

Exhibit No. \_\_\_\_\_  
Issues Per Schedule DWJ - 1S  
Witness Name Dale W. Johansen  
Type of Exhibit Surrebuttal Testimony  
Sponsoring Party Lincoln County Sewer  
& Water, LLC  
Case Nos. SR-2013-0321  
WR-2013-0322  
Date of Testimony October 24, 2013

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**In the Matter of the Application )  
of Lincoln County Sewer & )  
Water, LLC for Approval of a ) Case No. SR-2013-0321  
Rate Increase )**

**In the Matter of the Application )  
of Lincoln County Sewer & )  
Water, LLC for Approval of a ) Case No. WR-2013-0322  
Rate Increase )**

**Surrebuttal Testimony of  
Dale W. Johansen  
Presented on Behalf of  
Lincoln County Sewer & Water, LLC**

**October 24, 2013**

**Johansen Consulting Services, LLC  
915 Country Ridge Drive  
Jefferson City, MO 65109**



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DALE W. JOHANSEN**

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**SURREBUTTAL TESTIMONY OF  
DALE W. JOHANSEN**

**CASE NOS. SR-2013-0321 & WR-2013-0322**

1 **INTRODUCTION**

2 **Q. Please state your name and business mailing address.**

3 A. Dale W. Johansen, 915 Country Ridge Drive, Jefferson City, MO 65102.

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

5 A. I am the Manager of Johansen Consulting Services, LLC (JCS). For the  
6 purposes of these cases, I have been retained by Lincoln County Sewer & Water, LLC  
7 (LCSW or Company) to provide assistance to the Company in reaching a resolution in these  
8 cases, to include providing testimony on its behalf supporting LCSW's requests for operating  
9 revenue increases applicable to its sewer and water utility properties.

10 **Q. Have you previously submitted testimony in these cases?**

11 A. Yes, I have. I filed Direct Testimony on behalf of LCSW.

12 **EXECUTIVE SUMMARY**

13 **Q. Please summarize the Surrebuttal Testimony you are presenting.**

14 A. I am presenting testimony in response to the rebuttal testimony of  
15 Commission Staff witnesses Lisa Ferguson and Jim Merciel and Office of the Public Counsel  
16 (OPC) witness William Addo regarding the issues set out in **Schedule DWJ – 1S**.

1           **Q.     Is anyone else filing surrebuttal testimony on behalf of LCSW?**

2           A.     Yes. Dennis Kallash, who is one of the members of LCSW, is also presenting  
3 surrebuttal testimony on behalf of the Company.

4           **METERS & METER INSTALLATIONS**

5           **Q.     Please describe this issue.**

6           A.     As a result of LCSW's certificate cases that were completed in mid-2012, the  
7 Company agreed to install meters in its two water systems over a period of time. In lieu of a  
8 multi-year approach that would have resulted in some customers being metered and others  
9 not being metered, the Company decided to install meters in both systems as a single project  
10 and also chose to install remote-read meters rather than "standard" manual-read meters. The  
11 issue at hand is whether the actual costs of the meters and meter installations should be used  
12 to establish the Company's cost of service. Originally, the Staff did not include the actual  
13 costs of the meters and meter installations in its cost-of-service calculations.

14           **Q.     Referring to Ms. Ferguson's rebuttal testimony and the Staff's rebuttal**  
15 **accounting schedules, what is the Staff's current position regarding this issue?**

16           A.     In essence, the Staff has now included the actual costs of the remote-read  
17 meters and meter installations in the Company's plant in service and rate base (there are some  
18 differences between the amounts used by the Staff and the amounts the Company believes  
19 are appropriate). As a result, there is no longer a disagreement between the Company and the  
20 Staff for this issue.

21           **Q.     What is the OPC's position on this issue?**

1           A.     As is stated in OPC witness Addo's rebuttal testimony, the OPC does not  
2 believe the actual costs associated with the installation of the remote-read meters that LCSW  
3 chose to install should be recovered by the Company. In lieu of the actual costs for  
4 purchasing and installing the remote-read meters, the OPC is advocating the use of the  
5 estimated costs of \$500/installation in the Bennington system (a total of \$25,000) and  
6 \$150/installation in the Rockport system (a total of \$10,800) that were used to develop the  
7 initial, estimated cost of service in the Company's certificate cases.

