

Exhibit No. 116

Staff – Exhibit 116
Keith D. Foster
Rebuttal Testimony (Cost of Service)
File No. WR-2022-0303

Exhibit No.:
Issue(s): *Corrections and Updates to Staff's Direct Filing*
Witness: *Keith D. Foster*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *WR-2022-0303*
Date Testimony Prepared: *January 18, 2023*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

KEITH D. FOSTER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

Jefferson City, Missouri
January 2023

1 A. Yes. After the direct filing on November 22, 2022, Staff became aware of
2 certain corrections and updates that need to be made to the direct revenue requirement amount.

3 Q. What are the corrections and updates?

4 A. The following issues will be corrected or updated and reflected in Staff's
5 revenue requirement included in Staff's Rebuttal Accounting Schedules:

- 6 ○ Building Maintenance Expense – Corrections to the calculation of Building
7 Maintenance Expense averages – See Angela Niemeier's rebuttal testimony
8 for further explanation of the calculations.
- 9 ○ Cash Working Capital – Correction to add an omitted amount for annualized
10 waste management - See Angela Niemeier's rebuttal testimony for further
11 explanation of the correction.
- 12 ○ Insurance Expense – Corrections to remove the capitalized portion of
13 workers' compensation expense - See Angela Niemeier's rebuttal testimony
14 for further explanation of the corrections.
- 15 ○ Rate Case Expense – Correction to normalize Rate Case Expense over three
16 years – See Courtney Horton's rebuttal testimony for further explanation of
17 the correction.
- 18 ○ Amortization of Regulatory Assets – Correction to remove the property tax
19 tracker and an update to include additional expense in the low-income
20 program - See Courtney Horton's rebuttal testimony for further explanation
21 of the correction and update.
- 22 ○ Payroll, Payroll Taxes, and Employee Benefits – Corrections to the
23 calculations for Employee Benefits and to Staff's adjustments for payroll
24 expense - See Courtney Horton's rebuttal testimony for further explanation of
25 the corrections.

- 1 ○ Property Tax Expense – Updates to include property tax assessments not
2 previously provided by MAWC - See Courtney Horton’s rebuttal testimony
3 for further explanation of the updates.
- 4 ○ Capitalized Depreciation – Corrections to include the Operations and
5 Maintenance (“O&M”) portion in the capitalization of depreciation expense -
6 See Courtney Horton’s rebuttal testimony for further explanation of the
7 corrections.
- 8 ○ Credit Card Fees – Correction to include e-check fees in the adjustment - See
9 Courtney Horton’s rebuttal testimony for further explanation of the correction.
- 10 ○ Postage Expense – Correction to adjust the allocation of test year amounts for
11 the American Water Works Service Company postage expense– See Sherrye
12 Lesmes’ and Ashley Sarver’s rebuttal testimonies for further explanation of
13 the correction.
- 14 ○ Other Operating Revenues – Corrections to correct the adjustments applied
15 for the two water districts to match Staff’s direct testimony workpapers and
16 the district allocations affected by these revenues – See Ashley Sarver’s
17 rebuttal testimony for further explanation of the corrections.
- 18 ○ Chemicals – Update to include miscellaneous chemical expense not included
19 in Staff’s direct revenue requirement - See Ashley Sarver’s rebuttal testimony
20 for further explanation of the update.
- 21 ○ Purchased Water – Correction to the calculation of water usage for Eureka
22 Springs - See Ashley Sarver’s rebuttal testimony for further explanation of the
23 update.
- 24 ○ Pensions and Other Post-Employment Benefits (“OPEBs”) – Corrections to
25 (1) include the O&M percentage in pensions and OPEBs expense that were
26 inadvertently excluded in Staff’s direct filing and (2) exclude retiree
27 contributions from the OPEB tracker - See Ashley Sarver’s rebuttal testimony
28 for further explanation of the corrections.

Rebuttal Testimony of
Keith D. Foster

- 1 Q. What is Staff's revised revenue requirement?
- 2 A. Staff's revised revenue requirement is \$68,305,633.
- 3 Q. Does this conclude your rebuttal testimony in this proceeding?
- 4 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) Case No. WR-2022-0303
Implement General Rate Increase for Water)
and Sewer Service Provided in Missouri)
Service Areas)

AFFIDAVIT OF KEITH D. FOSTER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KEITH D. FOSTER and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Keith D. Foster*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



KEITH D. FOSTER

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 2023.

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