

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

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

**MAWC’S OBJECTION TO MOTION
FOR LEAVE TO FILE CORRECTED TESTIMONY**

COMES NOW Missouri-American Water Company (“MAWC”), and states the following to the Missouri Public Service Commission (“Commission”) as its objection to the Staff of the Commission’s (“Staff”) *Motion for Leave to File Corrected Testimony* (“*Motion*”):

1. On March 7, 2025, Staff its Motion seeking leave to file “corrected” Direct/Rebuttal Testimony of Staff witness Kelli Malki.

2. Staff indicates that “[a]fter reviewing the Rebuttal/Surrebuttal/Sur-Surrebuttal Testimony of MAWC witness Ann E. Bulkley, Staff agrees with errors identified by Ms. Bulkley.” (Motion, para. 2).

3. As outlined in the Affidavit from MAWC witness Ann E. Bulkley, attached hereto as **Appendix A**, the purported corrections do not correct all of the errors identified by Ms. Bulkley. However, given that these eleven (11) pages of corrections were first provided to the parties on March 5, 2025, in the evidentiary hearing, there was no opportunity to review, much less cross-examine the witness on these changes, nor to assess the need to ask for an opportunity to file supplemental testimony in response.

4. Staff seems to suggest that this situation was due to the procedural schedule utilized in this case (Motion, para. 8), a schedule it had a hand in developing, in that they previously would have made these changes in surrebuttal testimony. However, taking a look at the timeline it is clear there was an ample opportunity to provide the parties notice and a chance to review the

corrections before hearing. Ms. Bulkley’s referenced testimony was filed on January 24, 2025. As stated above, Staff chose to provide this “correction” approximately forty (40) days later on March 5, 2025, in the hearing room, as the witness was taking the stand.

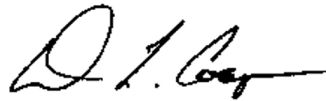
5. Commission Rule 20 CSR 4240-2.130(10) states as follows:

No party shall be permitted to supplement prefiled prepared direct, rebuttal, or surrebuttal testimony unless ordered by the presiding officer or the commission. A party shall not be precluded from having a reasonable opportunity to address matters not previously disclosed which arise at the hearing. This provision does not forbid the filing of supplemental direct testimony for the purpose of replacing projected financial information with actual results.

6. Because of the breadth and lack of pre-hearing notice provided in regard to the “correction,” admitting this document would constitute improper supplementation of pre-filed testimony in violation of Commission Rule 20 CSR 4240-2.130(10). Accordingly, the Commission should deny the requested leave.

WHEREFORE, MAWC requests that the Commission deny Staff’s *Motion for Leave to File Corrected Testimony* and issue such further orders as it should find to be reasonable and just.

Respectfully submitted,



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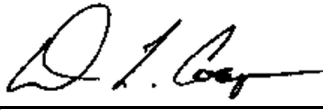
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**ATTORNEYS FOR MISSOURI-AMERICAN
WATER COMPANY**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail to all counsel of record this 17th day of March 2025.



6. Specifically, as discussed in my Rebuttal Testimony, Ms. Malki attempted to adjust the results of my CAPM analysis. However, these adjustments contained several indisputable calculation errors that rendered the analysis unreliable and unusable.⁴ Ms. Malki did not make corrections to these calculations at hearing and therefore the adjusted range of CAPM results, which she states is 8.29 percent to 10.46 percent⁵ is understated. She did not address the following corrections I referenced in my prior testimony:
- a. Ms. Malki incorrectly relies on a market return of 9.43 percent, which, when reviewing her workpapers, is linking to a schedule filed by Staff witness Jennings in the Company's 2022 rate proceeding. She uses this market return to incorrectly conclude that the CAPM could be adjusted to a return of 8.29 percent for the water utilities in my proxy group. That analysis is entirely incorrect. While I disagree with her market return calculation, which is another error that I identified in my rebuttal /surrebuttal/sur-surrebuttal testimony, Ms. Malki should have relied on that market return of 11.93 percent instead of a data point from the 2022 case of 9.43 percent. Therefore, the low end of Ms. Malki's adjusted CAPM range is not meaningful in the context of this proceeding and should not be relied upon.
 - b. Ms. Malki incorrectly claimed that I did not rely on current Value Line Betas in my CAPM analysis. Her attempt to update the betas in my analysis relied on an incorrect calculation. Rather than relying on the then current betas for the proxy group, as of Q2/ 2024,⁶ she incorrectly relied on an average of betas as of Q4/2022, Q4 /2023, Q1/2024 and Q2/2024.
 - c. Ms. Malki incorrectly adjusts the market return calculation used in estimating the market risk premium in my CAPM. The market return calculation that I rely on weights the return calculated for each of the S&P 500 companies by that company's market capitalization as a percentage of the total market capitalization of the S&P 500. Ms. Malki removes the growth rates for the non-dividend paying companies from the calculation of the return on the S&P 500, however she fails to adjust the weightings of each of the remaining companies by market capitalization, which means that the companies that remain in her

⁴ Bulkley RT/ST/SST at 87 ln 25 through 89 ln 24.

⁵ Malki DT/RT at 46, ln7-8.

⁶ Malki DT/RT at 45, ln 17-19.

calculation of the market return do not result in a 100 percent weighting. This mathematical error results in a market return that is understated.

7. Additionally, Ms. Malki failed to correct errors in her proposed adjustments to my CAPM analyses. Ms. Malki attempted to apply the same corrections, previously referenced in her adjustment to my ECAPM analysis, making all of the same errors previously reviewed in her CAPM adjustments. As discussed in my Rebuttal Testimony, when the errors are corrected in Ms. Malki's ECAPM analysis, as shown in Schedule AEB-R-13, the results of the ECAPM continue to support an ROE of 10.75 percent.

8. These statements are true to the best of my information, knowledge and belief.



Ann E. Bulkley, Affiant

Subscribed and sworn to before me by Ann E. Bulkley, who personally appeared before me and is known to me to be the person described in and who executed the foregoing affidavit and acknowledged that she executed the same as her free act and deed.

In Witness Whereof, I have hereunto set my hand and affixed my official seal on this 14th day of March 2025.


Notary Public

My Commission Expires: 6/30/2028

 Gerard M. Rooney
NOTARY PUBLIC
Commonwealth of
Massachusetts
My Commission Expires
6/30/2028

