

Exhibit No. \_\_\_\_\_  
Issue: MERIC Job Title & Experience Levels  
Portion of Corporate Allocation, Amortization of  
Repair Expense, Customer Service, Recovery  
of Extending Electrical Service  
Witness: Todd Thomas  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Indian Hills  
Case No.: WR-2017-0259  
Date: October 27, 2017

**Missouri Public Service Commission**

**Rebuttal Testimony**

**of**

**Todd Thomas**

**On Behalf of**

**Indian Hills Utility Operating Company, Inc.**

**October 27, 2017**

AFFIDAVIT

STATE OF MISSOURI )  
                                  )  
COUNTY OF St. Louis )

SS

I, Todd Thomas, state that the answers to the questions posed in the attached Rebuttal Testimony are true to the best of my knowledge, information and belief.

Todd Thomas

Subscribed and sworn to before me this 27 day of October, 2017.

Brenda Eaves  
Notary Public

My Commission Expires:

01/31/2021



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**REBUTTAL TESTIMONY OF  
TODD THOMAS  
INDIAN HILLS UTILITY OPERATING COMPANY, INC.**

**WITNESS INTRODUCTION**

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Todd Thomas. My business address is 500 Northwest Plaza Drive  
4 Suite 500. St. Ann MO, 63074

5 **Q. WHAT IS YOUR POSITION WITH INDIAN HILLS UTILITY OPERATING  
6 COMPANY, INC. (INDIAN HILLS OR COMPANY)?**

7 A. I hold the position of Senior Vice President of First Round CSWR, LLC, the  
8 ultimate parent company of Indian Hills, which is managed by Central States  
9 Water Resources, Inc. We collectively refer to the family of companies ultimately  
10 managed by Central States Water Resources, Inc. as Central States Water  
11 Resources, CSWR, and Central States.

12 **Q. ARE YOU THE SAME TODD THOMAS THAT PROVIDED DIRECT  
13 TESTIMONY IN THIS PROCEEDING?**

14 A. Yes.

15

**PURPOSE**

16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

17 **A.** To respond to certain direct testimony provided by Staff witness Ashley Sarver  
18 and Office of the Public Counsel ("OPC") witness Keri Roth with respect to Staff's  
19 assessment of MERIC salary levels and position titles, to respond to direct

1 testimony provided by OPC witness John Robinett concerning his treatment of  
2 leak repairs, to provide testimony concerning Indian Hills' customer service, and  
3 to respond to certain direct testimony provided by OPC witness John Robinett on  
4 his treatment of recovery of the expense to extend electric service.

5 **MERIC JOB TITLES AND EXPERIENCE LEVELS**

6 **PORTION OF CORPORATE ALLOCATION**

7 **Q. STAFF WITNESS SARVER INDICATES IN HER DIRECT TESTIMONY THAT**  
8 **SHE UTILIZES THE MISSOURI ECONOMIC RESEARCH AND INFORMATION**  
9 **CENTER (MERIC) MEAN LEVEL OF EXPERIENCE FOR THE POSITIONS OF**  
10 **PRESIDENT, CUSTOMER SERVICE MANAGER, SENIOR ACCOUNTANT,**  
11 **AND CONSTRUCTION MANAGER. DO YOU AGREE WITH STAFF'S USE OF**  
12 **THE MEAN LEVEL OF MERIC OCCUPATIONAL STUDY TO ANALYZE**  
13 **CSWR'S PAYROLL?**

14 **A.** No.

15 **Q. WHY NOT?**

16 **A.** In researching the origin of the "mean level" I reviewed the Missouri Occupation  
17 Projections - Methodology and Definitions. The MERIC definitions can be found  
18 on the MERIC website

19 ([https://www.missourieconomy.org/occupations/proj\\_method.stm#Definitionsfor](https://www.missourieconomy.org/occupations/proj_method.stm#Definitionsfor)).

20 This Methodology and Definitions section lays out how MERIC occupational  
21 studies are created. While Ms. Sarver is correct in her classifications of most job  
22 titles, I don't believe Ms. Sarver's experience level classifications accomplishes

1 her goal of establishing correct experience levels for CSWR employees based on  
2 how levels in MERIC are formulated.

3 **Q. HOW ARE MERIC OCCUPATIONAL STUDIES FORMULATED?**

4 **A.** MERIC defines “entry” level wages as the average of the lower one third of  
5 wages for any given job classification. “Experience” level wages are the average  
6 of the upper two thirds of wages for any given job classifications categories.

