Exhibit No. 210

Staff – Exhibit 210
Testimony of Angela Niemeier
Direct/Rebuttal
File No. WR-2024-0320

Exhibit No.:	
Issue(s):	*Amortization of Regulatory Assets, Cash Working Capital, Contract Services, Employee Expenses, Incentive Compensation, Injuries and Damages, Insurance (Other than Group), Leases (Rents), Pensions & OPEBs Expense, Pension & OPEBs Tracker, Rate Case Expense, Rate Case Sharing Recommendation, Regulatory Deferrals, Telecommunications Expense*
Witness:	*Angela Niemeier*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Direct / Rebuttal Testimony*
Case No.:	*WR-2024-0320*
Date Testimony Prepared:	*December 6, 2024*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT / REBUTTAL TESTIMONY

OF

ANGELA NIEMEIER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2024-0320

Jefferson City, Missouri
December 6, 2024

** Denotes Confidential Information **

TABLE OF CONTENTS OF

DIRECT / REBUTTAL TESTIMONY OF

ANGELA NIEMEIER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2024-0320

DIRECT / REBUTTAL TESTIMONY

OF

ANGELA NIEMEIER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2024-0320

Q. Please state your name and business address.

A. My name is Angela Niemeier, 200 Madison Street, P.O. Box 360, Jefferson City, MO 65102.

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

A. I am a Lead Senior Utility Regulatory Auditor employed by the Missouri Public Service Commission ("Commission").

Q. Please describe your educational background and work experience.

A. In early 2020, I completed a Master of Business Administration from Columbia College. I have worked at the Commission since January 2019.

Q. What are your responsibilities at the Commission?

A. My responsibilities include conducting audits and examinations of the books and records of regulated utility companies in the state of Missouri.

Q. Have you previously filed testimony before this Commission?

A. Yes. A list of the cases in which I filed testimony before the Commission is attached to this direct testimony as Schedule AN-d1.

Q. With respect to Case No. WR-2024-0320, have you examined the books and records of Missouri American Water Company ("MAWC")?

A. Yes, with the assistance of other members of the Commission Staff ("Staff").

Q. What knowledge, skills, experience, training, or education do you have in the areas in which you are testifying as an expert witness?

A. I have received continuous training at in-house and outside seminars on technical ratemaking matters since I began my employment at the Commission. I have been employed by the Commission as a Regulatory Auditor for over five years and have submitted testimony on ratemaking matters numerous times before the Commission. I have performed and led rate audits and prepared miscellaneous filings as ordered by the Commission. In addition, I have reviewed workpapers and testimony from prior MAWC general rate cases. I also reviewed the data presented by MAWC on these issues.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct / rebuttal testimony?

A. The purpose of my direct / rebuttal testimony is to present Staff's recommendations concerning amortization of regulatory assets, cash working capital, contract services, employee expenses, incentive compensation, injuries and damages, insurance (other than group), Pensions & Other Post-Employment Benefits ("OPEB") Expense, Pension & OPEB trackers, rate case expense, rate case expense sharing policy, regulatory deferrals, and telecommunications expense. As this testimony also includes rebuttal, I will also address MAWC witnesses Jennifer Grisham's and Brian LaGrand's testimony concerning these issues.

AMORTIZATION OF REGULATORY ASSETS

Low Income Program Regulatory Asset

Q. What is the Low Income Program Regulatory Asset?

A. The low income program was introduced as a pilot program in 2017, and reduced the customer charge, or fixed charge for eligible customers in St. Joseph, Brunswick, and Platte County service areas. In Case No. WR-2020-0344, in the Commission-approved *Stipulation and Agreement*, the parties agreed to continue the Low Income Pilot Program, with the inclusion of the Lawson service area. The Signatories agreed that MAWC was authorized to record on its books a regulatory asset that represented the actual discounts provided to those customers participating in the Pilot Program, along with any third-party administrative costs. MAWC was to maintain this regulatory asset on its books until the effective date of rates resulting from MAWC's next general rate proceeding. Deferred amounts were to be amortized over three years. In WR-2022-0303 the *Order Approving the Tariff*, filed May 3, 2023, stated that MAWC was authorized to terminate the low-income program. MAWC filed a tariff that allowed customers to continue receiving the benefit through their eligibility period, rather than to abruptly stop program.

Q. What are the proposed monthly amortization rates for the Low Income Program?

A. According to its response to Staff DR No. 0142 for the low income program, MAWC is proposing to amortize the balance of $7,025.

Rogue Creek Water and Sewer Regulatory Asset

Q. What is the Rogue Creek Water and Sewer Regulatory Asset?

A. In March 2017, MAWC began operating Rogue Creek Water and Sewer Systems at the request of Commission Staff. Subsequently, in an order effective September 30, 2018, in Case No. WM-2019-0018, the Commission authorized MAWC to acquire substantially all the systems' assets. In its operations of the troubled systems prior to its acquisition, MAWC incurred costs of $344,380.

In paragraph 19 of the parties' Commission-approved *Stipulation and Agreement* in Case No. WR-2020-0344, the Commission approved MAWC amortizing these costs over five years, beginning with the May 28, 2021, effective date of new rates from that case. These costs will be fully amortized by May 28, 2026.

Q. What are the proposed monthly amortization rates for Rogue Creek water and sewer regulatory asset?

A. Staff's Rogue Creek monthly amortization is $2,606 for water and $2,409 for sewer. Staff's unamortized balance as of June 30, 2024, is $59,933 for water and $55,424 for sewer.

Arnold Metropolitan Sewer District Regulatory Asset ("Arnold MSD")

Q. What is the Arnold MSD Regulatory Asset?

A. In Case No. SA-2015-0150, the Commission authorized MAWC to acquire the sewer assets belonging to the City of Arnold. MAWC assumed responsibility for a sewage system agreement and a subsequent addendum between the Metropolitan St. Louis Sewer District and the City of Arnold. As part of that agreement, MAWC must pay for capital projects that were previously required by Arnold MSD. MAWC owns and maintains Arnold's sewer collection facilities, but St. Louis Metropolitan Sewer District treats the wastewater. In WR-2022-0303, MAWC's response to Staff DR No. 0131, states this amortization "[r]epresents the MAWC's proportionate share of MSD's wholesale treatment cost facility located across the Meramec River from Arnold...." The Commission approved the Arnold MSD amortization in Case No. WR-2017-0285. Staff amortized these costs over a 17-year period beginning May 22, 2015.

Q. What has MAWC proposed for the new amortization for the Arnold MSD asset?

A. MAWC has proposed for the new amortization for Arnold to include $435,487 of additional costs that were incurred for the treatment facility since the last rate case. MAWC proposes to amortize these costs over a 20-year period.

