

*Exhibit No.:*  
*Issue(s):* Website Expense, Line  
Locating Costs, Billing  
Software Expense, Call  
Center Contract Costs,  
External Audit &  
Accounting Fees, Legal  
Expense, PSC Assessment,  
Rate Case Expense, Cash  
Working Capital,  
Miscellaneous Expense,  
Lab Testing Fees  
*Witness:* Jane Dhority  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* WR-2023-0006  
*Date Testimony Prepared:* May 26, 2023

**MISSOURI PUBLIC SERVICE COMMISSION  
FINANCIAL & BUSINESS ANALYSIS DIVISION  
AUDITING DEPARTMENT**

**DIRECT TESTIMONY  
Cost of Service**

**OF**

**JANE C. DHORITY**

**CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

**CASE NO. WR-2023-0006**

*Jefferson City, Missouri  
May 2023*

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JANE C. DHORITY  
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.  
CASE NO. WR-2023-0006**

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1 **DIRECT TESTIMONY OF**

2 **JANE C. DHORITY**

3 **CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

4 **CASE NO. WR-2023-0006**

5 Q. Please state your name and business address.

6 A. My name is Jane C. DhORITY and my business address is 111 North 7th Street,  
7 Suite 105, St. Louis, MO 63101.

8 Q. Have you previously filed testimony before this Commission?

9 A. Yes. Please refer to Schedule JCD-d1, attached to this direct testimony, for a list  
10 of cases for which I have filed testimony and a description of my credentials.

11 Q. What is the purpose of your direct testimony?

12 A. The purpose of this testimony is to discuss Staff's position in this case regarding  
13 the following issues: website expense, line locating costs, billing software expense, call center  
14 contract costs, external audit and accounting fees, legal expense (outside of that included in rate  
15 case expense), PSC Assessment, rate case expense, cash working capital, miscellaneous  
16 expense and lab testing fees.

17 **WEBSITE EXPENSE**

18 Q. Please explain this issue.

19 A. During the test year Confluence had recorded costs from its third party vendor,  
20 Elasticity, for managing Confluence's website. According to Confluence's response to Staff  
21 Data Request 0249, Elasticity produced Confluence's customer advisory emails, creative  
22 designs for materials such as door hangers and business cards, and all social media content.  
23 The contract with Elasticity expired in April 2023. Confluence did not renew the contract with

1 Elasticity, but entered into a contract with Ansira to manage its website and Confluence is  
2 handling its own social media content.

3 Q. Why did Confluence not renew its contract with Elasticity?

4 A. According to Confluence, it did not renew the Elasticity contract because  
5 Confluence deemed it necessary to improve website architecture and to streamline the  
6 customer experience. The previous website (designed by Elasticity) lacked a customer  
7 portal, was difficult to navigate and provided a counterintuitive, lackluster customer interface.  
8 Ansira's platform allows for end-user updates, a streamlined boil water advisory process, and  
9 requires less custom scripting/coding.<sup>1</sup>

10 Q. How did Staff approach this issue?

11 A. Staff compared Confluence's previous website to the new website, analyzed  
12 social media posts, met with Confluence personnel, reviewed all invoices from Elasticity and  
13 Ansira, and reviewed Confluence's general ledger.

14 Q. What is Staff's recommended treatment of website expenses?

15 A. Staff made an adjustment to remove all Elasticity costs that were incurred during  
16 the test year, and included a normalized level of expense for Ansira in the revenue requirement.

17 **LINE LOCATING COSTS**

18 Q. What are line locating costs?

19 A. Line locating is the process of identifying and labeling public utility mains and  
20 service lines that are underground prior to digging. Confluence incurs costs from Missouri One  
21 Call for line locate services. As part of its audit of this issue, Staff reviewed all Missouri One

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<sup>1</sup> WR-2023-0006 Staff Data Request 0249

1 Call invoices provided in response to Staff Data Request No. 0029, as well as Confluence's  
2 general ledger.

3 Q. Please describe Staff's adjustment for line locate expenses.

4 A. Staff applied the most recent per-locate cost charged by Missouri One Call to  
5 the total number of locates for the twelve months ending January 31, 2023, to arrive at an annual  
6 amount to include in the revenue requirement.