7 “Mean” level wages are the average of all wages for a given job classification.

8 These classifications are based on Salaries paid to individuals with a set of  
9 responsibilities inside a given field. Thus, if an individual employee is above the

10 33.3 percentile of experience for a given position, then the employee is by

11 definition experienced. CSWR is definitely above the 33.3 percentile experience

12 level for the regulated provision of water and sewer services in the state of

13 Missouri.

14 **Q. BASED ON MERIC’S METHODOLOGY HOW WOULD CSWR’S JOB TITLES**  
15 **BE CATEGORIZED?**

16 **A.** Based on this methodology, CSWR’s actual job responsibilities would be used to  
17 determine role classifications.

18 **Q. BASED ON MERIC’S METHODOLOGY HOW WOULD CSWR’S EXPERIENCE**  
19 **LEVELS BE CATEGORIZED?**

20 **A.** Based on MERIC’s methodology, CSWR’s employees would be above the 33.3  
21 percentile experience level for their given positions and thus should be  
22 considered experienced.

1 **Q. HOW DOES MERIC'S METHODOLOGY OF JOB TITLE RELATE TO MS.**  
2 **SARVER'S EVALUATION OF CSWR EMPLOYEES?**

3 **A.** Ms. Sarver, in her direct testimony, accurately reflects the job responsibilities of  
4 most CSWR employees and appropriately classifies the jobs according to  
5 MERIC.

6 **Q. DOES MS. SARVER INCORRECTLY ASSIGN A JOB CATEGORY?**

7 **A.** Yes, Ms. Sarver incorrectly labels my position as Senior Vice President as a  
8 Construction Manager.

9 **Q. WHY IS THIS INCORRECT?**

10 **A.** My current role revolves mainly around operations and the provision of service to  
11 customers. In the month of September, CSWR was directly responsible for  
12 providing service to 1,996 customers. We are providing service to 431 more  
13 water or sewer customers this month based on closing Elm Hills, and we will be  
14 adding customers in November and December. I am directly responsible for  
15 setting up and managing the operations for the provision water and sewer  
16 service for all of our current customers and every customer we add.  
17 Furthermore, as I stated previously in my direct testimony, I was at one time  
18 responsible for the operations and maintenance of water and wastewater utilities  
19 servicing over 64,000 individual customers.

20 **Q. WHAT IS THE CORRECT JOB CLASSIFICATION AND EXPERIENCE LEVEL**  
21 **FOR YOUR POSITION?**

1 A. I should be classified as an Operations Manager based on my actual  
2 responsibilities and current role. I should be classified as experienced based on  
3 being above the 33.3% for my field.

4 **Q. HOW DOES MERIC'S METHODOLOGY RELATE TO MS. SARVER'S**  
5 **EVALUATION OF EXPERIENCE?**

6 A. Ms. Sarver also states in her direct testimony "experience level is at the top end  
7 of the scale, which are the highest paid employees in each occupation". We  
8 believe this is simply a mistake in the interpretation MERIC. Experienced refers  
9 to the top two thirds of individuals inside a given occupation. The skills and  
10 responsibilities required at CSWR calls for its professionals to be well versed and  
11 experienced in their fields of expertise garnering an "experience" level from a  
12 MERIC evaluation.

13 **Q. DO YOU DISAGREE WITH HOW MS. SARVER APPLIES THE MERIC STUDY**  
14 **IN ANY OTHER WAYS?**

15 A. Yes. Ms. Sarver attempts to utilize previous MERIC study year pay levels for  
16 existing CSWR employee salary levels.

17 **Q. WHY IS THIS FLAWED?**

18 A. MERIC's performs studies every two years to update position salaries based on  
19 existing market conditions. Utilizing anything other than MERIC salaries  
20 commensurate with experience levels in the most current study year does not  
21 accurately apply the MERIC data.

22 **Q. WHAT WOULD BE MORE PRECISE?**



1 A. The most precise way to apply MERIC would be to use the most recent study  
2 year, 2016, and adjust it for the consumer price index to reflect current trends.

3 **Q. HOW DOES OPC WITNESS ROTH APPLY MERIC DATA?**

4 A. Ms. Roth correctly applies the current year to CSWR employees, but tries to  
5 imply hypothetical job categories, rather than using actual job responsibilities.  
6 Ms. Roth then attaches hypothetical experience levels to the hypothetical job  
7 responsibilities.

