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Service Commission

Exhibit No.:
Issue: Rate Design
Witness: Leslie Haase
Sponsoring Party: City of Joplin
Type of Exhibit: Rebuttal Testimony
Case No.: WR-2015-0301
Date: February 19, 2016

MISSOURI PUBLIC SERVICE COMMISSION

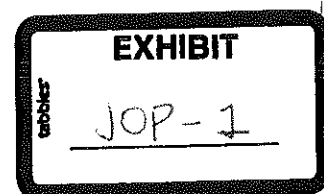
CITY OF JOPLIN

REBUTTAL TESTIMONY
OF
LESLIE HAASE

IN THE MATTER OF MISSOURI-AMERICAN WATER COMPANY'S REQUEST FOR
AUTHORITY TO IMPLEMENT A GENERAL RATE INCREASE FOR WATER AND
SEWER SERVICE PROVIDED IN MISSOURI SERVICE AREAS.

CASE NO. WR-2015-0301 et al.

Joplin Exhibit No. 1
Date 3-21-16 Reporter TR
File No WR-2015-0301

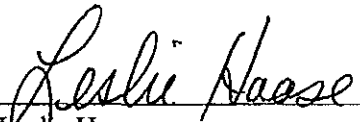


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

STATE OF MISSOURI)
)
COUNTY OF JASPER)

AFFIDAVIT OF LESLIE HAASE

Leslie Haase, being of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Leslie Haase

Before me personally appeared Leslie Haase, who being duly sworn stated that the foregoing is true and correct.



Notary Public

My Commission Expires: 9-16-19



**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement)
a General Rate Increase for Water and Sewer) Case No. WR-2015-0301
Service Provided in Missouri Service Areas)

Rebuttal Testimony of Leslie Haase

1 **Q. Please state your name.**

2 A. I am Leslie Haase.

3

4 **Q. What is your position with the City of Joplin?**

5 A. I am the Finance Director for the City of Joplin, Missouri.

6

7 **Q. Have you reviewed the Direct Testimony filed by the PSC Staff in this matter?**

8 A. I have.

9

10 **Q. What is the purpose of your Rebuttal Testimony?**

11 A. My testimony is to respond to the direct testimony regarding rate design of the Company
12 and PSC Staff previously filed in this matter.

13

14 **Q. Please state Joplin's history with respect to the issue of rate design and Missouri-**
15 **American Water?**

16 A. In 2000, Joplin joined with a majority of other municipal intervenors, Staff, and OPC
17 supporting district specific pricing (DSP). (WR-2000-281). The Commission noted that

1 Joplin would contribute \$880,000 toward the total water system increased revenue
2 requirement (Order of Clarification, September 12, 2000). In its Report and Order on
3 Second Remand (December 4, 2007), the Commission confirmed that “The Joplin district
4 produces revenue substantially in excess of its cost of services, and has done so since
5 Missouri-American’s last rate case.”

6
7 As was reported in the “Joint Report on Cost of Service” (WR-2010-0131, October 15,
8 2010), “MAWC has made several major improvements to the Joplin water treatment
9 system over the last ten (10) years, which has caused rates to increase for this system.”

10
11 The reason Joplin supported district specific pricing (DSP), despite “higher rates” for
12 certain improvements to our own system, was because of the long term implications.
13 Although we knew that our residents would be forced to bear higher rates for
14 improvements within the Joplin District, we also knew that they would be shielded from
15 subsidizing improvements to other districts in the future. Our residents have already paid
16 for significant upgrades to the Joplin District. It would be unfair to go to single-tariff
17 pricing (STP) now and force Joplin residents to pay for upgrades in those districts with
18 residents who have not already borne such costs.

19
20 **Q. Why has Joplin opposed STP in the past?**

21 **A.** Because it is Joplin’s belief that DSP is the most just and reasonable method for its
22 residents. In contrast, STP is a move away from cost of service because it applies cost
23 drivers from other districts onto Joplin, including capital improvements. DSP protects

1 our residents from having to subsidize the costs related to another district, from which
2 they receive no benefit.

3

4 **Q. What sources of water supply the Joplin District?**

5 A. The sources of water to supply the current Joplin District are a combination of surface
6 water and groundwater. The primary source is Shoal Creek. Other sources include deep
7 wells. It is the only “combination” district of MAWC’s current districts.

8

9 **Q. Are there other ways in which Joplin is unique from the other MAWC districts?**

10 A. Joplin has different characteristics beyond source of supply, including processing and
11 treatment requirements, density, and distribution.

12

13 **Q. Both the Company and Staff propose to consolidate Joplin into a much larger**
14 **district which, in both cases, includes Warrensburg. Are you aware of any**
15 **differences between Warrensburg and Joplin?**

16 A. Yes. Warrensburg is more than one hundred and sixty miles from Joplin. Joplin’s system
17 is not connected in any way to Warrensburg’s system. Water produced in Joplin is not
18 delivered to customers in Warrensburg, but rather, only to customers in Joplin.

19

20 According to the direct testimony of Mr. Marke, the source of water to supply the current
21 Warrensburg district is groundwater drawn from aquifers through deep wells.

22 Warrensburg has no surface water supply.

23

1 There are density differences between Warrensburg and Joplin as well. According to the
2 direct testimony of Mr. Marke, in which we concur, there are 20,859 accounts in the
3 current Joplin District. There are only 6,644 accounts in the Warrensburg District.
4 Jasper and Newton Counties (where Joplin is located) are significantly more dense than
5 Johnson County (where Warrensburg is located).

6
7 **Q. Do you have other comments regarding Staff's consolidated district for Joplin?**

8 A. Yes. Beyond Warrensburg, Joplin would be in a district with Stonebridge, White Branch,
9 Lake Taneycomo, Lakewood Manor, Rankin Acres, Spring Valley, Tri-States, Emerald
10 Pointe, Maplewood and Riverside Estates. Similar to the issues with Warrensburg, none
11 of these districts are interconnected with Joplin's district and none have a combination of
12 water sources. There are also necessarily differences in treatment requirements, density,
13 and distribution.

14
15 **Q. Do you have other comments regarding the Company's consolidated district for**
16 **Joplin?**

17 A. Yes. Beyond Warrensburg, Joplin would be in a district with St. Louis Metro, St. Joseph,
18 Maplewood, Riverside, Stonebridge Village, Saddlebrooke, Emerald Point, and Tri-
19 States Service Area. St. Louis Metro is more than 280 miles from Joplin. Similar to the
20 issues with Warrensburg, none of these districts are interconnected with Joplin's district
21 and none have a combination of water sources. There are also necessarily differences in
22 treatment requirements, density, and distribution.

1 **Q: Does this conclude your testimony?**

2 **A: Yes.**