

EXHIBIT

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Case No.: SR-2013-0321 and
WR-2013-0322

REBUTTAL TESTIMONY

OF

WILLIAM ADDO

Submitted on Behalf of the Office of the Public Counsel

LINCOLN COUNTY SEWER & WATER, LLC

CASE NO. SR-2013-0321 & WR-2013-0322

September 25, 2013

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**REBUTTAL TESTIMONY
OF
WILLIAM ADDO**

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**LINCOLN COUNTY SEWER AND WATER COMPANY, LLC
CASE NO. SR-2013-0321 AND WR-2013-0322**

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I. INTRODUCTION

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18

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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21

A. William Addo, PO Box 2230, Jefferson City, Missouri 65102-2230.

22
23

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

24
25

A. I am employed by the Missouri Office of the Public Counsel (OPC or Public Counsel) as a Public Utility Accountant 1.

26
27

Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES AT THE OPC?

28
29
30
31

A. My duties include performing audits and examinations of the books and records of public utilities operating within the state of Missouri under the supervision of the Chief Public Utility Accountant, Mr. Ted Robertson.

32
33

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER QUALIFICATIONS.

34
35

A. I graduated in May, 2004, from the University of Ghana with a Diploma in Accounting. In May 2007, I received a Bachelor of Science Degree in Business

1 Administration (Accounting Major) from the same institution. In May 2010, I
2 received a Masters Degree in Business Administration (Accounting Major) from
3 Lincoln University in Jefferson City, Missouri.
4

5 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC
6 SERVICE COMMISSION (COMMISSION OR MPSC)?

7 A. Yes. I have filed testimony in Empire District Electric Company, Case No. ER-
8 2012-0345.
9

10 **II. PURPOSE OF TESTIMONY**

11 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

12 A. The purpose of this rebuttal testimony is to address the Public Counsel's
13 positions regarding the ratemaking positions taken by the MPSC Staff and
14 Lincoln County Sewer and Water, LLC. (LCSW) regarding issues set out in
15 Schedule WA-2 of this testimony.
16

17 **III. OFFICE RENT**

18 Q. WHAT IS THE ISSUE?

19 A. This issue pertains to the annual amount of office rent being proposed by the
20 MPSC Staff and the Company to be included in LCSW's rates.
21

1 Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE OFFICE BUILDING THAT
2 HOUSES LINCOLN COUNTY SEWER AND WATER COMPANY, LLC.

3 A. LCSW's office building (the building) is located at 202 Sun Swept Drive, Troy
4 Missouri. The total square feet (sf) of the building is approximately 652sf. The
5 building consists of two private rooms measuring approximately 121.83sf each, a
6 bathroom measuring approximately 35.65sf, a furnace area measuring
7 approximately 35.65sf, a reception area measuring approximately 227.28sf and
8 an area measuring approximately 59.8sf that could best be designated as a
9 kitchen.

10
11 Q. HOW MUCH DOES LCSW PAY AS RENT?

12 A. A triple net lease agreement executed on July 30, 2012 between the Company
13 and Rocket LLC and/or ML Real Estate shows that LCSW pays a monthly rental
14 rate of \$950 or \$11,400 annually.

15
16 Q. WHAT IS A TRIPLE NET LEASE AGREEMENT?

17 A. A triple net lease agreement is a type of lease agreement on a property where, in
18 addition to rent, the lessee agrees to pay all real estate taxes, building insurance,
19 and maintenance on the property.

1 Q. DOES THIS MEAN THAT THE GROSS ANNUAL RENT PAID BY LCSW
2 COULD BE MORE THAN \$11,400?

3 A. Yes.

4
5 Q. WHAT IS THE MPSC STAFF'S POSITION?

6 A. Staff's Workpaper, LCSW_Rent_KAB, Tab: Rent Expenses, contained a note
7 that states:

8 Staff recommends that LCSW should find other office space that is more
9 reasonably priced compared to what it currently pays. A search of the
10 company's service area (Troy, MO) reveals that there are office spaces
11 available for rental at less than the price it currently pays. Among the
12 available office spaces is one being offered by Meyer & Company Real
13 Estate, at a monthly rental of \$500, plus \$75 for utilities. Staff has
14 therefore included a total of \$8,100 in the cost of service for office rental
15 and utilities.
16

17 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S POSITION?

