

*Exhibit No.:*  
*Issue:* Depreciation  
*Witness:* Stephen B. Moilanen, PE  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* WR-2017-0343  
*Date Testimony Prepared:* February 8, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**STEPHEN B. MOILANEN, PE**

**GASCONY WATER COMPANY, INC.**

**CASE NO. WR-2017-0343**

*Jefferson City, Missouri*  
*February 2018*



1 This is different from Staff's recommendation, which proposes updated depreciation rates for  
2 Gascony Water Company, Inc. ("the Company").

3 Q. In regards to account classification, what is the difference between Staff's  
4 recommended depreciation schedule and that of OPC?

5 A. The depreciation rates ordered in Case No. WA-97-510 use an account  
6 classification that does not conform to the classification that Staff proposes, nor does it  
7 conform to the General Instructions provided in the National Association of Regulatory  
8 Utility Commissioners Uniform System of Accounts (USOA) of 1973 (revised in 1976).

9 Q. Has an authoritative body dictated that the USOA be used to organize costs  
10 associated with running a utility?

11 A. Yes. Language in 4 CSR 240-50.030 prescribes that the USOA of 1973  
12 (revised in 1976) be used for this purpose.

13 Q. Can you please explain how account nomenclature is prescribed by the USOA?

14 A. Yes. There are four classes of accounts described by the USOA. The annual  
15 operating revenue of a utility is used to determine which class of accounts a utility  
16 shall utilize.

17 Q. Which Class of Accounts is appropriate for the Company?

18 A. The Class D System of Accounts, as described by the USOA, should be used  
19 because the Company has annual operating revenue of less than \$50,000.

20 Q. Is this the Class of Accounts that was included in the depreciation schedule  
21 from Case No. WA-97-510?

22 A. No.

1 Q. Does the USOA provide guidelines regarding when a change of account  
2 nomenclature is appropriate?

3 A. Yes. Part 1, subpart C of the General Instructions for Class D Water Utilities  
4 states the following instruction:

5 The class to which any utility belongs shall originally be determined by  
6 the average of its annual water operating revenues for the last three  
7 consecutive years. Subsequent changes in classification shall be made  
8 when the annual water operating revenues for each of the three  
9 immediately preceding years shall exceed the upper limit, or be less  
10 than the lower limit, of the annual water operating revenues of the  
11 classification previously applicable to the utility.

12 Q. Has the Company collected annual operating revenue of over \$50,000 in any of  
13 the three preceding years?

14 A. No. This is why a change in the account classification was appropriate.

15 Q. Has the Company objected to use of the Class D account nomenclature?

16 A. The Company has given no indication that they object to this.

17 Q. Does that conclude your surrebuttal testimony?

18 A. Yes.



**Stephen B. Moilanen, PE**

**Education and Employment Background and Credentials**

I am currently employed as a Utility Regulatory Engineer for the Missouri Public Service Commission (Commission). I have been employed by the Commission in this position since January 2017.

I am a graduate of Michigan Technological University where I earned the degree of Bachelor of Science in Civil Engineering. I graduated with high honors (Magna Cum Laude). In addition, I am licensed as a Professional Engineer in Missouri.

Prior to working for the Commission, I was employed by Barr Engineering Company between 2011 and 2016 as a Water Resources Specialist. My task work included environmental regulatory reporting, surface water investigations, wastewater treatment design, wastewater treatment operation and maintenance development, construction observation, quality control/assurance coordination, hydraulics/hydrology modeling, drilling, soils testing and investigation, and cost estimating. Prior to 2011, I was also employed by Bechtel Corporation as a Civil Field Intern, the Michigan Department of Transportation as a Mobility Intern, and Soils and Materials Engineers, Inc., as a Construction Materials Technician.

I have also provided testimony in Case No. WR-2017-0259. Other cases I have been assigned to or that I have participated in are listed below.

<b>Case Number</b>	<b>Company</b>
WM-2018-0117	Confluence Rivers Utility Operating Company
WM-2018-0116	Confluence Rivers Utility Operating Company
WM-2018-0104	Missouri American Water Company
SA-2018-0068	Missouri American Water Company
EO-2018-0062	Kansas City Power and Light Company
EO-2018-0051	Union Electric Company-Ameren Missouri
WM-2018-0023	Liberty Utilities LLC
SA-2018-0019	Missouri American Water Company
GR-2018-0013	Liberty Utilities Corporation
WR-2017-0343	Gascony Water Company
WR-2017-0285	Missouri American Water Company
WA-2017-0278	Missouri American Water Company
WR-2017-0259	Indian Hills Utility Operating Company
GR-2017-0216	Missouri Gas Energy
GR-2017-0215	Laclede Gas Company
WR-2017-0206	TUK LLC