

Exhibit No. 101

Exhibit No.:
Issue(s): CCN/Continuing
Authority
Witness: Jarrod J. Robertson
Sponsoring Party: MoPSC Staff
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

WATER AND SEWER DEPARTMENT

SURREBUTTAL TESTIMONY

OF

JARROD J. ROBERTSON

MISSOURI-AMERICAN WATER COMPANY

CASE NO. SA-2021-0017

Jefferson City, Missouri
March 2021

1 A. Yes. The November 18, 2020 memorandum is included as part of Schedule
2 JAB-d2 of the direct testimony of Staff witness James A. Busch.

3 Q. What is the purpose of your surrebuttal testimony?

4 A. The purpose of my surrebuttal testimony is to first introduce the other Staff
5 members who will be authoring surrebuttal testimony as well as the topics they will be
6 addressing; second, to detail the CCN investigation process; and third, to address the rebuttal
7 testimony of Boone County Regional Sewer District (“District) witnesses Tom Ratermann,
8 Dennis Stith, and Stephen Connelly.

9 Q. Which Staff members will be presenting surrebuttal testimony?

10 A. Matthew Young from the Staff Auditing Department and Daronn A. Williams
11 from the Staff Water and Sewer Department will be authoring testimony. Mr. Young will testify
12 on the feasibility study submitted by Missouri-American Water Company (“MAWC”) and the
13 District’s cost estimates related to the sewer system in the city of Hallsville. Mr. Williams will
14 testify on MAWC’s possible long-term solutions to address compliance, engineering, and
15 logistical concerns of the Hallsville system and the City’s expired lease for land application.

16 Q. How does Staff conduct a CCN investigation?

17 A. Staff conducts a CCN investigation by gathering data/information regarding
18 the system being acquired and the acquiring entity. Staff studies various criteria (to be
19 described below) to determine if the issuance of a CCN would be convenient or necessary
20 for the public service. In this case, Staff utilized data requests (“DRs”) to gather
21 information from MAWC regarding: support for the purchase price and asset agreement
22 schedules; operations; customer growth; plant in service; capital improvements; wastewater
23 land application leases; and customer cooperative agreements. Between August 18, 2020, and

1 January 18, 2021, Staff sent twenty-six (26) data requests to MAWC. Staff also conducted an
2 on-site inspection on September 2, 2020, of the Hallsville system and met with various members
3 of the City's public works department and various members of MAWC. Based on information
4 provided through DR responses and Staff's on-site investigation, Staff also followed up with
5 the various parties through email and phone calls.

6 Q. Are there any additional tools or criteria utilized by Staff in the performance of
7 a CCN review?

8 A. Yes. As described on Pages 9-10 in Staff's memorandum supporting its
9 recommendation, Staff also evaluates whether the applying utility has the Technical,
10 Managerial, and Financial capabilities (TMF) necessary to operate the system.

11 Q. How does Staff evaluate the TMF capabilities of an applying utility?

12 A. Staff utilizes TMF in reviewing applications involving existing water and/or
13 sewer systems; such a review was conducted of MAWC's TMF capabilities in this case.
14 Staff determined MAWC demonstrates the requisite TMF capabilities by displaying it has
15 adequate resources to operate utility systems it owns, acquires, constructs, expands, as well as
16 perform capital improvements and respond to emergency situations should they arise.
17 MAWC meets these criteria as it is an existing water and sewer corporation currently
18 providing water service to approximately 470,000 customers and sewer service to more than
19 15,000 customers in several service areas throughout Missouri. MAWC anticipates no need for
20 external financing to complete this acquisition. MAWC is a subsidiary of American Water
21 Works Company, Inc., and is affiliated with other American Water companies that undertake
22 the tasks associated with utility service, such as customer billing and technical resources.

1 Q. Does Staff rely on other criteria when providing recommendations to the
2 Commission as to whether or not it should approve a request for a CCN?

3 A. Yes. As described on Pages 9-10 in Staff's memorandum supporting its
4 recommendation, Staff utilizes the Tartan Criteria when analyzing requests for a CCN.
5 To reiterate, the Tartan criteria contemplate: 1) need for service; 2) the utility's qualifications;
6 3) the utility's financial ability; 4) the economic feasibility of the proposal; and, 5) promotion
7 of the public interest. Staff has investigated whether MAWC has met these criteria in regard to
8 this case, as well as in previous CCN cases.

9 Q. Did the District address either the TMF or Tartan Criteria in disputing
10 MAWC's ability to manage the system?

11 A. No.

12 Q. On what basis does District witness Ratermann rely on for recommending the
13 Commission reject MAWC's Application?