Q. Does Staff agree with MAWC proposed amortization?

A. Yes. Staff verified that the new additions to the amortization proposed for Arnold by MAWC are MAWC's proportionate share of MSD's wholesale treatment cost facility, as described above. Staff included these additional costs in its amortization expense and determined that the additional total monthly amortization is $1,939. Staff's monthly amortization for Arnold is now $79,937, and its unamortized balance as of June 30, 2024, is $8,516,870.

Purcell Regulatory Asset

Q. What is the Purcell Regulatory Asset?

A. In early 2021, a Missouri state senator, the Missouri Department of Natural Resources ("DNR"), and Commission Staff requested that MAWC operate the City of Purcell's troubled water and sewer systems. MAWC started operating the systems in February 2021, and on March 16, 2021, the City of Purcell and MAWC entered into an Operation and Management Agreement for the water and sewer Systems. Section 3 on page 2 of that Agreement required the City of Purcell to pay MAWC $6,500 a month for services provided and $500 a month for "the costs associated with billing and collecting revenue."

On April 21, 2022, in Case No. WA-2022-0293, MAWC filed an application for a Certificate of Convenience and Necessity ("CCN") ("Application") to purchase the unregulated water and sewer assets from the City of Purcell. Appendix A to the Application contained the aforementioned agreement. The Commission subsequently issued an *Order Granting Certificate of Convenience and Necessity* with a September 9, 2022, effective date. The City of Purcell did not make its obligated monthly payments to MAWC. In the Stipulation and Agreement in WR-2022-0303, page 5, item No. 17, it stated that costs related to assistance provided to troubled systems shall be amortized over 60 months. Therefore, Staff included these costs in its amortization expense and determined that the monthly amortization is $3,959.

Q. Please describe MAWC's position for the amortization related to Purcell.

A. In her direct testimony, page 14, line 15, MAWC witness Ms. Grisham, states that the Application with the Commission to acquire Purcell Water and Sewer systems was pending.

Q. In Ms. Grisham's direct testimony, page 14, line 15, she states that the application to acquire Purcell is still pending. Is the Purcell CCN application still pending?

A. No. The application was approved with an effective date of September 9, 2022. At that point, there should be no additional costs added to this amortization.

Q. What is Staff recommending in the current rate case for Purcell?

A. In the current case, MAWC is proposing to amortize the cost it incurred for operating the City of Purcell's systems prior to its acquisition over 5 years. According to MAWC's response to Staff DR No. 0249 in WR-2022-0303, the City of Purcell did not make its obligated monthly payments to MAWC. Therefore, Staff included these costs in its amortization expense and determined that the monthly amortization is $3,959. Staff agrees that a 5 year amortization is appropriate. Additional costs are no longer accrued as of the effective date of September 9, 2022.

Lead Service Line Replacement ("LSLR") Program Regulatory Asset

Q. What is the LSLR Regulatory Asset?

A. On page 23 of its *Report and Order* in Case No. WR-2017-0285, the Commission stated that it "will permit MAWC to amortize over ten years the $1,668,796 incurred for the LSLR Program from January 1, 2017, through December 31, 2017. MAWC's long-term debt rate as calculated in Staff's Cost of Service report shall also be applied to the LSLR Program amount to be amortized." Staff's monthly amortization for the LSLR Program is $498,657, and its unamortized balance as of June 30, 2024, is $36,432,921.

Q. Does Staff agree that the additions to lead service lines replacement ("LSLR") should have a 10-year amortization?

A. Yes. Staff is in agreement that a 10-year amortization is consistent with prior deferrals for lead service lines. The additions are MAWC's long-term debt rate, i.e. carrying costs, per the Commission's *Report and Order* in WR-2017-0285, paragraph 37.

Q. What is Staff's position with regard to the LSLR Program regulatory amortization?

A. Staff's monthly amortization for the LSLR Program is $498,657, and its unamortized balance as of June 30, 2024, is $36,432,921.

Expired Amortizations

Q. Please describe MAWC's position that discussed expired amortizations.

A. On page 47, line 12 of his direct testimony, MAWC witness Mr. LaGrand discusses that MAWC is proposing a mechanism to address the regulatory assets and liabilities that fully amortize between rate cases. When the asset or liability has reached zero, the excess would go into a new account specifically to capture the over recovery that would then be returned in the next rate case.

Q. How does Staff respond?

A. Staff has agreed to this type of treatment for other utilities in other rate cases. Staff is not opposed to this mechanism for MAWC. However, Staff recommends that any over- or under recovery of a regulatory asset or liability should be treated in the same manner as the underlying regulatory asset or regulatory liability. In other words, if the underlying regulatory asset or liability was included in rate base, the over-or under-recovery shall also be included in rate base; if the underlying regulatory asset or liability was not included in rate base, then the over- or under-recovery shall not be included in rate base.

CASH WORKING CAPITAL ("CWC")

Q. What is the significance of cash working capital (CWC) on rate base?

A. CWC is the amount of funding necessary for a utility to pay the day-to-day expenses incurred in providing utility services to its customers. When a utility expends funds to pay for an expense necessary to the provision of service before it receives any corresponding payment for that expense from the ratepayers, the utility's shareholders are the source of the funds. This shareholder funding represents a portion of each shareholder's total investment in the utility. The shareholders are compensated by the inclusion of these funds in rate base. By including these funds in rate base, the shareholders earn a return on the CWC-related funding they have invested.

Ratepayers supply CWC when they pay for services received before the utility pays expenses incurred in providing that service. Ratepayers are compensated for the CWC they provide by a reduction to the utility's rate base. By removing these funds from rate base, the utility earns no return on that funding which customers supplied as CWC.

Q. What is a lead/lag study?

A. A lead/lag study involves analysis of the timing of when funds are paid to suppliers and when the utility receives the goods or services, compared to when the utility receives revenues from customer bills for the utility services it provides. Analysis is also performed for pass-through expenses where funds are collected and remitted, such as sales taxes and employee payroll withholdings. A lead/lag study results in either a negative or positive CWC requirement. The amount of CWC included in rates is based on the results of a lead/lag study.

Q. What does it mean when the CWC requirement is negative?

A. A negative CWC requirement indicates that ratepayers provided the working capital in the aggregate during the test year. This means that ratepayers provided the necessary cash, on average, before the utility must pay for expenses incurred to provide that service. Under this circumstance, CWC would represent a reduction to rate base.

Q. What does it mean when the CWC requirement is positive?

A. A positive CWC requirement indicates, in the aggregate, that shareholders provided the cash necessary during the year. This means that the utility must pay, on average, for the expenses incurred in providing service before ratepayers pay for that service. Under this circumstance, CWC would represent an increase to rate base.

Q. Did MAWC conduct a full lead/lag study for this case?

A. Yes. MAWC hired Gannett Fleming Valuation and Rate Consultants, LLC, to perform four lead lag studies to determine the CWC requirement.

Q. How did Staff review the lead/lag study performed by the outside consultant?

A. Staff reviewed the sampling of invoices and general ledger entries used in the study to verify the dates to determine that the revenue lag, expense lag, and net lag were appropriate.

