

FILED  
March 22, 2018  
Data Center  
Missouri Public  
Service Commission

Exhibit No.: 115P  
Issue: Special Contracts  
Witness: Matthew J. Barnes  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: WR-2017-0285  
Date Testimony Prepared: January 24, 2018

MISSOURI PUBLIC SERVICE COMMISSION  
COMMISSION STAFF DIVISION

REBUTTAL TESTIMONY

OF

MATTHEW J. BARNES

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2017-0285

Jefferson City, Missouri  
January 2018

\*\* Denotes Confidential Information \*\*

Exhibit No. 115-P  
Date 3/8/18 Reporter MK  
File No. WR-2017-0285

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

REBUTTAL TESTIMONY

OF

MATTHEW J. BARNES

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2017-0285

Q. Please state your name and business address.

A. My name is Matthew J. Barnes and my business address is P. O. Box 360, Jefferson City, Missouri 65102.

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

A. I am a Utility Regulatory Auditor IV in the Commission Staff Division, Water and Sewer Department of the Missouri Public Service Commission (Commission).

Q. Are you the same Matthew J. Barnes that contributed to a portion of Staff's Class Cost of Service and Rate Design Report filed December 13, 2017?

A. Yes, I am.

Q. What is the purpose of your rate design rebuttal testimony?

A. The purpose of my rate design rebuttal testimony is to make a correction to Staff's Class Cost of Service ("CCOS") filed on December 13, 2017. I will also address Missouri-American Water Company's ("MAWC") *Contract For The Retail Sale And Delivery Of Potable Water* ("Special Contract") between Triumph Foods, LLC, formerly known as Premium Pork, LLC ("Triumph Foods") and MAWC.

**Class Cost of Service Correction**

Q. What is the correction that you made to Staff's CCOS?

Rebuttal Testimony of  
Matthew J. Barnes

1           A.     In Staff's Class Cost of Service study filed December 13, 2017, a correction to  
2 the fire protection amounts in allocation factors 3A and 4A needed to be made for District 2  
3 and 3. Factor 3A should be 4,080,000 gallons and factor 4A should be 8,500 gallons for  
4 District 2 and 3. This correction changed the proposed revenues and proposed rates for all  
5 customer classes in District 2 and 3. Please see Schedule MJB-r1, MJB-r2, and MJB-r3.

6           **Special Contracts**

7           Q.     Did MAWC file any testimony concerning the contract between MAWC and  
8 Triumph Foods?

9           A.     No. However, in MAWC's last rate case, WR-2015-0301, MAWC filed a  
10 *Joint Motion For Approval Of Addendum No. 3 To Missouri-American Water Company's*  
11 *Special Contract With Triumph Foods, LLC.*<sup>1</sup> It was agreed between signatory parties that the  
12 Special Contract would be reviewed in MAWC's next general rate case.<sup>2</sup>

13          Q.     What is Staff's recommendation?

14          A.     Staff recommends that the Commission approve continuation of the Special  
15 Contract between MAWC and Triumph Foods. Staff's review finds that Triumph Foods  
16 meets the following criteria<sup>3</sup>:

17                   \*\* \_\_\_\_\_  
18                   \_\_\_\_\_  
19                   \_\_\_\_\_  
20                   \_\_\_\_\_  
21                   \_\_\_\_\_  
22                   \_\_\_\_\_

<sup>1</sup> Filed April 26, 2016 and approved by the Commission May 11, 2016.

<sup>2</sup> Page 2, paragraph 5 of MAWC's *Joint Motion For Approval Of Addendum No. 3 To Missouri-American Water Company's Special Contract With Triumph Foods, LLC.*

<sup>3</sup> MAWC tariff sheet PCS MO No. 13 Original Sheet No. R 56 Economic Development Rider.

Rebuttal Testimony of  
Matthew J. Barnes

1  
2  
3  
4  
5  
6  
7  
8

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ \*\*

9 Triumph Foods' annual load factor ranged from \*\* \_\_\_\_\_ \*\* from January 2013  
10 through November 2017, meeting the requirement for criteria 1. Its average annual billing  
11 demand ranged from \*\* \_\_\_\_\_ \*\* meeting the requirement for criteria 2.  
12 In addition, Triumph Foods created jobs that equal \*\* \_\_\_ \*\* of the total population of the  
13 districts service territory, meeting the requirement for criteria 3. Triumph Foods continues to  
14 provide economic benefits to the St. Joseph area and the State of Missouri. Triumph Foods  
15 actual number of employees for 2017 was \*\* \_\_\_ \*\* with payroll of \*\* \_\_\_\_\_ \*\* as  
16 well as contributing \*\* \_\_\_\_\_ \*\* in local taxes<sup>4</sup>.

17 Q. Does Staff propose any changes to the contract between MAWC and  
18 Triumph Foods?

19 A. Yes. Staff proposes to change Triumph Foods Commodity Charge to  
20 \*\* \_\_\_\_\_ \*\*<sup>5</sup>. MAWC's *Contract For The Retail Sale And Delivery Of Potable Water*  
21 Addendum No. 3 2(a) and (b) state the following:

22 \*\* \_\_\_\_\_  
23 \_\_\_\_\_  
24 \_\_\_\_\_  
25 \_\_\_\_\_

<sup>4</sup> Schedule MJB-r4 which is MAWC's response to Staff Data Request No. 0238. Staff Data Request No. 0238 is considered Confidential.