8 **Q. DOES OPC WITNESS ROTH IDENTIFY ANY FACTORS SHE USED TO**  
9 **DEVELOP THE HYPOTHETICAL JOB CATEGORIES?**

10 A. Yes. She states that customer counts and status of financing informed her job  
11 role identification.

12 **Q. DOES MS. ROTH'S RELIANCE ON COMPANY SIZE OR HER PERSPECTIVE**  
13 **ON COMPANY PERFORMANCE HAVE ANY BASIS IN MERIC JOB**  
14 **CLASSIFICATIONS OR EXPERIENCE LEVELS?**

15 A. No. MERIC uses actual job responsibilities and imputes experience levels. For  
16 example, Ms. Roth states that if Mr. Cox aggregates more systems or receives  
17 different financing, then OPC would consider reviewing Mr. Cox's position title.  
18 MERIC's study design does not include subjective analysis like that found in Ms.  
19 Roth's testimony and allows for the actual job market to dictate compensation  
20 levels based on actual job responsibilities. For example, Mr. Cox performs all of  
21 the duties of a Chief Executive. In fact, in the Hillcrest rate case, the  
22 Commission concluded as follows in regard to Mr. Cox's title for purposes of  
23 MERIC: "The appropriate job titles to use in MERIC to determine labor expense

1 for Mr. Cox and Mr. Chalfant are President and Chief Financial Officer,  
2 respectively. These are the titles presently used by Hillcrest to describe those  
3 two employees, and Staff's comparison of their job duties to MERIC found that  
4 these titles should continue to be used for ratemaking purposes."

5 **Q. DO SMALL, DISTRESSED WATER UTILITIES REQUIRE FEWER JOB**  
6 **RESPONSIBILITIES THAN LARGE UTILITIES?**

7 A. No. As I have previously testified, smaller water utilities, especially distressed  
8 small water utilities, are particularly difficult to permit, build, and operate. In fact,  
9 based on the current state of small regulated utilities in Missouri, I think you could  
10 argue that small distressed regulated water utilities require more expertise and  
11 executive level skills than larger utilities because every employee needs to have  
12 expertise in multiple areas.

13 **Q. WHAT IS THE APPROPRIATE TREATMENT OF CSWR SALARIES FOR**  
14 **INDIAN HILLS?**

15 A. The Commission should apply MERIC data and methods to CSWR employees  
16 utilizing the job titles/responsibilities used by the Company and Staff, utilize the  
17 MERIC designation of "experience" level which designates CSWR employees at  
18 above the 33.3 percentile in their respective jobs, and utilize OPC's correct  
19 MERIC Study Year methodology.

20 **AMORTIZATION OF REPAIR EXPENSE**

21 **Q. OPC WITNESS JOHN ROBINETT STATES THAT IT IS NOT APPROPRIATE**  
22 **TO USE THE CURRENT LEAK EXPERIENCE AT INDIAN HILLS AS THE**

1           **EXPECTED VALUE OF YEARLY LEAK REPAIR MAINTENANCE WORK ON**  
2           **AN ONGOING BASIS. DO YOU AGREE?**

3    A.    No.

4    **Q.    WHY NOT?**

5    A.    At Indian Hills there have been approximately 300 leaks in the past 12 months.  
6           Despite the repairs over the last year, in the last 3 months, there is still an  
7           average of 6 repairs each week, which suggests the leaks will continue to occur  
8           at a rate of approximately 300 per year.

9    **Q.    WHY DO THESE LEAKS CONTINUE?**

10   A.    The poor integrity of the system itself. The poor integrity of the water mains and  
11           service connections is due to the system's age, the substandard materials used,  
12           and the improper construction installation when the system was originally built.  
13           The past use of water service connection pipe that is low pressure plastic pipe  
14           typically utilized in lawn irrigation systems is a prime example. Now that Indian  
15           Hills has completed the system upgrades to bring the pressure of the system up  
16           to regulatory drinking water safety standards, the connection pipe is further  
17           stressed. The extra water pressure is also moving mains without proper bedding,  
18           sometimes on bedrock, causing leaks. When Indian Hills began work on water  
19           system upgrades to address MDNR regulatory requirements for minimum  
20           pressure, water availability, and service stability more repair issues immediately  
21           began to arise. These larger ongoing maintenance and repair issues are the  
22           direct result of aging infrastructure, made from substandard materials, originally

1 installed without basic best practices, lacking rudimentary water hydraulic design  
2 uniformity, being forced to convey higher volumes of water at higher pressures.