Q. Is sampling appropriate for a CWC study?

A. Yes. The lead/lag study reviewed 36 expense categories. Due to the large number of categories, it is appropriate to use a sampling to determine the CWC requirement.

Q. Please explain the components of the CWC calculation found on Schedule 8 of Staff's accounting schedules.

A. The components of Staff's CWC calculation are as follows:

1) Account Description (Column A): lists the types of cash expenses that MAWC pays on a day-to-day basis.

2) Annualized Expenses (Column B): provides the amount of Staff's recommended annualized expense included in MAWC's cost of service. These expenses are based on the dollars associated with those items on an adjusted jurisdictional basis according to the account description.

3) Revenue Lag (Column C): indicates the number of days between the midpoint of the provision of MAWC's service and the ratepayer's payment for such service. The revenue lag consists of three components: usage lag, billing lag, and collection lag. The usage lag is the midpoint of the average time elapsed from the beginning of the first day of the service period through the last day of that service period. The billing lag is the period of time between the last day of the service period and the day MAWC places the bill for that service in the mail. The collection lag is the period of time between the

day MAWC places the bill in the mail and the day it received payment from the ratepayer for the services provided.

4) Expense Lag (Column D): indicates the number of days between the receipt of, and payment for, the goods and services (i.e., cash expenditures) used to provide service to the ratepayer.

5) Net Lag (Column E): results from the subtraction of expense lag from the revenue lag.

6) Factor (Column F): expresses the CWC lag in days as a fraction of the total days in the test year. This is accomplished by dividing the Net Lags in Column E by 365.

7) CWC Requirement (Column G): depicts the average amount of cash necessary to provide service to the ratepayer. This is computed by multiplying the Annualized Expenses (Column B) by the CWC Factor (Column F).

Q. Does Staff verify MAWC's outside consultant lead/lag study results?

A. Yes. Staff verified the calculations of the consultant's lead/lag study. Using the same sampling of invoices, Staff reviewed MAWC's invoices, services dates, and paid dates. Then, for each district, Staff applied individual annualized amounts for expenses for December 31, 2024, to the net lead/lag for each expense.

Q. Please discuss the results of the lead/lag study performed by MAWC consultant, Mr. Walker.

A. The revenue lag was determined to be 48.7 days, while the individual expense lead/lag ranged from negative 74.6 to a positive 169.6 days. The net lead/lag ranged from negative 120 to a positive 123.3 days. The overall result is a negative CWC requirement, meaning that ratepayers are providing cash for the expenses incurred in providing service before ratepayers pay for that service. Under this circumstance, CWC would represent a decrease to rate base.

Q. Did MAWC complete a new CWC study and if so, for what time period?

A. Yes. MAWC performed a CWC study using data for the period 12 months ending December 2023.

Q. In the past, has MAWC performed CWC studies internally?

A. Yes. In WR-2017-0285 and WR-2020-0344, MAWC performed a CWC study. In WR-2017-0285, Mr. LaGrand's direct testimony stated that this "methodology has been utilized by MAWC for the last several cases."[1]

Q. What was the cost of this study of having a consultant perform the CWC study?

A. The invoices submitted for lead/lag study in rate case expense total $25,380.

Q. When should a comprehensive CWC study be performed?

A. A CWC study should be performed when there are operational changes that impacts a utility's cash flow.

Q. Did Staff ask if there were any known operational changes that would affect the CWC study?

A. Yes. The response to DR No. 0153 states that there are no known changes that would have a material impact on revenue and expense lags. See schedule AN-d2

Q. Are you aware of other Missouri PSC regulated companies that use the same CWC studies for multiple rate cases?

A. Yes.

[1] LaGrand Direct Testimony, WR-2017-0285, page 25, line 20

Q. Is Staff concerned with the back to back CWC study performed by consultant?

A. Staff questions the need for multiple CWC studies when there are no known changes that may have a material impact on the revenue requirement. In addition, a CWC study can be costly when using an outside consultant as MAWC did in this case. This is an example of why rate case expense should be shared 50/50. Please see my discussion below on Staff recommendation for rate case expense sharing.

Q. Did Staff analyze the CWC study submitted in WR-2024-0320 by Mr. Walker?

A. Yes. Staff analyzed, as discussed below, the CWC study and compared it to the prior CWC study in the last case, Case No. WR-2022-0303.

Q. In WR-2022-0303, did Staff change the expense lag for AWWSC ("Service Company")?

A. Yes. In my surrebuttal testimony, page 3, line 12, I discuss that the affiliate should be treated as a third-party vendor who supplies services to the utility. MAWC pays for the vast majority of goods and services that it received from unaffiliated vendors in "arrears:" i.e., after the goods and services are received. Staff's opinion is that the requirement that MAWC prepay amounts to the Service Company is solely a result of the affiliated relationship of MAWC to the Service Company.

Q. Does Staff maintain the same position for this case?

A. Yes. Staff is using the cash voucher expense lag for support services. The cash voucher expense lag is the average lag of all expense services, including contracted services. Staff's opinion is the cash voucher expense lag better represents unaffiliated vendors than contracted services alone, because it reflects a broader mixture of expense services, while contracted services is based on fewer expense services.

Q. What is the difference between MAWC's proposed expense lag for support services?

A. MAWC uses a negative 5.60 expense lag for support services. While Staff uses the cash voucher expense lag of 39.91.

Q. Does Staff recommend to change the contracted services expense lag?

A. Yes. Staff inquired about three invoices that when factored in change the expense lag by four days. These were atypical, when compared to prior expense lags for contracted services. Company witness Brian LaGrand stated that those were incorrectly noted from the prior year and should be removed.

Q. Did Staff remove those invoices from its calculation, if so what was the result?

A. Yes. Staff removed these invoices, which increased the expense lag for contracted services by 4 days. Staff recommends an expense lag of 39.91 for contracted services.

Q. Did Staff have questions about the revenue lag?

A. Yes. In the email to Company witness Brian LaGrand on November 23, 2024, Staff inquired about the accounts receivable schedule supplied in DR No. 0203, specifically that it does not tie with the Accounts Receiving aging report. In WR-2022-0303, eight of twelve months used for the CWC study tied to the report. In WR-2024-0320, none of the months used for the CWC study tied with the report. In response, Mr. LaGrand stated that there was a reconciliation key that wasn't transferring properly, which caused a variance between the aging report and the GL. He informed Staff that this has been automated and it shouldn't be an issue going forward.

Q. Did Staff ask whether MAWC's consultant, Mr. Walker, had used this accounts receivable report- that didn't match up with general ledger- while computing the revenue expense lag?

A. Yes. Staff did ask that question in an email on November 25, 2024, but Staff has not received a response back from MAWC.

