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**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

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Depreciation  
Robinett/Rebuttal  
Public Counsel  
WR-2024-0104

**REBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**LIBERTY UTILITIES (MISSOURI WATER) CORP.  
D/B/A LIBERTY UTILITIES'**

FILE NO. WR-2024-0104

September 27, 2024

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**REBUTTAL TESTIMONY  
OF  
JOHN A. ROBINETT  
LIBERTY UTILITIES (MISSOURI WATER) LLC d/b/a LIBERTY  
CASE NO. WR-2024-0104**

1 **Q. What is your name and what is your business address?**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering  
5 Specialist.

6 **Q. Have you previously provided testimony before the Missouri Public Service  
7 Commission?**

8 A. Yes. Both as a former member of Commission Staff and on behalf of the OPC.

9 **Q. What is your work and educational background?**

10 A. A copy of my work and educational experience is attached to this testimony as Schedule  
11 JAR-R-1.

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Staff witness  
14 Ms. Amanda Coffey, Liberty Utilities witness Mr. Dane A. Watson, and Holiday Inn Club  
15 Vacation, Inc. witness Mr. William G. Stannard P.E., related to depreciation rates and net  
16 salvage recommendations for Liberty water and wastewater assets.

17 Rebuttal of Commission Staff

18 **Q. What is Staff’s recommendation related to Depreciation?**

19 A. Staff recommends continued use of the previously ordered depreciation rates to be  
20 consolidated into one schedule for all Liberty water and wastewater assets. Staff

1 additionally recommends a new account not previously ordered, account 323 Other Power  
2 Production Equipment at a rate of 4.00%.

3 **Q. Do you have any concerns with the rates recommended by Staff?**

4 A. Unfortunately, yes. I have some concerns related to the recommended depreciation  
5 schedules provided by Staff witness Ms. Coffey. My specific first concern relates to not all  
6 average service lives and net salvage percentages are presented on the schedules. These are  
7 needed to evaluate if the depreciation rates are being calculated properly. The following  
8 accounts for water require additional information: 323 Other Power Production Equipment,  
9 331 Structures & Improvements, 332.2 Chemical Feeders, and 398 Miscellaneous  
10 Equipment. Staff's recommended depreciation rates also have calculation errors present in  
11 the schedules based on the given service lives and net salvage percentages recommended.  
12 The following tables provide Staff's calculation errors and the appropriate rate calculation  
13 based on the recommended average service lives and net salvage percentages.

Wastewater Depreciation Rates					
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	STAFF RECOMMENDED DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE	Corrected Rate Calculation
354	Flow Measurement Devices	3.30%	30	0.00%	3.33%
355	Flow Measurement Installation	3.30%	30	0.00%	3.33%
362	Receiving Wells	4.00%	25	-5.00%	4.20%
371	Structures & Improvements	3.70%	30	-10.00%	3.67%
391.1	Electronics & Computer Equipment	14.30%	7	0.00%	14.29%
396	Power Operated Equipment	6.70%	13	13.00%	6.69%
397	Communication Equipment	6.70%	15	0.00%	6.67%

Water Depreciation Rates					
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	STAFF RECOMMENDED DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE	Corrected Rate Calculation
311	Structures & Improvements	2.50%	40	-10.00%	2.75%
314	Wells & Springs	2.00%	55	-8.00%	1.96%
321	Structures & Improvements	2.50%	40	-10.00%	2.75%
325.2	High Service or Booster Pumping Equipment	6.70%	15	0.00%	6.67%
332	Water Treatment Equipment	2.90%	35	0.00%	2.86%
341	Structures & Improvements	2.90%	44	-10.00%	2.50%
342	Distribution Reservoirs & Standpipes	2.50%	40	-5.00%	2.63%
346	Meters	10.00%	20	0.00%	5.00%
391.1	Electronics & Computer	14.30%	7	0.00%	14.29%
396	Power Operated Equipment	6.70%	13	13.00%	6.69%
397	Communication Equipment	6.70%	15	0.00%	6.67%

1

2

**Q. What would these corrections do to the direct revenue requirement Staff recommended?**

3

4

A. The corrected rates result in a decrease of depreciation expense of \$310,876 for water and a decrease of \$130 for wastewater.

5

6

**Q. What is your recommendation related to Staff's position?**

7

A. I would be supportive of Staff's recommended rates once the corrections I have identified above are corrected.

8

9

Rebuttal of Holiday Inn Club Vacation, Inc. witness

10

**Q. What is Mr. Stannard's recommendation related to Depreciation?**

11

A. Like Staff, Mr. Stannard's ultimate recommendation is to rely on the prior approved depreciation rates to be used for Liberty water and wastewater.