3 **Q. HOW LONG DO YOU EXPECT THESE LEAKS TO CONTINUE?**

4 A. Given that there are over 700 customers receiving service from the Indian Hills  
5 water system, and that over 200 of the approximately 300 repairs have taken  
6 place since the new booster station came on line and they are continuing at an  
7 average of 6 per week, it is expected that the leaks will continue for many years  
8 until all the water service connections are replaced and the water mains begin  
9 being replaced. This level of ongoing repair cost is symptomatic of a water  
10 system that was poorly constructed and has been neglected for decades. Indian  
11 Hills is endeavoring to repair these leaks on a timely basis.

12 **CUSTOMER SERVICE**

13 **Q. DID YOU ATTEND THE LOCAL PUBLIC HEARING IN CUBA, MISSOURI, ON**  
14 **OCTOBER 18, 2017?**

15 A. Yes

16 **Q. WERE YOU ABLE TO LISTEN TO THE PUBLIC COMMENTS PRESENTED**  
17 **AT THAT HEARING?**

18 A. Yes

19 **Q. SEVERAL OF THE PEOPLE INDICATED THEY ARE “PART-TIME**  
20 **RESIDENTS. IS THAT COMMON WITHIN THE INDIAN HILLS SYSTEM?**

21 A. Yes. Slightly over 50% of the customers at Indian Hills are “part-time” residents,  
22 meaning that their home on Indian Hills Lake is a second home that they  
23 maintain for weekends, recreation, and other purposes.

1 **Q. DO THESE PART-TIME RESIDENTS CREATE ANY CHALLENGES FOR THE**  
2 **OPERATION OF THE SYSTEM?**

3 A. Yes. There are several ways in which “part-time” residents create challenges for  
4 the operation of the water system. Most water systems are challenged by their  
5 need to handle the seasonality of water demand from winter to summer. With a  
6 community like Indian Hills that has a high percentage of “part-time” residents,  
7 the swing in seasonal demand is compounded by the water demand not only  
8 doubling from winter to summer but also doubling again due to having twice the  
9 residents in the summer. This affect can also occur from week days to  
10 weekends. This type of demand swing stresses the water system and it makes  
11 it particularly challenging to maintain pressure, storage, and chlorine residual.  
12 The water main and distribution system at Indian Hills is susceptible to leaks due  
13 to its age and poor construction, and the fluctuating demand further stresses the  
14 system. When leaks occur near a home that is owned by a part-time resident,  
15 there is a likelihood that the leak will not be reported until the homeowner returns.  
16 This is frustrating to the part-time customer because when they come to their  
17 weekend or summer home they must address the leak instead of relaxing or  
18 recreating. When leaks go undetected for a period of time, it also creates water  
19 loss for the Company. At times, due to the need to perform MOCS locates, the  
20 leak cannot be fixed prior to the part-time customer having to return to their main  
21 home and at times they must leave prior to meeting a representative from Indian  
22 Hills to investigate the leak.

1 **Q. ARE THERE OTHER CHALLENGES TO DEALING WITH PART TIME**  
2 **RESIDENTS?**

3 A. Part time residents pose challenges for customer service and billing. One  
4 example is that depending upon where the part-time customer has their water bill  
5 sent, customers may not always receive their bill in a timely manner.

6 **Q. THERE WAS PUBLIC TESTIMONY REGARDING THE SMELL OF CHLORINE**  
7 **IN THE WATER AT INDIAN HILLS. DOES THIS SURPRISE YOU?**

8 A. This does not surprise me.

9 **Q. WHY NOT?**

10 A. The water system was operated for many years without having adequate or  
11 consistent levels of chlorine residual in the water to meet minimum regulatory  
12 levels for disinfection.

13 **Q. WHAT IS THE PURPOSE OF HAVING CHLORINE RESIDUAL?**

14 A. The Missouri Department of Natural Resources (MDNR) requires that drinking  
15 water systems that have MDNR-mandated permanent disinfection maintain a  
16 residual level of chlorine. The residual level must be maintained to ensure that  
17 chemical disinfection for potential pathogens is taking place.