18 A. No. Public Counsel believes Staff's recommended annualized rent of \$7,200
19 (\$8,100 minus \$900 for utilities) is unreasonable.
20

21 Q. PLEASE EXPLAIN.

22 A. Research by Public Counsel revealed that the office building Staff used as a
23 proxy in estimating its recommended rent, measures 200sf at a monthly rental
24 rate of \$500 per month. By Public Counsel's calculations, this amounts to \$2.50

1 per square foot per month (\$500 per month divided by 200sf) whereas Public
2 Counsel's search of the Company's service territory, Troy, Missouri, revealed an
3 average rental rate of 78¢ per square foot per month; \$1.72 less than the cost of
4 the property Staff used as the basis for estimating its recommended annualized
5 rent. Again, an analysis between what the Company purports it is currently
6 paying per square footage per month and the property Staff used as proxy for
7 determining its estimated rent shows that the Staff is actually proposing a higher
8 cost per square footage per month than what the Company currently pays.

9
10 For example, the Company currently pays approximately \$1.46 per square foot
11 per month (\$950 per month divided by 652sf) whereas the Staff's position results
12 in a \$2.50 per square foot per month. Thus, Public Counsel believes the
13 property used by Staff to estimate LCSW's annualized rent is not representative
14 of rental rates per square foot in the Company's service area. Staff's
15 recommendation to include \$600 per month (\$7,200 annually) in the cost of
16 service for office rent, even though Staff believes the property it used as the base
17 to estimate LCSW's annualized rent is among one of the more reasonably priced
18 office spaces in the Company's service area, begs the question as to what
19 additional factors Staff has considered that justifies the extra \$100 per month
20 (\$1,200 annually) cost. Public Counsel believes Staff's guesstimate is simply
21 unreasonable.

1 Q. WHAT IS THE COMPANY'S POSITION REGARDING RENT?

2 A. Company's witness, Mr. Dale Johansen, states in his direct testimony on page 3,
3 lines 9 through 13:

4 Based upon the office space available at the time LCSW was looking to
5 open its office, the Company believes its current office space is
6 appropriate and that the \$950/month rent is reasonable. As a result, the
7 Company believes its actual rent expense should be used in determining
8 its cost of service.
9

10 Q. DOES PUBLIC COUNSEL HAVE CONCERNS WITH THE COMPANY'S
11 POSITION?

12 A. Yes. A general warranty deed obtained by Public Counsel from the Recorder of
13 Deeds of the County of Lincoln, on September 11, 2013, shows that the office
14 building that houses LCSW is actually owned in trust by Mr. Dennis Robert
15 Kallash. Public Counsel, therefore, questions LCSW's self-serving status to
16 negotiate competitive prices as will pertain in an arm's length transaction.
17

18 Q. WHAT IS AN ARM'S LENGTH TRANSACTION?

19 A. An arm's length transaction is a transaction in which unrelated parties in business
20 dealings pursue their individual interests devoid of influences and underhanded
21 dealings that may characterize related party transactions. For example,
22 transactions involving family members, parent and subsidiary companies or a
23 trust and a trustee do not qualify as an arm's length transaction.

1 Q. GIVEN THE NATURE OF RELATIONSHIP THAT EXISTS AMONG LCSW, THE
2 TRUST AND MR. KALLASH, DOES IT GIVE ANY CREDENCE TO THE FACT
3 THAT THE COMPANY ENGAGED IN ANY COMPETITIVE BIDDING PROCESS
4 PRIOR TO RENTING ITS CURRENT OFFICE BUILDING?

5 A. No. Given the nature of relationship that exists among the Company, the Trust,
6 and Mr. Kallash, Public Counsel believes the Company handpicked the 202 Sun
7 Swept property and that the transaction was conducted differently than it would
8 have been had the property been owned by uninterested third party. Mr.
9 Johansen's rationale that the availability of office space at the time LCSW was
10 looking to open its office justifies the appropriateness and reasonableness of the
11 office space and the rental rate of \$950/per month is, therefore, tainted by Mr.
12 Kallash's personal interest in the property.

13
14 Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION REGARDING OFFICE
15 RENT?

16 A. Public Counsel recommends that LCSW should be allowed to recover an
17 annualized rent of \$5,227.92.

18
19 Q. HOW DID PUBLIC COUNSEL ARRIVE AT ITS RECOMMENDATION?