7 Q. Did Staff propose any additional adjustments to Missouri One Call costs?

8 A. Yes. At the bottom of every Missouri One Call invoice reviewed by Staff is a  
9 statement indicating that 1.5% of locate costs paid to Missouri One Call go towards lobbying  
10 activities. A copy of this invoice is attached to this testimony as Schedule JCD-d2. Staff  
11 submitted a data request to inquire as to whether Confluence proposed any adjustments to  
12 remove lobbying amounts from this expense. Confluence's response indicated that no such  
13 adjustments had been made. Lobbying costs are not necessary for the provision of safe and  
14 adequate service, and are routinely disallowed by Staff. Therefore, Staff proposed a final  
15 adjustment to line locate expense to remove 1.5% of the cost for lobbying activities.

16 **BILLING SOFTWARE EXPENSE**

17 Q. Please describe billing software expense.

18 A. Confluence uses billing software to store and compile customer data  
19 that is subsequently used to generate water and sewer bills. Over the past several years,  
20 Confluence has used billing software of three different companies. During the test year,  
21 Confluence's customer service provider, Nitor Billing Services ("Nitor"), used Starnik software  
22 to generate customer bills; however, in June of 2022, the Company switched from Starnik to  
23 Muni-Link. Prior to utilizing Starnik, Confluence used Munibilling. Confluence's response to

1 Staff Data Request No. 0256 indicated that Confluence's growth and need for more  
2 sophisticated software precipitated the need for transition.

3 Q. What did Staff's audit of Confluence's billing software costs entail?

4 A. Staff's audit included review of all Munibilling and Muni-Link invoices  
5 Confluence provided, Confluence's general ledger, and the contracts from both Munibilling  
6 and Muni-Link Corporation to assess the reasonableness of the transition to Muni-Link.

7 Q. Please describe Muni-Link's billing.

8 A. Muni-Link software is billed to CSWR as a monthly fee for a number  
9 of accounts.

10 Q. How did Staff calculate the amount of billing software expense included in the  
11 revenue requirement?

12 A. Muni-Link charges a monthly software fee. Staff multiplied Confluence's most  
13 recent total monthly Muni-Link expense by twelve months to arrive at the amount of billing  
14 software expense to be included Confluence's revenue requirement.

15 **CALL CENTER CONTRACT COSTS**

16 Q. Who provides Confluence's call center services?

17 A. During normal business hours, Nitor provides call center services. For customer  
18 calls placed outside of business hours, Confluence uses liveVOICE answering service.

19 Q. What did Staff's analysis of call center costs entail?

20 A. Staff reviewed all contracts, invoices, and journal entries for Nitor and  
21 liveVOICE costs that Confluence incurred during the test year.

22 Q. How did Staff calculate its adjustments for call center expenses?

1           A.     According to Nitor’s contract in effect on January 31, 2023, Nitor charges  
2 Confluence a \$2 monthly fee per customer. Staff applied a \$2 monthly fee per customer to  
3 Confluence’s connection count as of January 31, 2023, to arrive at the monthly expense for  
4 Nitor customer services. This amount was then multiplied by twelve months to calculate the  
5 annualized amount of Nitor expense.

6           Monthly charges for liveVOICE consist of a monthly base fee and a fee for each  
7 additional minute over the base amount. The vendor also charges an additional fee for holidays.  
8 To determine the amount of expense for after-hours call center services, Staff annualized  
9 liveVOICE’s monthly base fee for each system and then added an annual amount of holiday  
10 fees. Finally, Staff included the number of additional minutes used during the twelve months  
11 ending December 31, 2022, multiplied by the most recent fee charged by liveVOICE per  
12 additional minute. Staff utilized the twelve months ending December 31, 2022 as Confluence  
13 had not provided the January 31, 2023 invoice as of the time of filing this testimony.

14           Q.     Does Staff have further comments regarding Nitor Billing Services?

15           A.     Yes. During its audit, Staff learned that as of June 2022, Confluence’s billing  
16 services have been moved in-house.<sup>2</sup> This function was formerly performed by Nitor. Staff  
17 submitted Staff Data Request No. 0270 which requested all written Change Orders,  
18 Modifications or Amendments to Confluence’s contract with Nitor, including any amendments  
19 that contemplate the change in contract price resulting in Confluence’s decision to move its  
20 billing activities in-house. The response to this data request is not due until after Staff’s direct  
21 testimony is filed, therefore, an adjustment for this expense may be possible at rebuttal.