18 **Q. WHAT REACTION DO YOU COMMONLY GET WHEN CHLORINE IS ADDED**  
19 **TO A SYSTEM FOR THE FIRST TIME?**

20 A. After many years of not having chlorine, once chlorine is re-introduced into the  
21 system, the perception from the customers can be that the water has too much  
22 chlorine.

1 **Q. DOES INDIAN HILLS HAVE MECHANISMS IN PLACE TO INSURE THERE IS**  
2 **NOT TOO MUCH CHLORINE?**

3 A. Yes. The Indian Hills water system is equipped with a consistent chlorine  
4 injection system, along with a real-time chlorine analyzer and a monitoring  
5 system that provides real time alarms if the chlorine residual is out of tolerance  
6 from a minimum or maximum standpoint (less than 1 ppm (part per million) or  
7 greater than 3 ppm). These alarm parameters are set to ensure a minimum of .5  
8 ppm chlorine residual entering consumer's homes. The maximum allowable  
9 chlorine residual level acceptable to enter consumer's homes is 4 ppm.

10 **Q. SEVERAL RESIDENTS DESCRIBED ISSUES ASSOCIATED WITH THE**  
11 **REPAIR OF SYSTEM LEAKS. HOW MANY LEAKS HAVE OCCURRED AT**  
12 **INDIAN HILLS?**

13 A. As previously stated, there have been over 300 leaks in the last 12 months and  
14 the system has been averaging 6 leaks per week for the last 3 months. Based  
15 on this trend, it does not appear the frequency of leaks is significantly reducing.

16 **Q. HOW ARE LEAKS REPAIRED?**

17 A. The most common methods of repair are to either place a repair saddle on the  
18 leaking portion of the service line or to replace the section of service line that has  
19 the leak. In some instances where the lines have already been repaired multiple  
20 times, a complete replacement of the service line may be made.

21 **Q. WERE LEAKS PARTICULARLY BAD IN THE DECEMBER 2016/JANUARY**  
22 **2017 TIME FRAME?**

23 A. Yes.

1 **Q. WHY?**

2 A. This was the period of time when the new water system was brought on line.  
3 The booster stations built by Indian Hills to meet MDNR requirements brought  
4 higher pressure and higher water volumes to bear on the system in November of  
5 2016. As part of bringing the Indian Hills water system into compliance, the  
6 system water pressure was raised from less than 20 psi at the lowest areas to  
7 approximately 34 psi throughout the entire system. Since this occurred, service  
8 lines from the main to the meters have consistently been “blowing out” and  
9 leaking due to the increased pressure, combined with the poor integrity of the  
10 mains and service connections from the main to the meters.

11 **Q. HAVE YOU TAKEN ANY STEPS TO IMPROVE THE TIMELINESS OF LEAK**  
12 **REPAIR?**

13 A. Yes. We have chosen 1 main contractor and a backup contractor to complete  
14 the repairs. Indian Hills has tracked water line repairs since its acquisition of the  
15 water assets of IH Utilities. However, Indian Hills began in July of 2017, to track  
16 additional information. This includes each repair call, repair level of severity, and  
17 the time it takes to complete the repair. Moreover, a uniform method of water  
18 line repair, road backfill, and asphalt repair has been adopted.

19 **Q. WHAT PROCESS IS INDIAN HILLS CURRENTLY ATTEMPTING TO**  
20 **FOLLOW?**

21 A. If the leak is “major” (meaning it impacts the provision of water service at a  
22 minimum of 21 psi pressure to an individual customer or the system, presents a



1 public safety hazard, or could potentially cause structural damage to roads or  
2 property), crews will be dispatched immediately to attempt to repair the leak.

3 **Q. ARE THERE ANY EXTERNAL FACTORS THAT IMPACT THE TIMING OF**  
4 **REPAIRS?**

5 A. Yes, if the customer is full time or part time resident can impact when a leak is  
6 reported. In addition, when a leak occurs, a utility locate must be called in to the  
7 Missouri One Call System (MOCS). If the call is a “major” leak then the MOCS  
8 emergency protocol is utilized.

9 **Q. WHAT INVOLVEMENT DOES MOCS HAVE IN THE PROCESS?**

10 A. Before a leak is repaired a MOCS locate must be called in to prevent Indian Hills  
11 from potentially damaging other underground infrastructure. A standard MOCS  
12 response time is 3 days. If the leak is “major,” then a MOCS response time could  
13 be as short as 3 hours. When the locates are completed, the Indian Hills repair  
14 contractors can repair the leak.