8                     As I noted in my direct testimony, these estimated costs barely cover the cost  
9 of the meter installations. As a result, the OPC's position is clearly one with which the  
10 Company does not agree.

11     **METER READING DEVICE**

12           **Q.     Please describe this issue.**

13           A.     As a part of installing the remote-read meters it chose to install, the Company  
14 needed to purchase a remote meter reading device. The issue at hand is whether the cost of  
15 the remote meter reading device should be included in plant in service and used in  
16 determining LCSW's cost of service. Originally, the Staff did not include the cost of the  
17 meter reading device in its cost-of-service calculations.

18           **Q.     Referring to Ms. Ferguson's rebuttal testimony and the Staff's rebuttal**  
19 **accounting schedules, has the Staff now included the remote meter reading device in**  
20 **LCSW's plant in service and rate base?**

21           A.     Yes, it has and as a result there is no longer a disagreement between the  
22 Company and the Staff for this issue.

1           **Q.     What is the OPC's position on this issue?**

2           A.     Consistent with its position of disallowing the cost of the remote-read meters,  
3 Mr. Addo states that the OPC supports the disallowance of the costs of the meter reading  
4 device. Since the purchase of the meter reader was directly related to the purchase of the  
5 remote-read meters, the Company obviously does not agree with the OPC's position.

6           **BILLING PROGRAM & BILLING EXPENSES**

7           **Q.     Please describe this issue.**

8           A.     This issue relates to whether the cost of the Company's computerized billing  
9 program should be included in plant in service, or in the alternative, whether additional labor  
10 expense should be included in the cost of service if the program is not included in plant in  
11 service. Originally, the Staff did not include the cost of the billing program in its cost-of-  
12 service calculation, nor did it include additional hours in its cost-of-service calculations to  
13 reflect the fact that the Company would be required to manually perform numerous billing  
14 related activities in the absence of the billing program.

15           **Q.     Referring to Ms. Ferguson's rebuttal testimony, has the Staff changed its**  
16 **position on this issue?**

17           A.     Basically, no. However, Ms. Ferguson does indicate the Staff is still  
18 reviewing what an appropriate amount would be to include for billing software costs and that  
19 it will further address this issue as a part of its surrebuttal testimony. As a result, the  
20 Company will need to have the opportunity to address this matter further during the  
21 evidentiary hearing. Additionally, Ms. Ferguson did not address the issue of whether

1 additional labor expense should be included in the Company's cost of service if the program  
2 is not included in plant in service.

3 **Q. What is the OPC's position on this issue?**

4 A. Mr. Addo states that the OPC believes the cost of the billing program should  
5 be disallowed because he believes the cost of the program is "ancillary to the type of meters  
6 the Company installed." Mr. Addo also opposes inclusion of any additional labor in the  
7 Company's cost of service, even if the billing program is not included, because he believes  
8 my estimated hours of additional labor needed is a "vague guesstimate" since I did not  
9 provide any support or work papers for my recommended additional hours.

10 **Q. Is the billing program "ancillary" to the type of meters the Company**  
11 **installed?**

12 A. As I discussed at some length in my direct testimony, that is not the case.

13 **Q. What is the basis for your recommended hours of additional labor needed**  
14 **if the billing program was not available?**

15 A. My experience in manual billing and the many related activities as the  
16 receiver for Rogue Creek Utilities.

17 **CERTIFICATE CASE EXPENSE**

18 **Q. Please describe this issue.**

19 A. In its cost-of-service calculations in the Company's certificate cases, the Staff  
20 included some of the Company's costs for those cases as a separate cost-of-service  
21 component; however, the Staff removed this cost-of-service component from these cases. In  
22 the Company's view, these costs should have been considered organization costs or the costs

1 should have been amortized over a reasonable period of time and included in the Company's  
2 cost of service until that amortization period was over.

