Exhibit No. 205

OPC – Exhibit 205
Seaver Surrebuttal
File No. WR-2023-0006

Exhibit No.: _____
Issue(s): Rate Design/Class Cost of Service (CCOS)
Witness/Type of Exhibit: Seaver/Surrebuttal
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Case No.: WR-2023-0006

SURREBUTTAL TESTIMONY

OF

JORDAN SEAVER

Submitted on Behalf of the Office of the Public Counsel

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

July 21, 2023

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OF
JORDAN SEAVER
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE No. WR-2023-0006

I. INTRODUCTION

Q. What is your name and what is your business address?

A. My name is Jordan Seaver, and my business address is 200 Madison Street, Governor Office Building, Suite 650, Jefferson City, MO 65102.

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

A. I am employed by the Office of Public Counsel ("OPC") as a Policy Analyst.

Q. Are you the same Jordan Seaver who filed direct testimony in this case on June 8, 2023?

A. Yes, I am.

Q. What is the purpose of your Surrebuttal testimony?

A. The purpose of this testimony is to respond to claims made by Confluence Rivers ("The Company") witness Lyons regarding class cost of service studies ("CCOS") in this case and rate design, and to address the question of whether tariff consolidation (either single tariff or district tariff forms) is beneficial for customers.

II. CCOS AND RATE DESIGN

Q. Does the Company's witness Mr. Lyons discuss your rate design or CCOS in his rebuttal testimony?

A. Yes. Mr. Lyons discusses my rate design options, in particular my preferred rate design option, in his rebuttal testimony.

Q. What aspects of your CCOS and rate design does Mr. Lyons' testimony address?

A. Mr. Lyons' testimony compares the bill impacts from all rate designs in this case. The comparison of my preferred rate design options—"1Metered—Option 2" and "1Unmetered—Option 2" for water, and "1Sewer—Option 2" for sewer—with the Company's rate design options attempts to show that my options unnecessarily burden

customers. Mr. Lyons attempts to do this by showing the bill increases and average monthly bill for each system in the Company's service territory on all three rate design plans (viz., The Company's, Staff's, and OPC's). This demonstration shows that there are a wide array of increases and decreases on Staff and the Company's rate design proposals. It also shows that OPC's rate design proposal simply increases all customer bills.

In addition to showing a breakdown of bill increases on a system-by-system basis, Mr. Lyons also created frequency distribution graphs showing the bill impacts of the three rate design proposals. The graph is made by equally dividing 10 percent of the customers and their bills into 10 groups. This shows the frequency distribution of bill increases or decreases from lowest to highest across the 10 groups.

Q. What does Mr. Lyons' testimony say about the preferred rate design options you proposed?

A. Mr. Lyons claims that my rate design options for water and sewer do "not allow the Company to achieve any of the benefits of tariff consolidation," whether that is single consolidation as proposed by the Company, or district tariff consolidation, as proposed by Staff.

Q. What are the supposed benefits that are achieved by tariff consolidation?

A. The benefit that Mr. Lyons attributes to both his and Staff's rate design proposals is spreading out costs of investment in particular systems over the whole of the Company's service territory. Thus, the increases in any customer bills are not dramatic and do not cause customers to potentially miss bill payments.

