Exhibit No.:

Issue: Witness:

Sponsoring Party: Type of Exhibit:

Case No.:

Date Testimony Prepared:

Class Cost of Service Matthew J. Barnes MO PSC Staff

MO PSC Staff Surrebuttal Testimony WR-2017-0285

February 9, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

WATER AND SEWER DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MATTHEW J. BARNES

MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2017-0285

Jefferson City, Missouri February 2018 Exhibit No. 119
Date 3 6 1 8 Reporter M
File No. 142 2017-0265

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4	MATTHEW J. BARNES
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1	SURREBUTTAL TESTIMONY
2	OF
3	MATTHEW J. BARNES
4	MISSOURI-AMERICAN WATER COMPANY
5	CASE NO. WR-2017-0285
6	Q. Please state your name and business address.
7	A. My name is Matthew J. Barnes and my business address is P. O. Box 360
8	Jefferson City, Missouri 65102.
9	Q. By whom are you employed and in what capacity?
10	A. I am a Utility Regulatory Auditor IV in the Commission Staff Division, Water
11	and Sewer Department of the Missouri Public Service Commission (Commission).
12	Q. Are you the same Matthew J. Barnes that filed Rebuttal Testimony on January
13	17, 2018?
14	A. Yes, I am.
15	Q. What is the purpose of your rate design rebuttal testimony?
16	A. The purpose of my Surrebuttal Testimony is to respond to the rebuttal
17	testimonies of Missouri-American Water Company's ("MAWC") witness Constance E.
18	Heppenstall and the Public Water Supply District No. 1 and No. 2 of Andrew County's
19	("Water District Intervenors") witness Donald Johnstone.
20	MISSOURI-AMERICAN WATER COMPANY
21	Q. On page 2, line 19 through page 4 line 8, Ms. Heppenstall cites a few errors to
22	Staff's Direct Class Cost of Service ("CCOS"). What is your response?

1	A. These errors were pointed out to Staff during the CCOS/Rate Desig										
2	Technical Conference on December 18, 2017. Staff made the corrections to its Direct CCO										
3	that was filed with Rebuttal Testimony on January 24, 2018 along with corrected schedules										
4	and workpapers.										
5	WATER DISTRICT INTERVENORS										
6	Q. On page 7 line15 through page 8 line 2 of Mr. Donald Johnstone's Rebutta										
7	Testimony, Mr. Johnstone states the following:										
8 9 10	Q. Is it possible that the rate impact of the new Platte County Facility will fall disproportionately on Sale For Resale customers as compared to other District 2 customers?										
11 12 13 14 15 16 17 18 19 20	A. Yes. The average impact on all of the Staff's proposed District 2 customers, assuming an approximate \$4.9 million cost increase would be approximately 2.1%. To develop a rough estimate of Rate B impact I calculated the impact assuming a volumetric allocation and Staff's gallons of usage by customer class. In contrast to the 2.1% average increase for Staff's proposed District 2, the average increase for the Sale for Resale class is roughly estimated to be 8.6%, four times the average for Staff's proposed District 2. Assuming the plant comes online as planned, this illustrates an extraordinary impact on the Water District Intervenors that Staff has not yet addressed.										
21	What is your response?										
22	A. I reviewed Mr. Johnstone's workpapers that show his calculation of the Platte										
23	County Facility impact on District 2 customers and noticed that he used the Staff Revenue										
24	Requirement from District 1 not District 2.										
25	Q. Did Staff do its own analysis showing the impact of the new Platte County										
26	Facility for District 2 customers?										
27	A. Yes. Attached as Schedule MJB-s1 is the impact of the new Platte County										
28	Facility for District 2 customers from Staff's Corrected Direct filing to Staff's estimated										

True-up as of the date of the filing of this testimony. District 2 Sale for Resale customers would see an increase in revenue requirement for District 2 of 0.60%.

3

Q. Can you explain why it took Staff time to file its true-up estimate on the rate

4

impact for the new Platte County Facility in District 2?