Q. What is the significance of not knowing if the data is flawed?

A. Each expense lag is subtracted from the revenue lag to create a net lag. If the revenue lag is inflated or deflated, the net lag for all 36 expense categories is inflated or deflated. The revenue lag from WR-2022-0303 was 45.7, while MAWC proposed revenue lag for WR-2024-0320 is 48.7. This increase in the revenue lag increases the net lag of all expense lags, and thus the CWC requirement.

Q. What does Staff recommend with regard to the questionable data?

A. Staff cannot confirm the accounts receivable report, submitted in DR No. 0203, that was used to calculate the revenue lag for this case. Therefore, Staff is using the last known, verified revenue lag of 45.7 from WR-2022-0303. Staff will reevaluate this in its true-up audit. Staff has also updated the Support Services to match cash vouchers expense lag and Staff made the correction to contracted services, as discussed above.

<u>CONTRACT SERVICES (OUTSIDE SERVICES - ACCOUNTING, LEGAL, MISSOURI ONE CALL, ETC.)</u>

Q. Please explain outside services expense.

A. Outside services are the various outside or independent contractors and/or vendors who provide legal, auditing, and other services to MAWC to carry out its operational activities as needed.

Q. How did MAWC calculate the amount of contract services expense?

A. MAWC utilized the test year and made adjustments for known changes.

Q. Did Staff perform a review of outside services expense for this rate case?

A. Yes. Staff reviewed all the outside services expense booked to the general ledger from July 1, 2019, through June 30, 2024. Staff also reviewed a sample of invoices MAWC provided in response to Staff DR No. 0183. Finally, Staff reviewed the engineered coating costs MAWC provided in response to Staff DR No. 0182.

Q. How did Staff determine the amount of outside services expense to include in its recommendation?

A. In its response to Staff DR No. 0182, MAWC provided the engineered coating costs that were booked to outside services expense for the 12 months ending June 30, for years 2022, 2023, and 2024. Staff removed the engineered coating costs from its outside services expense data and then calculated a two-year average of the outside services expense incurred during the 12 months ending June 30, for years 2023, and 2024. Please see Staff witness Alexis Branson's direct / rebuttal testimony for Staff's analysis of the engineering coating costs.

Q. What is Staff's recommended level of outside services expense?

A. Staff's recommended level of outside services expense included in the cost of service is $6,003,625.

<u>EMPLOYEE EXPENSE (TO INCLUDE TRAVEL AND TRAINING)</u>

Q. Please describe employee expenses.

A. Employee expenses are MAWC's operating expenses associated with employee physical exams, tuition aid, training, conferences and registration fees, meals, and relocation expenses.

Q. How did MAWC calculate employee expenses?

A. MAWC began with test year cost for employee expense, normalized and annualized known changes.

Q. Did Staff review MAWC and American Water Works Service Company ("AWWSC") employee expenses for this rate case?

A. Yes. Staff reviewed MAWC's responses to Staff DR No. 0184, and 0185. In its response to Staff DR No. 0184, MAWC provided a sampling of direct and allocated invoices for document types KR (Vendor Invoice), ZF (EDR), and RE (Invoice - Gross).

Q. Did MAWC disallow costs for employee expenses?

A. Yes. MAWC provided a list of expenses that should be disallowed. Staff made an adjustment of $32,884 to remove those costs from employee expenses.

Q. How did Staff determine the level of employee expenses to include in its recommendation?

A. Staff reviewed all the invoices MAWC provided in response to Staff DR No. 0184. Staff removed the employee expenses that MAWC had flagged for disallowance. Staff then reviewed text descriptions in the general ledger and identified additional employee expenses that do not directly benefit ratepayers and are not required for MAWC to provide safe and reliable service. Staff disallowed ** [redacted]. **

Q. What is Staff's recommended allowance for employee expenses?

A. Staff's employee expense allowance for MAWC is $584,267 and $415,536 for the Service Company.

INCENTIVE COMPENSATION

Q. Please describe MAWC's incentive compensation.

A. MAWC's total incentive compensation is awarded under two performance plans, the Annual Performance Plan ("APP") and the Long Term Performance Plan ("LTPP").

** [redacted].

[redacted]

[redacted]. **

** [redacted]. **

Q. Please describe how MAWC calculated incentive compensation.

A. MAWC included APP and LTPP in their Labor workpaper that also includes all payroll.

Q. Did Staff review incentive compensation for this rate case?

A. Yes. In its response to Staff DR No. 0167, Attachment 8, MAWC provided a confidential list of MAWC and Service Company employees who received APP in April 2024. In its response to Staff DR No. 0167, Attachment 6, MAWC provided copies of the confidential 2023 and 2024 APP measures and metrics that apply to union and non-union employees. In response to Staff DR No. 0155, MAWC provided copies of the confidential CBAs that pertain to its union employees. Staff reviewed MAWC's responses to these DRs and determined each employee's eligibility to participate in APP.

Q. How did Staff determine the level of incentive compensation to include in its recommendation?

A. Historically, Staff has recommended the removal of incentive compensation awards tied to company financial performance; there has been no connection found between the financial results for which incentives are awarded and tangible benefits to ratepayers. In recommending this, Staff applies the criteria the Commission established in *In re Union Electric Co.*, Case No. EC-87-114: "At a minimum, an acceptable management performance plan should contain goals that improve existing performance, and the benefits of the plan should be ascertainable and reasonably related to the incentive plan." 29 Mo. P.S.C. 2nd 313, 325 (1987).

Staff also relies upon guidance in the Commission's order in *In re Southwestern Bell Telephone Company*, Case No. TC-89-14:

> In the Commission's opinion, the results of the parent corporation, unregulated subsidiaries, and non-Missouri portions of SWB, are only remotely related to the quality of service or the performance of SWB in the state of Missouri. Achieving the goals of SBC [the parent company] and unregulated subsidiaries is too remote to be a justifiable cost of service for Missouri ratepayers. Accordingly, the Staff's proposed disallowances in the senior management's long term and short-term incentive plans…should be adopted.

Q. What is Staff's recommendation regarding MAWC's incentive compensation plans?

A. Overall, Staff allows only 50% of the APP paid to non-union MAWC employees and Staff made a disallowance for the Service Company employees in the amount of $1,500,900, since 50% of the plan is related to MAWC's and AWWC's financial performance. Based on the confidential National Benefits Agreement ("NBA") provided in this case, Staff is recommending 100% allowance of the APP for union employees only as it is part of the NBA. Staff also recommends disallowing the entirety of the LTPP amount, as this plan is primarily tied to MAWC's and AWWC's financial performance. LTPP is a stock option incentive only plan offered to non-union management. MAWC is not actually paying any expenses associated with LTPP, so there is no cash outlay associated with it, and therefore, MAWC should not be allowed to recover any amounts associated with LTPP.

