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OPC – Exhibit 309
Testimony of Geoff Marke
Cross-Rebuttal
File No. WR-2024-0320

Exhibit No.:

Issue(s): Customer Experience/Universal
Affordability Tariff/Resource Planning

Witness/Type of Exhibit: Marke/Cross-Rebuttal

Sponsoring Party: Public Counsel

Case No.: WR-2024-0320

CROSS-REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

MISSOURI-AMERICAN WATER COMPANY

FILE NO. WR-2024-0320

January 10, 2025

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CROSS-REBUTTAL TESTIMONY

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GEOFF MARKE

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2024-0320

I. INTRODUCTION

Q. Please state your name, title and business address.

A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel),
P.O. Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Dr. Marke that filed direct/rebuttal testimony in this case?

A. I am.

Q. What is the purpose of your cross-rebuttal testimony?

A. I am responding to the direct testimony of the following witnesses' select issues:

- Customer Experience
 - Missouri Public Service Commission Staff ("Staff") witness Charles Tyrone Thomason
- Universal Affordability Tariff
 - Consumer Council of Missouri ("CCM") witness Roger Colton
- Resource Planning
 - Staff witness Michael J. Abbott

My silence in regard to any issue should not be construed as an endorsement of MAWC's
or any other party's position.

II. CUSTOMER EXPERIENCE

Q. Staff witness Thomason was critical of MAWC’s “MyWater” application in direct testimony. Do you share those concerns?

A. I do and in my direct/rebuttal testimony I expressed some of those concerns in highlighting a specific customer, Jim Moriarty’s, testimony at the St. Louis local public hearing on November 12, 2024.

Q. Can you summarize those concerns?

A. Yes.

- Poor customer service experience at multiple levels of Company operations;
- Inaccurate and/or fluctuating hourly/daily/monthly water usage;
- Failure to provide notice of leak detections; and
- The inability (in at least Mr. Moriarty’s case) to read customer meter usage information either at the meter or on the MyWater software application.

In short, I believe Mr. Moriarty’s complaint(s) ultimately center on not receiving the service he was promised to receive and which he is paying for.

Q. Have any additional concerns come to light since your filing of direct testimony?

A. Yes. Upon further analysis, I now have a concern that the consistent changes in volumetric water usage may also pose billing issues in situations where MAWC provides the water service but a public entity provides the sewer service. In those cases, MAWC provides the consumption data to the public sewer’s billing department. If those numbers are not accurate or are subject to changes after the fact, then it would appear reasonable to assume that those customers are not being billed accurately for their sewer service (from a separate entity) as well.

Q. Were you able to issue additional discovery on this issue to MAWC?

A. No. Given the expedited schedule, competing dockets, holidays, and elimination of non-company party testimony in the final stage further timely inquiry was greatly challenged.

Q. What additional work were you able to do on this topic?

A. I spoke with Mr. Moriarty on this topic and was able to read his draft formal complaint which I have included here as GM-1 and GM-2.

Q. With that in mind, do you have any recommendations to the Commission on this issue?

A. Yes. I recommend that the Commission order a cost disallowance of the return on portion of the meters in service account. Subject to plant update at true-up this amount represents \$22,836,753.

Q. Why are you recommending the Commission order a cost disallowance related to meters in order to address an issue with customer experience and the “MyWater” app?

A. I am not recommending any cost disallowance associated with the meters themselves, but merely isolating the premium profit associated with that investment until MAWC can demonstrate that its meters and accompanying software perform as promised.

III. UNIVERSAL AFFORDABILITY TARIFF

Q. Has anyone filed testimony objecting to MAWC’s proposed universal affordability tariff?

A. No.

Q. Beyond Staff, did any other party file testimony on this topic?

A. Yes, Consumer Council of Missouri’s witness Roger Colton wrote extensively on the topic.

Q. Do you agree with Mr. Colton’s assessment on the cost justification for such a tariff?

A. I do. I would add two additional arguments in favor of the tariff. First, a combination of federal assistance such as the Low Income Home Energy Assistance Program (“LIHEAP”), federal and utility-sponsored weatherization funds, and outside assistance can help mitigate bad debt and collections and keep customers service online for electric and gas utilities. No such relief exists for water customers. Historically, one could argue that electric and gas

1 utilities' higher monthly bills justified those actions. Given the current state of MAWC's
2 unusually large rate request, affordability is now an issue.

3 Second, regulators in Missouri have frequently approved rate discounts for unique industrial
4 customers who would otherwise bypass the utility if required to pay the full embedded rate.
5 This is known as "value of service" pricing. The same logic can easily be applied to low-
6 income customers under the logic of "ability to pay." The benefits inherent for all utility
7 customers in having both subsets of customers on is justified as long as the price allows the
8 utility to earn some margin above variable costs.

