Exhibit No.: Issue(s): Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

Mileage Expense and Rate Case Michael Jason Taylor MoPSC Staff Surrebuttal Testimony WR-2017-0343 February 9, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

MICHAEL JASON TAYLOR

GASCONY WATER COMPANY, INC.

CASE NO. WR-2017-0343

Jefferson City, Missouri February 2018

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1		SURREBUTTAL TESTIMONY				
2		OF				
3		MICHAEL JASON TAYLOR				
4		GASCONY WATER COMPANY, INC.				
5	CASE NO. WR-2017-0343					
6	Q.	Please state your name and business address.				
7	А.	Michael Jason Taylor, Fletcher Daniels State Office Building, 615 East 13th				
8	Street, Room 201, Kansas City, Missouri 64106.					
9	Q.	Are you the same Michael Jason Taylor that filed rebuttal testimony?				
10	А.	Yes, I filed rebuttal testimony on January 29, 2018.				
11	Q.	What is the purpose of your surrebuttal testimony?				
12	А.	I will respond to Office of Public Counsel ("OPC") witness Keri Roth's				
13	testimony concerning mileage expense and rate case expense.					
14	MILEAGE]	EXPENSE				
15	Q.	Please identify OPC witness Roth's position on mileage expense?				
16	А.	Ms. Roth states in her rebuttal testimony at page 3 that OPC does not agree				
17	with using the Internal Revenue Service's ("IRS") mileage rate of 53.5 cents per mile. OPC					
18	recommends using the 2017 State of Missouri mileage rate of 37 cents per mile.					
19	Q.	Does OPC know what Staff's position is regarding mileage expense?				
20	А.	While Ms. Roth recognized that Staff had not filed direct testimony regarding a				
21	position, she	did know Staff's position due to the Staff Accounting Schedules associated with				
22	the Partial St	pulation Agreement and Request for Evidentiary Hearing.				

Surrebuttal Testimony of Michael Jason Taylor

1	Q.	Why did Staff use 53.5 cents for mileage expense?		
2	А.	Staff used 53.5 cents for mileage expense because that is the 2017 IRS		
3	standard mile	eage rate ¹ that businesses are able to deduct on the federal income tax returns.		
4	Q.	Has the State of Missouri used the IRS standard mileage rate?		
5	А.	Yes. According to the State of Missouri's Office of Administration website, ²		
6	the State of	Missouri authorizes the IRS's standard mileage rate less three cents per mile.		
7	However, as result of budgetary constraints, the State of Missouri has used the rate of 37 cents			
8	per mile for travel mileage since May 2010.			
9	Q.	Does Staff agree with OPC's position of using the State of Missouri's mileage		
10	rate of 37 cents per mile?			
11	А.	No. Staff's opinion is that the Commission should use the 2017 IRS standard		
12	mileage rate of 53.5 cents per mile. The Company is not a state agency and therefore should			
13	not fall under	r the 37 cent per mile.		
14	RATE CAS	E EXPENSE		
15	Q.	What is OPC's position on rate case expense?		
16	А.	OPC agrees with Company on recovery of actual dollars, prudently incurred,		
17	related to rat	te case expense and is agreeable to Company's proposal to normalize the costs		
18	over a six-year period.			
19	Q.	Does Staff agree with OPC's position on rate case expense?		
20	А.	No. Staff does not agree with OPC's position as identified in my rebuttal		
21	testimony on	page 31.		

¹ https://www.irs.gov/tax-professionals/standard-mileage-rates ² https://oa.mo.gov/accounting/state-employees/travel-portal-information/mileage

Surrebuttal Testimony of Michael Jason Taylor

1	Q.	What is Staff's position with respect to rate case expense for Gascony Water?		
2	А.	As stated in rebuttal testimony at page 31, Staff has included an amount for		
3	actual rate case expense incurred normalized over a 10 year period.			
4	Q.	Does this conclude your surrebuttal testimony?		
5	А.	Yes.		

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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In the Matter of the Request for an Increase In Annual Water System Operating Revenues for Gascony Water Company, Inc.

Case No. WR-2017-0343

AFFIDAVIT OF MICHAEL JASON TAYLOR

STATE OF MISSOURI)	
)	SS.
COUNTY OF JACKSON)	

COMES NOW MICHAEL JASON TAYLOR, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony, and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

IICHAEL JASON TAYLOR JŪRAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this $(o^{+}b)$ day of February, 2018.

otary Public



BEVERLY M. WEBB My Commission Expires April 14, 2020 Clay County Commission #12464070