3 **Q. So far as the treatment of these costs as "organization costs" is**  
4 **concerned, did you suggest in your direct testimony how this could be done?**

5 A. Yes, I did. I suggested the costs related to the certificate cases should have  
6 been included as "Intangible Plant" in account 301. However, after further review of the  
7 Uniform System of Accounts (USOA) applicable to small water and sewer utilities, I believe  
8 these costs should instead be included as "Intangible Plant" in Account 302 – Franchises and  
9 Consents. The language from this account that I believe supports this treatment is as follows  
10 (emphasis added):

11 A. This account shall include amounts paid to the federal government,  
12 *to a state or to a political subdivision thereof in consideration for*  
13 *franchises, consents, or certificates . . . together with necessary and*  
14 *reasonable expenses incident to procuring such . . . certificates of*  
15 *permission and approval . . ."*

16 **Q. In her rebuttal testimony, Ms. Ferguson states that LCSW's certificate**  
17 **cases were akin to a rate case since there was an audit conducted and tariffed rates**  
18 **were set, and thus that the costs associated with the cases should be treated differently.**  
19 **Do you agree?**

20 A. No. Certificate cases normally result in tariffed rates being set and often times  
21 also involve an audit being conducted. As a result, the costs related to LCSW's certificate

1 cases are not different than the costs related to other certificate cases and thus could be  
2 treated as I am suggesting.

3 **Q. What is the OPC's position on this issue, and what is your response?**

4 A. As I understand Mr. Addo's testimony, the OPC believes these costs should  
5 not be recovered on an on-going basis because they are rate case expenses already collected  
6 in current rates. Additionally, Mr. Addo states that costs incurred by LCSW to transition  
7 from an unregulated utility to a regulated utility do not constitute an organization cost.

8 My response to Mr. Addo's testimony is two-fold. First, the costs at issue are  
9 simply not "rate case expenses." They are costs related to LCSW obtaining a required  
10 certificate of convenience and necessity from the Commission, and the fact that rates were  
11 set in the certificate cases is normal. Second, the costs at issue are not "transition costs" of  
12 the type described by Mr. Addo in that LCSW did not operate the subject systems as an  
13 unregulated entity. And further, even if the costs were transition costs, I believe a careful  
14 reading of the applicable USOA account descriptions leads to the conclusion that the costs  
15 are organization costs.

16 **A & G SALARY – ANNUALIZED HOURS & PAY RATE**

17 **Q. Please describe this issue.**

18 A. This issue relates to the services performed by Toni Kallash, and the manner  
19 in which her hours worked should be annualized and the manner in which her pay rate should  
20 be established, and there is a disagreement between the Company and the Staff on both of  
21 these matters.

1           **Q.     After reviewing Staff witness Ferguson's testimony, are there any changes**  
2 **you would like to make to the calculations you discussed in your direct testimony?**

3           A.     No, there are not. However, I will reiterate that I used the Staff's work papers  
4 as the basic information source for these matters and made adjustments to the Staff's  
5 calculations that I believe to be appropriate.

6           **Q.     Do you have any responses to OPC witness Addo's testimony regarding**  
7 **this issue?**

8           A.     Yes, I do. In his rebuttal testimony, Mr. Addo states that I did not provide any  
9 support for the adjustment I made to the Staff's annualized hours for Ms. Kallash. This is  
10 simply not true. I not only explained this adjustment in my direct testimony, but I also  
11 provided a worksheet that included my calculation.

12                     Additionally, I disagree with Mr. Addo's proposed salary for Ms. Kallash,  
13 which he calculated by simply factoring up of the salary included in LCSW's certificate case  
14 cost of service for the increase in customers. This calculation not only ignores the fact that  
15 the certificate case salary amount was an estimate (and very well could have been a  
16 "guesstimate"), but also ignores the information that is now available regarding the time that  
17 Ms. Kallash spends on utility activities and the "MERIC" job classification pay rates that are  
18 available as an appropriate guideline for establishing an appropriate pay rate for Ms. Kallash.

19 **MANAGEMENT FEES – ANNUALIZED HOURS & PAY RATE**

20           **Q.     Please describe this issue.**

21           A.     This issue relates to whether the services performed by Dennis Kallash should  
22 be compensated through a flat "management fee," as the Staff and the OPC propose, or

1 whether he should be paid based on the hours he works for the Company and an appropriate  
2 pay rate.

3 **Q. After reviewing Staff witness Ferguson's testimony, are there any changes**  
4 **you would like to make to the calculations you discussed in your direct testimony?**

5 A. No, there are not. However, I will reiterate that I used the Staff's work papers  
6 as the basic information source for these matters and made adjustments to the Staff's  
7 calculations that I believe to be appropriate.

8 **Q. Do you have any responses to OPC witness Addo's testimony regarding**  
9 **this issue?**

10 A. Yes, I do. In his rebuttal testimony, Mr. Addo states that I did not provide any  
11 support for the adjustment I made to the Staff's annualized hours for Mr. Kallash. This is  
12 simply not true. I explained this adjustment in my direct testimony and also provided a  
13 worksheet that included my calculation.

