

Exhibit No.:
Issue(s): Keith D. Foster
Witness: Pension and Other
Post-Employment
Benefits (OPEBs)
Trackers, OPEB
Expense;
Accumulated
Deferred Income Tax
(ADIT)
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2020-0344
Date Testimony Prepared: February 9, 2021

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

KEITH D. FOSTER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2020-0344

Jefferson City, Missouri
February 2021

Surrebuttal Testimony of
Keith D. Foster

1 A. Yes. As I addressed on pages 5-6 of my rebuttal testimony, “I updated the start
2 of the stipulated expense and amortization calculations from May 2018 to June 2018, because
3 the effective date of the order in Case No. WR-2017-0285 was May 28, 2018, and starting in
4 May calculated a full month of expense for a month in which the order was in effect for only
5 four (4) days.” After applying this correction, the difference between my calculation and
6 MAWC’s was \$4.

7 Q. Do you agree with pages 27-28 of Mr. LaGrand’s rebuttal testimony that Staff’s
8 calculation of the OPEB tracker balance was understated by \$237,201 and there was a minor
9 error that understated the balance by \$10,003?

10 A. Yes, approximately.

11 Q. Did you make a correction to address these differences?

12 A. Yes, as I addressed above for the pension tracker. After applying this correction,
13 the difference between my calculation and MAWC’s was \$6,844.

14 Q. Please respond to Mr. LaGrand’s rebuttal testimony on page 28 where he stated
15 that Staff excluded OPEB retiree reimbursements from the OPEB tracker balance.

16 A. As part of the monthly expense calculation that is made to compute the
17 OPEB tracker balance, Retiree Medical Reimbursements are included as a credit. Per the
18 Stipulation and Agreement from MAWC’s previous rate Case No. WR-2017-0285, the
19 cumulative OPEB tracker amount was as of December 31, 2017, which constitutes the starting
20 point from which a new OPEB tracker balance would be calculated in the next rate case.
21 Therefore, in the current case, Staff and MAWC calculated the new OPEB tracker balance
22 starting with January 1, 2018 and ending June 30, 2020, the end of the update period.
23 Staff’s calculation for this same period includes a total Retiree Medical Reimbursements credit

1 amount of \$369,616. If Staff had truly “excluded” OPEB retiree reimbursements from the
2 OPEB tracker balance, then the difference would be \$369,616 rather than \$6,844.

3 Q. What do you think this means?

4 A. Perhaps, Mr. LaGrand misstated what was causing the difference as it can’t be
5 due to excluding OPEB retiree reimbursements. As I stated above, after making corrections
6 previously brought to my attention by Mr. LaGrand, I also show a difference of \$6,844. So, I
7 agree with the difference but not the cause of the difference. MAWC’s OPEB tracker
8 workpaper only provided the balance beginning in December 2019 rather than starting with
9 January 2018, and there is a consistent difference between Staff’s amount and MAWC’s amount
10 for each month from December 2019 to June 2020 of \$6,882 to \$6,884. This means the
11 difference in our balances started prior to December 2019.

12 Q. What do you show as a difference in your calculation?

13 A. My workpaper shows a difference of \$6,896 for premium reimbursements from
14 Hancock Financial based on MAWC’s general ledger entries in February and May 2018.
15 There are smaller differences throughout the 30-month period that could account for
16 the \$52 difference between it and the \$6,844.

17 Q. How do you propose to address this issue?

18 A. Pension and OPEB trackers are issues to be trued-up. As Staff trues up these
19 numbers, it will work with MAWC to gain an understanding of the difference and determine if
20 it requires an adjustment to be included with Staff’s true-up filing.

21 **OPEB EXPENSE**

22 Q. Do you agree with page 40 of Mr. LaGrand’s rebuttal testimony that Staff should
23 exclude Union medical in its calculation of OPEB expense?

Surrebuttal Testimony of
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1 A. Staff is unsure at this time, as it is a new issue to us. The document provided to
2 me on January 6, 2021, by Mr. LaGrand to support his recommendation has an execution date
3 of September 1, 2020. Since OPEB expense is an issue to be trued-up, Staff will work with
4 MAWC to further understand the issue and, if an adjustment is warranted, include it with Staff's
5 true-up filing.

6 **ACCUMULATED DEFERRED INCOME TAX (ADIT)**

7 Q. Do you agree with page 3 of Mr. Wilde's rebuttal testimony that the correct
8 ADIT balance at June 30, 2020, to include in rate base is \$453,671,105?

9 A. Yes. I addressed this in my rebuttal testimony and included that amount in the
10 rebuttal accounting schedules.

11 Q. Does this conclude your surrebuttal testimony in this case?

12 A. Yes it does.

