

FILED
January 30, 2026
Missouri Public
Service Commission

Exhibit No. 201

Staff – Exhibit 201
Amanda McMellan Testimony
Rebuttal
Case No. WR-2025-0345

Exhibit No.:
Issue(s): **Tax Gross-Up**
Witness: **Amanda C. McMellen**
Sponsoring Party: **MoPSC Staff**
Type of Exhibit: **Rebuttal Testimony**
Case No.: **WR-2025-0345**
Date Testimony Prepared: **January 16, 2026**

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL & BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

REBUTTAL TESTIMONY
OF
AMANDA C. MCMELLEN

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2025-0345

Jefferson City, Missouri
January 2026

REBUTTAL TESTIMONY
OF
AMANDA C. MCMELLEN
MISSOURI-AMERICAN WATER COMPANY
CASE NO. WR-2025-0345

Q. Please state your name and business address.

A. My name is Amanda C. McMellen. My business address is 200 Madison Street, 440, Jefferson City, MO 65101.

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

A. I am employed by the Missouri Public Service Commission (“Commission”) as a Utility Regulatory Audit Unit Supervisor.

Q. Please describe your educational background and experience.

A. I graduated from the DeVry Institute of Technology in June 1998 with a Bachelor of Science degree in Accounting. I commenced employment with the Commission (“Staff”) in June 1999

Q. Have you previously filed testimony before the Commission?

A. Yes, numerous times. Please refer to Schedule ACM-r1, attached to this
al testimony, for a list of the major audits in which I have assisted and filed testimony
the Commission.

Q. What is the purpose of your rebuttal testimony?

A. First, I am adopting the direct testimony of Staff witness Keri Roth, who is no employed by the Commission. I will also be responding to the direct testimony of the of Public Counsel (“OPC”) witness John S. Riley and Missouri American Water

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1 Company (“MAWC”) witnesses Brian W. LaGrand and Linda Schlessman regarding the tax
2 gross-up amount in the revenue requirement for this Water and Sewer Infrastructure Rate
3 Adjustment (“WSIRA”) request.

4 Q. Do you adopt Keri Roth’s direct testimony as your own and affirm that the
5 statements and opinions therein are true and correct to the best of your knowledge?

6 A. Yes.

7 Q. Do you have any corrections to make to that testimony?

8 A. No.

9 Q. What is OPC witness Mr. Riley’s position regarding a tax gross-up amount in
10 the revenue requirement for this WSIRA?

11 A. As stated in his direct testimony on page 2 lines 13 through 18:

12 Here, MAWC does not pay income tax and will not do so for the
13 foreseeable future. For this reason, the inclusion of the tax gross-up in
14 this case is overcompensating and unnecessary. The Commission should
15 disallow the amount included for the tax gross up in this case, which
16 amounts to \$430,535 from Staff’s calculation, as explained in my
17 memorandum attached to the OPC’s Response to Staff’s
18 Recommendation.

19 Q. What is the purpose of the tax gross-up factor?

20 A. The tax gross-up factor is used to calculate additional taxes needed on the overall
21 revenue requirement (incremental increase in rates) in a general rate case and WSIRA.

22 Q. What is Staff’s position regarding a tax gross-up on overall
23 revenue requirement?

24 A. Staff’s position is that a tax gross-up on the overall revenue requirement is
25 appropriate. Taxes included in the current WSIRA recommendation include current and
26 deferred income taxes. If taxes are to be included in rates, there should be a tax gross-up applied

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1 to the overall revenue requirement whether in a general rate case or a WSIRA case.
2 The inclusion of these taxes in the revenue requirement is not dependent on whether MAWC is
3 currently making tax payments to the Internal Revenue Service (“IRS”).

4 Q. What is MAWC’s position regarding the tax gross-up factor?

5 A. MAWC and Staff agree the tax gross-up factor is appropriate and should be
6 included in the revenue requirement.

7 Q. Does Staff agree with MAWC witness Mr. LaGrand regarding the weighted
8 average cost of capital as stated in his direct testimony¹?

9 A. Yes. As stated in the Revenue Requirement Stipulation and Agreement in
10 Case No. WR-2024-0320 (MAWC’s most recent rate case) the overall post-tax weighted
11 average cost of capital shall be 7.00%. All parties agreed to using the 7.00% for WSIRA
12 purposes. The Stipulation and Agreement was approved by the Commission.

13 Q. Does OPC witness Mr. Riley’s position regarding the tax gross-up factor affect
14 the agreed to post-tax cost of capital?