20 A. Research on LoopNet.com (an online commercial real estate marketplace)
21 regarding rental rates per square foot for office rental properties in Troy,

1 Missouri, revealed office property listings that range from \$7 to \$12 per square
2 foot per year. Public Counsel averaged three of these properties to derive its
3 recommended rental rate of approximately \$9.36 per square foot per year (78¢
4 per square foot per month). The properties that Public Counsel averaged
5 include: 1) 180 E. Cherry Street, Troy, Missouri (listed for \$7/sf/year); 2) Williams
6 Plaza Unit 47, Ellis Avenue, Troy, Missouri (listed for \$9/sf/year); and 3) The Troy
7 Plaza, 7 Plummer Business Drive, Troy, Missouri (listed for \$12/sf/year). Public
8 Counsel multiplied the \$9.36 ($\$7 + \$9 + \12 divided by 3) average cost per square
9 foot per year by 652sf to derive a \$6,103 Annualized Rent Before Adjustments
10 (ARBA). Public Counsel then made adjustments to disallow \$1,140.36 to reflect
11 121.83 square feet of the current office space that is not being utilized by LCSW.

12
13 Q. WHAT IS YOUR BASIS FOR THE DISALLOWANCE?

14 A. Onsite visits to LCSW's Office identified that the Company is not utilizing one of
15 the private rooms located immediately adjacent to the front door (labeled by the
16 Company as room "B"). LCSW in response Public Counsel's Data Request
17 number 1239, states:

18
19 "B" – This space **will be used** for filing cabinets and storage of plat maps
20 and utility maps associated with the utility's certificated territory.
21 (Emphasis added by Public Counsel).
22
23

1 I believe it is not just and reasonable to make customers pay for an office space
2 that is not utilized in the provision of service. Besides, Public Counsel believes a
3 utility of LCSW's size does not require a separate 121.83 square feet room for
4 filing cabinets and maps, hence, the disallowance.

5
6 Q. DID YOU MAKE ANY FURTHER AJUSTMENTS TO RENT?

7 A. Yes. I made an adjustment to include \$180 (50¢ per year multiplied by 530.22
8 square feet) for building maintenance cost.

9
10 IV. **OFFICE UTILITIES**

11 Q. WHAT IS THE ISSUE?

12 A. This issue concerns the amount of Office utility costs that the Company wants to
13 be included in the determination of its cost of service.

14
15 Q. WHAT IS THE COMPANY'S POSITION?

16 A. Company's witness, Mr. Dale Johansen, states in his direct testimony on page 3,
17 lines 14 through 16:

18 The company believes the actual utility expenses- an average of
19 \$85/month for electric and \$65/month for water-should be used in
20 determining its cost of service.
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Q. DO YOU AGREE WITH THE COMPANY'S POSITION?

A. No. Electric bills obtained by Public Counsel, from the Company, for the seven month period ended 3/6/2013, show an average monthly electric cost of \$75.42. Mr. Johansen did not provide any support as to how he determined the \$85 monthly average. With regard to water, Company records show the Company is assessed a quarterly water charge of \$45 per month. Again, Mr. Johansen did not provide any support showing how he derived the \$65 monthly average.

Q. WHAT IS STAFF'S POSITION?

A. Staff included \$75 per month (\$900 annually) for electricity in LCSW's cost of service on the basis that the office building it used to estimate LCSW's rent charge this amount per month for electricity. Staff disallowed the water expenses on the premise that the cost of the property it used to estimate LCSW's rent includes this cost.

Q. WHAT IS PUBLIC COUNSEL'S POSITION?

A. Public Counsel believes Staff's annualized amount of \$900 for office electricity is reasonable but objects to Staff's position regarding the treatment of the water expenses. I believe this cost should be quantified separately. Public Counsel,

1 therefore, recommends that an amount of \$900 and \$180 (\$45 multiplied by four
2 quarters) for electricity and water expenses respectively, should be included in
3 LCSW's cost of service.

4
5 Q. DID YOU MAKE ANY FURTHER AJUSTMENT TO OFFICE UTILITIES?

6 A. Yes. I made an adjustment to include \$180 (\$15 multiplied by 12 months) sewer
7 cost assessed to commercial properties in Troy, Missouri. I made this
8 adjustment believing that LCSW would not use more than 1000 gallons per
9 month based on my review of Ordinance No. 1181 (an ordinance amending
10 section 705.090, residential and commercial sewer fees of the Code of
11 Ordinances of the City of Troy, Missouri).

12
13 V. METERS/METER INSTALLATION

14 Q. WHAT IS THE ISSUE REGARDING METERS/METER INSTALLATIONS?

15 A. This issue pertains to whether the Company should be allowed to recover the full
16 cost of its investment in automated meters and their installation cost.

17
18 Q. PLEASE STATE THE COMPANY'S POSITION.

19 A. Company Workpaper, Case Reconciliation-09.01.13, Tab: sheet 1, shows that
20 the Company wants to recover \$32,867 for meter costs as well as \$32,698 in
21 parts and installation costs. The Company also proposes to include in its cost of

1 service a \$2,250 incremental increase to Staff's annual depreciation expense on
2 meters and \$1,361 incremental increase to Staff's recommended return on
3 meters. Additionally, the Company wants to include in its cost of service a \$182
4 incremental increase to Staff's recommended annual depreciation expense on
5 meter installations and a \$440 incremental increase to Staff's recommended
6 return on meter installations.