Q. Should Employee Stock Purchase Plan ("ESPP") be recoverable in rates?

A. ESPP should not be recoverable in rates because MAWC is simply offering AWWC stock to its employees for purchase at a 15% discount. MAWC is only recording the discount on its books and is not actually paying out any cash for offering this incentive to its employees. In addition, according to the confidential NBA, ** [redacted]. ** Also, there is no guarantee that employees will purchase stock or continue to purchase stock through this date. Hence, MAWC should not be able to recover ESPP in rates.

INJURIES AND DAMAGES

Q. Please describe injuries and damages expense.

A. Injuries and damages expense represents the portion of legal claims against MAWC that are not subject to reimbursement under MAWC's insurance policies.

Q. Please describe how MAWC calculated injuries and damages expense.

A. MAWC made an adjustment to remove a negative $3,895 accrual associated with injuries and damages from the test year. MAWC allocated that adjustment to the four districts: St. Louis, All Other Water, Arnold, and All Other Sewer.

Q. Did Staff make an adjustment to MAWC's injuries and damages expense?

A. Yes. Staff reviewed historical data of actual payments for injuries and damages and MAWC's workpaper for injuries and damages. Staff agrees with MAWC's removal of the negative $3,895 and made the same adjustment to remove this accrual.

INSURANCE (OTHER THAN GROUP)

Q. Please describe insurance (other than employee group insurance) expense.

A. Insurance expense is the utility's cost of protection, obtained from third parties, against the risk of financial loss associated with unanticipated events or occurrences. Utilities, like non-regulated entities, routinely incur insurance expense to minimize their liability (and potentially, that of their customers) associated with unanticipated losses.

Q. How did MAWC calculate Insurance (Other than Group) Expense?

A. MAWC used the most current insurance premiums to calculate its insurance expense.

Q. Please explain Staff's calculation of MAWC's insurance expense.

A. Staff annualized this expense by using the most recent insurance premiums and allocations MAWC provided in its workpapers. Staff multiplied the amount of each allocated insurance premium by the applicable O&M expense percentage. For example, Staff used the payroll O&M percentage to determine the expense portion of the workers' compensation insurance premium. During the true-up phase of this case, Staff will review all known and measurable insurance expenses through December 31, 2024.

Q. Did Staff request additional information concerning insurance expense?

A. Yes. When reviewing invoices, the majority of the invoices had a Missouri portion listed separately. However, there were a few invoices that did not break out the Missouri portion. In Staff DR No. 119.1, Staff requested this breakdown.

Q. Did the MAWC's workpaper include the Missouri only portion in their workpaper?

A. No. MAWC's insurance expense workpaper includes some fees for states other than Missouri.

Q. Did Staff include only Missouri in insurance expense?

A. Yes. Using the response to Staff DR No. 119.1, Staff included only costs for Missouri in insurance expense.

LEASES (RENTS)

Q. Please describe lease expense.

A. MAWC incurs lease expense for the rental of buildings, transportation, and heavy equipment and for other day-to-day business needs such as copy machines, postal equipment, etc.

Q. How did MAWC calculate its leases (rents) expense?

A. MAWC used the actual expense from the 12 months ending December 31, 2023, then normalized and annualized its activity to arrive at an expected 12 months of expenses. MAWC made adjustments to reflect known rental rate changes.

Q. Did Staff make adjustments to lease expense?

A. Yes. Staff removed all expenses with non-renewed contracts as of June 30, 2024. Staff also made some adjustments that aligned with MAWC's workpaper for leases, such as reclassifying costs from lease expense, removing non-reoccurring costs, and removing a rental payment that fell twice in the test year.

Q. What is the appropriate level of lease expense to include in the cost of service?

A. The appropriate level of lease expense to include in the cost of service is Staff's annualized lease expense of $367,307. This amount reflects test year minus expired leases and non-recurring reclassified items.

<u>PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (OPEBs)</u>Pensions Expense and Rate Base

Q. What are pensions?

A. Pensions are a form of an employee retirement plan that offers payment to employees meeting the plan criteria for retirement. Pensions are largely funded by the employer with little or no employee contribution required. Historically, companies offered pension retirement plans to their employees as part of an overall employee benefit package to attract and retain employees. Over the last several years traditional pension plans have been largely replaced by 401(k) plans that the employee primarily, or partially, funds. MAWC terminated its pension and OPEB plans for new employees who began employment in the early 2000's. The Defined Contribution Plan ("DCP") expense replaced MAWC's pension and OPEB plan expense going forward. DCP expense is included with other employee benefits in the incentive compensation issue.

Q. What are the components of pensions and OPEBs costs?

A. Defined benefits pension and OPEBs costs consist of several components, referred to as service costs and non-service costs.

Q. Is there a prior stipulation regarding MAWC's pension and OPEBs?

A. Yes. In Appendix C of the *Stipulation and Agreement* in MAWC rate Case No. WR-2022-0303, the parties agreed on the treatment of pensions and OPEBs. The parties also agreed on an amount for pensions and OPEBs expense to be recovered from rates, and the amortization of the supporting trackers.

Q. How did MAWC calculate its pension expense?

A. MAWC used the service costs provided by the actuarial valuation. MAWC removed the capitalization portion from service costs and added non-service costs. MAWC then subtracted the annual tracker amortization to calculate the total pension expense. Staff used the same methodology. The difference between Staff and MAWC is the O&M capitalization percentage.

Q. What documentation did Staff use to annualize pension expense?

A. Staff used the actuarial valuations in Willis Towers Watson's annual report to MAWC, provided in response to Staff DR No. 0127, titled "American Water Works Company, Inc. The Pension Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries." Based on MAWC's response to Staff DR No. 0127, Staff also used the "American Water Allocation of 2024 Pension Expense" to determine the allocation valuation for MAWC's portion of total expense income. The purpose of the allocation is to determine the plan's expense under the Financial Accounting Standards Board's ("FASB's") Accounting Standards Codification ("ASC") Subtopic 715-30, formerly known as Financial Accounting Standard No. 87 ("FAS 87"). Staff's allocation valuations in this rate case are based on data as of January 1, 2024, using updated Willis Towers Watson pension expense that relied on census data as of July 1, 2024.

Q. What did Staff determine was MAWC's pension expense?

A. Staff's annualized level of pension expense is $603,216.

Q. What is the amount of ongoing FAS 87 expense in rates compared to its actual level of expense since MAWC's last rate case?

A. MAWC has over-recovered its FAS 87 expense in rates, compared to its actual level of expense since MAWC's last rate case. The balance in the regulatory liability account at June 30, 2024, was $6,987,814, which is to be amortized over five years as an expense in the amount of $1,397,563.

Q. What is the prepaid pension asset ("PPA")?

A. The PPA represents the cumulative amount of pension contributions in excess of actual costs, as of June 30, 2024. MAWC made these contributions to prevent its pension plan from becoming "at-risk," as defined under the Pension Protection Act, and to meet the obligations of the Pension Benefit Guarantee Corporation. Staff is including a PPA amount in rate base.

