

Exhibit No.:
Issue(s): *Depreciation and Carrying
Costs Deferral*
Witness: *Kimberly K. Bolin*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Cross-Surrebuttal
Testimony*
Case No.: *WR-2024-0320*
Date Testimony Prepared: *January 10, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

CROSS-SURREBUTTAL TESTIMONY

OF

KIMBERLY K. BOLIN

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2024-0320

Jefferson City, Missouri
January 10, 2025

1 **CROSS-SURREBUTTAL TESTIMONY**

2 **OF**

3 **KIMBERLY K. BOLIN**

4 **MISSOURI-AMERICAN WATER COMPANY**

5 **CASE NO. WR-2024-0320**

6 Q. Please state your name and business address.

7 A. My name is Kimberly K. Bolin. My business address is 200 Madison Street,
8 Suite 440, P.O. Box 360, Jefferson City, MO 65012.

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

10 A. I am the Director of the Financial and Business Analysis Division for the
11 Missouri Public Service Commission ("Commission").

12 Q. Are you the same Kimberly K. Bolin who filed direct/rebuttal testimony on
13 December 6, 2024, in this case?

14 A. Yes, I am.

15 Q. What is the purpose of your Cross-Surrebuttal testimony?

16 A. The purpose of my Cross-Surrebuttal testimony is to address the direct/rebuttal
17 testimony of the Office of the Public Counsel ("OPC") witness John A. Robinett concerning
18 Missouri-American Water Company's ("MAWC") proposed Depreciation and
19 Carrying Costs Deferrals.

20 Q. Do you agree with Mr. Robinett that the electric plant in service accounting
21 ("PISA") mechanism is significantly different from MAWC's proposed depreciation and
22 carrying cost deferrals?

23 A. Yes.

1 Q. On page 1, line 20 through page 5, line 18 of his direct/rebuttal testimony,
2 Mr. Robinett compares the PISA mechanism, which is available for electric utilities,
3 to MAWC's proposed depreciation and carrying costs deferrals. Are Missouri electric utilities
4 able to utilize the Water and Sewer Investment Rate Adjustment ("WSIRA") mechanism or
5 another similar mechanism that allows recovery of infrastructure replacements in between
6 rate case filings?

7 A. No. Currently, only a water and sewer corporation that provides water or sewer
8 service to more than 8,000 customer connections may file a petition with the Commission to
9 recover costs through the WSIRA.

10 Q. When does an electric utility recover costs through the PISA mechanism?

11 A. An electric utility recovers the costs through the PISA mechanism when the
12 utility files a rate case. In that rate case, an amortization of the costs is established and
13 included in rates.

14 Q. When does MAWC recover the costs associated WSIRA-eligible plant?

15 A. MAWC is allowed to file a change to the WSIRA surcharge twice in a
16 twelve- month period. One hundred eighty days after MAWC files its WSIRA application,
17 the WSIRA rates become effective and MAWC may start charging customers. MAWC does
18 not have to wait to file a rate case to begin recovery of the costs associated with WSIRA-eligible
19 plant, unlike the electric utilities utilizing PISA.

20 Q. Are electric utilities allowed to recover 100% of the depreciation expense and
21 carrying costs (return on) on plant additions through the PISA deferral mechanism?

22 A. No. Currently, electric utilities are only allowed to recover 85% of all
23 depreciation expense and carrying costs associated with the qualifying plant. On the other hand,

Cross-Surrebuttal Testimony of
Kimberly K. Bolin

1 MAWC is allowed to recover 100% of the costs associated with WSIRA-eligible plant through
2 the WSRIA mechanism.

3 Q. Under MAWC's deferral proposal, is MAWC requesting to only recover 85%
4 of the depreciation and carrying costs associated with plant additions?

5 A. No. MAWC proposed to recover 100% of the depreciation expense and carrying
6 costs associated with non-WSIRA eligible plant.

7 Q. If an electric utility elects PISA treatment, can the utility make an application
8 for a rate adjustment mechanism that accounts for the impact weather, conservation, or both,
9 can have on increases or decreases in revenues such as the Revenue Stabilization Mechanism
10 ("RSM") proposed by MAWC in this case?

11 A. No.

12 Q. Would the Staff withdraw its opposition to MAWC's depreciation and carrying
13 costs deferrals even if they were revised to be more consistent with the electric
14 PISA mechanism?

15 A. No. The WSIRA mechanism provides sufficient protection in regard to
16 MAWC's plant additions, making MAWC's proposal to also defer depreciation and carrying
17 costs for the additions both unnecessary and unduly slanted against customers.

18 Q. Does this conclude your Cross-Surrebuttal testimony?

19 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

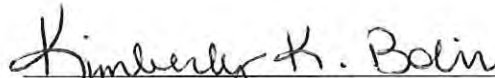
In the Matter of Missouri-American Water Company's)
Request for Authority to Implement a General Rate) Case No. WR-2024-0320
Increase for Water and Sewer Service Provided in)
Missouri Service Areas)

AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KIMBERLY K. BOLIN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Cross-Rebuttal / Surrebuttal Testimony of Kimberly K. Bolin*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


KIMBERLY K. BOLIN

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 9th day of January 2025.

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