Exhibit No .: Issue: Witness: Sponsoring Party: Type of Exhibit: Case No .: Date Testimony Prepared:

Tariff Rate Matthew J. Barnes MoPSC Staff Direct Testimony WO-2019-0184 May 07, 2019

# **MISSOURI PUBLIC SERVICE COMMISSION**

# **COMMISSION STAFF DIVISION**

### WATER AND SEWER DEPARTMENT

FILED MAY 2 1 2019

Exhibit No\_

Reporter

File No. WO-2019-

Staff

Date 5

**DIRECT TESTIMONY** Y Missouri Public Service Commission

OF

**MATTHEW J. BARNES** 

## **MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WO-2019-0184** 

Jefferson City, Missouri May 2019

1		DIRECT TESTIMONY
2		OF
3		MATTHEW J. BARNES
4		MISSOURI-AMERICAN WATER COMPANY
5		CASE NO. WO-2019-0184
6	Q.	Please state your name and business address.
7	А.	My name is Matthew J. Barnes and my business address is Missouri Public
8	Service Com	mission, P.O. Box 360, Jefferson City, MO 65102.
9	Q.	What is your position at the Missouri Public Service Commission
10	(Commission	1)?
11	А.	I am a Utility Regulatory Auditor IV in the Commission Staff Division, Water
12	and Sewer D	epartment.
13	Q.	What is your work and educational background?
14	А.	Please see Schedule MJB-d1.
15	Q.	Have you previously filed testimony before the Commission?
16	А.	Yes. Please see Schedule MJB-d1.
17	Q.	What is the purpose of your direct testimony?
18	А.	The purpose of my testimony is to provide to the Commission the ISRS rates
19	based on the	various parties ISRS revenue requirements.
20	Q.	What is ISRS?
21	А.	ISRS stands for Infrastructure System Replacement Surcharge.
22	Q.	Are there other Staff members filing testimony in this proceeding?

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### Direct Testimony of Matthew J. Barnes

Q.

A. Yes. Staff expert Karen Lyons will be filing testimony regarding Staff's
 recommended position concerning the calculation of dollars Missouri-American Water
 Company ("MAWC") should be allowed to collect through its ISRS. Staff witness
 Mark L. Oligschlaeger will address policy related matters regarding MAWC's proposal to
 increase rate base by including a hypothetical NOL associated with ISRS plant in service
 additions.

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What are Staff's proposed ISRS rates?

A. Based on Staff's ISRS revenue calculation supported by Ms. Lyons, Staff proposes the Commission approve the following rates for each rate class:

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	ISRS Recovery		
	Revenue	2018 Bill Analysis	
	Requirement	Sales (100 Gal) (1)	Rate per 1000 Ga
Rate A	\$8,840,853	32,207,358	\$0.2745
Rate B	10,802	1,609,828	\$0.0067
Rate J	27,190	4,227,969	\$0.0064
(1) Per billing deter	\$8,878,845 minants in Case WR 2017-	<u>38,045,155</u> 0285	
(1) Per billing deter	\$8,878,845	38,045,155	Proposed Rate
(1) Per billing deter	\$8,878,845	<u>38,045,155</u> 0285	
	\$8,878,845	38,045,155 0285 Adjustment to	Proposed Rate
Rate Per 1000 Gal	\$8,878,845	38,045,155 0285 Adjustment to	Proposed Rate
(1) Per billing deter Rate Per 1000 Gal Rate A Rate B	\$8,878,845 minants in Case WR 2017- Current Rate	38,045,155 0285 Adjustment to Current Rate (2)	Proposed Rate Use on Tariff

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Q. Please briefly explain the various classes.

A. Rate A represents residential, commercial, and small industrial customers.
Rate B represents Sale for Resale customers. Rate J represents large industrial customers.

# Direct Testimony of Matthew J. Barnes

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	Q.	How are rates deterr	nined for each cl	ass?		
2	А.	For each class, th	e cost of servi	ce allocat	ion is base	ed on the r
3	requirement being spread to each class based on billing determinants agreed to in the pre					
	-					
4	rate case. <sup>1</sup>					
5	Q.	What are the MAW	C's proposed ISR	S rates?		
6	А.	According to MAW	C's April update	to its init	ial filing, M	IAWC propo
7	following rate					
	10110 wing rate					
8		Rate A	\$0.497			
9 0		Rate B Rate J	\$0.0091 \$0.0081			
		Rate J	ψ0.000	15		
1	Q.	Did The Office of	the Public Cou	insel ("Pu	blic Counse	el") oppose
2	recommendat	tion?				
3	A.	No. Public Counsel	did not oppose S	taff's recor	nmended IS	SRS rates.
4	0					
4	Q.	Could you include a	Table mat shows	s a side-by-	-side compa	
5	potential rates	s?				
8		Ver Diese er Te	able 1 below for	a side-hv	• •	·
5	А.	Yes. Please see Ta		u shue oy	-side comp	arison. The
				·	-	arison. The
7		ference in rates betwee		·	-	arison. The
7				·	-	arison. The
6 7 8		ference in rates betwee	en MAWC's and	Staff's pos	sition.	arison. The
7		ference in rates betwee	en MAWC's and Table 1 ISRS Rate Designs	Staff's pos	sition.	
7	shows the dif	ference in rates betwee	en MAWC's and Table 1 ISRS Rate Designs C	Staff's pos Per 100 Ga ompany	sition. Ilons Staff	Difference
		ference in rates betwee	en MAWC's and Table 1 ISRS Rate Designs	Staff's pos	sition.	