15 A. Yes. If you use Mr. LaGrand’s assumptions in calculating the post-tax return,
16 MAWC is not earning the 7.00% return. Mr. Riley’s exclusion of the tax gross-up factor
17 changes the post-tax return to 6.73%, which is less than the agreed upon return as stated in the
18 direct testimony of Mr. LaGrand as cited above.

19 Q. Does Staff agree with MAWC witness Ms. Schlessman regarding current and
20 deferred taxes as stated in her direct testimony²?

¹ Direct testimony of Brian W. LaGrand page 5 line 9 through page 6 line 8.

² Direct testimony of Linda Schlessman page 4 line 5 through page 5 line 19.

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1 A. Yes. Staff agrees that all taxes, either current or deferred, should be included in
2 the revenue requirement calculation and is nor dependent on whether MAWC is a current
3 taxable situation.

4 Q. Does this conclude your rebuttal testimony?

5 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Petition of Missouri-American)
Water Company for Approval to Establish a)
Water and Sewer Infrastructure Rate)
Adjustment (WSIRA))

Case No. WR-2025-0345

AFFIDAVIT OF AMANDA C. McMELLEN

STATE OF MISSOURI)
)
 ss.
COUNTY OF COLE)

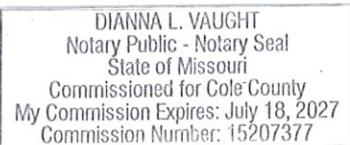
COMES NOW AMANDA C. McMELLEN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Amanda C. McMellen*; and that the same is true and correct according to her best knowledge and belief.

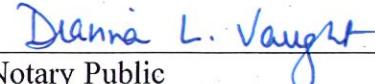
Further the Affiant sayeth not.


AMANDA C. McMELLEN

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 13th day of January 2026.




Notary Public

Amanda C. McMellen
Utility Regulatory Audit Unit Supervisor

EDUCATION

Bachelors of Science
DeVry Institute of Technology, Kansas City, MO-June 1998

PROFESSIONAL EXPERIENCE

Missouri Public Service Commission
Utility Regulatory Audit Unit Supervisor
March 2022 – Present
Utility Regulatory Auditor V (Utility Regulatory Audit Supervisor)
February 2013 – March 2022
Utility Regulatory Auditor IV
November 2006 – February 2013
Utility Regulatory Auditor III
June 2002 – November 2006
Utility Regulatory Auditor II
June 2000 – June 2002
Utility Regulatory Auditor I
June 1999 – June 2000

I am a Utility Regulatory Supervisor (former title Utility Regulatory Auditor V) for the Missouri Public Service Commission (Commission). I graduated from the DeVry Institute of Technology in June 1998 with a Bachelor of Science degree in Accounting. Before coming to work at the Commission, I worked as an accounts receivable clerk. I commenced employment with the Commission Staff in June 1999. As a Utility Regulatory Auditor, I am responsible for assisting in the audits and examinations of the books and records of utility companies operating within the state of Missouri.

AMANDA C. McMELLEN

SUMMARY OF RATE CASE TESTIMONY FILED

<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Osage Water Company	SR-2000-556	Plant in Service Depreciation Reserve Depreciation Expense Operation & Maintenance Expense
Osage Water Company	WR-2000-557	Plant in Service Depreciation Reserve Depreciation Expense Operation & Maintenance Expense
Empire District Electric Company	ER-2001-299	Plant in Service Depreciation Reserve Depreciation Expense Cash Working Capital Other Working Capital Rate Case Expense PSC Assessment Advertising Dues, Donations & Contributions
UtiliCorp United, Inc./ d/b/a Missouri Public Service	ER-2001-672	Insurance Injuries and Damages Property Taxes Lobbying Outside Services Maintenance SJLP Related Expenses
BPS Telephone Company	TC-2002-1076	Accounting Schedules Separation Factors Plant in Service Depreciation Reserve Revenues Payroll Payroll Related Benefits Other Expenses
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2004-0034	Revenue Annualizations Uncollectibles
Fidelity Telephone Company	IR-2004-0272	Revenue Revenue Related Expenses
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2005-0436	Revenue Annualizations Uncollectibles

