Exhibit No.:

118 Postage Expense Issues:

Ali Arabian Witness: Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

WR-2017-0285 Case No.:

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

Date 3/6/15 Reporter MW File No. 16. 2017 - 0285

1	SURREBUTTAL TESTIMONY				
2	OF				
3		ALI ARABIAN			
4		MISSOURI-AMERICAN WATER COMPANY			
5		CASE NO. WR-2017-0285			
6	Q.	Please state your name and business address.			
7	A.	A. Ali Arabian, 200 Madison Street, Suite 440, Jefferson City, Missouri 65101.			
8	Q. By whom are you employed and in what capacity?				
9	A.	A. I am employed by the Missouri Public Service Commission ("Commission			
10	as a Utility Regulatory Auditor II.				
11	Q.	Are you the same Ali Arabian who has filed portions of the Commission			
12	Staff's ("Staff") Cost of Service Report in this case?				
13	A.	Yes.			
14	Q.	What is the purpose of your surrebuttal testimony?			
15	A.	The purpose of my surrebuttal testimony is to respond to the rebuttal testimony			
16	of Missouri-American Water Company's ("MAWC" or "Company") witness Nikole L				
17	Bowen concerning the calculation of postage expense.				
18	STAFF CALCULATION OF POSTAGE EXPENSE				
19	Q.	How did Staff calculate postage expense?			
20	A.	Staff annualized postage expense by applying the postage rates in effect as of			
21	June 30, 2017, to the number of mailings in 2016 as provided in the Company's responses to				
22	Staff Data Requests No. 0069 and 0070, respectively. Staff then allocated the annualized				

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

- Q. On page 36, lines 12-14, Ms. Bowen states in her rebuttal testimony "Staff made no adjustment to the number of mailings to include customer growth, acquisitions and most importantly the change from quarterly to monthly billing for St. Louis County." How do you respond to this statement?
- A. Staff did not receive supporting documentation from the Company related to the number of customers converting from quarterly to monthly billing in St. Louis County. Thus, this factor was not taken into consideration when total cost was calculated for test year. Also, Staff has not recommended switching St. Louis County quarterly billed customers to monthly billing; thus Staff's case has not reflected any changes to its cost of service to reflect a move to monthly billing. Staff's calculation of postage expense did reflect the acquisition of Wardsville, Jaxson Estates, Woodland Manor, and Benton County systems.
- Q. On page 36, lines 21-23 and page 37, lines 1-2, Ms. Bowen states in her rebuttal testimony "In 2017, the Company was scheduled to convert roughly 100,000 customers from quarterly to monthly billing" and "an adjustment should be made to annualize the 2017 conversion mailings to accommodate the quarterly to monthly conversion." Do you agree with Ms. Bowen's statements as to 2017 conversion activities?
- A. No. On January 19, 2018, Staff submitted Data Request No. 0262 which asked the Company to "please provide for St. Louis County water customers, the number of customers MAWC has switched from quarterly to monthly billing as of December 31, 2017." On January 25, 2018, the Company provided its response which states "the Company has not switched any St. Louis County customers from quarterly to monthly billing." If Staff

Surrebuttal Testimony of Ali Arabian

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

- Q. Does this conclude your surrebuttal testimony?
- A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Company's Request for Implement General Rate Is and Sewer Service Provi Service Areas	r Aut	hority to for Wate	o) Case No. WR-2017-0285 r)
	AFF	IDAVIT	OF ALI ARABIAN
STATE OF MISSOURI)	SS.	
COUNTY OF COLE)		
COMES NOW ALI	RABI.	AN and c	n his oath declares that he is of sound mind and
lawful age; that he contrib	uted to	the foreg	oing Surrebuttal Testimony; and that the same is
true and correct according t	o hie h	act knowle	adae and helief

Further the Affiant sayeth not.

ALI ARABIAN

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 _______ day of February, 2018.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Gole County My Commission Expirés: December 12, 2020 Commission Number: 12412070

Notar Public