Q. What is the PPA balance at June 30, 2024?

A. The balance is $26,529,167.

OPEB Expense and Rate Base

Q. What are OPEBs?

A. OPEBs are costs MAWC incurs to provide certain benefits to its retired employees. The primary benefit offered is medical insurance, but these costs also include life, dental, and vision insurance benefits. OPEBs' ratemaking treatment is addressed under FASB ASC Subtopic 715-60, formerly known as FAS 106. FAS 106 contains the FASB-approved accrual accounting method used for financial statement recognition of the annual amount of OPEBs. The accounting of the cost of post-retirement benefits is not based on the actual dollars MAWC pays for OPEBs to its retirees currently. Instead, under FAS 106, this measurement is accrual-based, in that it attempts to recognize the financial effects of non-cash transactions and events affecting future OPEBs obligations as they occur. These non-cash transactions and events are primarily current benefits earned by employees before retirement, but not paid until after retirement, as well as the interest cost arising from the passage of time until those benefits are paid to the retirees.

Q. What documentation did Staff use to determine an appropriate OPEB expense?

A. Staff used the actuarial valuations in Willis Towers Watson's annual report to MAWC, titled "American Water Works Company, Inc. Retiree Welfare Plan." Based on MAWC's response to Staff DR No. 0127, Staff also used the "American Water Allocation of 2024 Post-Retirement Welfare Cost" to determine the allocation valuation for MAWC's portion of total expense income. The purpose of the allocation is to determine the plan's expense under ASC-715-60. Staff's valuations in this rate case are based on data as of January 1, 2024. However, Staff used updated Willis Towers Watson post-retirement welfare cost based on census data as of July 1, 2024.

Q. What is MAWC's ongoing FAS 106 cost recognized in rates in this case?

A. MAWC has included ($4,572,274) as ongoing FAS 106 cost in rates in this case.

Q. Since Case No. WR-2022-0303, has MAWC over- or under-recovered its FAS 106 expense in rates, compared to its actual level of expense incurred?

A. MAWC has over-recovered the expense level since the last rate case. The balance in the regulatory liability account as of June 30, 2024, was a negative $4,363,110, which is to be amortized over five years as a reduction to expense in the amount of $872,622.

Q. How does the ongoing OPEB tracker affect MAWC's rate base in this case?

A. Rate base is reduced by the level of regulatory liability associated with MAWC's ongoing OPEBs tracker mechanism, which is currently $4,363,110.

Q. Will Staff be addressing pensions and OPEBs as part of its true-up audit in this case?

A. Yes.

RATE CASE EXPENSE

Q. Please describe rate case expense.

A. A utility incurs rate case expense to present and litigate a rate case before the Commission. Rate case expenses typically incurred include legal fees from outside legal counsel, expert witness fees, copying fees, costs to publish rate case notices to the public, as well as costs incurred by utility personnel to attend rate case-related activities, including meals and lodging.

Q. Please describe MAWC's position on rate case expenses.

A. In his direct testimony, page 26, line 10, MAWC witness Mr. LaGrand stated that MAWC is proposing a three-year normalization for the current rate case. However, MAWC would also like to include an amortization for the portion of the prior rate case that has not been recovered due to MAWC returning for a rate case sooner than the anticipated three-year period between rate cases.

Q. Did Staff perform a review of rate case expenses for this rate case?

A. Yes. Staff reviewed all the invoices that MAWC provided in response to Staff DR No. 0117 to determine rate case expenses.

Q. How did Staff determine its level of rate case expenses to include in its recommendation?

A. Staff included 50% of the rate case expense costs incurred thus far for the current rate case and 100% of the costs of the depreciation study performed in the rate case (Case No. WR-2020-0344) normalized over a five-year recovery period.

Q. Did Staff normalize or amortize rate case expense in this case?

A. Staff normalized rate case expense. It is and has been Staff's consistent position for all utilities that rate case expense be normalized, and not amortized.

Q. What is the difference between amortization and normalization?

A. Normalization is an adjustment to smooth over a period of time the effects of costs that are subject to fluctuation from year to year. Amortization refers to the full recovery of costs or full refund of costs over a period of time. Comparing normalization to amortization, the annual amount in the cost of service would be the same. However, amortization refers to guaranteed recovery of an item in rates for the amortization period set, while normalization does not guarantee recovery by the end of the recovery period set. In a rate case, rates are set to best reflect what a utility's cost of service will be in the future by adjusting historical costs based on known and measurable data at the time. The actual revenue, expense, and investment between rate cases will more than likely differ from that in base rates because of cost control, additional investment, weather effects on revenue, etc. This means that, among other things, a utility could have higher revenue, lower expense, or vice versa, which are built into base rates.

Q. What effects does this have, if any?

A. These effects are called regulatory lag. Regulatory lag can be positive or negative for a utility. Sometimes it can be positive for various cost of service items, and at the same time, negative for other cost of service items. Due to regulatory lag, it is necessary to consider all relevant factors in the cost of service to determine whether a utility needs a rate increase or decrease. The Commission has allowed a utility to amortize costs when it found it necessary for a utility to fully recover a cost or refund an amount to customers without consideration of regulatory lag. Normalization assumes that the cost was smoothed, and that, depending on when a utility files its next rate case, it can recover the full or partial amount, of the expense through regulatory lag.

Q. Why does Staff recommend rate case expense be normalized?

A. MAWC files a general rate case approximately every 36 months, as required by the water and sewer infrastructure rate adjustment ("WSIRA") statute. Therefore, it incurs rate case expense disproportionately each of those three years because rate case expense is incurred specifically through a petition to change rates – which does not happen every year. Staff recommends normalization of rate case expense to smooth out that cost over the three-year period. However, rate case expense is not a unique cost for MAWC, or any utility, that ensures guaranteed recovery without regard to regulatory lag. In fact, normalizing rate case expense provides an incentive to control rate case expense, because a utility may or may not recover all of those costs through the normalized amount. Normalizing rate case expense rewards a utility for efficient operations that avoids the need to file rate cases more often than anticipated.

RATE CASE (SHARING RECOMMENDATION)

Q. Generally speaking, what is the rationale for rate case expense sharing?

A. Rate case expenses are defined as all incremental costs a utility incurs directly related to an application to change its general rates. While rate case expenses include costs for document preparation and filing, the majority of the costs are incurred during a rate case are typically for external legal counsel, consultants, and outside expert witnesses contracted by the utility.

Utility management typically has a high degree of control over rate case expense. Attorneys, consultants, and other services used during a rate case can be provided by existing utility personnel or sourced from an outside party. Some Missouri utilities employ in-house counsel and primarily utilize internal labor to process rate filings; thus, it is not always necessary to contract with outside attorneys and consultants in rate proceedings. The incremental rate case expenses included in the sharing mechanism proposed by Staff in this case do not include the cost for internal labor, as those costs are reflected in the annualized level of payroll included in Staff's revenue requirement. Those non-incremental costs are fully included in the cost of service calculation.

