

*Exhibit No.:*  
*Issue(s):* Depreciation  
*Witness:* Amanda Coffey  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* WR-2024-0104  
*Date Testimony Prepared:* August 20, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**ENGINEERING ANALYSIS DEPARTMENT**

**DIRECT TESTIMONY**  
**OF**  
**AMANDA COFFER**

**LIBERTY UTILITIES (Missouri Water) LLC,**  
**d/b/a Liberty**

**CASE NO. WR-2024-0104**

*Jefferson City, Missouri*  
*August 2024*



1 Q. Through this testimony, do you provide any recommendations that should  
2 specifically be reflected in the Commission's Report and Order in this case?

3 A. Yes. Staff recommends that the Commission order the depreciation rates that  
4 Staff has prepared and recommended. Staff's depreciation rates have been included as  
5 Schedule AC-d2.

6 Q. Please explain what depreciation is.

7 A. "Depreciation," as applied to depreciable utility plant means the loss in service  
8 value not restored by current maintenance, incurred in connection with the consumption or  
9 prospective retirement of utility plant in the course of service, from causes which are known to  
10 be in current operation, and against which the utility is not protected by insurance. Among the  
11 causes to be given consideration are: wear and tear, decay, action of the elements, inadequacy,  
12 obsolescence, changes in the art, changes in demand, and changes to the requirements of public  
13 authorities.<sup>1</sup> The purpose of depreciation in a regulatory setting is to recover the cost of capital  
14 assets over the useful lives of the assets.

15 Q. How is depreciation calculated?

16 A. Each plant account is assigned a depreciation rate which is designed to recover,  
17 over the average service life of the assets in that account, the original cost of the assets, plus an  
18 estimate for any cost of removal less scrap value. Annual depreciation expense for a plant  
19 account is the amount that is recovered over that year based on the depreciation rate for that  
20 account and the balance of plant in that account.

21 Q. How are depreciation rates determined?

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<sup>1</sup> National Association of Regulatory Utility Commissioners (NARUC), Public Utility Depreciation Practices (Washington, DC: NARUC, 1996), p. 53.

Direct Testimony of  
Amanda Coffey

1           A.     Depreciation rates are determined by performing a depreciation study to  
2 determine the average service life of assets in plant accounts. Staff performs depreciation  
3 studies using the straight-line method, broad group, average life procedure and whole life  
4 technique and uses the following calculation to determine depreciation rates:

$$\text{Depreciation Rate} = (100\% - \text{Net Salvage \%}) / (\text{Average Service Life})$$

6           Q.     Has Liberty Water proposed any changes to its currently ordered  
7 depreciation rates?

8           A.     Yes. Liberty Water witness Dane Watson provided a depreciation study with  
9 updated depreciation rates in his direct testimony.

10          Q.     Did Staff perform a depreciation study in this case?

11          A.     No. As indicated in response to Staff Data Request 0196, Liberty witness  
12 Mr. Watson did not perform a statistical life analysis in this depreciation study because the data  
13 did not provide statistically significant results.

14          Q.     What are Staff's recommendations regarding depreciation rates?

15          A.     Staff is recommending the continued use of depreciation rates previously  
16 ordered by the Commission, however the previously ordered rates were separated into  
17 individual depreciation rate schedules for each system. Staff is recommending a single  
18 depreciation rate schedule to be used by all the systems, included as Schedule AC-d2.  
19 These combined rates are in line with the depreciation rates previously ordered by the  
20 Commission. Additionally, there is a new account, 323 Other Power Production Equipment,  
21 for which Staff has recommended a depreciation rate and included in its depreciation rate  
22 schedule. The depreciation rate Staff is recommending for this account is similar to the  
23 depreciation rate used by other Class A water companies for this account.

Direct Testimony of  
Amanda Coffey

1 Q. Does this conclude your direct testimony?

2 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Request of Liberty Utilities )  
(Missouri Water) LLC d/b/a Liberty for ) Case No. WR-2024-0104  
Authority to Implement a General Rate )  
Increase for Water and Wastewater Service )  
Provided in its Missouri Service Areas )

**AFFIDAVIT OF AMANDA COFFER**

STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

**COMES NOW AMANDA COFFER** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Amanda Coffe*r; and that the same is true and correct according to her best knowledge and belief.


Further the Affiant sayeth not.

  
AMANDA COFFER

**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 14<sup>th</sup> day of August 2024.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
Notary Public

## Amanda Coffey

### Present Position:

I am an Associate Engineer in the Engineering Analysis Department, of the Industry Analysis Division of the Missouri Public Service Commission.