7
8 Q. PLEASE EXPLAIN PUBLIC COUNSEL'S POSITION.

9 A. In LCSW's last cases, Case Nos. WA-2012-0018 and SA-2012-0019, all parties
10 to the case agreed to stipulations and agreements whereby LCSW was to install
11 a minimum of six (6) water meters per year for existing customers at Rockport
12 and a minimum of five (5) water meters and meter settings per year for existing
13 customers at Bennington until all customers in these systems had received a
14 meter. The Company, however, chose to install all of these meters over a few
15 months. The metered water rate approved by the Commission in Case No. WA-
16 2012-0018 was based on estimated amounts for standard meters, installations,
17 and expenses related to hiring a meter reader to read the meters on monthly
18 basis. But, instead of installing standard meters, the Company chose to acquire
19 a very expensive automated meter read (AMR) system. The AMR system
20 includes radio frequency meters, a handheld receiver, software and training
21 package. The total cost related to this AMR system far exceeded the expected

1 investment costs at the time rates were set in the last case. OPC believes that
2 the excessive cost associated with the AMR system is unnecessary for the
3 provision of safe and adequate water service, and an extravagant investment
4 that customers of such a small utility system should not be asked to bear in rates.
5 Public Counsel, therefore, supports Staff's position regarding meters.
6

7 Q. ON PAGE 5, LINES 9 THROUGH 12 OF MR. JOHANSEN'S DIRECT
8 TESTIMONY, HE STATES "I ALSO BELIEVE THE USE OF THE ESTIMATED
9 COST BEGS THE QUESTION OF WHETHER THE STAFF, AND ULTIMATELY
10 THE COMMISSION, IS ENCROACHING UPON THE COMPANY'S ABILITY TO
11 MANAGE ITS AFFAIRS IN THE MANNER IT BELIEVES TO BE
12 APPROPRIATE." IS THIS A FAIR ASSESSMENT?

13 A. No. I believe utility regulatory authorities, in reviewing the prudence and
14 reasonableness of utility expenditures, are guided by established guidelines.
15 These established guidelines reinforce the regulator's responsibility to determine
16 revenue requirement and customer rates that are reasonable, just, fair and
17 sufficient. It is unreasonable for The Commission, the Staff, OPC or any other
18 utility regulatory body to be viewed as encroaching on a utility's ability to manage
19 its affairs as it deems appropriate when excessive and unnecessary costs are
20 being incurred.
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VI. METER READING DEVICE/METER READING EXPENSE

Q. WHAT IS THE ISSUE?

A. As stated earlier in my testimony, the AMR system that the Company acquired includes radio frequency meters, a handheld receiver, software and training package. It is the costs associated with the handheld receiver and training that the Company is also seeking to recover in rates.

Q. WHAT COSTS ASSOCIATED WITH THE HANDHELD RECEIVER AND TRAINING DOES THE COMPANY SEEK TO RECOVER IN RATES?

A. The handheld receiver cost is \$9,438 and the training program regarding its use is \$1,500. Additionally, the Company is seeking to include a net amount of \$580 (\$588 depreciation plus \$2188 return minus \$2196 manual meter reading expenses allowed by Staff) in its cost of service. Alternatively, the Company seeks to recover a \$1,830 incremental increase to Staff's recommended \$2,196 manual meter reading cost, should the Commission disallow the costs associated with the handheld receiver and training.

Q. WHAT IS PUBLIC COUNSEL'S POSITION?

A. Public Counsel believes that it does not make sense to disallow the meters cost on the grounds of prudence and still allow its ancillary elements. I, therefore,

1 support Staff's position to disallow these costs. I also support Staff's position
2 regarding the manual meter reading costs it built into rates.
3

4 **VII. BILLING AND COLLECTIONS (BILLING PROGRAM/BILLING EXPENSES)**

5 Q. PLEASE DESCRIBE THE ISSUE

6 A. This issue relates to whether the cost associated with a computer software
7 program the Company acquired to compliment the AMR System should be
8 allowed in rates.
9

10 Q. IS THE COMPANY SEEKING TO RECOVER THE SOFTWARE'S COST IN
11 RATES?

12 A. Yes. The Company wants to include \$3,745 in plant in service. Company
13 Workpaper, Case Reconciliation, Tab: Sheet 1, shows that the Company also
14 wants an additional \$201 annual depreciation expense as well as a \$599 return
15 on investment included in its cost of service. Alternatively, the Company seeks
16 to include \$2,377 of additional labor cost for billing in its cost of service, should
17 the Commission disallow the cost of the computer software program.
18