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<sup>2</sup> WR-2023-0006 Staff Data Request 0197

1 **EXTERNAL AUDIT & ACCOUNTING FEES**

2 Q. Please explain this issue.

3 A. During the test year, Confluence incurred costs for third party accounting and  
4 tax preparation services. Confluence utilized Anders CPAs + Advisors (“Anders”) to provide  
5 accounting services including bank reconciliations, preparing and recording of journal  
6 entries and financial statements, and contracted with the firm Wipfli, LLC (“Wipfli”) to  
7 prepare tax returns.

8 In a meeting with Confluence, Staff was informed that Wipfli would no longer be  
9 preparing Confluence’s tax returns, and that future returns would be prepared by the firm UHY,  
10 LLC. Also, during the course of its audit, Staff discovered that Confluence had an in-house  
11 accounting team in addition to utilizing the services of third party vendors.

12 Q. What did Staff’s audit involve?

13 A. Staff’s audit of this issue included a review of the current Anders contract, all  
14 Anders invoices provided by Confluence, job descriptions for Confluence’s in-house  
15 accounting staff, and Confluence’s general ledger.

16 Q. What is Staff’s recommended treatment of third party accounting expense?

17 A. Staff recommends removal of all costs for Anders as its services are duplicative  
18 to those performed by Confluence’s in-house accounting staff.

19 **LEGAL EXPENSE (NOT INCLUDED IN RATE CASE EXPENSE)**

20 Q. Please explain this issue.

21 A. Confluence retains the services of the legal firms Beckemeier LeMoine  
22 as well as Brydon, Swearngen & England to provide various legal services. Staff



1 reviewed all outside counsel's invoices pertaining to Missouri systems incurred during the  
2 twelve months ending June 30, 2022.

3 Q. Please explain Staff's adjustment.

4 A. Staff removed from account number 923.4 all legal expenses pertaining to the  
5 2020 Elm Hills rate case as they are already being recovered as part of the revenue requirement  
6 for that filing. Staff also made adjustments to remove organizational costs relating to  
7 Confluence's merger case (WM-2021-0412) and costs attributed to a purchase agreement. The  
8 remaining expense was used to set an ongoing level of legal expenses for Confluence.

9 Q. Did Staff make any additional adjustments relating to expenses for outside  
10 legal counsel?

11 A. Yes. The majority of expenses Confluence incurred for outside counsel relates  
12 to the Company's acquisition activities. Please see Staff witness Keith Majors' direct testimony  
13 for further discussion of these costs.

14 **PSC ASSESSMENT**

15 Q. Please explain the Public Service Commission Assessment.

16 A. The operations of the Commission are funded by assessments, deemed Public  
17 Service Commission Assessments ("assessments"), levied upon the utility companies under its  
18 jurisdiction. The total budget of the Commission is allocated to all regulated utilities based  
19 on several factors that determine the amount to be paid by each utility. The required funding  
20 level from each utility is re-evaluated each year, and a new assessment is billed to each  
21 regulated utility on July 1. All of the assessments collected in total are used to meet the  
22 Commission's operating costs for regulating those utilities.

23 Q. Please explain Staff's adjustment to assessment expenses.

1           A.     Staff's assessment adjustment represents the difference between the amount of  
2 assessment recorded on Confluence's books during the test year, or the twelve months ending  
3 June 30, 2022, and the most recent assessment that went into effect as of July 1, 2022 (fiscal  
4 year 2023). Staff annualized Confluence's assessment expense by using the most current  
5 assessment that was issued on July 1, 2022.

6     **RATE CASE EXPENSE**

7           Q.     What is rate case expense?

8           A.     Rate case expenses are the incremental costs incurred by a utility in the  
9 preparation and filing of a rate case. In this instant case, Confluence has incurred costs  
10 associated with the preparation of a depreciation study, a class cost of service study, capital  
11 witness costs and costs for outside counsel.

12          Q.     What is Confluence's proposed treatment of rate case expense?

13          A.     Confluence has included 50% of its rate case expense to date and 100% of the  
14 cost of the depreciation study as part of its cost of service and proposes the amounts be  
15 amortized over a three (3) year period. The Company expects to true-up rate case expense as  
16 invoices are received throughout the case.

17          Q.     What is Staff's proposed treatment of rate case expense?

18          A.     Staff recommends including a normalized level of rate case expense based  
19 on rate case expenses incurred this case. Staff agrees with Confluence's proposed 50/50  
20 sharing mechanism. This final shared rate case expense amount is to be normalized over a  
21 three (3) year period. Staff also recommends including the full cost of the depreciation  
22 study, amortized over five (5) years. Staff will assess these costs through September 19, 2023

1 (the date reply briefs are filed with the Commission) as this is Confluence's first large  
2 formal rate filing.