12

1 **Q. Mr. Stannard at page 3 of his direct testimony references OPC data request number**  
2 **8508 that I sent to Liberty seeking any and all reports and workpapers regarding the**  
3 **study from an additional outside Professional Engineer for net salvage factors included**  
4 **in Mr. Watson’s study. Have you reviewed the responses to this data request?**

5 A. Yes.

6 **Q. Did the response to OPC data request 8508 provide you meaningful reports or data on**  
7 **which the net salvage percentages were made?**

8 A. No. Attached as Schedule JAR-R-2 is the data request response to OPC data request 8508 and  
9 the attached Excel spreadsheets that were provided with the response. Review of the response  
10 and Excel files leave much to be desired in terms of reports, workpapers, and data to support  
11 the recommendations.

12 **Q. Why is the response to OPC data request 8508 lacking in your opinion?**

13 A. Once I unhid all the columns present in the Excel file; it became apparent that all information  
14 is hard coded and not actually being calculated off of any data contained in the files. Liberty  
15 has provided in response to OPC data request 8508 no supporting information for the  
16 calculation of the net salvage parameters being recommended by the additional outside  
17 consultant.

18 **Q. At page seven lines 1 through 9 of his direct testimony Mr. Stannard discusses no**  
19 **detailed workpapers or reports supporting negative net salvages have been provided by**  
20 **Liberty. Do you agree?**

21 A. Not entirely. While I agree there is a lack of detail, I would not go as far to say no workpapers  
22 have been provided. Appendix D starting at page 221 and continuing through page 226 of Mr.

1           Watson's Schedule DAW-2 provides the historical cost of removal and salvage for Liberty  
2           water and wastewater experienced since 2010.

3           **Rebuttal of Liberty Consultant**

4           **Q.     Do you have concerns related to Liberty Utilities' recommended depreciation rates, lives**  
5           **and net salvage components recommended by consultant Mr. Watson?**

6           A.     Yes. Review of Mr. Watson's depreciation study for Liberty's water and wastewater assets  
7           exhibits a heavy reliance on discussions with Company personnel that are not identified.  
8           Additionally, as part of Mr. Watson's study he discusses reliance on an outside consultant for  
9           net salvage parameters to use in his study.

10          **Q.     What concerns you about the depreciation consultant's reliance on an additional outside**  
11          **consultant for net salvage parameters for Liberty?**

12          A.     My concern is related to Liberty's response to OPC data request number 8508. There are only  
13          hard coded rates included in the only documents provided in response from Anderson  
14          Engineering. There is no supporting data that has been provided to date in response to my data  
15          request. Additionally, there is no report or documentation discussing the recommendations or  
16          how the values were calculated from Anderson Engineering either.

17          **Q.     Do you have concerns related to the net salvage data included in Schedule DAW-2?**

18          A.     Yes. There is very limited data available that is found on page 221 through 226. There are  
19          also multiple instances in the data where salvage and cost of removal values are being  
20          displayed and calculated net salvage is being calculated without an associated retirement for  
21          that account and in that year.

1 **Q. What is your opinion of the testimony filed by Mr. Watson in this case?**

2 A. My first impression is that his testimony is the standard boiler plate testimony that  
3 describes the processes he traditionally uses in these cases. However, my review of his  
4 actual depreciation study tells quite a different tale for this case.

5 **Q. What do you mean?**

6 A. In his direct testimony at page 4 Mr. Watson discusses the approach he took in the creation of  
7 his depreciation study:

8 The four phases are: Data Collection, Analysis, Evaluation, and  
9 Calculation. During the initial phase of the study, I collect historical data to  
10 be used in the analysis. After the data is assembled, I perform analyses to  
11 determine the life and net salvage percentage for the different property  
12 groups being studied. The information obtained from field personnel,  
13 engineers, and/or managerial personnel, combined with the study results,  
14 are then evaluated to determine how the results of the historical asset  
15 activity analysis, in conjunction with the Company's expected future plans,  
16 should be applied. Using all of these resources, I then calculate the  
17 depreciation rate for each depreciable plant account for each function.

18 Again, at page 7 Mr. Watson discussed the performance of the actuarial analysis on the  
19 combined data base. At page 17 of Mr. Watson's depreciation study Schedule DAW-2 he  
20 discusses the actuarial analysis performed in his study:

21 None of the accounts have sufficient history to perform actuarial analysis.  
22 Over time, the Company will maintain detailed property records that will  
23 eventually allow actuarial analysis to be incorporated in future depreciation  
24 studies.

25 Regarding the concern with insufficient data, I asked OPC data request number 8507 and  
26 received a response which is attached as Schedule JAR-R-3. The Company's response  
27 indicates that account 325.1 submersible pumps and account 346 meters were the only  
28 accounts that had sufficient retirement data experience to perform actuarial analysis on.



1 **Q. What other concerns do you have with the depreciation study from Mr. Watson?**

2 A. I noticed that unlike usual depreciation studies the recommended life curves were absent of  
3 historical retirement data, and that includes the two accounts in which Mr. Watson stated  
4 sufficient data existed to perform actuarial analysis on.