19 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

20 A. I support the Commission Staff's position to disallow this cost because, akin to
21 the handheld receiver and training costs, I believe this cost is also ancillary to the

1 type of meters the Company installed, hence, it does not make sense to disallow
2 the cost of the meters on the grounds of prudence and allow its ancillary cost. In
3 regard to the additional labor billing cost the Company believes should be added
4 to its cost of service, should the cost of the computer software not be included in
5 plant in service, Mr. Johansen did not provide any support or workpapers to show
6 how he calculated the 12 hours per month he used to determined this cost. I
7 believe rates are determined based on substantiated information and not just a
8 vague guesstimate. I, therefore, recommend that the Commission disregard Mr.
9 Johansen's guesswork.

10
11 **VIII. CERTIFICATE CASE EXPENSE**

12 Q. PLEASE EXPLAIN THE ISSUE.

13 A. Company's witness, Mr. Dale Johansen, on page 8, lines 7 through 12 of his
14 direct testimony states:

15 The Company's position regarding this matter is that the cost related to
16 the certificate cases should have been considered organization costs and
17 included as "Intangible Plant" an account 301, and the Company also
18 questions whether the costs were inappropriately reduced by the Staff. As
19 an alternative to the suggested treatment of these costs, the proper level
20 of costs should be amortized over a reasonable period of time and
21 included in the Company's cost of service until that amortization period is
22 over.
23
24

1 Q. DO YOU AGREE WITH MR JOHANSEN?

2 A. No. I do not agree with Mr. Johansen that the costs should be treated as an
3 organization cost. My review of the Company's prior cases, Case Nos. WA-
4 2012-0018 and SA-2012-0019, show that these costs represent rate case
5 expenses already approved by the Commission and collected in current rates.
6 Also, Mr. Johansen, in his Workpaper, Case reconciliation, Tab: Sheet 1,
7 provided no support for his position nor did he provide any support as to how he
8 calculated the costs he proposes to be included in account 301, or alternatively
9 be amortized over a reasonable time period.

10

11 Q. WHAT IS AN ORGANIZATION COST?

12 A. An organization cost, to my knowledge, is a one-time start-up cost that an
13 organization incurs, for example, to open a new business, to conduct business in
14 a new territory, to commence a new operation in an already existing facility etc.
15 LCSW, to my understanding, has been in operation for many years before it was
16 forced in for a Certificate of Convenience and Necessity (CCN). Costs incurred
17 by LCSW to transition from an unregulated utility to a regulated utility, do not
18 constitute an organization cost as Mr. Johansen asserts.

19

20

21

1 Q. PLEASE CONTINUE.

2 A. My review of the Company's last cases shows that a total of \$2,275 was included
3 as rate case expense in the previous cases' cost of service and it is unclear how
4 Mr. Johansen calculated the \$4,810 shown in his workpaper. What Mr.
5 Johansen fails to explain is that these costs have been included in the
6 Company's rates for approximately a year, which means that the Company has
7 already recovered part of these costs and will continue to do so until rates
8 change. My recommendation is that the Commission should disregard Mr.
9 Johansen's proposed treatment of these costs.

10

11 **IX. PROPERTY AND LIABILITY INSURANCE**

12 Q. WHAT IS THE ISSUE?

13 A. This issue relates to whether LCSW should be allowed to recover the cost of a
14 business liability insurance policy it purchased.

15

16 Q. PLEASE STATE THE AMOUNT PAID BY THE COMPANY.

17 A. The policy cost was \$1,114.00

18

19 Q. DOES THE COMPANY WANT TO INCLUDE THIS COST IN THE COST OF
20 SERVICE?

21 A. Yes.

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Q. WHAT IS PUBLIC COUNSEL'S POSITION?

A. Public Counsel concurs with Staff on the treatment of this cost. Information furnished to Public Counsel regarding this cost consists of only the declaration page of the policy with the description, "Business Owner Policy." All attempts to obtain details of the policy regarding what the policy covered, who was insured, etc, did not yield any supportive response from the Company. It would be extremely difficult to determine the prudence or reasonableness of the cost without the detail information describing its purpose; therefore, it should be disallowed.

X. TREATMENT OF LAND

Q. WHAT IS THE ISSUE?

A. This issue concerns two parcels of land LCSW purportedly received titles to that the Company believes should be treated as equity investment by Mr. Kallash.