3 Q. What is the basis of Staff's recommendation to share rate case expenses?

4 A. Staff's recommendation to share rate case expense is based upon the following:

5 1) Rate case expense sharing creates an incentive for the utility to  
6 control rate case expenses to a reasonable level, while eliminating the  
7 disincentive for the utility to control the rate case expenses;

8 2) Ratepayers and shareholders both benefit from the rate case  
9 process. While ratepayers receive safe and adequate service at just and  
10 reasonable rates, shareholders are afforded the opportunity to earn an  
11 adequate return on their investment;

12 3) Ratepayers will continue to pay for the majority of the rate  
13 case expenses regardless of any sharing mechanism when including the  
14 internal labor costs that are not included in the sharing mechanism,  
15 therefore it is fair and equitable to allocate a portion of the rate case  
16 expenses to the shareholders; and

17 4) It is highly probable that some recommendations advocated by  
18 the utility through the rate case process will ultimately be determined to  
19 be not in the public interest by the Commission.

20 Q. Please explain why it is problematic for utilities to be allowed full recovery of  
21 rate case expenses.

22 A. Allowing a utility to recover all, or almost all of its rate case expense creates an  
23 inherent disincentive for the utility to control rate case expenses. For every other participant in  
24 the rate case proceeding, their funds are ultimately limited by budgetary and financial  
25 constraints. The ability to pass through the entire amount of expense, along with significant  
26 financial resources, creates what can be viewed as an unfair advantage over the parties during  
27 a rate case proceeding.

28 Q. Will the sharing of rate case expenses impact a utility's spending?

1           A.     Other discretionary utility expenses are not recovered by the utility during the  
2 rate setting process. Charitable contributions, which are discretionary amounts paid to  
3 individuals or organizations for charitable reasons that have no direct business benefit, are  
4 examples of costs that have not historically been included as an expense in the cost of service  
5 calculations. While the utility may believe it has the responsibility to be a “good corporate  
6 citizen,” these donations would represent an involuntary contribution by the ratepayer if they  
7 were to be included in rates. Other costs that are routinely disallowed by Staff are expenses for  
8 a company’s political activities (“lobbying”). Lobbying and charitable contributions represent  
9 costs which are not necessary for the provision of safe and adequate service, and not recovered  
10 through rates. The lack of recovery of those costs has not dissuaded utilities from engaging in  
11 these activities. Similarly, while any form of sharing of rate case expense may act as an  
12 incentive to control these costs, Staff has not identified significant curtailing of incremental rate  
13 case expenses by utilities affected by the 50/50 sharing mechanism.

14           Q.     What is the Commission’s position regarding the sharing of rate case expense?

15           A.     This 50/50 sharing mechanism is consistent with the Commission’s most  
16 recent decision concerning rate case expense in the Spire Missouri Case Nos. GR-2017-0215  
17 and GR-2017-0216. The Missouri Supreme Court recently upheld the Commission’s decision<sup>3</sup>

18           Q.     How did Staff approach its adjustment to rate case expense?

19           A.     Staff examined the facts and circumstances in Confluence’s filing.

20           Staff divided rate case expense over the period of time it estimates will pass  
21 before the utility’s next general rate case and included an annual amount in its revenue  
22 requirement calculation. Typically, this cost is not “amortized” for ratemaking purposes, and

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<sup>3</sup> Spire Missouri, Inc. v. Pub. Serv. Comm’n, 618 S.W. 3<sup>rd</sup> 225, 233 (Mo. Banc 2021).

1 the utility's recovery of this expense in rates is not tracked against its actual rate case  
2 expense for consideration for over or under recovery. Staff recommends this cost be  
3 "normalized" by including an annual level in the cost of service. In the current case,  
4 Staff recommends a three-year normalization of rate case expense due to the historical  
5 frequency of large utility rate case filings.

6 Staff also included the full cost of the depreciation study, amortized over a five (5) year  
7 period as the Commission requires a depreciation study be conducted every five (5) years.

8 Q. Does Staff have any further comments regarding rate case expense?

9 A. Yes. Staff submitted Data Request 0271 which requested all expenses incurred  
10 by Confluence for customer notices and Data Request 0272 requesting information regarding  
11 outside consultants engaged by Confluence for the purpose of this rate case. The responses to  
12 these data requests are not due until after Staff's direct testimony is filed, therefore, an  
13 adjustment for these expense may be possible at rebuttal.

