

*Exhibit No.:*  
*Issue(s):* Depreciation  
*Witness:* Amanda Coffey  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* WR-2024-0104  
*Date Testimony Prepared:* October 24, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENGINEERING ANALYSIS DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**AMANDA COFFER**

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

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

*Jefferson City, Missouri  
October 2024*

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **AMANDA COFFER**

4 **LIBERTY UTILITIES (Missouri Water), LLC,**

5 **d/b/a Liberty**

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

7 Q. Please state your name and business address.

8 A. My name is Amanda Coffe. My business address is 200 Madison Street,  
9 Jefferson City, Missouri 65101.

10 Q. Q. Are you the same Amanda Coffe that filed direct testimony in this case  
11 on August 20, 2024?

12 A. Yes.

13 Q. What is the purpose of your surrebuttal testimony?

14 A. The purpose of my surrebuttal testimony is to respond to Liberty Utilities  
15 (Missouri Water) LLC, d/b/a Liberty (“Liberty Water”) witness Dane Watson.

16 Q. In his rebuttal testimony, Mr. Watson criticizes Staff’s preference for whole life  
17 technique versus remaining life technique. What is your response?

18 A. Mr. Watson explains the differences between whole life and remaining life  
19 depreciation systems,<sup>1</sup> essentially explaining that there is a greater chance for over-accrual  
20 using the whole life system and explaining that the remaining life system corrects this issue.  
21 What Mr. Watson isn’t stating is that there is no way to completely eliminate the risk of over-  
22 or under-accrual. To reduce this risk depreciation studies need to be updated regularly.

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<sup>1</sup> Rebuttal testimony of Dane Watson, page 6, lines 3-11, page 7, lines 10-15.

1 Further, looking back at Mr. Watson's proposed depreciation rates and the accounts where Mr.  
2 Watson has recommended a drastic increase in depreciation rate, which I will discuss in more  
3 detail below, it is clear that he does not believe that these accounts are in danger of over-accrual.

4 Q. In his testimony, Mr. Watson asserts the validity of his analysis as superior to  
5 the recommendations of Staff to continue the use of the previously ordered depreciation rates.  
6 What is your response?

7 A. The depreciation rates recommended by Staff were deemed appropriate by the  
8 Commission at the time they were approved in Liberty Water's last rate case  
9 (Case No. WR-2018-0170). Granted these are old depreciation rates and much has changed  
10 with Liberty Water. Staff holds the belief that without data indicating otherwise, no drastic  
11 changes should be made. For example, Midland County account 343, the existing rate is 2%,  
12 and Mr. Watson has proposed an increase to 11.74%. That is a 587% increase.  
13 This determination is based solely on simulated data and his professional judgment. Staff is  
14 aware that using simulated data to complete a depreciation study when there is insufficient data  
15 to analyze is an accepted industry practice. However, it is Staff's professional judgment that  
16 such a drastic increase without actual data to back it up is unreasonable. This is consistent with  
17 one of the regulatory principles of depreciation that cost recovery should minimize dramatic  
18 price volatility to utility customers.<sup>2</sup>

19 Q. What are your concerns regarding the depreciation rates recommended  
20 by Mr. Watson?

21 A. As stated above, Staff has concerns about making drastic changes to the existing  
22 depreciation rates based on an analysis that doesn't include real data. Further, Staff is unclear

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<sup>2</sup> Depreciation Expense: A Primer for Utility Regulators, NARUC, (2021).

Surrebuttal Testimony of  
Amanda Coffey

1 as to why Liberty Water has recommended consolidation of the depreciation parameters, but  
2 not the depreciation rates. Instead, opting to have different sets of depreciation rates for all the  
3 existing systems. If the average service life and net salvage can be consolidated among the  
4 systems, there does not appear to be any reason why the depreciation rates themselves, which  
5 are supposed to be dependent on these parameters, should not also be consolidated. A common  
6 practice at the Commission, when a company acquires a new system, is to set the depreciation  
7 rates to the depreciation rates that the acquiring company is approved for. Occasionally, the  
8 newly acquired system will keep its old rates and have different depreciation rates than what  
9 the acquiring company was previously approved for. That is what has happened here.  
10 The same situation happened with Confluence Rivers Utility Operating Company, Inc. and a  
11 number of their acquired systems. The Commission approved consolidation of their  
12 depreciation rates in Case No. WR-2023-0006.

13 Q. Does this conclude your surrebuttal testimony?

14 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 *Surrebuttal Testimony of Amanda Coffe*; and that the same is true and correct according to her best knowledge and belief.

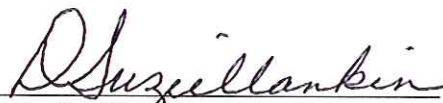
Further the Affiant sayeth not.

  
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**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 23<sup>rd</sup> day of October 2024.

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

  
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Notary Public