Q. DID YOU REVIEW ANY SUCH TITLES IN THE COURSE OF YOUR AUDIT?

A. No. No such documents were provided to Public Counsel.

Q. DID YOU REVIEW ANY DOCUMENT PERTAINING TO THE VALUE OF THESE PARCELS OF LAND DURING THE COURSE OF YOUR AUDIT?

1 A. No. No such document was provided to Public Counsel.

2 Q. WHAT IS THE VALUE OF THESE PARCELS OF LAND THE COMPANY
3 SEEKS TO RECOVER FROM RATE PAYERS?

4 A. Mr. Johansen, on page 9, lines 3 and 4, of his direct testimony states:

5

6 For the Bennington system the value of the land is \$20,000 and for the
7 Rockport system the value of the land is \$38,000.

8

9

10 Q. DID MR. JOHANSEN PROVIDE YOU WITH ANY SUPPORT REGARDING THE
11 VALUE OF THESE PARCELS OF LAND?

12 A. No. He did not.

13

14 Q. DID YOU OBTAIN ANY INFORMATION REGARDING THESE PARCELS OF
15 LAND?

16 A. Yes. Public Counsel obtained a general warranty deed from The Recorder of
17 Deeds of the County of Lincoln, on September 11, 2013, that shows that the
18 subdivisions in which these parcels of land are located are owned by Mr. and
19 Mrs. Kallash personally. However, OPC also obtained a Deed of Trust
20 identifying LCSW as the owner of the parcel of land located at Rockport
21 subdivision. At this point, it is difficult to determine whether Mr. Kallash actually
22 transferred title of these parcels of land to LCSW and at what cost; if any. Public

1 Counsel will continue to investigate this issue and will address its findings in
2 subsequent testimony.
3

4 **XI. ADMINISTRATIVE AND GENERAL SALARY (ANNUALIZED HOURS AND**
5 **PAY RATE).**

6 Q. WHAT IS THE ISSUE?

7 A. This issue pertains to the annualized amount of Mrs. Toni Kallash's salary to
8 include in LCSW's rates.
9

10 Q. DOES LCSW HAVE PAID EMPLOYEES?

11 A. No. LCSW does not have any paid employees.
12

13 Q. WHAT IS STAFF'S RECOMMENDATION?

14 A. The Staff is proposing to include an annual salary of \$10,562 for Mrs. Kallash in
15 the LCSW cost of service. Staff determined this amount based on the number of
16 hours it believes Mrs. Kallash spends in conducting LCSW's activities and a per
17 hourly rate supported by Missouri Economic Research & Information Center
18 (MERIC) data. Staff's workpaper, LCSW WP-Payroll, Tab: Toni timesheet,
19 shows how the Staff determined its recommended amount by multiplying 65.87
20 average monthly hours by a \$13.37 per hour MERIC rate.
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Q. IS THE COMPANY RECOMMENDING A DIFFERENT AMOUNT?

A. Yes. The Company proposes to include an annualized salary of \$17,236 for Mrs. Kallash. The Company derived this amount by multiplying 87 hours per month by a \$16.51 per hourly wage rate.

Q. DO YOU HAVE CONCERNS ABOUT BOTH THE STAFF AND THE COMPANY'S RECOMMENDATIONS?

A. Yes, I do.

Q. WHAT ARE YOUR CONCERNS REGARDING STAFF'S RECOMMENDATION?

A. In the first place, as a result of the unanimous stipulation and agreement in the prior CCN case, LCSW agreed to keep timesheets for all persons who spent time on LCSW operations. Mrs. Kallash utilizes a calendar template to track the hours she purportedly spends on LCSW activities as well as to record her personal to-do list. Most of the times she recorded on the calendar just stated the start and end times of tasks without reference to any activity undertaken and/or without detailed breakdown of tasks accomplished. Since she utilizes the same calendar template to track her personal activities, it is extremely difficult to make a fair

1 assessment regarding which time relates to LCSW without a detailed breakdown
2 of tasks accomplished.

3
4 In December 2012, for example, the Staff included 4 hours with the description
5 "Cindy's ornament party" in the determination of Mrs. Kallash's total hours
6 worked. On March 25, 2013, the Staff again included 3 hours with the only
7 description "funeral day" in determining Mrs. Kallash's hours. Public Counsel
8 believes this is inappropriate.

