

Exhibit No.: \_\_\_\_\_  
Issue: Cash Working Capital  
Witness: Timothy S. Lyons  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Liberty Utilities (Missouri  
Water) LLC d/b/a Liberty  
Case No.: WR-2024-0104  
Date Testimony Prepared: October 2024

**Before the Public Service Commission  
of the State of Missouri**

**Surrebuttal Testimony**

**of**

**Timothy S. Lyons**

**on behalf of**

**Liberty Utilities (Missouri Water) LLC d/b/a Liberty**

**October 24, 2024**



SURREBUTTAL TESTIMONY OF TIMOTHY S. LYONS  
LIBERTY UTILITIES (MISSOURI WATER) LLC D/B/A LIBERTY  
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. WR-2024-0104

1 **Q. Please state your name and business address.**

2 A. My name is Timothy S. Lyons. My business address is 3 Speen Street, Suite 150,  
3 Framingham, Massachusetts, 01701.

4 **Q. Are you the same Timothy S. Lyons who provided direct and rebuttal testimony**  
5 **in this proceeding on behalf of Liberty Utilities (Missouri Water) LLC d/b/a**  
6 **Liberty (“Liberty” or the “Company”)?**

7 A. Yes, I am.

8 **Q. What is the purpose of your surrebuttal testimony in this proceeding before the**  
9 **Missouri Public Service Commission (“Commission”)?**

10 A. The purpose of my surrebuttal testimony is to address recommendations by  
11 Commission Staff (“Staff”) witness Courtney Horton in rebuttal testimony regarding  
12 the Company’s cash working capital (“CWC”) requirement.

13 **Q. What are Staff witness Horton’s recommendations in the workpaper that**  
14 **supports her rebuttal testimony?**

15 A. Staff witness Horton recommends the Company’s CWC requirement reflect lead days  
16 for federal and state income taxes of 365 days based on an assumption the Company  
17 will pay no income taxes during the effective period of the new rates and can utilize  
18 the revenues associated with federal and state income tax expenses as a source of cash.

19 **Q. Assuming for the purpose of this question that the Company pays no income taxes**  
20 **during the effective period of the new rates and can utilize the revenues associated**

1           **with federal and state income tax expenses as a source of cash, does the Company**  
2           **agree that it would be able to utilize such revenues for 365 days?**

3    A.    No. Even assuming for the purpose of this question that the Company pays no income  
4           taxes during the effective period of the new rates and can utilize the revenues associated  
5           with federal and state income tax expenses as a source of cash, the Company would  
6           still be able to utilize such revenues for only 182.50 days. This is because the Company  
7           would not receive 100.00 percent of the revenues on Day 1 of the new rates. In fact,  
8           the Company would receive 100.00 percent of the revenues only after Day 365 since  
9           the Company's revenue requirement – including federal and state income tax expenses  
10          – is recovered over a full year.

11                        Consequently, the Company would be able to utilize the revenues associated  
12           with federal and state taxes as a source of cash for only one half of the year, or 182.50  
13           days.

14    **Q.    What is the Company's recommendation if the Commission accepts Staff's**  
15           **assumption that the Company will pay no income taxes during the effective period**  
16           **of the new rates?**

17    A.    If the Commission accepts Staff's assumption that the Company will pay no income  
18           taxes during the effective period of the new rates, then the Company proposes the  
19           Commission approve lead days for federal and state income taxes of 182.50 days,  
20           reflecting the Company will have access to the revenues for only one half of the year.

21    **Q.    Does this conclude your surrebuttal testimony at this time?**

22    A.    Yes.

**VERIFICATION**

I, Timothy S. Lyons, under penalty of perjury, on this 24th day of October, 2024,  
declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Timothy S. Lyons