14 Additionally, I disagree with Mr. Addo's proposed salary for Mr. Kallash,  
15 which he calculated by simply factoring up of the salary included in LCSW's certificate case  
16 cost of service for the increase in customers. This calculation not only ignores the fact that  
17 the certificate case salary amount was an estimate (and very well could have been a  
18 "guesstimate"), but also ignores the information that is now available regarding the time that  
19 Mr. Kallash spends on utility activities.

20 **SLUDGE HAULING**

21 **Q. Please describe this issue.**

1           A.       The first issue here is whether the sludge hauling expense should be based on  
2 the most recent actual costs for sludge hauling as the Company proposes, or a three year  
3 average for those costs as the Staff proposes. The second issue here deals with a change in  
4 the Company's sludge hauling practices recommended by LCSW's contract sewage treatment  
5 plant operator and whether the resulting costs should be included in the Company's cost of  
6 service.

7           **Q.       What changes to the Company's sludge hauling practices has the**  
8 **Company implemented in its sludge hauling practices?**

9           A.       As noted in my direct testimony, the Company has implemented a program to  
10 haul sludge from its treatment plants on a quarterly basis. As a result, the most recent annual  
11 sludge hauling costs will be more reflective of the Company's costs as compared to the Staff's  
12 three-year average. Additionally, per the operator's recommendation, the Company has  
13 implemented a program to partially pump its sewage treatment plant clarifiers on a monthly  
14 basis, and this will result in an additional expense of approximately \$200/month/plant. Also,  
15 the calculation of this additional expense was included in a work paper I provided to the Staff  
16 and the OPC. Also, I will note that the letter from the Company's plant operator has been  
17 provided to the Staff and the OPC. That letter is attached hereto as **Schedule DWJ-2S**

18 **CAPACITY ADJUSTMENTS – ROCKPORT WATER & SEWER FACILITIES**

19           **Q.       Please describe this issue.**

20           A.       The Rockport water and sewer facilities were built to serve the overall  
21 development; however, the development has yet to fully build out. As a result, the Staff

1 implemented certain "capacity adjustments" in the cost-of-service calculations in the  
2 Company's certificate cases, and based its capacity adjustments on customer usage amounts.

3 **Q. What is your view of the explanation of the Staff's capacity adjustments**  
4 **contained in the rebuttal testimony of Staff witness Jim Merciel?**

5 A. While I understand how Mr. Merciel calculated the adjustments, I believe  
6 there is one major flaw in his analysis that makes my approach to the capacity adjustments  
7 the appropriate approach.

8 **Q. What is that flaw?**

9 A. In calculating his capacity adjustments, Mr. Merciel uses now-known  
10 customer water usage amounts; however, this is information that would not have been  
11 available when the facilities were designed. The facilities were designed using the  
12 "standard" water usage levels set out in the Department of Natural Resources (DNR) design  
13 standards.

14 The best example of this flaw is the adjustment related to the sewage  
15 treatment plant. This plant was designed with a capacity of 78,000 gallons/day according to  
16 the DNR's design standards to provide service to 210 customer connections for the overall  
17 development. As a result, the Company is not challenging the application of a capacity  
18 adjustment based on the current number of customers as compared to the design number of  
19 customers. However, Mr. Merciel has essentially adjusted the design number of customers  
20 for the plant based on now-known customer water usage data, and has then compared the  
21 current number of customers to his adjusted design customer equivalents to calculate his

1 capacity adjustment. In my opinion, this adjustment is simply not appropriate, nor is it fair to  
2 the Company.

3 **RATE BASE (BEGINNING BALANCES)**

4 **Q. Please describe this issue.**

5 A. As a part of the Company's certificate cases, a level of rate base was used as  
6 the "starting balance" for the Company (including certain plant balances identified as plant-  
7 held-for-future-use balances discussed later). However, upon reviewing the information used  
8 to calculate that rate base amount, it is clear that not all of the costs associated with the  
9 original construction of the water and sewer facilities were used in arriving at that rate base  
10 amount. Examples of the items for which costs were not included are: (1) engineering fees;  
11 (2) the structures that house the wells and/or storage tanks; (3) the structures that house the  
12 sewage treatment plant blowers; and (4) the base rock and concrete pads for the water storage  
13 tanks. The Company believes that including these missing items, and the land for the  
14 treatment facilities as was/is discussed separately, is necessary to establish an accurate rate  
15 base for the Company.