### Educational Background and Work Experience:

I received my Bachelor of Science in Chemical Engineering from the University of Missouri in 2012. I was employed by the Missouri Department of Natural Resources as an Environmental Engineer from 2015 through 2018. I have been employed by the Commission since 2018.

### Case History:

Case Number	Utility	Type	Issue
EC-2020-0252	Evergy West	Electric	Formal Complaint
EO-2019-0315	KCPL	Electric	RES Compliance Report
EO-2019-0317	KCPL	Electric	RES Compliance Plan
EO-2019-0396	City of Gallatin	Electric	Addendum to Territorial Agreement
EO-2020-0060	Farmers' Electric	Electric	Territorial Agreement
EO-2020-0329	Evergy Metro	Electric	RES Compliance
EO-2020-0331	Evergy Metro	Electric	RES Compliance
EO-2020-0341	Evergy Metro	Electric	Vegetation Management Report
EO-2020-0342	Evergy West	Electric	Vegetation Management Report
EO-2021-0001	Empire	Electric	Reliability Compliance Report
ET-2021-0082	Ameren	Electric	Surge Protection Program
SA-2019-0161	United Services	Sewer	Depreciation
SR-2019-0157	S.K.&M.	Sewer	Depreciation
EA-2020-0371	Ameren	Electric	CCN Application Requirements
EO-2021-0163	SEMO	Electric	Change of Supplier
EO-2021-0345	Evergy Metro	Electric	RES Compliance
EO-2021-0346	Evergy West	Electric	RES Compliance
EO-2021-0347	Evergy Metro	Electric	RES Compliance
EO-2021-0348	Evergy West	Electric	RES Compliance
SA-2022-0014	Elm Hills	Sewer	Depreciation

SA-2022-0029	Mid Mo Sanitation	Sewer	Depreciation
EE-2022-0074	Ameren	Electric	Variance Request
WA-2021-0391/SA-2021-0392	Missouri American Water	Water/Sewer	Depreciation
WA-2022-0049	Missouri American Water	Water/Sewer	Depreciation
ER-2021-0240	Ameren	Electric	Rate Case
ER-2021-0312	Empire	Electric	Rate Case
ER-2022-0129	Evergy	Electric	Rate Case – Green Pricing Plan
WA-2023-0003	Confluence Rivers	Water/Sewer	Depreciation
GR-2022-0179	Spire	Gas	Depreciation
EA-2022-0244	Ameren	Electric	Renewable Energy
WR-2022-0303	Missouri American Water	Water/Sewer	Depreciation
ER-2022-0337	Ameren	Electric	Solar Rebate Tariff, Landfill and Solar In-Service Criteria
ET-2023-0197	Empire	Electric	Solar Rebate Tariff
EO-2023-0361	Evergy Metro	Electric	RES Compliance
EO-2023-0362	Evergy West	Electric	RES Compliance
EE-2024-0007	Ameren	Electric	Variance
EO-2024-0301	Evergy Metro	Electric	RES Compliance Report
EO-2024-0299	Evergy Metro	Electric	RES Compliance Plan
GR-2024-0106	Liberty Midstates	Gas	Depreciation
ER-2024-0189	Evergy West	Electric	Depreciation, Continuing Property Record, Steam Allocations



**LIBERTY UTILITIES**  
**SCHEDULE of DEPRECIATION RATES**  
**SEWER**  
**WR-2024-0104**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
<b>Source of Supply</b>				
351	Structures & Improvements	2.50%	44	-10.00%
352.1	Collection Sewers (Force)	2.00%	50	0.00%
352.2	Collection Sewers (Gravity)	2.00%	50	0.00%
353	Services to Customers	2.00%	50	0.00%
354	Flow Measurement Devices	3.30%	30	0.00%
355	Flow Measurement Installation	3.30%	30	0.00%
<b>Pumping Plant</b>				
361	Structures & Improvements	4.00%	27.5	-10.00%
362	Receiving Wells	4.00%	25	-5.00%
363	Electric Pumping Equipment	10.00%	10	0.00%
<b>Treatment &amp; Disposal Plant</b>				
371	Structures & Improvements	3.70%	30	-10.00%
372	Treatment & Disposal Equipment	5.00%	22	-10.00%
372.1	Oxidation Lagoons	4.00%	40	-60.00%
373	Plant Sewers	5.00%	20	0.00%
374	Outfall Sewer Lines	2.00%	50	0.00%
<b>General Plant</b>				
390	Structures & Improvements	2.50%	40	0.00%
391	Office Furniture & Equipment	5.00%	20	0.00%
391.1	Electronics & Computer Equipment	14.30%	7	0.00%
392	Transportation Equipment	13.00%	7	9.00%
393	Stores Equipment	4.00%	25	0.00%
394	Tools, Shop, & Garage Equipment	5.00%	18	10.00%
395	Laboratory Equipment	5.00%	20	0.00%
396	Power Operated Equipment	6.70%	13	13.00%
397	Communication Equipment	6.70%	15	0.00%
399	Other Tangible Property	5.00%	20	0.00%
<b>Shared Services</b>				
390	Structures & Improvements - Corporate	2.50%	40	0.00%
391	Office Furniture & Equipment - Corporate	5.00%	20	0.00%

