaining to Nitor
15 Billing Services.

16 Q. What is Staff's reason for these adjustments?

17 A. Staff removed liveVOICE costs due to information it received that the Company
18 was no longer using their services, and removed half of Nitor costs due to concerns Staff has
19 regarding amended services, quality of service issues, and Confluence's failure to submit a
20 Request for Proposal prior to engaging Nitor.

21 Q. Please explain.

22 A. During its audit, Staff learned that as of June 2022, Confluence's billing services
23 had been moved in-house. Staff submitted Staff Data Request No. 0270 which requested

1 documentation relating to any changes to Confluence’s contract with Nitor Billing Services,
2 who formerly provided that service along with call center services during normal business
3 hours. The response to that data request was due after Staff filed direct testimony; therefore,
4 Staff’s direct testimony stated that an adjustment to this expense may be possible at rebuttal.
5 Staff has since received information that Nitor Billing Services is now providing 24 hour call
6 center services, and that Confluence has cancelled its agreement with liveVOICE.

7 Q. Was this information provided in response to Staff Data Request No. 0270?

8 A. Not exactly. Confluence’s response indicated that they had not formally
9 amended their contract with Nitor, but that they had informally requested that Nitor’s call center
10 extend their customer service hours in exchange for the billing services no longer being
11 provided. Staff sought clarity as to the informal request Confluence proposed to Nitor for a
12 change in services and Staff asked questions regarding the matter in the technical conference
13 held on June 14, 2023.

14 Q. What questions did Staff ask Confluence during the technical conference?

15 A. Staff requested further detail regarding how and when the informal request was
16 proposed to Nitor and if Confluence could provide any formal documentation supporting the
17 call center changes that Confluence verbally discussed with Staff. Staff asked whether Nitor
18 agreed to the request and if there was any change in the contract price arising from amending
19 the services Nitor provides.

20 Staff also inquired whether there were any cost savings or additional costs incurred as
21 a result of the transition. Staff asked when the change in services took place, and if Confluence
22 was still using liveVOICE answering services. Staff also asked if Confluence submitted a
23 Request for Proposal (“RFP”) for call center and billing services prior to selecting Nitor to

1 provide these services, and their reasoning for bringing their billing team in-house. Staff
2 inquired as to whether Confluence had hired additional employees and if there was any overlap
3 in duties between Nitor and Confluence's in-house billing team.

4 Q. What was Confluence's response?

5 A. Confluence's responses to Staff's questions on this topic were of little value and
6 Staff was directed to submit formal discovery. Confluence indicated that Nitor had agreed to
7 this informal request, but could not give a definitive answer as to when the agreement occurred,
8 when the change in service took place, or any other details surrounding the transaction.
9 Confluence also stated at the time that it did not have any documentation to support the change
10 in services. Confluence had no answer when asked what recourse it had in the event Nitor
11 failed to provide the new agreed upon services without a formalized agreement in place. With
12 regard to any change in price resulting from discontinuing billing services and extending call
13 center service hours, Confluence said that there was none. Confluence also stated that no cost
14 savings were realized, and they did not submit an RFP for billing and call center services prior
15 to entering into the contract with Nitor. Confluence stated that it had cancelled its agreement
16 with liveVOICE for call center services, but could not remember when the cancellation took
17 place or at what point the services were no longer being used and could not provide any
18 documentation to support this transaction, such as written cancellation order.

19 Q. Does Nitor's cost for providing billing services equal their cost for extending
20 call center hours?

21 A. Staff does not know and as of the preparation of this testimony there is no way
22 to verify. During the course of its audit, Staff reviewed the existing contract that Confluence

1 has with Nitor and attempted to determine what Nitor is charging Confluence for its different
2 services. While there is pricing information, it is not detailed by service.

3 Q. Can you elaborate?

4 A. Yes. In order to assess costs pertaining to Confluence's decision to move its
5 billing team in-house, Staff examined Confluence's contract with Nitor, visited their website,
6 and tried to contact Nitor using the corporate offices phone number listed on their website.
7 Nitor's contract does not specifically delineate the pricing for each of the services provided.
8 Nitor's website, on the pricing page, states that each customer is unique and Nitor wants to
9 ensure that the best possible price is given for each situation; however, the website did not
10 contain actual pricing information.¹ Staff made several attempts to reach Nitor by phone
11 through its corporate office number to attain the information but, to date, has not been able to
12 reach anyone.

13 Q. Please describe Staff's attempts to reach Nitor Billing Services.

14 A. Staff has made several phone calls to Nitor seeking pricing information.
15 Staff's first attempt to reach Nitor by phone was on May 30, 2023. The call was not
16 answered, and Staff left a message detailing the nature of the call. No one from Nitor
17 returned the call, and on June 8, 2023 Staff made a second call. An individual answered
18 this call, but did not identify themselves, nor did they identify themselves as an employee of
19 Nitor in their greeting. Staff was concerned that the number called was incorrect and asked
20 the person if they had indeed reached Nitor Billing Services, to which the unidentified
21 individual replied, "Yes." Staff then proceeded to identify themselves and explain the nature of
22 the phone call, but the call was terminated before Staff finished speaking. Staff called back

¹ <https://nitorbillingservices.com/pricing>

1 immediately, but no one answered, so Staff left a second message. Staff tried to contact Nitor
2 a final time later that day, but again, the call was not answered and Staff left a third message.
3 As of the filing of this testimony, Staff has not received a reply from Nitor.