14 **CASH WORKING CAPITAL**

15 Q. Please explain cash working capital.

16 A. Cash working capital ("CWC") represents the amount of cash Confluence  
17 requires for day-to-day expenses to provide service to ratepayers. When a utility expends  
18 funds to pay for an expense necessary to the provision of service before it receives any  
19 corresponding payment for that expense from ratepayers, the utility's shareholders are the  
20 source of the funds. This shareholder funding represents a portion of each shareholder's total  
21 investment in the utility. The shareholders are compensated by including these funds in rate  
22 base. By including these funds in rate base, the shareholders earn a return on the CWC-related  
23 funding they have invested.

1           Ratepayers supply CWC when they pay for services received before the utility pays  
2 expenses incurred in providing that service. Ratepayers are compensated for the CWC they  
3 provide by a reduction to the utility's rate base. By removing these funds from rate base, the  
4 utility earns no return on that funding which customers supplied as CWC.

5           To determine the amount of CWC provided by both the ratepayers and shareholders,  
6 Staff performs a lead/lag study. The lead/lag study involves analysis of the timing of when  
7 expenses are paid to suppliers, employees, etc., and when the utility receives revenues from  
8 customers for the services it provides. A positive cash working capital requirement indicates  
9 that the shareholders provided the working capital for the test year. This means, on average,  
10 the utility paid the expenses incurred to provide the utility service to the ratepayers before the  
11 ratepayers paid for the service. A negative CWC requirement indicates that the ratepayers  
12 provided the working capital during the test year. This means, on average, the ratepayers paid  
13 for their utility service before the utility paid the expenses incurred to provide that service.

14           Q.     How did Confluence determine the amount of cash working capital to include in  
15 their revenue requirement?

16           A.     Confluence did not perform a lead/lag study to determine its working capital  
17 requirements, but rather opted to use the 45-day convention, also known as the 1/8 convention  
18 or the formula method. Confluence multiplied operating expenses (excluding depreciation,  
19 overhead allocation and taxes) by 45/365 to produce the working capital amount included  
20 in rate base.<sup>4</sup> According to Confluence witness Brent Thies' direct testimony, the use of a

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<sup>4</sup> Brent Thies Direct, pg. 16, ll 2-4

1 45-day convention produces a reasonable cash working capital adjustment without needing to  
2 conduct an expensive lead/lag study.<sup>5</sup>

3 Q. Is it necessary for companies to hire consultants to perform lead/lag studies?

4 A. It is not required that a utility obtain an outside consultant to perform a lead/lag  
5 study as many Missouri utilities perform CWC studies in house for their rate cases.

6 Q. What has been the Commission's position regarding the 45-day convention  
7 method to calculate a utility's cash working capital?

8 A. According to the Commission's Report and Order in Case No. ER-78-252  
9 regarding the use of the formula method:

10 Accurately referred to as a rule of thumb, the method does no more than  
11 provide a gross amount that has, in the past, been accepted as a workable  
12 figure for want of anything better.

13 A lead-lag study, on the other hand, offers much greater precision by  
14 specifically identifying the actual revenue and expense lags, which can  
15 then be netted to find a much more precise cash working capital  
16 requirement.<sup>6</sup>

17 The Commission further stated:

18 The Commission does not intend to say that a lead-lag study is  
19 necessarily required in every case, but does hold that where such a study,  
20 properly conducted by staff and supported by the evidence, is before it,  
21 the Company does not sustain its burden of proof by simply presenting  
22 a formulistic determination of working capital requirement.<sup>7</sup>

23 Q. Did Staff perform a lead/lag study in this case?

24 A. Yes. Staff performed a lead/lag study to arrive at the CWC amount included in  
25 rate base.

26 Q. Did Staff encounter any issues while compiling its lead/lag study?

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<sup>5</sup> Brent Thies Direct, pg. 15, ll 19-23

<sup>6</sup> ER-78-252 Report and Order, pg. 7.

<sup>7</sup> ER-78-252 Report and Order, pg. 8.

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1 A. Yes.

2 Q. Please explain.

3 A. Staff believes it may be missing invoices. Additionally, Staff submitted Data  
4 Request No. 0110, which requested the day to day report used by Confluence that reflects  
5 actual cash collection patterns for customers' bills. Confluence's reply attached to my  
6 testimony as Schedule JCD-d3 stated that no such report is available.