<sup>5</sup> Confidential Schedule MJB-r5.

Rebuttal Testimony of  
Matthew J. Barnes

1  
2  
3  
4  
5  
6  
7  
8

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ \*\*

9 Summary

10 Q. Please summarize your testimony.

11 A. Staff made corrections to the fire protection amounts for District 2 and 3 in its  
12 CCOS filed December 13, 2017, that changed the proposed revenues and rates for each  
13 customer class. Staff recommends that the Commission approve continuation of MAWC's  
14 Special Contract with Triumph Foods as this contract provides numerous economic benefits  
15 to the St. Joseph area and the State of Missouri.

16 Q. Does this conclude your rebuttal testimony?

17 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water )  
Company's Request for Authority to ) Case No. WR-2017-0285  
Implement General Rate Increase for Water )  
and Sewer Service Provided in Missouri )  
Service Areas )

**AFFIDAVIT OF MATTHEW J. BARNES**

STATE OF MISSOURI    )  
                                  )       ss.  
COUNTY OF COLE     )

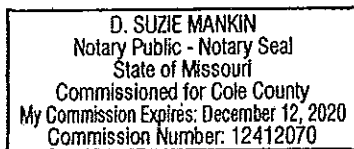
**COMES NOW MATTHEW J. BARNES** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

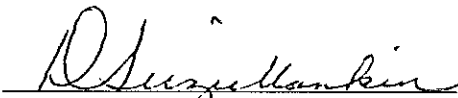
Further the Affiant sayeth not.

  
\_\_\_\_\_  
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 23<sup>rd</sup> day of January, 2018.



  
\_\_\_\_\_  
Notary Public

Missouri-American Water Company  
Case No. WR-2017-0285  
Water District 2  
PSC Staff Study

Comparison of Cost of Service with Revenues under Present and Proposed Rates  
For Test Year Ending December 31, 2016 Corrected

Customer Classification	Revenues Present Rates		Revenues Proposed Rates		Proposed Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Rate A	\$ 25,491,104	74.18%	\$ 23,610,443	76.66%	\$ (1,880,661)	-7.38%
Rate B	\$ 2,624,706	7.64%	\$ 2,090,851	6.79%	\$ (533,855)	-20.34%
Rate J	\$ 5,356,398	15.59%	\$ 4,598,110	14.93%	\$ (758,288)	-14.16%
Public and Private Fire	\$ 891,583	2.59%	\$ 497,700	1.62%	\$ (393,883)	-44.18%
Total	\$ 34,363,791	100%	\$ 30,797,104			
Other Revenues	\$ 448,871		\$ 448,871			
Total	\$ 34,812,662		\$ 31,245,975		\$ (3,566,687)	-10.25%

Notes: Rate A includes Residential, Commercial, and Other Public Authority customers.

Rate B includes Sale For Resale customers.

Rate J includes Industrial customers.

Missouri-American Water Company  
Case No. WR-2017-0285  
Water District 3  
PSC Staff Study

Comparison of Cost of Service with Revenues under Present and Proposed Rates  
For Test Year Ending December 31, 2016 Corrected

Customer Classification	Revenues Present Rates		Revenues Proposed Rates		Proposed Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Rate A	\$ 19,915,661	78.11%	\$ 20,539,476	79.66%	\$ 623,815	3.13%
Rate B	\$ 1,099,418	4.31%	\$ 963,423	3.74%	\$ (135,995)	-12.37%
Rate J	\$ 3,484,013	13.66%	\$ 3,581,445	13.89%	\$ 97,432	2.80%
Public and Private Fire	\$ 997,128	3.91%	\$ 700,557	2.72%	\$ (296,571)	-29.74%
Total	\$ 25,496,220	100%	\$ 25,784,901	100%		
Other Revenues	\$ 351,215		\$ 351,215			
Total	\$ 25,847,435		\$ 26,136,116		\$ 288,681	1.12%

Notes: Rate A includes Residential, Commercial, and Other Public Authority customers.  
Rate B includes Sale For Resale customers.  
Rate J includes Industrial customers.



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

District 2												
	Residential		Commercial		Other Public Auth		Total Rate A		Rate B	Rate J		
Revenue Requirement	\$	18,183,044	\$	4,595,480	\$	831,919	\$	23,610,443	\$	2,090,851	\$	4,598,110
Less Cost of Charge Recovery	\$	6,583,133	\$	1,092,205	\$	162,603	\$	7,837,941	\$	38,941	\$	162,744
Sales (000g)		2,566,591		1,002,305		194,855		3,763,751		873,996		2,072,126
	Rate A		Rate B		Rate J							
\$	4.1906	\$	2.3477	\$	2.1405							

District 3												
	Residential		Commercial		Other Public Auth		Total Rate A		Rate B	Rate J		
Revenue Requirement	\$	14,008,634	\$	5,343,765	\$	1,187,077	\$	20,539,476	\$	963,423	\$	3,581,445
Less Cost of Charge Recovery	\$	6,583,103	\$	1,370,029	\$	212,392	\$	8,165,524	\$	26,781	\$	109,203
Sales (000g)		1,792,742		1,136,985		268,665		3,198,392		372,702		1,360,371
	Rate A		Rate B		Rate J							
\$	3.8688	\$	2.5131	\$	2.5524							

**SCHEDULE MJB-r4**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**

**SCHEDULE MJB-r5**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**