

# Exhibit No. 211

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

\_\_\_\_\_  
Affiliate Transaction  
Mantle/Direct  
Public Counsel  
WR-2022-0303

**DIRECT TESTIMONY**  
  
**OF**  
  
**LENA M. MANTLE**

Submitted on Behalf of the Office of the Public Counsel

**MISSOURI-AMERICAN WATER COMPANY**

CASE NO. WR-2022-0303

November 22, 2022

**DIRECT TESTIMONY**

**OF**

**LENA M. MANTLE, P.E.**

**MISSOURI AMERICAN WATER COMPANY**

**CASE NO. WR-2022-0303**

1 **Q. What is your name and business address?**

2 A. My name is Lena M. Mantle and my business address is P.O. Box 2230, Jefferson  
3 City, Missouri 65102.

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

5 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Senior  
6 Analyst.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the OPC.

9 **Q. What are your experience, education and other qualifications?**

10 A. I began my employment with the OPC as Senior Analyst in August 2014. In this  
11 position, I have provided expert testimony in electric, gas, and water cases before  
12 the Public Service Commission of the State of Missouri (the “Commission”) on  
13 behalf of the OPC. I am a Registered Professional Engineer in the State of  
14 Missouri.

15 Prior to my employment by the OPC, I worked for the Staff of the  
16 Commission (“Staff”) from August 1983 until I retired as Manager of the Energy  
17 Unit in December 2012. During my employment at the Commission, I worked as  
18 an Economist, Engineer, Engineering Supervisor, and Manager of the Energy  
19 Unit.

20 Attached as Schedule LMM-D-1 is a brief summary of my experience with  
21 OPC and Staff and a list of the Commission cases in which I testified,

1 Commission rulemakings in which I participated, and Commission reports in rate  
2 cases to which I contributed as Staff.

3 **Q. What is the purpose of your direct testimony?**

4 A. The purpose of this direct testimony is to sponsor my whitepaper *Basics of*  
5 *Missouri Public Service Commission Affiliate Transaction Rules* attached as  
6 Schedule LMM-D-2. OPC witnesses Dr. Geoff Marke and Angela Schaben have  
7 also attached this whitepaper to their direct testimonies for the convenience of the  
8 readers of their testimony.

9 **Q. Would you summarize your whitepaper?**

10 A. When a regulated utility is a part of a holding company structure with numerous  
11 subsidiaries, both regulated and unregulated, an opportunity for abuse exists,  
12 intentionally or unintentionally, in the offering and receiving of services or goods  
13 between affiliates. There can be cost-savings achieved through affiliate  
14 transactions between competitive and regulated monopoly affiliates. However,  
15 there is also a potential to shift costs from the non-regulated competitive  
16 operations to an affiliate with regulated monopoly operations because recovery of  
17 costs is more certain from captive ratepayers of regulated companies.

18 The attached whitepaper explains affiliate transactions and how abuse in  
19 these transactions results in harm to captive ratepayers while increasing the profits  
20 to the shareholders of the holding company. It incorporates definitions and rule  
21 provisions of the Commission’s affiliate transaction rules for investor-owned  
22 electric (20 CSR 4240-20.015), natural gas (20 CSR 4240-40.015), and steam  
23 heating (20 CSR 4240-80.015) utilities in Missouri (“Affiliate Transaction  
24 Rules”).

25 Missouri American Water Company (“MAWC”) is a wholly owned  
26 subsidiary of American Water Works Company, Inc. It has numerous affiliates,

1           some of which are regulated utilities in other states and some that are not. The  
2           absence of an affiliate transaction rule for regulated water utilities in Missouri  
3           does not mean that MAWC’s customers should subsidize its affiliates. The  
4           affiliate abuses described in this whitepaper should not be allowed for MAWC  
5           regardless of whether or not a Commission rule exists.

6           **Q.     Would you provide your relevant experience in this area?**

7           A.     I was part of the Staff team that developed draft affiliate transaction rules  
8           applicable to electric utilities for the Commission’s consideration in 1998.  
9           Specifically, with input from Staff auditors and economists, I drafted the electric  
10          and steam heating utility affiliate transaction rules 20 CSR 4240-20.015 Affiliate  
11          Transactions, 20 CSR 4240-20.017 HVAC Services Affiliate Transactions, 20  
12          CSR 4240-80.015 Affiliate Transactions, and 20 CSR 4240-80.017 HVAC  
13          Services Affiliate Transactions. These rules became effective February 29, 2000.

14          **Q.     Does this conclude your direct testimony?**

15          A.     Yes, it does.