Q. Do your preferred rate design options achieve these same benefits?

A. Yes, they do achieve these benefits, and do so better than the other tariff consolidation rate designs proposed.

Q. Can you explain how these benefits are achieved by your rate design proposal?

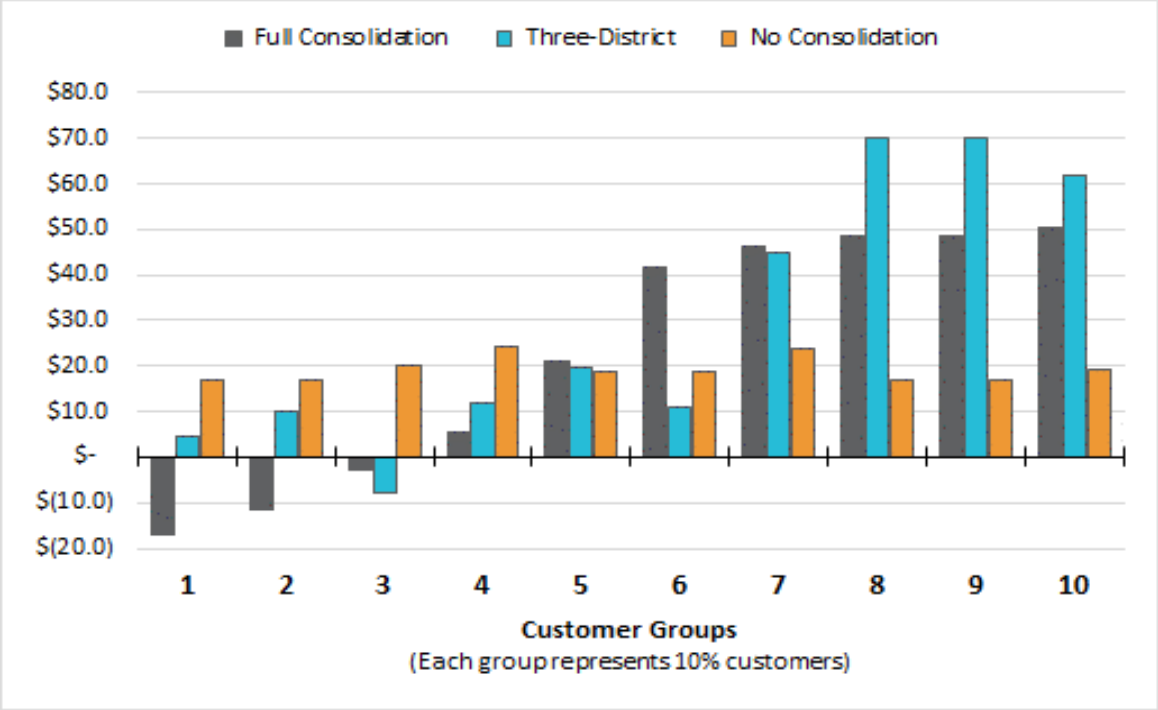
A. My preferred rate design options have no consolidation of the tariffs for the water and sewer systems. My approach for water and sewer both is to increase the fixed charges for all systems by as little as possible to achieve the revenue requirement increase. My preferred rate design proposal for metered water systems also attempts to increase all systems' usage charges by as little as possible to achieve the revenue requirement increase. The benefits that Mr. Lyons claims for his rate design are that customers who have not had substantial investment in their systems do not experience large rate increases. Mr. Lyons' states explicitly that "the Company's proposal achieves the benefits on a much broader scale for customers across all rate districts."[1] Out of all the rate design options proposed, my preferred rate design increases customer bills by the smallest amount, and this is broadly achieved across all rate districts.

Q. Can you provide support for the claim that your rate design proposal increases rates by the least amount?

A. I can. The aforementioned frequency graphs created by Mr. Lyons nicely show how my rate design proposal increases customers' bills the least.

[1] Rebuttal Testimony, Timothy Lyons, WR-2023-0006, p 3. Mr. Lyons is here comparing his rate design proposal with Staff's three district rate design proposal.

Figure 2: Customer Bill Increase/(Decrease) ($)

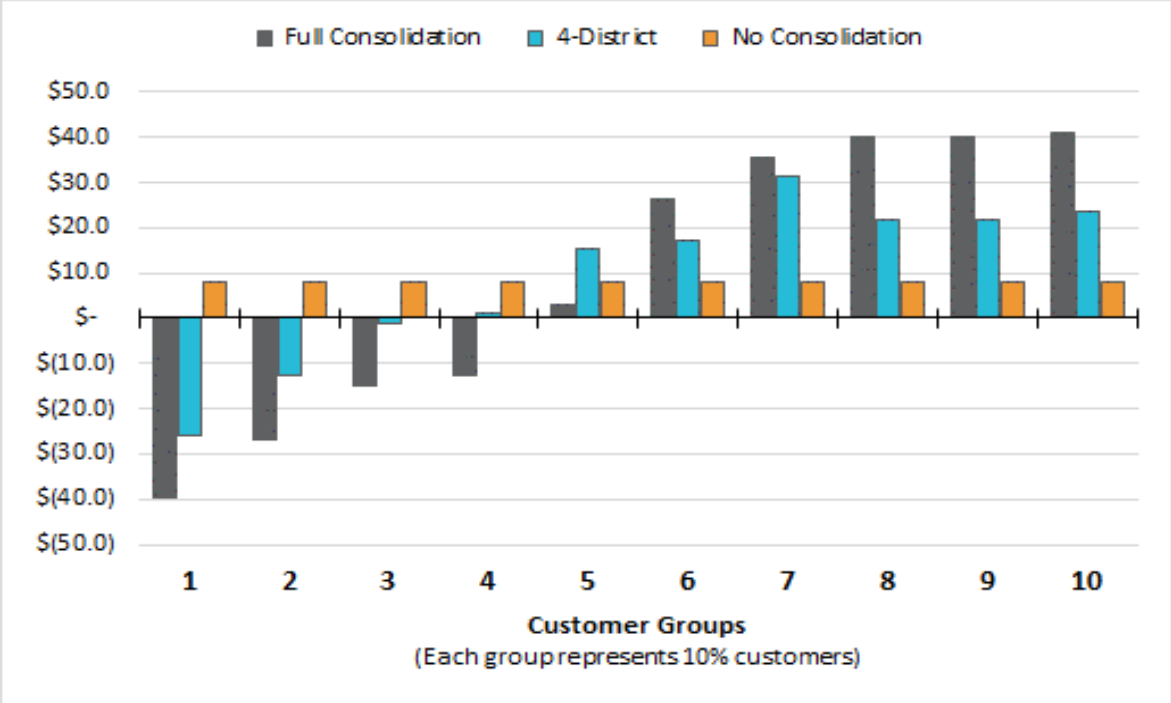


This figure is taken from Mr. Lyons' rebuttal testimony and shows the frequency distribution of the bill impacts for 10% of water customers in each group, from lowest bill impact to highest. The bars corresponding to the color in the legend marked "No Consolidation" are representative of my rate design proposal impacts. It is clear from this graph that my rate design increases bills the least amount out of all the options.