392.1	Transportation Equipment (<12,000 lbs) - Corporate	9.40%	10	6.00%
394	Tools, Shop, & Garage Equipment	5.00%	20	0.00%
398	Miscellaneous Equipment - Corporate	5.00%	20	0.00%
399	Other Tangible Property - Corporate	14.29%	7	0.00%
399.1	Other Tangible Property - Servers H/W - Corporate	20.00%	5	0.00%
399.3	Other Tangible Property - Network H/W - Corporate	14.29%	7	0.00%
399.4	Other Tangible Property - PC Hardware - Corporate	20.00%	5	0.00%
399.5	Other Tangible Property - Software - Corporate	14.29%	7	0.00%

**LIBERTY UTILITIES**  
**SCHEDULE of DEPRECIATION RATES**  
**WATER**  
**WR-2024-0104**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
	<b>Source of Supply</b>			
311	Structures & Improvements	2.50%	40	-10.00%
314	Wells & Springs	2.00%	55	-8.00%
316	Supply Mains	2.00%	50	0.00%
	<b>Pumping Plant</b>			
321	Structures & Improvements	2.50%	40	-10.00%
323	Other Power Production Equipment	4.00%		
325	Electric Pumping Equipment	10.00%	10	0.00%
325.1	Submersible Pumping Equipment	10.00%	12	-20.00%
325.2	High Service or Booster Pumping Equipment	6.70%	15	0.00%
328	Other Pumping Equipment	4.00%	25	0.00%
	<b>Water Treatment Plant</b>			
331	Structures & Improvements	2.50%	44	
332	Water Treatment Equipment	2.90%	35	0.00%
332.2	Chemical Feeders	2.90%		
	<b>Transmission &amp; Distribution Plant</b>			
341	Structures & Improvements	2.90%	44	-10.00%
342	Distribution Reservoirs & Standpipes	2.50%	40	-5.00%
343	Transmission & Distribution Mains	2.00%	50	0.00%
345	Services	2.50%	40	0.00%
346	Meters	10.00%	20	0.00%
346.1	Meters	10.00%	10	0.00%
347	Meter Installations	2.50%	40	0.00%
348	Hydrants	2.00%	50	0.00%
	<b>General Plant</b>			
390	Structures & Improvements	2.50%	44	-10.00%
391	Office Furniture & Equipment	5.00%	20	0.00%
391.1	Electronic & Computer Equipment	14.30%	7	0.00%
392	Transportation Equipment	13.00%	7	9.00%
393	Stores Equipment	4.00%	25	0.00%
394	Tools, Shop, & Garage Equipment	5.00%	18	10.00%

395	Laboratory Equipment	5.00%	20	0.00%
396	Power Operated Equipment	6.70%	13	13.00%
397	Communication Equipment	6.70%	15	0.00%
398	Miscellaneous Equipment	6.43%		
399	Other Tangible Property	5.00%	20	0.00%
<b>Shared Services</b>				
390	Structures & Improvements - Corporate	2.50%	40	0.00%
391	Office Furniture & Equipment - Corporate	5.00%	20	0.00%
392.1	Transportation Equipment (<12,000 lbs) - Corporate	9.40%	10	6.00%
394	Tools, Shop, & Garage Equipment	5.00%	20	0.00%
398	Miscellaneous Equipment - Corporate	5.00%	20	0.00%
399	Other Tangible Plant - Corporate	14.29%	7	0.00%
399.1	Other Tangible Plant - Servers H/W - Corporate	20.00%	5	0.00%
399.3	Other Tangible Property - Network H/W - Corporate	14.29%	7	0.00%
399.4	Other Tangible Property - PC Hardware - Corporate	20.00%	5	0.00%
399.5	Other Tangible Property - Software - Corporate	14.29%	7	0.00%