<sup>1</sup> Case No. WR-2017-0285.

### Direct Testimony of Matthew J. Barnes

Q. Do these rates only impact customers in the St. Louis County service area?
 A. Yes. As per statute, the ISRS is only permitted in the St. Louis County
 service area.
 Q. Does this conclude your direct testimony?

A. Yes.

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# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In The Matter of Petition of Missouri-American Water Company for Approval to Change an Infrastructure System Replacement Surcharge (ISRS)

) ss.

<u>Case No. WO-2019-0184</u> Tariff No. YW-2019-0018

#### AFFIDAVIT OF MATTHEW J. BARNES

State of Missouri County of Cole

**COMES NOW,** Matthew J. Barnes, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Direct Testimony*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Matthew J. Barnes

#### JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this  $\frac{74}{2}$  day of May, 2019.

Mankin

NOTARY PUBLIC

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commission Expires: December 12, 2020 Commission Expires: December 12, 2020 Commission Number: 12412070

#### EDUCATION AND RATE CASE PARTICIPATION

#### **Educational and Employment Background and Credentials**

I am a Utility Regulatory Auditor IV in the Water and Sewer Department, Commission Staff Division for the Missouri Public Service Commission. I was promoted to Utility Regulatory Auditor IV in the Energy Resources Department, Commission Staff Division for the Missouri Public Service Commission in June 2008. I accepted the position of Utility Regulatory Auditor I/II/III in June 2003. I transferred to the position of Utility Regulatory Auditor IV in the Water and Sewer Department in June 2016.

In December 2002, I earned a Bachelor of Science Degree in Business Administration with an Emphasis in Accounting from Columbia College. In May 2005, I earned a Masters in Business Administration with an Emphasis in Accounting from William Woods University.

Date Filed	Issue	Case Number	Exhibit	Case Name
09/08/2004	Merger with TXU Gas	GM20040607	Staff Recommendation	Atmos Energy Corporation
10/15/2004	Rate of Return	TC20021076	Supplemental Direct	BPS Telephone Company
06/28/2005	Finance Recommendation	EF20050387	Staff Recommendation	Kansas City Power and Light Company
06/28/2005	Finance Recommendation	EF20050388	Staff Recommendation	Kansas City Power and Light Company
08/31/2005	Finance Recommendation	EF20050498	Staff Recommendation	Kansas City Power and Light Company
11/15/2005	Spin-off of landline operations	IO20060086	Rebuttal	Sprint Nextel Corporation

**RATE CASE PARTICIPATION** 

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# EDUCATION AND RATE CASE PARTICIPATION

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Date Filed	Issue	Case Number	Exhibit	Case Name
03/08/2006	Spin-off of landline operations	TM20060272	Rebuttal	Alltel Missouri, Inc.
08/08/2006	Rate of Return	ER20060314	Direct	Kansas City Power & Light Company
09/08/2006	Rate of Return	ER20060314	Rebuttal	Kansas City Power & Light Company
09/13/2006	Rate of Return	GR20060387	Direct	Atmos Energy Corporation
10/06/2006	Rate of Return	ER20060314	Surrebuttal	Kansas City Power & Light Company
11/07/2006	Rate of Return	ER20060314	True-Up Direct	Kansas City Power & Light Company
11/13/2006	Rate of Return	GR20060387	Rebuttal	Atmos Energy Corporation
11/23/2006	Rate of Return	GR20060387	Surrebuttal	Atmos Energy Corporation
12/01/2006	Rate of Return	WR20060425	Direct	Algonquin Water Resources of Missouri LLC
12/28/2006	Rate of Return	WR20060425	Rebuttal	Algonquin Water Resources of Missouri LLC
01/12/2007	Rate of Return	WR20060425	Surrebuttal	Algonquin Water Resources of Missouri LLC
02/07/2007	Finance Recommendation	GF20070220	Staff Recommendation	Laclede Gas Company

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# EDUCATION AND RATE CASE PARTICIPATION

