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

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

FILED

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Missouri Public Service Commission

SURREBUTTAL TESTIMONY

OF

STEPHEN B. MOILANEN, PE

GASCONY WATER COMPANY, INC.

CASE NO. WR-2017-0343

Jefferson City, MissouriDate 3 19 10 Reporter M February 2018 File No. WE 2017- b 34

1	SURREBUTTAL TESTIMONY		
2	OF		
3	STEPHEN B. MOILANEN, PE		
4	GASCONY WATER COMPANY, INC.		
5	CASE NO. WR-2017-0343		
6	Q. Please state your name and business address.		
7	A. My name is Stephen B. Moilanen. My business address is Missouri Public		
8	Service Commission, P.O. Box 360, Jefferson City, MO 65102.		
9 .	Q. What is your position at the Commission?		
10	A. I am a Utility Regulatory Engineer in the Engineering Analysis Unit,		
11	Operational Analysis Department, Commission Staff Division.		
12	Q. Please describe your work and educational background.		
13	A. A description of my work and educational background is attached as		
14	Schedule SBM-s1.		
15	Q. What is the purpose of your surrebuttal testimony?		
16	A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony		
17	of The Office of the Public Counsel ("OPC") witness Mr. John A. Robinett, and to describe		
18	my rationale for utilizing the Class D classification for general plant accounts as shown in		
19	Appendix D of the Partial Disposition Agreement submitted on November 17, 2017.		
20	Q. What specific component of Mr. Robinett's rebuttal testimony are you		
21	responding to?		
22	A. On page 1, lines 18 and 19 of his rebuttal testimony, Mr. Robinett states "OPC		
23	recommends continued use of the current ordered depreciation rates ordered in WA-97-510."		

Surrebuttal Testimony of Stephen B. Moilanen, PE

This is different from Staff's recommendation, which proposes updated depreciation rates for 1 2 Gascony Water Company, Inc. ("the Company"). In regards to account classification, what is the difference between Staff's 3 Q. 4 recommended depreciation schedule and that of OPC? 5 A. The deprecation 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? Yes. There are four classes of accounts described by the USOA. The annual 14 Α. 15 operating revenue of a utility is used to determine which class of accounts a utility shall utilize. 16 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. Q. Is this the Class of Accounts that was included in the depreciation schedule 20 from Case No. WA-97-510? 21 22 No. A.

Surrebuttal Testimony of Stephen B. Moilanen, PE

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1	Q.	Does the USOA provide guidelines regarding when a change of account	
2	nomenclature is appropriate?		
3	А.	Yes. Part 1, subpart C of the General Instructions for Class D Water Utilities	
4	states the following instruction:		
5 6 7 8 9 10 11		The class to which any utility belongs shall originally be determined by the average of its annual water operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual water operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual water operating revenues of the 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	А.	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	А.	The Company has given no indication that they object to this.	
17	Q.	Does that conclude your surrebuttal testimony?	
18	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 STEPHEN B. MOILANEN, PE

STATE OF MISSOURI)) ss. COUNTY OF COLE)

COMES NOW STEPHEN B. MOILANEN, PE, 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.

STEPHEN B. MOILANEN, PE

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 $\underline{74}$ day of February, 2018.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County Commission Expires: December 12, 2020 Commission Number: 12412070

Notary Public

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.

Case Number	Company
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

Schedule SBM-s1