

Exhibit No. 130

Exhibit No.:
Issue(s): PSC Assessment,
Office Supply and Services
Expense, Promotional Items
Witness: Alexis L. Branson
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: WR-2022-0303
Date Testimony Prepared: February 8, 2023

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

ALEXIS L. BRANSON

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

Jefferson City, Missouri
February 2023

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ALEXIS L. BRANSON
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1 **SURREBUTTAL TESTIMONY OF**

2 **ALEXIS L. BRANSON**

3 **MISSOURI-AMERICAN WATER COMPANY**

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

5 Q. Please state your name and business address.

6 A. My name is Alexis L. Branson, and my business address is 200 Madison Street,
7 Suite 440, Jefferson City, Missouri 65101.

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

9 A. I am employed by the Missouri Public Service Commission (“Commission”) as
10 a Utility Regulatory Auditor.

11 Q. Are you the same Alexis L. Branson who filed direct testimony on
12 November 22, 2022, in this case?

13 A. Yes.

14 **EXECUTIVE SUMMARY**

15 Q. What is the purpose of your surrebuttal testimony in this case?

16 A. The purpose of my surrebuttal testimony is to respond to Missouri-American
17 Water Company (“MAWC”) witness Matthew S. Mason’s rebuttal testimony regarding the
18 PSC assessment, office supply and services expense, and promotional items.

19 **PSC ASSESSMENT**

20 Q. How does MAWC propose to address the PSC Assessment?

1 A. In his rebuttal testimony, page 7, lines 10 through 12, Mr. Mason states,
2 Due to this volatility of the annual PSC assessment, the Company
3 proposes a three-year average of PSC assessments to arrive at a
4 reasonable on-going level of annual expense of \$2,462,184.

5 Q. Does Staff agree with MAWC's proposed treatment of the PSC Assessment?

6 A. Yes. Based on the data presented in this case, during the last three years
7 MAWC's annual PSC assessment fee amounts have fluctuated considerably. Staff determined
8 that a three-year average would better represent annual amounts, given the volatile nature of
9 MAWC's assessment fees at this time. This decision is specific to this case, and Staff retains
10 the right to change its methodology in future cases, in response to trends in the annual PSC
11 Assessment amounts.

12 Q. With the change in method to annualize the PSC Assessment, what is Staff's
13 annualized level to be included in MAWC's rates?

14 A. Staff's change to a three-year average results in an annualized PSC Assessment
15 level of \$2,462,191.

16 **OFFICE SUPPLY AND SERVICES EXPENSE**

17 Q. Has Staff updated office supply and services expense since its direct testimony?

18 A. Yes. Staff reviewed additional information provided by Mr. Mason on page 3,
19 line 14 through page 5, line 4 of his rebuttal testimony. Mr. Mason proposed several changes
20 to the calculation with a final expense amount of \$793,388, and a positive adjustment of \$3,389.
21 Subsequently, for this surrebuttal filing, Staff made the following adjustments to its calculation
22 of Office Supply and Services Expense, resulting in a total expense amount of \$777,201 with

1 an adjustment to test year expense of (\$10,887). The explanation of Staff's adjustments is the
2 following:

3 1) To account for the decrease in the Books and Publications account in the
4 2020-2021 timeframe due to COVID-19, instead of a three-year average, Staff is utilizing a
5 two-year average (2019-2020 and 2021-2022) to calculate this expense. Staff's adjustment for
6 Books and Publications is \$1,603.

7 2) Staff inadvertently removed Office and Administration expenses of \$76 from
8 the general ledger period of 2021-2022; therefore, Staff removed its adjustment for Office and
9 Administration account 52562014.

10 3) The inadvertent removal of Uniform Expenses of \$121 from the general
11 ledger period of 2021-2022 was corrected and is now reflected on the three-year average for
12 uniform account 52582013.

13 Q. On page 4, lines 10 through 14 of his rebuttal testimony, Mr. Mason states,

14 Staff's workpaper reduced total uniform expense by \$13,837 by applying
15 a three-year average of expense versus the twelve months of actual
16 expenses. It is clear that uniform expenses are consistently rising over
17 the prior 3-year period, indicating that the actual cost would be, at
18 minimum, the expected ongoing level of expense and therefore, no
19 adjustment is needed.

20 Does Staff agree?

21 A. No. Staff used trend analysis to determine whether to use the test year or a
22 three-year average for the annualization. Staff noted individual accounts within the uniforms
23 classification showed no consistent trend up or down. Out of six accounts, Account Number
24 52582016 (Uniforms- Admin & General) was the only account to show a steady upward trend.
25 Accounts 52582011 (Uniforms- Source of Power Supply) and 52582013 (Uniforms- Water

1 Treatment) trended downward between the first two years and upward in the final year.
2 Accounts 52582012 (Uniforms- Pumping), 52582014 (Uniforms- Transmission &
3 Distribution), and 52582015 (Uniforms- Customer Accounting) started with an upward trend
4 and then trended downwards in the same way. As such, Staff concluded the three-year average
5 of the total for these accounts within the uniforms classification would better reflect an ongoing
6 level of expense.

7 **PROMOTIONAL ITEMS**

8 Q. Mr. Mason states on page 5, lines 9 through 14 of his rebuttal testimony that,
9 Staff identified specific expenses as “promotional items” that were
10 originally designated by the Company to be in either the miscellaneous
11 expense, community relations expense, or office supplies and services
12 expense categories. Staff stated that all “promotional” items are affixed
13 with MAWC’s logo. I will first state that calling any of these expenses
14 “promotional items” is a misnomer and not a correct representation of
15 what these expenses actually are. I use the term “promotional items” in
16 quotes to signify this belief.

17 Does Staff agree?

18 A. Yes. Staff reviewed information and determined that, as Mr. Mason writes, all
19 items MAWC previously designated as promotional items are included in different areas of the
20 audit (for example, in advertising expense). Therefore, Staff added these items back for its
21 surrebuttal filing that it removed in its direct filing.

22 Q. To verify, then, Staff is allowing the originally excluded \$225,609 to be included
23 in MAWC’s expenses?

24 A. Yes.

25 Q. Does this conclude your surrebuttal testimony?

26 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 ALEXIS L. BRANSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ALEXIS L. BRANSON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Alexis Branson*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


ALEXIS L. BRANSON

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 6th day of February 2023.




Notary Public