Date Filed	Issue	Case Number	Exhibit	Case Name
05/04/2007	Rate of Return	GR20070208	Direct	Laclede Gas Company
07/24/2007	Rate of Return	ER20070291	Direct	Kansas City Power and Light Company
08/30/2007	Rate of Return	ER20070291	Rebuttal	Kansas City Power and Light Company
09/20/2007	Rate of Return	ER20070291	Surrebuttal	Kansas City Power and Light Company
11/02/2007	Rate of Return	ER20070291	True-up Direct	Kansas City Power and Light Company
02/01/2008	Finance Recommendation	EF20080214	Staff Recommendation	Kansas City Power and Light Company
02/22/2008	Rate of Return	ER20080093	Cost of Service Report	The Empire District Electric Company
04/04/2008	Rate of Return	ER20080093	Rebuttal Testimony	The Empire District Electric Company
04/25/2008	Rate of Return	ER20080093	Surrebuttal Testimony	The Empire District Electric Company
08/18/2008	Rate of Return	WR20080311	Cost of Service Report	Missouri-American Water Company
09/30/2008	Rate of Return	WR20080311	Rebuttal Testimony	Missouri-American Water Company

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# EDUCATION AND RATE CASE PARTICIPATION

Date Filed	Issue	Case Number	Exhibit	Case Name
10/16/2008	Rate of Return	WR2008031	Surrebuttal Testimony	Missouri-American Water Company
02/26/2010	Fuel Adjustment Clause	ER20100130	Cost of Service Report	The Empire District Electric Company
04/02/2010	Fuel Adjustment Clause	ER20100130	Rebuttal Testimony	The Empire District Electric Company
04/23/2010	Fuel Adjustment Clause	ER20100130	Surrebuttal Testimony	The Empire District Electric Company
02/23/11	Fuel Adjustment Clause	ER20110004	Cost of Service Report	The Empire District Electric Company
04/22/11	Fuel Adjustment Clause	ER20110004	Rebuttal Testimony	The Empire District Electric Company
04/28/11	Fuel Adjustment Clause	ER20110004	Surrebuttal Testimony	The Empire District Electric Company
05/06/11	Fuel Adjustment Clause	ER20110004	True-up Direct Testimony	The Empire District Electric Company
10/21/11	Costs for the Phase-In Tariffs	ER20120024	Direct Testimony	KCP&L Greater Missouri Operations Company
11/17/11	Rate of Return	WR20110337	Cost of Service Report	Missouri-American Water Company
08/09/12	Fuel Adjustment Clause	ER20120175	Staff Report	KCP&L Greater Missouri Operations Company
09/12/12	Fuel Adjustment Clause	ER20120175	Rebuttal Testimony	KCP&L Greater Missouri Operations Company

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## EDUCATION AND RATE CASE PARTICIPATION

Date Filed	Issue	Case Number	Exhibit	Case Name
10/10/12	Fuel Adjustment Clause	ER20120175	Surrebuttal Testimony	KCP&L Greater Missouri Operations Company
11/30/12	Fuel Adjustment Clause	ER20120345	Cost of Service Report	The Empire District Electric Company
12/13/14	Fuel Adjustment Clause	ER20120345	Class Cost of Service Report	The Empire District Electric Company
01/16/13	Fuel Adjustment Clause	ER20120345	Rebuttal Testimony	The Empire District Electric Company
02/14/13	Fuel Adjustment Clause	ER20120345	Surrebuttal Testimony	The Empire District Electric Company
12/05/14	Fuel Adjustment Clause	ER20140258	Cost of Service Report	Ameren Missouri
12/19/14	Fuel Adjustment Clause	ER20140258	Class Cost of Service Report	Ameren Missouri
01/16/15	Fuel Adjustment Clause	ER20140258	Rebuttal Testimony	Ameren Missouri
02/06/15	Fuel Adjustment Clause	ER20140258	Surrebuttal Testimony	Ameren Missouri
03/17/15	Fuel Adjustment Clause	ER20140258	True-up Direct Testimony	Ameren Missouri
07/15/16	Fuel Adjustment Clause	ER20160156	Staff Report Revenue Requirement Cost of Service	KCP&L Greater Missouri Operations Company

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# EDUCATION AND RATE CASE PARTICIPATION

Date Filed	Issue	Case Number	Exhibit	Case Name
07/29/16	Fuel Adjustment Clause	ER20160156	Staff Report Rate Design	KCP&L Greater Missouri Operations Company
10/13/16	Rate of Return	SR20160202	Rebuttal Testimony	Raccoon Creek Utility Operating Company
10/13/17	Rate of Return	WR20170259	Direct Testimony	Indian Hills Utility Operating Company
12/13/17	Class Cost of Service/Rate Design	WR20170285	Staff's Class Cost of Service and Rate Design Report	Missouri American Water Company
01/24/18	Special Contracts	WR20170285	Rebuttal Testimony	Missouri American Water Company
02/09/18	Class Cost of Service/Rate Design	WR20170285	Surrebuttal Testimony	Missouri American Water Company