Q. Please describe MAWC's position on the sharing mechanism for rate case expense.

A. On page 28, beginning on line 7, Mr. LaGrand states he believes that the sharing mechanism for rate case expense is not good regulatory policy. To summarize Mr. LaGrand's testimony, he believes MAWC should not be penalized for what he believes are reasonable and prudent costs related to rate case expense.

Q. What is Staff's recommended treatment of rate case expense in this case?

A. Staff recommends using the same treatment of rate case expense that it recommended in MAWC's prior rate case, Case No. WR-2022-0303, which is to include a 50% share of the appropriate rate case expense. In other words, Staff recommends that MAWC's customers and shareholders equally share rate case expense.

Q. What should not be included in the 50/50 sharing?

A. Staff recommends including 100% of the costs of the depreciation study MAWC submitted in Case No. WR-2020-0344.

Q. What is the basis of Staff's recommendation to share rate case expenses?

A. Staff's recommendation to share rate case expense is based upon the following:

1) Rate case expense sharing creates an incentive for the utility to control rate case expenses to a reasonable level, while eliminating the disincentive for the utility to control the rate case expenses.

2) Ratepayers and shareholders both benefit from the rate case process. While ratepayers receive safe and adequate service at just and reasonable rates, shareholders are afforded the opportunity to earn an adequate return on their investment.

3) Ratepayers will continue to pay for the majority of the rate case expenses regardless of any sharing mechanism when including the internal labor costs that are not included in the sharing mechanism, therefore it is fair and equitable to allocate a portion of the rate case expenses to the shareholders.

4) It is highly probable that some recommendations advocated by the utility through the rate case process will ultimately be determined to be not in the public interest by the Commission.

Q. What is the basis of a three-year normalization for rate case expense?

A. MAWC files a general rate case approximately every 36 months, as required by the WSIRA statute. Therefore, it incurs rate case expense disproportionately each of those three years because rate case expense is incurred specifically through a petition to change rates – which does not happen every year.

Q. Please explain why it is problematic for utilities to be allowed full recovery of rate case expenses?

A. Allowing a utility to recover all, or almost all of its rate case expense creates an inherent disincentive for the utility to control rate case expenses. For every other participant in the rate case proceeding, their funds are ultimately limited by budgetary and financial constraints. The ability to pass through the entire amount of expense, along with significant financial resources, creates what can be viewed as an unfair advantage over the parties during a rate case proceeding.

Q. Will the sharing of rate case expenses impact a utility's spending?

A. Other discretionary utility expenses are not recovered by the utility during the rate setting process. Charitable contributions, which are discretionary amounts paid to individuals or organizations for charitable reasons that have no direct business benefit, are examples of costs that have not historically been included as an expense in the cost of service calculations. While the utility may believe it has the responsibility to be a "good corporate citizen," these donations would represent an involuntary contribution by the ratepayer if they were to be included in rates. Other costs routinely disallowed by Staff are expenses for a company's political activities ("lobbying"). Lobbying and charitable contributions represent costs which are not necessary for the provision of safe and adequate service, and, therefore, are not recovered through rates. The lack of recovery of those costs has not dissuaded utilities from engaging in these activities. Similarly, while any form of sharing of rate case expense may act as an incentive to control these costs, Staff has not identified significant curtailing of incremental rate case expenses by utilities affected by the 50/50 sharing mechanism.

Q. What is the Commission's position regarding the sharing of rate case expense?

A. This 50/50 sharing mechanism is consistent with the Commission's decision concerning rate case expense in the Spire Missouri Case Nos. GR-2017-0215 and GR-2017-0216. The Missouri Supreme Court recently upheld the Commission's decision.

Q. How did Staff address this issue in the previous case?

A. In Case No. WR-2022-0303, Staff followed the methodology used in Case No. WR-2020-0344. This included full recovery of the depreciation study and a 50/50 split of all other incremental rate case expenses.

<u>**HOLLISTER PIPELINE**</u>

Q. Please provide a brief history of the City of Hollister pipeline.

A. MAWC purchased the Emerald Pointe water and sewer assets in March 2014 from Emerald Pointe Utility Co., Inc. As part of its rate proceeding in Case Nos. WR-2013-0017 / SR-2013-0016, Emerald Pointe retired its wastewater treatment plant and constructed two new lift stations and a pipeline to transport all wastewater to the City of Hollister for treatment. The lift stations and section of pipeline up to the Emerald Pointe flow meter were owned by Emerald Pointe which, as described above, transferred these assets to MAWC in 2014.

Currently, the section of pipeline from the Emerald Pointe flow meter to the City of Hollister's wastewater treatment plant is owned and maintained by the City of Hollister, but was paid for by Emerald Pointe and one or more other parties.

Q. Please describe MAWC's position regarding rate base treatment.

A. In her direct testimony on page 8, line 3, Ms. Grisham, states that CAS 3, line 27 schedule represents regulatory assets acquired by MAWC in a sewer system acquisition.

To clarify, the regulatory asset discussed in Ms. Grisham's testimony represents the Hollister pipeline, which is discussed below.

Q. Did MAWC include a regulatory deferral for the City of Hollister in rate base?

A. Yes. Ms. Grisham stated in her direct testimony on page 8, line 3 that MAWC included deferral costs for the City of Hollister pipeline.

Q. Does Staff agree with Ms. Grisham's statement on page 8, beginning on line 3, of her direct testimony, that the unamortized balance of the cost of the pipeline was given rate base treatment in cases prior to MAWC's purchase of the Emerald Pointe assets?

A. Yes. However, Staff erroneously included the costs for this section of pipeline in rate base in the Emerald Pointe rate case (Case Nos. WR-2013-0017 / SR-2013-0016) and the case transferring assets from Emerald Pointe Utility Co., Inc. to MAWC (Case Nos. WO-2014-0113 / SO-2014-0116). It is important to note that rate base treatment of this section of pipeline was not litigated in the Emerald Pointe rate case. It was not discussed in the Staff Recommendation Memo filed on January 24, 2014, in any filed testimony, or in the *Notice of Company/Staff Partial Agreement Regarding Disposition of Revenue Increase Request and Request for Hearing* filed on March 14, 2013. In the previous three MAWC rate cases (Case Nos. WR-2015-0301/SR-2015-0302, WR-2017-0285/SR-2017-0286, and WR-2020-0344/SR-2020-0345), Staff corrected this error and believes including the unamortized balance related to the pipeline donated to the City of Hollister in the 2014 Emerald Pointe rate case was Staff's mistake.

Q. Does Staff believe it is appropriate to include any amount of the Emerald Pointe pipeline owned by the City of Hollister in rate base, given that MAWC does not own or maintain that section of the pipeline?

A. No. Since MAWC does not own or maintain these assets, it is inappropriate to include the regulatory deferral (unamortized balance) for these costs in rate base. It is inappropriate for MAWC to earn a return on an item it does not own; that was contributed to another entity, in which it has no outstanding investment; and is not an asset on the utility's books and records.