16 **Q. Is there anything in the rebuttal testimony of Staff witness Ferguson or**  
17 **OPC witness Addo's rebuttal testimony that changes the Company's position on this**  
18 **issue?**

19 A. No. I believe it is important from a regulatory viewpoint and a fairness  
20 viewpoint to ensure that the plant and rate base balances are accurately stated – even if this  
21 means revisiting the balances that were set out in the stipulation for the certificate cases.

1 **RATE CASE EXPENSE**

2 **Q. Does there appear to be any disagreements between the parties on this**  
3 **issue?**

4 A. At this point, I don't believe there are since Staff witness Ferguson and OPC  
5 witness Addo both acknowledge that the Company is incurring rate cases expense and that  
6 there should be an allowance for those expenses. However, these expenses will need to be  
7 updated as the cases continue to move forward. Additionally, at some point the Company  
8 will need to have the opportunity to review the expenses that the Staff and the OPC are  
9 proposing to include in the Company's cost of service.

10 **VEHICLE EXPENSE – MILEAGE FOR MANAGER & OFFICE PERSONNEL**

11 **Q. Please describe this issue.**

12 A. This issue relates to the calculation of the mileage expense to be included in  
13 the calculation of the Company's cost of service.

14 **Q. Does anything in the rebuttal testimony of Staff witness Ferguson or OPC**  
15 **witness Addo change your view of this issue that you presented in your direct**  
16 **testimony?**

17 A. No. Setting aside the controversies regarding the matter of whether the  
18 Company is maintaining the type of "vehicle log" that Ms. Ferguson and Mr. Addo discuss in  
19 their rebuttal testimony, I believe there is more than sufficient information available to  
20 support the mileage expenses I discussed in my direct testimony. Also, after having the  
21 opportunity to review my work paper regarding this issue, I find it interesting that neither  
22 Ms. Ferguson nor Mr. Addo directly challenged the mileage expenses I calculated.

1           **Q.     What mileage expenses are you suggesting be used in calculating the**  
2 **Company's cost of service?**

3           A.     Based on the approach discussed in my direct testimony, I believe the  
4 appropriate mileage expense related to Ms. Kallash's activities is \$504 and the appropriate  
5 mileage expense related to Mr. Kallash's activities is \$2,572. In comparison, the Staff's  
6 amounts are \$81 and \$1,433, respectively.

7           **WATER TESTING EXPENSE**

8           **Q.     Please describe this issue.**

9           A.     This issue relates to the calculation of the water testing expenses to be  
10 included in the calculation of the Company's cost of service.

11          **Q.     Does anything in the rebuttal testimony of Staff witness Ferguson or OPC**  
12 **witness Addo change your view of this issue that you presented in your direct**  
13 **testimony?**

14          A.     No.

15                 Mr. Addo simply states that the Company provided no support for the costs I  
16 believe should be added to the Staff's allowance for water testing expenses, and this is simply  
17 not true. The Staff and the OPC were both provided my work paper showing how I  
18 calculated the \$1,504 addition to the Staff's allowance of \$360. A copy of this workpaper is  
19 attached as **Schedule DWJ-3S**. The estimates contained in this workpaper are based upon  
20 my conversations with Mr. Kallash and my personal experience with water testing.

21                 Regarding the main portion of the increase I believe is appropriate, Ms.  
22 Ferguson states that the costs for labor and vehicle expense are included in the Staff's cost of

1 service, and this is simply not true. The only cost for water testing included in the Staff's  
2 cost of service is a \$360 "adder" to the management fee attributable to Mr. Kallash.

3 Additionally, as I discussed in my direct testimony, the amounts I am  
4 suggesting be added for labor and mileage are "incremental" costs as they are not included in  
5 my recommended expense amounts for labor or mileage.

6 **ROCKPORT ELECTRIC EXPENSE**

7 **Q. Please describe this issue.**

8 A. This issue relates to the calculation of the electric expenses to be included in  
9 the calculation of the Company's cost of service for the Rockport sewer and water systems,  
10 and whether these expenses should be based on an annualization of the systems' monthly  
11 billed amounts or an annualization of the systems' kilowatt hours usage and the current rates  
12 being paid for the service.