4 Q. Does Staff have any comments regarding its attempts to reach Nitor?

5 A. Yes. Staff finds it concerning that it is unable to reach a representative with a
6 company whose business provides Confluence's call center services. Additionally, comments
7 made by ratepayers at local public hearings held for this rate case indicate they have had
8 difficulties in reaching Confluence's customer service department, and did not receive call
9 backs when messages were left.

10 Q. How were call center functions handled prior to this informal agreement?

11 A. Prior to the informal agreement, Nitor provided call center services from
12 7 a.m. to 7 p.m., and Confluence had an agreement with liveVOICE to handle calls occurring
13 outside of those hours.

14 Q. Is Confluence still using liveVOICE now that Nitor is handling call center
15 services 24/7?

16 A. During the technical conference, Confluence stated that it had cancelled its
17 agreement with liveVOICE, but when Staff asked for further detail regarding this
18 issue, including when the agreement was cancelled, Confluence again could not give a
19 definitive answer.

20 Q. Has Staff made attempts to gain further information with regard to amending the
21 services provided by Nitor, moving its billing team in-house, and the cancellation of
22 Confluence's agreement with liveVOICE?

1 A. Yes. Staff has submitted Data Request Nos. 0428 – 0435 requesting
2 information regarding the Nitor and liveVOICE transactions. The Company’s responses were
3 due on June 26, 2023. Confluence responded to Data Request Nos. 428, & 431 – 433 by the
4 June 26, 2023 due date, however, Data Request Nos. 0429, 0430 & 0434 were not responded
5 to until June 27, 2023. Staff will update the Commission on the status of this information
6 in surrebuttal as the requested information was not provided in time for inclusion in this
7 rebuttal testimony.

8 **RATE CASE EXPENSE**

9 Q. Has Staff made any updates to its direct position for the amount of rate case
10 expense included in this case?

11 A. Yes. It is Staff’s intention to assess rate case expenses incurred for this instant
12 case through the date reply briefs are filed with the Commission, which is September 19, 2023,
13 or sooner if a settlement is reached.

14 Confluence has incurred costs subsequent to Staff’s direct filing for customer notices.
15 As these customer notices are required they are not subject to the 50/50 sharing mechanism.
16 Staff proposes to normalize the amount for customer notices over a three (3) year period.

17 Q. Does Staff have further comments regarding rate case expense?

18 A. Yes. Confluence proposes to amortize rate case expense over a three (3) year
19 period, and has also included the unamortized balance of rate case expense in rate base. As Staff
20 has stated in its direct testimony, Staff does not support amortization of rate case expense for
21 ratemaking purposes, and has proposed to normalize the expense over a three (3) year period.
22 Furthermore, Staff disagrees with Confluence’s inclusion of these costs in rate base because
23 Confluence should not receive carrying costs on this expense.

1 **ERROR CORRECTIONS**

2 Q. Did Staff make any corrections to its direct filing?

3 A. Yes.

4 Q. Please list the corrections Staff made to its direct filing.

5 A. Staff's error corrections are as follows:

- 6 • Staff made adjustments to include amounts incorrectly removed
7 from test year for accounts 903.1, 928.1, and 928.2 regarding
8 customer billing expense, DNR costs and PSC assessment,
9 respectively.
- 10 • Staff updated adjustments to include the correct amount of
11 sanitation expense in account 744.
- 12 • Staff removed adjustments to account 922 for sponsorship costs
13 not included in Company's test year.
- 14 • Staff included adjustments for homeowner's association dues
15 that should have been included in Staff's direct filing.

16 Q. Does this conclude your rebuttal testimony?

17 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for)
Authority to Implement a General Rate)
Increase for Water Service and Sewer)
Service Provided in Missouri Service Areas)

Case No. WR-2023-0006

AFFIDAVIT OF JANE C. DHORITY

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS) ss.

COMES NOW JANE C. DHORITY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Jane C. DhORITY*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

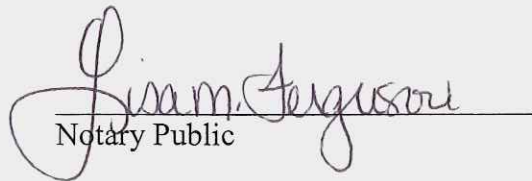


JANE C. DHORITY

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of St. Louis, State of Missouri, at my office in St. Louis, on this 20th day of June 2023.

LISA M. FERGUSON
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: June 23, 2024
Commission Number: 16631502



Notary Public