

Exhibit No.: 118
Issues: Postage Expense
Witness: Ali Arabian
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2017-0285
Date Testimony Prepared: February 9, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

ALI ARABIAN

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2017-0285

*Jefferson City, Missouri
February 2018*

Exhibit No. 118
Date 3/8/18 Reporter MW
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Surrebuttal Testimony of
Ali Arabian

1 postage expense by district based on the number of bills for each district. The total number of
2 bills for 2016 was 3,020,001.

3 Q. On page 36, lines 12-14, Ms. Bowen states in her rebuttal testimony "Staff
4 made no adjustment to the number of mailings to include customer growth, acquisitions and
5 most importantly the change from quarterly to monthly billing for St. Louis County." How
6 do you respond to this statement?

7 A. Staff did not receive supporting documentation from the Company related to
8 the number of customers converting from quarterly to monthly billing in St. Louis County.
9 Thus, this factor was not taken into consideration when total cost was calculated for test year.
10 Also, Staff has not recommended switching St. Louis County quarterly billed customers to
11 monthly billing; thus Staff's case has not reflected any changes to its cost of service to reflect
12 a move to monthly billing. Staff's calculation of postage expense did reflect the acquisition
13 of Wardsville, Jaxson Estates, Woodland Manor, and Benton County systems.

14 Q. On page 36, lines 21-23 and page 37, lines 1-2, Ms. Bowen states in her
15 rebuttal testimony "In 2017, the Company was scheduled to convert roughly 100,000
16 customers from quarterly to monthly billing" and "an adjustment should be made to annualize
17 the 2017 conversion mailings to accommodate the quarterly to monthly conversion." Do you
18 agree with Ms. Bowen's statements as to 2017 conversion activities?

19 A. No. On January 19, 2018, Staff submitted Data Request No. 0262 which asked
20 the Company to "please provide for St. Louis County water customers, the number of
21 customers MAWC has switched from quarterly to monthly billing as of December 31, 2017."
22 On January 25, 2018, the Company provided its response which states "the Company has not
23 switched any St. Louis County customers from quarterly to monthly billing." If Staff

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1 determines it is appropriate for MAWC to convert its customers to monthly billing, Staff will
2 consider reflecting the cost and benefits associated with the change in its revenue requirement
3 recommendation.

4 Q. Does this conclude your surrebuttal testimony?

5 A. Yes.