Q. Has Staff included an amortization of the Emerald Pointe regulatory asset in the cost of service in this case?

A. Yes. Staff has included an annual level of amortization expense in the cost of service based on a 50-year amortization, which Ms. Grisham also recommends in her direct testimony on page 14, line 3.

TELECOMMUNICATIONS EXPENSE

Q. Please describe telecommunications expense.

A. Telecommunications expense consists of costs related to telephone, telemetering, cellphone, and data lines that MAWC utilizes as part of its day-to-day business.

Q. How did MAWC calculate telecommunications expense?

A. MAWC used telecommunication expense incurred during the test year as an appropriate level of costs going forward.

Q. What did Staff's analysis of telecommunications expense reveal?

A. There is an upward trend in telecommunications expense. At this time, the test year best represents the ongoing level of telecommunications expense.

Q. Will Staff be addressing telecommunication expense as part of its true-up calculations?

A. Yes. Staff will update its calculation for this expense through the true-up cutoff, December 31, 2024.

Q. Does this conclude your direct / rebuttal testimony?

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 Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas	))))	Case No. WR-2024-0320

AFFIDAVIT OF ANGELA NIEMEIER

STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

COMES NOW ANGELA NIEMEIER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct / Rebuttal Testimony of Angela Niemeier*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Angela Niemeier

ANGELA NIEMEIER

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 5th day of December 2024.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

D Suzie Mankin

Notary Public

Angela Niemeier

Present Position:

I am a Lead Senior Utility Regulatory Auditor, Auditing Department, Financial & Business Analysis Division of the Missouri Public Service Commission. As a Utility Regulatory Auditor, I assist in research and analysis of the financial aspects of public utility operations.

Educational Credentials and Work Experience:

I completed a Bachelor of Health Science- Radiologic Science from the University of Missouri in 2000. In February 2020 I completed an MBA through Columbia College. I have completed 78 credit hours in business related classes; of these, 36 credit hours are specific to accounting and 48 credit hours are graduate level coursework.

Professional Experience:

Missouri Public Service Commission

- Lead Senior Utility Regulatory Auditor
    - February 2023 – Present
- Senior Utility Regulatory (formerly Auditor III)
    - May 2021 - February 2023
- Utility Regulatory (formerly Auditor II)
    - January 2020 - May 2021
- Utility Regulatory (formerly Auditor I)
    - January 2019 – January 2020

Case Participation:

Company Name	Case Number(s)	Testimony/Issues
Liberty Utilities	WA-2019-0036	Certificate of Convenience and Necessity
Missouri American Water Company	WO-2019-0389	ISRS Recommendation

Company Name	Case Number(s)	Testimony/Issues
Confluence Rivers	WR-2020-0053	Fuel expense, Revenue, Miscellaneous Revenues, Property Tax, Payroll
Empire District Electric Company-Electric	ER-2019-0374	Advertising, Amortization of Ice Storm, Customer Advances, Customer Deposits, Customer Deposits Interest, Materials and Supplies, Postage, Prepayments, PSC Assessments, Rate Case Expense, SWPA Payment Amortization
Elm Hills	WR-2020-0275	Fuel expense, Revenue, Miscellaneous Revenues, Property Tax, Payroll, Plant, Prepayments
Missouri American Water Company	WR-2020-0344	Building Maintenance and Services, Main Break Expense, Maintenance Supplies & Services Expense, Tank Painting, PSC Assessment
Liberty Utilities-Bolivar	WA-2020-0397 SA-2020-0398	Certificate of Convenience and Necessity
Empire District Electric Company-Electric	ER-2021-0312	Advertising, Amortization of Electric Plant and Depreciation Reserve, Amortization of Ice Storm, Credit Card Fees, Iatan/Plum Point Carrying Costs, Materials and Supplies, PeopleSoft, Postage Expense, Plant and Depreciation Reserve, PSC Assessments, Property Tax Expense, Rate Case Expense, SWPA Payment Amortization, Vegetation Management Expense

Company Name	Case Number(s)	Testimony/Issues
Empire District Electric Company- Gas	GR-2021-0320	Advertising, Amortization of Intangible Assets and Depreciation Reserve, Customer Payment Fees, Injuries and Damages and Worker's Compensation, Insurance Expense, Postage Expense, Plant and Depreciation Reserve, PSC Assessments, Property Tax Expense, Rate Case Expense, ROW Clearing Expense
Missouri American Water Company- Garden City	WA-2021-0391	Certificate of Convenience and Necessity
TUK LLC	SM-2022-0131	Certificate of Convenience and Necessity
Missouri American Water Company- WSIRA	SO-2022-0176	WSIRA Recommendation
Missouri American Water Company- Purcell	WA-2022-0293	Certificate of Convenience and Necessity
S. K. & M. Water and Sewer Company	SR-2022-0239	Small water and sewer rate case.
Missouri American Water Company- Pom Osa	WA-2022-0361	Certificate of Convenience and Necessity
Missouri American Water Company- Smithton	WA-2023-0071	Certificate of Convenience and Necessity

Company Name	Case Number(s)	Testimony/Issues
Missouri American Water Company	WR-2022-0303	Building Maintenance, Cash Working Capital, Hydrant Painting, Injuries and Damages, Insurance, Leases, Main Break Expense, Maintenance Supplies & Services Expense, Miscellaneous Expenses, Tank Painting, Telecommunications Expense, Valve Maintenance, Waste Disposal
Spire ISRS	GO-2023-0203	ISRS Recommendation
The Raytown Water Company	WR-2024-0344	Board of Directors, Health Insurance, Incentive Compensation, Income Taxes, Main GIS Mapping, Payroll, Payroll Taxes, Plant and Depreciation Reserve, Purchased Power, and Transportation Expense
Confluence Rivers Utility Operating Company, Inc.	WA-2024-0048	Certificate of Convenience and Necessity
United Services, Inc.	SR-2024-0206	Bad Debt Expense, Electric Expense, Insurance Expense, Maintenance Expense, Chemicals, Office Supplies Expense, Postage Expense, Property Tax Expense, PSC Assessment.
Liberty Utilities (Missouri Water)	WR-2024-0104	Corporate Allocations, Revenues, Miscellaneous Revenues, Pension & OPEBs Expense, Income Taxes, Accumulated Deferred Income Taxes (ADIT), Excess ADIT

DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2024-0320
General Rate Case

Requested From: Ashley M. Randell

Date Requested: 07/24/2024

Information Requested:

For each profit center, please quantify and explain any operational changes that have occurred since the conclusion of Case No. WR-2022-0303 that would have a material impact on the revenue and expense lags used in that case.

Requested By: Ashley Sarver (Ashley.Sarver@psc.mo.gov)

Information Provided:

There are no known operational changes that would have a material impact on revenue and expense lags.

Responsible Witness: Harold Walker, III