7 Q. How did Staff resolve these issues?

8 A. Staff used the billing and collection lags from Missouri American Water  
9 Company's ("MAWC") revenue lags from its most recent rate case No. WR-2022-0303 as  
10 surrogates in order to calculate Confluence's revenue lag.

11 Q. What was the result of Staff's lead/lag study?

12 A. All of Staff's recommended revenue and expense leads can be found in  
13 Accounting Schedule 8. Staff's overall lead/lag study resulted in a positive CWC requirement  
14 for Confluence. This means that shareholders are currently providing the working capital, in  
15 the aggregate, to Confluence. Therefore, the shareholders will be compensated for the working  
16 capital provided through inclusion in rate base.

17 Q. Does Staff have any recommendations regarding cash working capital?

18 A. Yes. Staff recommends the Commission order Confluence maintain a  
19 day-to-day collection report by tariff rate district going forward for Staff to utilize in future  
20 cash working capital lead/lag studies. Additionally, Staff recommends the Commission order  
21 Confluence, going forward, to maintain all invoices supporting test year costs.

22 Q. Does Staff have any additional comments regarding this issue?



1           A.     Yes. Staff has experienced great difficulty in obtaining accurate and reliable  
2 data from Confluence with which to analyze and develop issues in this case. As a result of  
3 this, Staff believes it may be missing some test year invoices on which the lead/lag study is  
4 based. In order to ensure the accuracy of Staff’s lead/lag study, Staff plans to confirm that all  
5 invoices have been included. Staff will address any updates, if needed, to the CWC study  
6 calculations in rebuttal testimony.

7           **MISCELLANEOUS EXPENSE**

8           Q.     Please explain this issue.

9           A.     Confluence incurs costs related to various items such as easements,  
10 homeowner’s association dues, trash removal and check printing.

11          Q.     How did Staff approach this adjustment?

12          A.     Staff reviewed invoices and Confluence’s general ledger for all miscellaneous  
13 expenses not already being addressed as part of Staff’s audit. Staff proposed adjustments  
14 to remove one-time costs and normalize levels of miscellaneous expenses in Confluence’s  
15 revenue requirement.

16          **DNR PERMITTING FEES**

17          Q.     Please explain this issue.

18          A.     Confluence Rivers is required to obtain operating permits for its water and  
19 wastewater systems.

20          Q.     How did Staff approach this issue?

21          A.     Staff reviewed all invoices provided by Confluence Rivers from the Missouri  
22 Department of Natural Resources (“DNR”), the Company’s general ledger, the DNR website,  
23 and various data request responses as part of its audit of this issue.

1 Q. What is Staff's adjustment for this issue?

2 A. Staff proposed adjustments to remove one-time costs from test year expense  
3 levels to arrive at a normalized level of operating permit expenses to include in Staff's revenue  
4 requirement. Staff also proposed an adjustment to remove test year primacy fees.

5 Q. What are primacy fees?

6 A. In 1992, the Missouri legislature enacted the public drinking water primacy fee  
7 to support MDNR's efforts to ensure Missourians have access to an adequate supply of water  
8 that is safe to drink. The primacy fee is a user fee, paid by the customers of Missouri's public  
9 water supply systems which provides critical funding for laboratory services and activities the  
10 state must perform in order to maintain delegation of the federal drinking water program.

11 This fee is supposed to be billed to all water customers and collected by the utility prior  
12 to being remitted to DNR, less two (2) percent to cover the costs of collecting the fee.

13 Q. Why did Staff remove DNR primacy fees from test year?

14 A. Water utilities by law can charge primacy fees to their water customers,  
15 therefore, this is a pass through fee and not an ongoing expense for Confluence that should be  
16 included in the cost of service.

17 Q. Does Staff have any further recommendations regarding primacy fees?

18 A. Yes. Staff recommends the Commission order Confluence to record the revenue  
19 and expense related to primacy fees using a separate minor account designation in order for  
20 Staff to more easily review and possibly propose adjustments in future rate case proceedings.

21 **LAB TESTING FEES**

22 Q. Please explain lab testing fees.

1           A.     Under the Missouri Clean Water Law, public utilities are required to perform  
2 periodic water and wastewater testing to ensure the quality of Missouri drinking water. In order  
3 to maintain affordable water testing costs, DNR provides water testing services. This service  
4 includes bottles as well as prepaid shipping labels. The water testing is provided for a minimal  
5 annual fee and is partially funded by primacy fees collected by utilities from water customers  
6 (see primacy fee discussion above).