9 **Q. Do you have any modifications from your position in direct?**

10 A. Yes, given the experimental nature of the proposed universal affordability tariff pilot being
11 proposed, I recommend that the roll-out and subsequent results of this program be included
12 as part of the suite of income eligible program quarterly discussions I recommended in my
13 direct testimony. This would also be consistent with how OPC, Staff, and other relevant
14 intervenors (e.g., Consumer Council of Missouri) monitor and advise our electric and
15 natural gas income eligible assistance programs. Again, given the cost prohibitive rate relief
16 request by MAWC as well the subsequent double-digit rate increase requests currently in
17 front of the Commission (e.g., Ameren Missouri electric, Ameren Missouri gas, Liberty
18 Electric, Spire East and Spire West) affordability for basic utility service will continue to
19 be a major concern from all parties.

20 **Q. Do you have any final comments on this topic?**

21 A. Of late, the Commission has taken an active interest in various stock analysts' perceptions
22 of "regulatory climates" and its impact on cost of capital. I would note that "affordability"
23 is a critical component in that evaluation process. Approval of this pilot program would be
24 consistent with the current framework put forward by rating agencies in determining
25 "constructive regulatory environments."

IV. RESOURCE PLANNING

Q. In direct testimony, Staff reviewed MAWC's drought resiliency resource planning. What did Staff conclude?

A. That MAWC's plans and operations were both deficient and incomplete (only 8 of a possible 40 water systems had something in place).

Q. What is Staff requesting the Commission order MAWC to undertake in regards to resource planning?

A. Per the direct testimony of Staff witness Michael J. Abbott:

Staff recommends that MAWC provide drought resiliency plans similar to existing plans for the remaining uncovered service areas and file such plans in this case docket within one (1) year of the Commission Order for this rate case. Staff further recommends that the plans be updated, as MAWC deems necessary, and the updates be filed with its subsequent rate cases.

Q. Do you share Staff's concerns?

A. Yes. The documents I reviewed were seemingly random,¹ incomplete/inconsistent,² and not up to date.³

Q. Do you have additional concerns not raised by Mr. Abbott?

A. I do. Like Mr. Abbott, I believe it is appropriate to have a uniform living document(s) in place for each of MAWC's systems. I also recognize that water is a finite resource and that its value will likely increase over time as demand for new industries proliferate into our economy.

¹ Only eight of a possible forty water systems had *any* documentation.

² There is no uniformity in existing system documentation. What is included in one document is different than another.

³ The emergency contact information appears outdated.

Q. What emerging industry are you thinking of?

A. The emergence of data centers and their need for vast amounts of water to operate cooling systems immediately come to mind. Today, Missouri arguably has a competitive advantage from other locations due to our rich amounts of water. Having the ability to properly account for the demand necessary to operate hyperscale data centers means being able to also properly account for our existing and projected water supply.

Q. Does the resource adequacy of water supply rest ultimately on Missouri American Water?

A. Yes and no. Water is a natural resource. MAWC is not creating water, instead, MAWC operates the treatment plants and distribution system that enable the natural resource to be provided to its customers. Their ability to effectively operate those assets are in part dependent on the amount of available water supply. However, the availability and future projections of the natural resource falls under the domain of the Missouri Department of Natural Resources (“DNR”) who undertakes periodic assessments of current and projected supply of water. A review of the most recent (2023) DNR Drought Mitigation and Response Plan did not contemplate large end users like data centers into their projected forecasts. That is a potential problem when you consider the fact that a single large data center can require five million gallons a day.⁴

Q. What are you recommending?

A. I support Staff’s position and would add that OPC should be included in a dialogue with MAWC, Staff, MO DNR and the Missouri State Emergency Management Agency (“SEMA”) that includes at least two planned meetings around what MAWC’s resource plans include, how often they are updated, and how the Company can properly account for future resource demands. I am cautiously optimistic that this will not be a contested issue and that parties can work out the details on this in future settlement. Absent that outcome, I

⁴ University of Tulsa (2024) Data centers draining resources in water-stressed communities.
<https://utulsa.edu/news/data-centers-draining-resources-in-water-stressed-communities/>

1 would recommend that the Commission order MAWC be required to have uniformed,
2 updated plans in place for each of its systems based, in part, on feedback from the
3 aforementioned state agencies. I also recommend that these plans be filed in EFIS at least
4 initially in this docket and subsequently updated annually in Non-Case E-Filings.

5 **Q. Does this conclude your testimony?**

6 A. Yes.