5

A. Yes. Staff filed its true-up estimates in its workpapers supporting the Cost of Service Report filed November 30, 2017¹. Staff had issues imputing the true-up estimate into the EMS program that Staff imports into its Class Cost of Service study. After weeks of

7

working on this issue, Staff is confident that it has fixed the problem on a going forward basis.

8

Q. Does this conclude your rebuttal testimony?

10

A. Yes.

¹ Staff's true-up estimates for the Platte County Facility were filed in Kim Bolin's workpapers.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Company's Request fo Implement General Rate In	r Autl	nority to))	Case No. WR-2017-0285	
and Sewer Service Provi	ided in	Missouri)	•	
Service Areas		•)	•	
, Al	FFIDAY	VIT OF MA	\T	THEW J. BARNES	
STATE OF MISSOURI)	SS.			
COUNTY OF COLE) .	ys,		·	
				3	

COMES NOW MATTHEW J. BARNES and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal 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

D. SUZIE MANNIN

Notary Public - Notary Seal

State of Missouri

Commissioned for Cole County

My Commission Expires: December 12, 2020

Commission Number: 12412070

Notary Public

Missouri-American Water Company Case No. WR-2017-0285

					District 2	Corrected							
ı	Resendential	Commercial	Other Public Auth	Total Rate A	Rate B	Rate J	Private Fire	Total Rev Req	Rate A Percent of Total	Rate B Percent of Total	Rate J Percent of Total	Private Fire Percent of Total	Percent Total
Revenue Requirement Loss Cost of Charge Recovery Sales (000g)	\$ 18,183,053 \$ 6,583,133 2,566,591		,			4,598,110 162,744 2,072,126	•	\$ 30,797,113	76.66%	6.79%	14.93%	1,62%	100.005
Rate A 4.19	Rate B .	Rate J \$ 2,1405										·	

		-			District 2 Trui	-up Estimate							
	Bassada stal	C	Out					Total	Rate A	Rate B	Rate J	Private Fire	Percent
			Other Public Auth	Total Rate A	Rate B	Rate J	Private Fire	Rev Req	Percent of Total	Percent of Total	Percent of Total	Percent of Total	Total
Revenue Requirement	\$ 18,890,893	\$ 5,972,027	\$ 1,100,314 \$	25,963,234 \$	2,592,961 \$	5,934,532	\$ 622,121	\$ 35,112,848	73.94%	7,38%	16.90%	1.77%	100.00%
Less Cost of Charge Recovery	\$ 6,583,133	\$ 1,092,205	\$ 162,603 \$	7,837,941 \$	38,941 \$	162,744	,			-,,-	20.500		100.0070
Sales (000g)	1,948,209	1,002,305	194,855	3,145,369	873,996	2,072,126							
Rate A	Rate B	Rate J											
\$ 5.76	***************************************	\$ 2.7854	1										

Percent Increase/Decrease From	Rate A	Rate B	Rate J	Privato Fire
Direct to True-up Estimate	-2.72%	0.60%	1.97%	0,16%

	 Residential	Commercial	 Industrial	Other P	ublic Auth	Sal	es For Resale	P	rivate Fire	Public Fire		Total
True-up Estimate	\$ 2,233,577	\$ 798,756	707,687	\$	151,308	\$	327,281	\$	98,184	\$ 426,414	Š	4,743,207
Allocation Factors	 47.09%	16.84%	14,92%	3,	19%		6.90%		2.07%	8.99%	•	100.00%

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Company's Request for Implement General Rate In	n the Matter of Missouri-American Water) Company's Request for Authority to) Case No. WR-2017-0285 Implement General Rate Increase for Water) Ind Sewer Service Provided in Missouri) Service Areas)										
AI	FIDAVIT OF MATTHEW J. BARNES										
STATE OF MISSOURI)) ss.)										
mind and lawful age; that h	THEW J. BARNES and on his oath declares that he is of sound the contributed to the foregoing Surrebuttal Testimony; and that the ording to his best knowledge and belief.										
Further the Affiant saye	th not.										

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 Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070

Notary Public