7           During the test year, Confluence incurred water testing costs from the Missouri DNR  
8 and both water and wastewater testing expenses from other laboratories.

9           Q.     What is Staff's recommendation for lab testing fees?

10          A.     Staff included the test year level of wastewater testing fees and the annual cost  
11 for MO DNR water testing for each system. Staff removed all costs for water testing from other  
12 labs as this service is provided by the MO DNR and the additional water testing costs incurred  
13 from other labs are duplicative.

14           **CUSTOMER REFUNDS**

15          Q.     What is this issue?

16          A.     During the test year, Confluence issued several refunds to customers. In  
17 discussions with Staff as well as in response to Data Request No. 0201, Confluence indicated  
18 that the nature of the refunds in question were due to accidental overpayment or to customers  
19 who had moved and neglected to terminate their auto-billing.

20          Q.     How did Staff address this issue?

21          A.     Staff verified that the refunds were not recorded on Confluence's books and  
22 records in such a manner as to impact the revenue and expense accounts during the test year.

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1 The refunds were not recorded above the line so no adjustment was necessary to remove these  
2 non-recurring refunds from the test year.

3 Q. Does Staff have any recommendations regarding customer refunds going  
4 forward?

5 A. Yes. Staff recommends that the Commission order Confluence to maintain a refund  
6 report including the date, amount, customer name, customer address and associated  
7 water/wastewater system. This will be helpful in assessing the number of refunds being issued  
8 and the nature of the refunds should Confluence choose to make future adjustments to its  
9 policies and procedures.

10 Q. Does this conclude your direct testimony?

11 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Confluence Rivers Utility	)	
Operating Company, Inc.'s Request for	)	Case No. WR-2023-0006
Authority to Implement a General Rate	)	
Increase for Water Service and Sewer	)	
Service Provided in Missouri Service Areas	)	

**AFFIDAVIT OF JANE C. DHORITY**

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF ST. LOUIS	)	

COMES NOW JANE C. DHORITY and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Jane C. DhORITY*; and that the same is true and correct according to her best knowledge and belief.

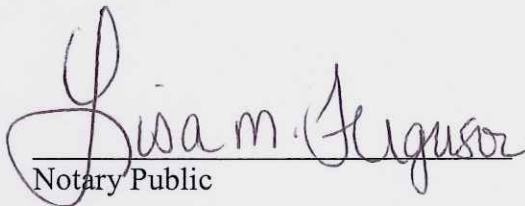
Further the Affiant sayeth not.

  
JANE C. DHORITY

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the City of St. Louis, State of Missouri, at my office in St. Louis, on this 25<sup>th</sup> day of May 2023.

LISA M. FERGUSON  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: June 23, 2024  
Commission Number: 16631502

  
Notary Public

## Jane C. Dhority

### Present Position:

I am a Senior Utility Regulatory Auditor, Auditing Department, Financial & Business Analysis Division of the Missouri Public Service Commission. As a Senior Utility Regulatory Auditor, I assist in research and analysis of the financial aspects of public utility operations.

### Educational Credentials and Work Experience:

I received a Bachelor of Science in Accounting from the University of Missouri - St. Louis in December 2018. I have been employed by the Missouri Public Service Commission since April 2019. Prior to joining the Commission, I worked in several positions for Jimmy's Café on the Park from 2011 to 2016. I was also employed by Hilton St. Louis Downtown as a bartender from 2009 to 2011. From 2007 to 2009 I was employed as a bartender and manager for Square One Brewery.

### Past Rate Case Proceedings:

<u>Company Name</u>	<u>Case No.</u>	<u>Issue(s)</u>
Ameren UE (ELEC)	EO-2019-0391	Asset Sale
Ameren UE (ELEC)	ER-2019-0335	Plant in Service, Depreciation Reserve, Other Rate Base Items, Interest on Customer Deposits, Capitalized O&M Depreciation, PSC Assessment, Advertising
Ameren UE (ELEC)	ER-2021-0240	Advertising, Promotional Giveaways, Rents & Leases, Lobbying, Dues & Donations, Miscellaneous Expense, Expense Reports, Capitalized O&M Depreciation, Cash Working Capital, Board of Directors Fees, Customer Convenience Fees

cont'd Jane C. Dhority

<u>Company Name</u>	<u>Case No.</u>	<u>Issue(s)</u>
Ameren UE (GAS)	GR-2021-0241	Advertising, Promotional Giveaways, Rents & Leases, Lobbying, Dues & Donations, Miscellaneous Expense, Expense Reports, Capitalized O&M Depreciation, Cash Working Capital, Board of Directors Fees, Customer Convenience Fees
Liberty MNG (Gas)	GT-2022-0118	ISRS Filing
Spire Missouri Inc. (Gas)	GR-2022-0179	Payroll, Payroll Taxes, Overtime, Employee Benefits, Pensions & OPEBs, SERP, Rate Case Expense, External Audit/Overhead Study Fees
Ameren UE (ELEC)	EA-2022-0245	PISA, Recordkeeping Issues, Revenue Tracker

MISSOURI ONE CALL SYSTEM, INC.

