

# Exhibit No. 202

**Exhibit No.:**

**Issue(s):**

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

\_\_\_\_\_  
Deferral Mechanisms/  
Line Extensions  
Robinett/Direct  
Public Counsel  
WR-2022-0303

**DIRECT TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**MISSOURI-AMERICAN WATER COMPANY**

CASE NO. WR-2022-0303

November 22, 2022

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**DIRECT TESTIMONY  
OF  
JOHN A. ROBINETT  
MISSOURI AMERICAN WATER COMPANY**

**CASE No. WR-2022-0303**

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering  
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service  
7 Commission?**

8 A. Yes. Both as a former member of Commission Staff and on behalf of the OPC.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule  
11 JAR-D-1.

12 **Q. What is the purpose of your direct testimony?**

13 A. In this testimony, I will discuss Missouri American Water Company’s (“MAWC”) current  
14 authorized mechanisms for early recovery of depreciation for in-service assets.  
15 Additionally, I will discuss MAWC’s current line extension policy.

16 **Authorized Mechanisms**

17 **Q. Has the Commission authorized MAWC to use mechanisms to recover a return on and  
18 a return of investment more rapidly than being included in rate cases?**

19 A. Yes. MAWC has two mechanisms from which it can choose. The first and longest active  
20 program is the Infrastructure System Replacement Surcharge (“ISRS”). This mechanism is

1           only available for eligible projects in the Saint Louis area, as the statute authorizing it has a  
2           population requirement.

3           More recently, the Missouri General Assembly approved a new program for water and  
4           wastewater utilities. This mechanism is the Water and Sewer Infrastructure Rate Adjustment  
5           (“WSIRA”). This mechanism expands the list of plant items eligible for replacement beyond  
6           those specified in the ISRS. It also encompasses all of Missouri.

7           **Q. As part of this case, has MAWC requested additional mechanisms to accelerate recovery**  
8           **of invested amounts or to reduce the amount that MAWC would not recover until the**  
9           **amount was included in a general rate proceeding?**

10          A. Yes.

11          **Q. What mechanisms has MAWC requested as part of this rate proceeding?**

12          A. MAWC has requested a depreciation deferral mechanism and a post-in-service carrying  
13          cost capitalization mechanism. Both of these mechanisms are to be amortized over 25  
14          years.

15          **Q. Have you issued discovery related to the depreciation deferral mechanism and the post-**  
16          **in-service carrying cost capitalization mechanism?**

17          A. Yes.

18          **Q. Has MAWC’s answers to the data requests in this case assisted you in determining**  
19          **whether the Commission should approve or deny the depreciation deferral mechanism**  
20          **and the post-in-service carrying cost capitalization mechanism?**

21          A. Yes. MAWC’s answers to both mine and Staff’s data requests related to these mechanisms  
22          cause me more concern than assurances. Attached as Schedule JAR-D-2 are the questions  
23          and MAWC’s responses to those questions that led to my decision to not support the

1 requested mechanisms. I cannot support these mechanisms because MAWC's answers to  
2 the data requests regarding these programs are vague and do not provide any detail that  
3 would permit me to support the mechanisms.

4 For instance, in response to OPC data request 8500 and 8501 that requested the  
5 retirement units and types of investment that would fall under both the depreciation deferral  
6 and post in-service carrying cost capitalization mechanism, MAWC stated only that it is  
7 any plant investment not covered by the ISRS or the WSIRA.

8 Similarly, in response to OPC data request 8502 that requested the basis and  
9 rationale for the amortization period for the depreciation deferral mechanism, MAWC  
10 pointed to Staff data request number 0252. In Staff's data request 0252, Staff requested all  
11 of the reasons MAWC choose the 25-year amortization period for both of the proposed  
12 mechanisms. MAWC responded to that data request saying that it selected the recovery  
13 period because that is what MAWC felt was reasonable.

14 Due to these vague responses and the lack of clarity around the programs, I do not  
15 recommend the Commission implement these mechanisms. If the Commission approves  
16 these mechanisms, then it needs to make an adjustment to the rate of return to recognize  
17 the near elimination of regulatory lag related to placing plant in-service.

18 **Line Extensions**

19 **Q. Does MAWC have a line extension tariff currently in effect?**

20 A. Yes. MAWC's line extension policy is found in Rule 23 of its currently applicable water  
21 tariff.

1 **Q. Did you conduct discovery related to MAWC's current line extension practice?**

2 A. Yes. In data request 8505, I sought the number of line extension requests by year for the  
3 past 10 years. I also asked MAWC to identify the type of main extension, the location, and  
4 finally the percentage of MAWC funding for each line extension identified. MAWC  
5 provided this information in an Excel file; however, further discovery is needed on this  
6 data request to fully understand how MAWC determines the percentage of funding for each  
7 line extension.

8 Additionally, I asked data request number 8507 seeking the number of line  
9 extensions that have been completed that do not cover the cost to serve the additional  
10 customers. MAWC's response to this data request is that MAWC does not track the cost  
11 of service for individual customers.

12 Finally, I asked OPC data request number 8508, which sought information related  
13 to whether MAWC has experienced a decline in line extension requests and if MAWC  
14 knew what factors may be driving the decline. MAWC's response to OPC data request  
15 number 8508 indicates that MAWC had a max requested number of line extensions in  
16 2015, with 54 requests. Additionally MAWC's response showed an average of 41 requests  
17 per year over the last 10 years. When MAWC's response to data request number 8508 is  
18 reviewed in totality, over the last 10 years 2022 is the only year that sticks out as a true  
19 decline in line extensions. MAWC's answer to the final part of OPC data request number  
20 8508 indicates that the number of projects is driven by developers and the cause of any  
21 changes in the number of projects is not known by MAWC. All three of these data requests  
22 are attached as Schedule JAR-D-3

1 **Q. What is your recommendation at this time?**

2 A. At the time of this direct testimony additional discovery related to MAWC's line extension  
3 policy is needed. At this time, I recommend a continuation of the current levels of up front  
4 total cost for the St. Louis Metro district and the rest of the State. I will continue to review  
5 data request responses that Staff has received in conjunction with sending additional  
6 discovery to gain a better understanding of MAWC's line extension policy and MAWC's  
7 level of contribution to the line extensions.

8 **Q. Does this conclude your direct testimony?**

9 A. Yes, it does.



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


In the Matter of the Application of Missouri- )  
American Water Company's Request for )  
Authority to Implement General Rate Increase ) Case No. WR-2022-0303  
for Water and Sewer Service Provided in )  
Missouri Service Areas )

**AFFIDAVIT OF JOHN A. ROBINETT**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

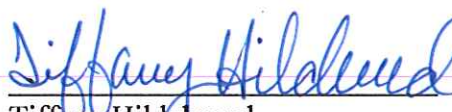
1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist

Subscribed and sworn to me this 22<sup>nd</sup> day of November 2022.



TIFFANY HILDEBRAND  
My Commission Expires  
August 8, 2023  
Cole County  
Commission #15637121

  
\_\_\_\_\_  
Tiffany Hildebrand  
Notary Public

My Commission expires August 8, 2023.