13 **Q. How do Staff witness Ferguson and OPC witness Addo address this issue**  
14 **in their rebuttal testimony?**

15 A. They both indicate a willingness to calculate the electric expenses for the  
16 Rockport water and sewer systems in accordance with the Company's position that I  
17 explained in my direct testimony, but both also indicate they have not been provided the  
18 information needed to do this.

19 **Q. Have the Staff and the OPC been provided copies of the bills for the**  
20 **Rockport well and sewage treatment plant for the test year and update period?**

21 A. I have been advised by Mr. Kallash that copies of the bills have previously  
22 been provided to the Staff and the OPC. However, to ensure they have this information

1 readily available, I am also providing them copies of the bills (on October 24, 2013) for the  
2 months of January 2012 thru June 2013. A copy of these bills are attached as **Schedule**  
3 **DWJ-4S.**

4 **TELEPHONE & INTERNET EXPENSES**

5 **Q. Please describe this issue.**

6 A. The issue here is whether the Company's actual monthly cost of its  
7 telephone/internet landline "bundle" for the telephone at its utility office (and related fees,  
8 surcharges and taxes) should be used in determining its cost of service.

9 **Q. Is there anything in the rebuttal testimony of either Staff witness**  
10 **Ferguson or OPC witness Addo that changes the Company's position on this issue, as**  
11 **you discussed in your direct testimony?**

12 A. No. However, I do need to note that the Company does not have an issue with  
13 the cell phone expense allowance the Staff has included in its cost-of-service calculation.  
14 Also, in response to Mr. Addo's comment that the Company has not provided any support for  
15 the \$95 monthly cost discussed in my direct testimony, I am attaching a copy of the  
16 Company's March 25, 2013 bill as **Schedule DWJ - 5S.**

17 **INCOME TAXES**

18 **Q. Please describe this issue.**

19 A. The issue here is whether income tax expenses should or should not be  
20 included in the Company's cost of service because of its status as a limited liability company.

1           **Q.     Is there anything in the rebuttal testimony of Staff witness Ferguson or**  
2 **OPC witness Addo that changes your view of this issue as you discussed in your direct**  
3 **testimony?**

4           A.     No. Ms. Ferguson simply provides an overview of the *Staff's* policy that  
5 LLCs and S-corps should not recover income tax expenses in their cost of service because  
6 these entities have no direct tax liability. And Mr. Addo did not address this issue at all.

7           **Q.     Please restate the position on this issue that was included in your direct**  
8 **testimony.**

9           A.     First, LCSW should not be treated differently than other PSC-regulated  
10 utilities simply because the tax liability accrues to the owners personally versus a corporate  
11 entity. Second, the income tax calculation for LCSW should differ from the income tax  
12 calculation used for corporations only in the tax rates used (i.e. – personal vs. corporate).

13           **Q.     WHAT TAX RATE WOULD YOU PROPOSE FOR THIS CASE?**

14           A.     The minimum 2013 Federal individual income tax rate is 10%. The Missouri  
15 individual income tax rate is 6%. Thus, I would suggest a minimum of 16% be used.

16           **Q.     DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

17           A.     Yes.

**SCHEDULES FOR THE SURREBUTTAL  
TESTIMONY OF DALE W. JOHANSEN**

**CASE NOS. SR-2013-0321 & WR-2013-0322**

**Listing and Description of Schedules**

Schedule DWJ - 1S: List of Issues for Testimony

Schedule DWJ - 2S: Plant Operator Letter

Schedule DWJ – 3S: Water testing Workpaper

Schedule DWJ – 4S: Electric Bills – Rockport Water and Sewer

Schedule DWJ – 5S: Copy of Company's 03/25/13 Office Telephone Bill

## **LIST OF ISSUES FOR TESTIMONY**

Meters & Meter Installations

Meter Reading Device

Billing Program & Billing Expenses

Certificate Case Expense

A & G Salary – Annualized Hours & Pay Rate

Management Fees – Annualized Hours & Pay Rate

Sludge Hauling

Capacity Adjustments – Rockport Water & Sewer Facilities

Rate Base – Beginning Balances

Rate Case Expense

Vehicle Expense – Mileage for Manager & Office Personnel

Water Testing Expense

Rockport Electric Expense

Telephone & Internet Expenses

Income Taxes