14 A. District witness Tom Ratermann asserts on pages 14 through 16 of his rebuttal
15 testimony that granting MAWC a CCN, "would be detrimental to the public interest," for
16 various reasons.

17 Q. Did Staff take public interest in to account in its review?

18 A. Yes. Public interest, while an overarching conclusion as to whether a CCN
19 should be granted, is one of the Tartan Criteria used in Staff's review. The Commission
20 determined in Case No. GA-94-127 that positive findings with respect to the other four
21 standards of the Tartan Criteria will in most instances support a finding that an application for
22 a CCN will promote the public interest. In this case, as stated in its memorandum, Staff
23 determined that MAWC has met all five of the Tartan Criteria:

1 1) Need for service: There is both a current and future need for sewer service, in and
2 near the Hallsville system (“City”) based on the fact that there are 676 customers currently
3 receiving service with the expectation that the service will continue. Further, the current owner
4 of the existing sewer system, the City, has made the decision to sell the existing system to
5 MAWC, and to rely upon MAWC to properly operate and maintain the existing sewer system
6 in order that customers will continue to have safe and adequate service. Thus, there is a definite
7 need for service;

8 2) Utility’s qualifications: As mentioned above, MAWC is an existing water and sewer
9 corporation and public utility subject to the jurisdiction of the Commission, and currently
10 providing water service to approximately 470,000 customers and sewer service to more than
11 15,000 customers in several service areas throughout Missouri. MAWC is a subsidiary of
12 American Water Works Company, Inc., and is affiliated with other American Water companies
13 that undertake some of the tasks associated with utility service, such as customer billing, and
14 technical resources. MAWC has the requisite TMF capabilities, therefore it is Staff’s position
15 that it is qualified to operate the Hallsville system;

16 3) Utility’s financial ability: as stated in its Application, MAWC anticipates no need for
17 external financing to complete this acquisition, and has demonstrated over many years that it
18 has adequate financial resources to operate utility systems it owns, to acquire new systems, to
19 undertake construction of new systems and expansions of existing systems, to plan and
20 undertake scheduled capital improvements, and timely respond and resolve emergency issues
21 when such situations arise. Further, MAWC has the requisite TMF capability, regarding its
22 financial ability;

1 4) Economic feasibility of the proposal: while MAWC's feasibility study indicates that
2 the purchase of the City's sewer assets will not generate positive income, the effect of this
3 transaction on MAWC's general population of ratepayers is likely to be negligible as MAWC
4 has the financial ability to purchase the system without financing, while maintaining current
5 rates so it is not a detriment to the public interest. Staff witness Matthew Young provides further
6 detail on feasibility in his surrebuttal testimony; and

7 5) Promotion of the public interest: as stated above, the Commission has determined in
8 prior cases that positive findings with respect to the other four standards above will, in most
9 instances, support a finding that an application for a CCN will promote the public interest. It
10 is Staff's position that the granting of MAWC's application in this case will promote the
11 public interest.

12 In addition, as stated in Staff's Memorandum, the actions of the citizens of the City, as
13 well as the City's elected officials, directly identify the public's desire to sell the sewer
14 system to MAWC. The Hallsville Board of Alderman passed Ordinance 370, An Ordinance For
15 An Election In The City Of Hallsville, Missouri To Be Held On November 5, 2019, For The
16 Purpose of Submitting To The Qualified Voters Of The City A Proposition To Sell Certain
17 Assets Associated With The City's Wastewater System To Missouri American Water
18 (Ordinance). The public of the City was then involved in two separate public meetings,
19 October 10, 2019, and October 29, 2019, to discuss a proposed sale. These meetings led to an
20 election being held November 5, 2019, where a majority of votes were cast in favor of
21 Proposition 1 (whether the wastewater utility owned by the City of Hallsville should be sold,
22 and if a majority of the votes cast were in favor of selling, then the City may negotiate a contract
23 of sale.) The added direct involvement of the City of Hallsville's elected officials in the

1 negotiation of a contract with MAWC, and subsequent Purchase Agreement signed by the
2 elected Mayor of Hallsville also provide merit that MAWC's acquisition of the sewer system
3 would promote the public interest.

4 Q. Why does Mr. Ratermann believe that allowing MAWC to purchase and operate
5 the Hallsville system would be detrimental to the public interest?

6 A. Mr. Ratermann lays out several reasons for why he believes the granting of the
7 CCN would be detrimental to the public interest. Mr. Ratermann argues that granting the CCN
8 would be detrimental to the public interest as a result of breaching the Cooperative Agreements
9 between the City and the District, that the District's continuing authority prevents MAWC
10 from operating the system, and that MAWC's Application unlawfully conflicts with the
11 District's long-term facility plan for Boone County.