9
10 Secondly, Public Counsel questions the huge disparity between pre and post rate
11 case filing hours recorded by Mrs. Kallash even though the operations of LCSW
12 remained the same. For example, in October 2012, Mrs. Kallash booked a total
13 of 31.66 hours for the month. In November 2012, she booked approximately 17
14 hours, a decrease of about 47% from the previous month. In December 2012
15 (when the Company filed for a rate increase), she booked 83.25 hours
16 representing an approximately 395% increase from the previous. This reduced
17 marginally to 80 hours in January 2013, but assumed an increasing trend in
18 February 2013 and March 2013, where she booked 81 and 101 hours
19 respectively.
20

1 Finally, my review of the hours booked by Mrs. Kallash in March, 2013, indicates
2 that she spent between 3 to 7 hours at the bank almost every day throughout the
3 month. The Staff included all these hours in the determination of Mrs. Kallash's
4 annualized hours. Public Counsel believes this is not reasonable.

5 Q. PLEASE RESPOND TO THE COMPANY'S RECOMMENDATION

6 A. Mr. Johansen in determining his annualized hours for Mrs. Kallash, essentially
7 utilized Staff's Workpaper, LCSW WP - Payroll, Tab: Toni timesheet, except he
8 also added an extra 21 hours for which he did not provide any support. Public
9 Counsel objects to Mr. Johansen's recommendation on the same premise as the
10 Staff's and because he did not provide any support for the additional hours
11 added.

12
13 Q. PLEASE STATE PUBLIC COUNSEL'S POSITION REGARDING THIS ISSUE.

14 A. Public Counsel recommends that LCSW should be allowed to recover an
15 annualized salary of \$6,592 for Mrs. Kallash.

16
17 Q. HOW DID YOU ARRIVE AT YOUR RECOMMENDATION?

18 A. Public Counsel believes LCSW, since its last cases in 2012, has not had any
19 major change in its operations except for a small increase customer numbers.
20 Total customer numbers (both water and sewer) increased from 223 (62 water
21 and sewer customers at Rockport, 49 water and sewer customers at Bennington

1 and 1 sewer only at Bennington- one water and sewer customer counted as two
2 customers) since the Company's last cases to 245 (72 water and sewer
3 customers at Rockport, 50 water and sewer customers at Bennington and 1
4 sewer only customer at Bennington - one water and sewer customer counted as
5 two customers).

6 Public Counsel, as a result, developed a customer increase factor of 1.0987 (254
7 divided by 223) to reflect this increase. This factor was then applied to Mrs.
8 Kallash's authorized salary in the last cases (\$6,000 multiplied by 1.0987) to
9 derive its recommended amount.

10
11 **XII. MANAGEMENT SALARY (DENNIS KALLASH-ANNUALIZED HOURS AND**
12 **PAY RATE)**

13 Q. WHAT IS THE ISSUE?

14 A. This issue concerns the annualized amount of Mr. Kallash's compensation that is
15 being recommended by the MPSC Staff and the Company.

16
17 Q. WHAT IS STAFF'S POSITION?

18 A. The Staff is proposing to include an annual compensation of \$7,860 for Mr.
19 Kallash.

20
21 Q. WHAT IS THE COMPANY'S POSITION?

1 A. The Company proposes to include an annualized compensation of \$29,193 for
2 Mr. Kallash. The Company derived this amount by multiplying 684 hours per
3 year by a \$42.68 per hour wage rate.

4
5 Q. DID MR. KALLASH PROVIDE YOUR OFFICE WITH INFORMATION HE
6 CONSIDERS TO BE A TIMESHEET?

7 A. Yes, but this information was not usable. The data provided listed dates and
8 types of activities but did not include start and end times of the activities.

9
10 Q. DO YOU HAVE CONCERNS WITH THE COMPANY'S POSITION?

11 A. Yes. Except for minor modifications, Mr. Johansen in determining Mr. Kallash's
12 annualized hours essentially utilized Staff's Workpaper, LCSW WP-Payroll, Tab:
13 Dennis, in performing his analysis. It is unclear how Mr. Johansen obtained the
14 hours he used for the modification since he did not provide any support upon
15 which they are based.

16
17 It should be noted; however, that the Staff did not utilize this workpaper in
18 forming its recommendation. In Staff's Auditing Unit Recommendation
19 Memorandum it states, "the data provided by Mr. Kallash was not usable for this
20 purpose. Some of the data provided by Mr. Kallash listed dates and types of
21 activities but did not include times in/out or the amount of time spent on the

1 activity. Therefore, Staff had no way of determining the amount of time Mr.
2 Kallash spent on LCSW's activities from this data." Public Counsel also believes
3 that the \$42.68 per hour wage rate quoted by Mr. Johansen is excessive and
4 lacks support.
5