Remittance Address  
 Accounts Receivable  
 P.O. Box 798278  
 St. Louis, MO 63179-8002

Invoice No.	1070091 <b>CR</b>
Invoice Date	07/31/2021
Billing Period	July
CDC	CSWR
Account #	162380
PO #	

**APPROVED**  
 By Jay Favor at 9:34 am, Aug 19, 2021

CENTRAL STATES WATER RESOURCES  
 ACCOUNTS PAYABLE DEPARTMENT  
 1650 DES PERES RD, SUITE 303  
 ST LOUIS, MO 63131

DATE RCVD 08/02/21 GL CODE 713/673  
 PRCD BY Curtis GL DATE 07/31/21

Current Costs associated with your participation in MISSOURI ONE CALL SYSTEM, INC.

Description	Amount
Regular Locate Fee: 470 Locates at \$1.25	\$587.50
<b>TOTAL:</b>	<b>\$587.50</b>
<b>TERMS: NET 30</b>	

Terminal	Tickets	Terminal	Tickets	Terminal	Tickets	Terminal	Tickets	Terminal	Tickets
CONRV01	229	ELMHL01	14	ELMHL02	197	IHOCO01	9	OSAGE01	7
PORTP02	9	VILWS01	5						

**CR-297.5**      **EH-263.75**      **IH-11.25**      **Osage-8.75**      **RC-6.25**  
 For billing questions, please call 573-635-1818.  
713      713/673      673      673/713      673/713

Payments to Mo One Call System, Inc. are not deductible as charitable contributions for income tax purposes. They may, however, be deductible as ordinary and necessary business expenditures to the extent such payments are not used for lobbying expenditures. Mo One Call System, Inc. estimates that 1.5% of your dues are nondeductible expenditures attributable to lobbying activities.

*Bill pay by credit or debit card or bank check is now available online! For more information send an email to [billing@mo1call.com](mailto:billing@mo1call.com)*

REMITTANCE COPY  
 PLEASE DETACH AND SUBMIT WITH PAYMENT

Company Name:	CENTRAL STATES WATER RESOURCES
Account Number:	162380
CDC:	CSWR
Invoice Number:	1070091
Invoice Date:	07/31/2021
Amount Due:	\$587.50

**Make Check Payable to:** Missouri One Call System, Inc.  
 Accounts Receivable  
 P.O. Box 798278  
 St. Louis, MO 63179-8002



# Missouri Public Service Commission

## Respond Data Request

<b>Data Request No.</b>	0110
<b>Company Name</b>	Confluence Rivers Utility Operating Company, Inc.-(Water)
<b>Case/Tracking No.</b>	WR-2023-0006
<b>Date Requested</b>	2/3/2023
<b>Issue</b>	Rate Base - Cash Working Capital
<b>Requested From</b>	Aaron Silas
<b>Requested By</b>	Ron Irving
<b>Brief Description</b>	Day to Day Report Used for Collection Lag
<b>Description</b>	1. Provide the day to day report CSWR LLC and/or Confluence Rivers utilizes that reflects customers' bill actual cash collection patterns. Provide Staff copies of this report for October 1, 2019 through January 31, 2023, as available. 2. Is an amount of uncollectibles included in this data? 3. Provide the data source that is used to develop the report provided in part (1) and the uncollectible percentage referenced in part (2), if applicable. Data Request submitted by Lisa Ferguson (lisa.ferguson@psc.mo.gov)
<b>Response</b>	1. No such report is available. 2. N/A 3. N/A
<b>Objections</b>	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **WR-2023-0006** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Confluence Rivers Utility Operating Company, Inc.-(Water)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Confluence Rivers Utility Operating Company, Inc.-(Water)** and its employees, contractors, agents or others employed by or acting in its behalf.

<b>Security :</b>	Public
<b>Rationale :</b>	NA