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<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Empire District Electric Company	ER-2006-0315	Payroll Payroll Taxes 401(k) Plan Health Care Costs Incentive Compensation Depreciation Expense Amortization Expense Customer Demand Program Deferred State Income Taxes Income Taxes
Aquila, Inc. d/b/a Aquila Networks-MPS & Aquila Networks-L&P	ER-2007-0004	Revenue Annualizations Uncollectibles Maintenance Expenses Turbine Overhaul Maintenance
Empire District Electric Company	ER-2008-0093	Revenues Bad Debts Employee Benefits Tree Trimming Storm Costs Customer Programs Amortizations Current Income Taxes Deferred Income taxes Jurisdictional Allocations Corporate Allocations
Missouri Gas Energy, a Division of Southern Union Company	GR-2009-0355	Staff Report Cost of Service Revenues-Customer Growth Corporate Allocations Other Rate Base Items Amortization Expense Interest expense on customer Deposits Rents and Leases
Missouri-American Water Company	WR-2010-0131	Staff Report Cost of Service Corporate and District Allocations Lobbying Costs Net Negative Salvage Amortization of Regulatory Assets Belleville Lab Expenses Comprehensive Planning Study Payroll Payroll Taxes

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<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Kansas City Power & Light Company	ER-2010-0355	Staff Report Cost of Service Revenues-Customer Growth In-Field Service Fees Gross Receipts Taxes Forfeited Discounts Other Revenues Credit Card Acceptance Program Bad Debts
KCP&L Greater Missouri Operations Company	ER-2010-0356	Staff Report Cost of Service Revenues-Customer Growth Other Revenues Credit Card Acceptance Program Bad Debts
Empire District Electric Company	ER-2011-0004	Staff Report Cost of Service Plant in Service Depreciation Reserve Depreciation Expense Pensions & OPEBs Customer Programs Amortizations Carrying Costs Revenue Annualizations
Empire District Electric Company	ER-2012-0345	Staff Report Cost of Service Plant in Service Depreciation Reserve Depreciation Expense Prepayments Materials and Supplies Customer Demand Programs Amortization of Electric Plant Customer Deposits Customer Advances Carrying Costs Customer Programs Customer Deposit Interest Expense Franchise Taxes Amortizations Banking Fees Lease Expense Pay Station Fees Amortizations
Summit Natural Gas Company of Missouri, Inc.	ER-2014-0086	Corporate Allocations Capitalization Policy MGU Purchase Price SMNG Legacy Asset Valuation Energy Efficiency Programs

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<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Empire District Electric Company	ER-2016-0023	Staff Report Cost of Service Test Year/Update/True-Up Accumulated Deferred Income Taxes SWPA Hydro Reimbursement SPP Revenues and Expenses SPP Transmission Expenses ASM Revenue and Expense Miscellaneous SPP Related Revenues and Expenses Off-System Sales Revenue and Expense Current Income Taxes Deferred Income Taxes Rate Case Expense-Sharing Advertising Dues and Donations SWPA Amortization Tornado AAO Amortization Corporate Expenses Capitalized Depreciation Proposed Acquisition
Terre Du Lac utilities Corporation	WR-2017-0110	Rate Base
Spire Missouri, Inc.	GR-2017-0215 GR-2017-0216	Bad Debts
Missouri-American Water Company	WR-2017-0285	Plant in Service Contributions in Aid of Construction Regulatory Deferrals Depreciation Reserve Depreciation Expense Amortization Expense Customer owned Lead Service Lines
Empire District Electric Company	ER-2019-0374	Fuel Inventories Fuel and Purchased Power
Missouri-American Water Company	WR-2020-0344	Plant in Service Contributions in Aid of Construction Other Rate Base Regulatory Deferrals Depreciation Reserve Depreciation Expense Amortization Expense Property Tax Tracker Customer owned Lead Service Lines

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<u>COMPANY</u>	<u>CASE NO.</u>	<u>ISSUES</u>
Empire District Electric Company	ER-2021-0312	Staff Report Cost of Service Test Year/Update Fuel Inventories Asbury Retirement AAO AMI – Regulatory Asset Tornado AAO Amortization Fuel and Purchased Power – Fixed Costs Rate Case Sharing
Empire District Gas Company	GR-2021-0320	Energy Efficiency Programs
Empire District Electric Company	EO-2022-0040 EO-2022-0193	Financing Issues – Securitization
Liberty Utilities (Missouri Water) LLC	WR-2024-0104 SR-2024-0105	Revenue Requirement CIAC Amortization of CIAC and Expense Transaction Fee-Free Program Fees Chemicals Miscellaneous Expenses Deferred Tank Painting and Tracker
Missouri-American Water Company	WR-2024-0320	Revenue Requirement Tank Painting Tracker Engineered Coatings Capitalization Plant in Service Production Cost Tracker Revenue Stabilization Mechanism Acquisitions