5 **Q. Do you have concerns with the life analysis from account 346 T&D mains?**

6 A. Yes, I do. At page 83 of Schedule DAW-2, Mr. Watson discussed the Company subject matter  
7 experts are following PSC recommendations related to the replacement for all types of meters.

8 They will replace 5/8 and 3/4 inch meters at 8 years, 1" at 6 years, and 2" at  
9 4 years. All meters have been changed out in the last 2 years with the  
10 exception of Bolivar, which is a recent acquisition. Commission rule 38  
11 specifies periods where meters must be removed and tested based on the  
12 size of meter.

13 **Q. Do you agree with the previous statements?**

14 A. No. There are two reasons that I have issue with the statements. The first concern is related  
15 to the statement that all meters have been replaced in the last two years with the exception  
16 of Bolivar. Attached as Schedule JAR-R-4 is OPC data request 8506 that states Liberty has  
17 begun installing AMI meters in both Bolivar and Taney County which would be an  
18 additional exception that was missed. The second concern is related to Liberty's subject  
19 matter experts' interpretation of Commission rule 20 CSR 4240-10.030(38).

20 (38) Unless otherwise ordered by the commission, each water service meter  
21 installed shall be periodically removed, inspected and tested in accordance  
22 with the following schedule, or as often as the results obtained may warrant  
23 to insure compliance with the provisions of section (37) of this rule: (A)  
24 Five-eighths inch (5/8") meter—ten (10) years or two hundred thousand  
25 (200,000) cubic feet whichever occurs first; (B) Three-fourths inch (3/4")  
26 meter—eight (8) years or three hundred thousand (300,000) cubic feet  
27 whichever occurs first; (C) One inch (1") meter—six (6) years or four  
28 hundred thousand (400,000) cubic feet which ever occurs first; and (D) All  
29 meters above one inch (1")—every four (4) years.

1 Liberty is incorrect on the time period established in Commission rules for 5/8” meters to  
2 be removed, inspected and tested. The actual timeline for 5/8” meters is 10 years not 8  
3 years as described in the depreciation study.

4 **Q. Do you have any idea what percentage of meters the Company has in-service that are**  
5 **5/8”?**

6 A. I utilized Liberty’s updated response to Staff data request 0026 provided on September 18,  
7 2024. I added the column for April of 2024 for all 5/8” meters and got a total of 4,381,  
8 however there were four lines that had 5/8” meters in March but were blank in April. This  
9 accounts for an additional 349 meters. The 5/8” meters equate to approximately 25% of  
10 Liberty’s in-service meters.

11 **PowerPlan Assets Management Software**

12 **Q. Do you have concerns related to Liberty’s use of Power Plan for asset management?**

13 A. Yes. Specifically, my concern is related to the former Empire District Electric Company’s  
14 Water assets as customers of Empire were previously paying for PowerPlan and were then  
15 transitioned to Great Plains when they were merged into Liberty Utilities Missouri Water.  
16 These customers are now being transitioned back to PowerPlan for asset management. I am  
17 concerned that rate payers from the Empire District Electric Company Water customers may  
18 be paying for the same software twice with the allocation of Customer First to Liberty Utilities  
19 Missouri Water. Attached as Schedule JAR-R-5 is Liberty’s response to OPC data request  
20 8518 which describes the transitions of data between asset management systems.

1 **Q. What are your recommendations related to depreciation in this case?**

2 A. I recommend Staff's depreciation rates once corrected to reflect the calculations errors, I  
3 identified earlier in this testimony. Additionally, rate payers in the previously Empire  
4 District Electric Company Water service territory should not be paying for the PowerPlan  
5 allocation from Empire Electric if it is still on the books since they will be charged for it in  
6 the allocation of Customer First to Liberty Utilities Missouri Water.

7 **Q. Does this conclude your rebuttal testimony?**

8 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

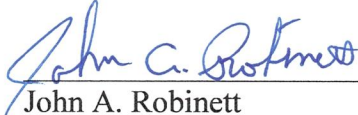
In the Matter of the Request of Liberty Utilities            )  
(Missouri Water) LLC d/b/a Liberty for Authority        )  
to Implement a General Rate Increase for Water            ) Case No. WR-2024-0104  
and Wastewater Service Provided in its Missouri        )  
Service Areas                   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

**AFFIDAVIT OF JOHN A. ROBINETT**

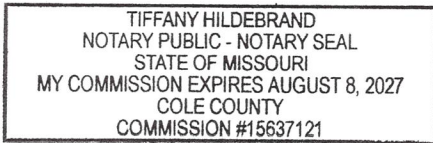
**STATE OF MISSOURI**    )  
                                              ) **ss**  
**COUNTY OF COLE**        )

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

- 1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
- 2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
- 3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist

Subscribed and sworn to me this 26<sup>th</sup> day of September 2024.



  
\_\_\_\_\_  
Tiffany Hildebrand  
Notary Public

My Commission expires August 8, 2027.