12 Q. How would the granting of a CCN to MAWC to operate the system breach
13 Cooperative agreements between the City and the District in the District's opinion?

14 A. On Page 16 lines 17-19, Mr. Ratermann states, "MAWC indicated in its
15 objection to the District's application to intervene that it is not bound by these agreements if
16 it purchases Hallsville's sewer system. Thus, granting MAWC's Application could result in a
17 service disruption to District's customers and Hallsville's breach of its agreements with
18 the District."

19 Q. If the Commission were to approve MAWC's request for a CCN, would there
20 be a possibility in disruption of service to the District customers?

21 A. In order to prevent such an occurrence, Staff, on Page 11 of the Memorandum
22 supporting Staff's recommendation to grant the CCN, recommended the following condition:

1 “In order to ensure uninterrupted service of District customers currently served by the
2 City system, Staff recommends that the granting of a CCN to MAWC be conditioned on
3 MAWC, within thirty (30) days upon receiving its Operating Permit from DNR, submit
4 documentation confirming the initiation of negotiations between MAWC and the
5 District involving both the continuation of service for all existing District customers outside the
6 City’s service area, and the associated Cooperative Agreements between the City and the
7 District. Once an agreement has been reached to ensure continued service, that agreement will
8 also be submitted to Staff;

9 Ensuring the continued service for the customers in questions is essential for the
10 requested CCN to be necessary and convenient for the public service. If an agreement is not
11 submitted to Staff, or MAWC is not bound to the original contract between the City and the
12 District, and the customers in question run the risk of interrupted service, than MAWC will fail
13 to meet the required condition, if ordered by the Commission, and would then be in violation
14 of a Commission order.”

15 In Missouri-American’s Response to Staff’s Recommendation, dated
16 December 4, 2020, MAWC stated it accepted this condition.

17 In further email correspondence between Staff and MAWC dated March 8, 2021,
18 MAWC indicated that it is preparing draft agreements to serve those customers.

19 Q. You stated earlier that Mr. Ratermann also had concerns about the issue of
20 continuing authority. What is a continuing authority?

21 A. According to DNR Rules and Regulations, as they relate to a ‘continuing
22 authority,’ an entity may not operate a sewer system without first applying for and obtaining a
23 construction or operating permit from DNR that designates a continuing authority with

1 responsibility for ensuring compliance with permit conditions. Applicants must fulfill this
2 requirement upon the initial application of the permit, each time an operating permit is up for
3 reissuance, and upon the transfer of a permit to another entity. DNR regulations rank continuing
4 authorities in order of preference, with Level 1 being the highest, exhibiting the greatest
5 jurisdiction and power, and Level 5 as the lowest. These continuing authority regulations
6 generally prohibit the issuance of an operating permit to an applicant that is or will use a lower
7 level continuing authority when a higher level continuing authority is available and such use
8 would conflict with ‘any area-wide management plan’ or where the applicant is unable to show
9 that it has met one of the requirements listed in 10 CSR 20-6.010(2)(C)1.-7.

10 Q. How does continuing authority relate to this case?

11 A. Pursuant to DNR regulation’s MAWC is a Level 3 Continuing Authority, as is
12 the City. The entirety of Hallsville’s wastewater treatment facility is outside the city limits in
13 unincorporated Boone County. As there is no Level 1 Continuing Authority in Boone County,
14 the District and the City of Columbia, are the highest level continuing authorities in Boone
15 County, at Level 2). However, pursuant to the grant of Level 2 Continuing Authority to the
16 District, it is not clear that the District holds that status within the corporate boundaries of the
17 City of Hallsville.

18 Q. Why is Mr. Ratermann incorrect in the assertion made on Page 13, lines 1-2,
19 “MAWC lacks authority to purchase and operate Hallsville’s sewer system”?

20 A. The Commission does not grant Operating Permits. Within the process of
21 granting continuing authority, ultimately, the decision of whether to grant MAWC an operating
22 permit for the City’s system will be made, pursuant to state statute and regulation, by DNR.

1 Further, any application for a permit for MAWC to serve the City can only be made if, and only
2 if, MAWC obtains a CCN from this Commission.

3 Q. Regarding Mr. Ratermann's testimony, do you have any further items to
4 address?

5 A. No.

6 Q. What about the testimonies of Mr. Connelly and Mr. Stith will you be
7 addressing?

8 A. I will be addressing their arguments that the CCN not be granted due to the
9 feasibility study not containing plans for dealing with future upgrades as a result of potential
10 noncompliance issues.