15 **Q. THERE WAS A SUGGESTION AT THE LOCAL HEARING THAT YOU CAN**  
16 **LABEL ANY MOCS SITUATION AN “EMERGENCY” AND GET A QUICKER**  
17 **RESPONSE IN TERM OF LINE MARKING. IS THAT CORRECT?**

18 A. Indian Hills has attempted to make the repairs quicker by utilizing “emergency”  
19 locates. However, the volume of leaks has been so great that the Company has  
20 been reprimanded by the local electric provider for Indian Hills’ use of this  
21 designation. Attached as **Schedule TT-1R** is a copy of an e-mail the Company  
22 received from Crawford County Electric Cooperative threatening to report Indian

1 Hills to the Missouri Attorney General's office for overuse of the emergency  
2 designation.

3 **Q. ARE ALL LEAKS ALWAYS A CRITICAL ISSUE TO THE SYSTEM?**

4 A. No.

5 **Q. WHY NOT?**

6 A. While the goal is certainly to have no leaks in the system, not all of the leaks  
7 affect water pressure or service to the customer.

8 **Q. HOW DOES INDIAN HILLS PRIORITIZE LEAK REPAIR?**

9 A. Indian Hills attempts to stick with a practice of "first reported, first repaired", but  
10 there are situations where a leak with high flow that is affecting service, causing  
11 harm to the road, causing harm to customer's property, or creating a safety  
12 hazard may be prioritized higher than a lower flow leak. Thus, when we have  
13 multiple leaks, we will sometimes change the order of repair based on service  
14 disruption, safety, or potential property damage.

15 **RECOVERY OF EXTENDING ELECTRICAL SERVICE**

16 **Q. OPC WITNESS ROBINETT ADDRESSES THE RATEMAKING TREATMENT**  
17 **OF THE COST OF EXTENDING ELECTRICAL SERVICE. PLEASE EXPLAIN**  
18 **THE NATURE AND REASON FOR THIS ELECTRICAL EXTENSION.**

19 A. This concerns the installation of equipment to provide a three-phase power  
20 connection that was required for the industrial electrical and pumping equipment  
21 used in the Indian Hills system.

22 **Q. DO YOU AGREE WITH MR. ROBINETT'S TREATMENT OF THE RECOVERY**  
23 **OF THE CAPITAL EXPENSE FOR EXTENDING ELECTRICAL SERVICE?**

1 A. No.

2 **Q. WHY NOT?**

3 A. In his direct testimony, Mr. Robinett recommends the recovery of expense be  
4 amortized over 5 years because he alleges that would be consistent with the  
5 Crawford Electric Cooperative Agreement for Purchase of Power. Mr. Robinett  
6 mistakenly characterizes this document as a payment agreement when in fact it  
7 is (as stated in the title of the document) an agreement for purchase of power.  
8 More specifically, Paragraph 2 of the Agreement states: "The Consumer shall  
9 remit to the Seller a non-fundable payment in the sum of \$23,000 on account of  
10 the cost of facilities required to make service available to the Consumer on or  
11 before commencement of construction of such facilities."

12 **Q. HAS INDIAN HILLS MADE THAT PAYMENT ASSOCIATED WITH THE COST**  
13 **OF FACILITIES?**

14 A. Yes. Payment to Crawford Electric Cooperative was made on May 17, 2016.

15 **Q. IS THE ELECTRICAL SERVICE EQUIPMENT THAT HAS BEEN BUILT A**  
16 **BENEFIT TO INDIAN HILLS CUSTOMERS?**

17 A. Yes. Without this electrical improvement, a phase-a-matic converter would have  
18 been required at Indian Hills. A phase-a-matic converter would be an additional  
19 cost, is unreliable, susceptible to power surges, lowers equipment life spans, and  
20 would increase operations and maintenance costs at Indian Hill resulting in  
21 higher customer rates.

22 **Q. WHAT DO YOU BELIEVE SHOULD BE THE TREATMENT TO RECOVER THE**  
23 **EXPENSE TO EXTEND ELECTRICAL SERVICE?**

1 A. I agree with Staff witness Jennifer Grisham that the nonrefundable cost to build  
2 three phase electrical service for the Indian Hills MDNR mandated drinking water  
3 system should be booked under Account 325.

4 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 A. Yes, it does.