Q. Does analysis of the bill impacts on sewer show something similar?

A. Yes. Below is the same frequency graph format but applied to sewer rate design, again from Mr. Lyons' rebuttal testimony:

Figure 4: Customer Bill Increase/(Decrease) ($)



From Figure 4 we can see that, as in the water case, the bill impacts of my rate design option have the least impact on all customers' bills. Because the desired benefits of a rate design are, in this case, avoiding large bill increases on some systems and not others, and avoiding rate shock, I believe that my preferred rate design options best achieve these benefits.

Q. Your rate design options do not result in bill decreases, like those of the Company and Staff are shown to do in the above graphs. Does the fact that your rate design only increase bills make it less beneficial to customers?

A. No, it does not. Although my rate design options do not include bill decreases for any systems, they also achieve the goal of avoiding large increases and rate shocks better than the other rate design options. If these are truly benefits worth pursuing, then it is more beneficial to attempt a rate increase that is as low as possible for all customers. If there are systems that require rate decreases due to over-recovery of rates, these decreases should be pursued for that reason and not merely be left as effects of tariff consolidation.

III. TARIFF CONSOLIDATION

Q. The rebuttal testimony of both Mr. Lyons and Staff witness Keri Roth discusses the benefits believed to result from tariff consolidation. Can you summarize what each witness says regarding the benefits of tariff consolidation?

A. Yes. Briefly, both Mr. Lyons and Ms. Roth state that tariff consolidation makes the increases in rates for customers whose systems have not had substantial investment since the last rate case lower than if tariffs were on a system-by-system basis (as they are currently). The stated reason that tariff consolidation does this is because the costs of service can be spread out over a larger customer base, thus reducing the amount of increases that customers incur. The Company's proposed single tariff rate design spreads the costs out over the entire customer base. Staff's proposed "modified district-specific pricing ("DSP")"[2] spreads out costs over the customer base of a whole district, of which there are 3 for water and 4 for sewer. Ms. Roth further states that the DSP is more advantageous than the single tariff consolidation because it more accurately shows the cost of service for the individual systems. When all systems are consolidated into one tariff and given the same price, their cost of service is no longer being accurately depicted, because some systems will have higher costs of service than others. The DSP can accommodate these differences better because each district is more representative of the systems in it. Even though there will still be a lack of granularity regarding the individual system costs, it will be closer to the reality than the single tariff consolidation would.

Q. Do you agree with Ms. Roth that the DSP is a better tariff consolidation scheme than the single tariff scheme?

A. Yes, I do. Ms. Roth is correct that the differences in cost of service between systems are approximated in the DSP scheme, but that the single tariff consolidation scheme does not approximate these differences at all. The DSP consolidation is, therefore, preferable to the single tariff consolidation and has benefits that the latter does not.

[2] Rebuttal Testimony, Keri Roth, WR-2023-0006, p 3.

Q. Does your rate design proposal, which does not consolidate the tariffs, better depict the cost of service for individual systems?

A. Yes, it does. It is the only rate design option that actually preserves the cost of service differences between the systems because it does not consolidate the tariffs. Not only this, but my approach also spreads the revenue requirement increase over the entire Company service territory, thus avoiding rate shock and unnecessarily high increases to customers' bills.

IV. DISALLOWANCES AND RATE DECREASE POSSIBILITY

Q. Because of disallowances and adjustments to the starting point for operating revenue discussed in both OPC and Staff testimony in this case, the Commission could recommend a rate decrease, correct?

A. Yes, I believe that this is possible.

Q. In the event of a rate decrease, what rate design would you recommend?

A. I would still recommend my own rate design but applied as a rate decrease rather than increase.

Q. If a rate decrease were ordered would you still believe that Staff's rate design is preferable to the Company's rate design?

A. Yes, I would still say that Staff's rate design, where the Company's systems are consolidated into three districts, would be preferable to the Company's single tariff consolidation. For the reasons stated in section III, Staff's proposed rate design would have greater benefits to customers than the Company's rate design if a rate decrease was ordered by the Commission.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility Operating Company, Inc.'s Request for Authority to Implement a General Rate Increase for Water Service and Sewer Service Provided in Missouri Service Areas	)))))	Case No. WR-2023-0006

AFFIDAVIT OF JORDAN SEAVER

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Jordan Seaver, of lawful age and being first duly sworn, deposes and states:

1. My name is Jordan Seaver. I am a Policy Analyst for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Jordan Seaver
Policy Analyst

Subscribed and sworn to me this 20th day of July 2023.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.