11 Q. How are Mr. Connelly and Mr. Stith incorrect in their assertions?

12 A. While engineering documents, including plans and specifications, are required
13 as part of a feasibility study in an Application to obtain a CCN, when a request for CCN
14 involves the purchase/acquisition of an already existing system, this is not always practical.
15 Until the particular daily operation and compliance issues of an existing system are experienced
16 in real time, it is not conceivable to devise a plan for upgrades specific enough for drafting
17 of plans and specifications. Without this data and firsthand knowledge, a consulting engineer
18 would be forced to make assumptions about repairs versus upgrades, sizing, peak flow
19 management, et cetera. Further, because it costs a great deal of money, consulting engineers do
20 not guess when creating such designs.

21 While MAWC does not currently have engineering designs indicating a specific plan
22 for upgrades, MAWC and Staff have discussed potential plans that MAWC will be exploring;

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Jarrod J. Robertson

1 Staff witness Daronn A. Williams provides further testimony on this topic. It is Staff's position
2 that MAWC has the technical capabilities to bring the system into compliance.

3 Q. Does this conclude your surrebuttal testimony?

4 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water)
Company's Application for a Certificate of)
Convenience and Necessity Authorizing it to) Case No. SA-2021-0017
Install, Own, Acquire, Construct, Operate,)
Control, Manage and Maintain a Sewer System)
in and around the City of Hallsville, Missouri)

AFFIDAVIT OF JARROD J. ROBERTSON

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COME NOW JARROD J. ROBERTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Jarrod J. Robertson*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Jarrod J. Robertson
JARROD J. ROBERTSON

Jarrod J. Robertson

As a Research/Data Analyst, with the Water and Sewer Department of the Industry Analysis Division my core duties revolve around being a Case Manager for Small Company Rate Cases filed with the Commission. These duties include, but are not limited to: setting up the case Activities Timeline; authoring Customer Notice(s); coordinating meetings and correspondence between Staff, Office of the Public Counsel (“OPC”), and the utilities; disseminating information between Staff, OPC and the utilities; reviewing and if necessary, revising utilities’ tariff(s), as well as performing rate design, and utilizing my Department of Natural Resources (DNR) Drinking Water Distribution Level One and Waste Water Level D Operator Certification(s) while performing both, water and sewer site inspections.

Educational Background and Work Experience

Prior to starting at the Commission, in July of 2015, I worked as an Environmental Specialist at the Missouri Department of Natural Resources (DNR) for both the Hazardous and Solid Waste Management Programs, from October 2008 – July 2015. I worked for the University of Missouri, Columbia as a Research Specialist from 1998 – October 2008, in the Agronomy, Animal Science and Biochemistry Departments, respectively.

While at DNR, as Project Manager in both the Hazardous and Solid Waste Management Programs, I analyzed data related to the release/spill of gasoline/petroleum, such as Light Non-Aqueous Phase Liquids (LNAPL) and Non-Aqueous Phase Liquids (NAPL), at Underground/Aboveground Storage Tanks and violations which occurred at Permitted Landfills and Infectious Waste Disposal, respectfully. The data analysis involved volatile and non-volatile chemical concentration(s), their toxic; carcinogenic; flammability and other health hazards and the subsequent “desired” remedial levels of said chemicals. While with the Hazardous Waste Management Program, I also performed qualitative data analysis of concentration vs time and/or distance and point by point analysis using both the Mann-Kendall and Linear Regression statistical methods.

While at the University of Missouri, I analyzed data as it relates to the genetic and biological study/manipulation of various organisms: maize (corn), bovine and bacteria. I worked on the “Maize Project,” mapping the genetic structure of corn, using Simple Sequence Repeat (SSR) DNA Marker Technique; studied heat stress in bovine using microarray analysis; and in conjunction with the Department of Energy, created mutagenic strains of bacteria by deletion of a single gene or an operon (a cluster of genes) combined with cloning sequence(s) and amplification by way of a Poly Chain Reaction (PCR), to study the bacteria’s possible uses in the natural breakdown of Uranium, as well as a possible alternative energy source due to the bacteria’s ability to break down, and reduce sulfate into energy for mobility; in the Agronomy, Animal Science and Biochemistry Departments, respectively.

Previous Testimony Before the Public Service Commission

Case Number	Company	Type of Filing	Issue
WR-2017-0343	Gascony Water Company, Inc.	Rebuttal & Surrebuttal & Live Testimony	Rate Design
WR-2017-0285	Missouri American Water Company	Direct, Rebuttal & Surrebuttal	Normalized & Declining Usage
WR-2016-0064	Hillcrest Utility Operating, Company, Inc.	Direct, Rebuttal & Live Testimony	Rate Design