6 Q. WHAT IS YOUR CONCERN REGARDING STAFF'S POSITION?

7 A. Public Counsel and Staff utilized almost the same methodology to calculate Mr.
8 Kallash's annualized compensation, but Public Counsel's methodology yielded a
9 slightly different amount. The Staff used Mr. Kallash's authorized compensation
10 in the last cases (\$7,500), but added an amount of \$360 for consideration that
11 Mr. Kallash now performs water testing for the water system. Public Counsel
12 believes this activity should not be considered separate from the hours Mr.
13 Kallash spends on other LCSW activities.
14

15 Q. WHAT METHODOLOGY DID YOU USE?

16 A. The methodology is the same as the one used to determined Mrs. Kallash's
17 salary. I multiplied a 1.0987 customer increase factor with Mr. Kallash's
18 authorized compensation from the last cases to derive an annualized salary of
19 \$8,240 (\$7,500 multiplied by 1.0987).
20
21

1 **XIII. SLUDGE HAULNG**

2 Q. WHAT IS THE ISSUE?

3 A. Company's witness, Mr. Dale Johansen, on page 12, lines 7 through 13, of his
4 direct testimony states:

5 Based on a recommendation from its certified sewage treatment plant
6 operator, the Company is implementing a program to haul sludge from its
7 treatment plants on a quarterly basis. As a result, the most recent annual
8 sludge hauling costs will be more reflective of the Company's costs as
9 compared to the Staff's three-year average. Additionally, per the
10 operator's recommendation, the Company is implementing a program to
11 partially pump its sewage treatment plant clarifiers on a monthly basis,
12 and this will result in an additional expense of approximately
13 \$200/month/plant.
14

15 Q. DO YOU AGREE WITH MR. JOHANSEN'S RECOMMENDATION?

16 A. No. Company provided no supporting documentation to verify the proposed new
17 program. Rates are determined based on known and measurable events. On a
18 going forward basis, costs may be included in rates only if adequate information
19 is provided indicative of changes in operating costs in the future. Based on
20 information made available to Public Counsel, I believe Staff's treatment of this
21 cost is reasonable.
22

23 Q. WHAT IS STAFF'S POSITION?

24 A. Staff used an average of the most recent three years of sludge hauling expenses
25 to annualize this cost.

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Q. WHAT IS PUBLIC COUNSEL'S POSITION?

A. I agree with Staff regarding the treatment of this cost.

XIII. CAPACITY ADJUSTMENTS (ROCKPORT WATER AND SEWER FACILITIES)

Q. WHAT IS THE ISSUE?

A. The issue relates to the methodology utilized to determine the LCSW capacity adjustments.

Q. WHAT METHODOLOGY DID YOU USE?

A. I used the methodology that was utilized by the Commission Staff in the Company's last cases, which was subsequently authorized by the Commission.

Q. DID THE MPSC USE THE SAME METHODOLOGY IN THIS INSTANT CASE?

A. Yes.

Q. WHAT METHODOLOGY IS THE COMPANY PROPOSING?

A. The Company proposes to use a ratio of the number of customers that the facilities were designed to serve compared to the current customers actually being served as opposed to customer usage amounts utilized by OPC and Staff.

1 The ratio is then applied to the plant cost to develop the proposed capacity
2 adjustment.

3 Q. DO YOU AGREE WITH THE COMPAMY?

4 A. No. I believe customer usage amounts are a better measure of capacity than the
5 number of customers on a system. For example, the output of a production plant
6 relative to customer demand is a better measure of the plant's production
7 capacity than the number of workers the plant is designed to accommodate.
8

9 **XIV. RATE BASE (BEGINNING BALANCES)**

10 Q. PLEASE STATE YOUR UNDERSTANDING OF MR. JOHANSEN'S DIRECT
11 TESTIMONY REGARDING THIS ISSUE.

12 A. My understanding is that, Mr. Johansen wants to restate the rate base agreed to
13 in the Company's last cases. Restating the rate base, I believe, would amount to
14 violating the terms of the unanimous stipulation and agreement all parties,
15 including the Company, agreed to in the last case.
16

17 Q. WHAT IS THE VALUE OF THE ITEMS MR. JOHANSEN WANTS TO RESTATE
18 THE RATE BASE WITH?

19 A. LCSW provided no value or document to support its request. Company
20 Workpaper, Case Reconciliation, Tab: Sheet 1, states Mr. Johansen is still
21 working on it.

1 | **XV. PLANT HELD FOR FUTURE USE/ DEPRECIATION RESERVE**

2 | Q. WHAT IS THE ISSUE?

3 | A. This issue relates to whether adjustments made to disallow plant items that are
4 | not being fully utilized (capacity adjustments), referred to by the Company as
5 | plant held for future use, should have been removed from plant in service before
6 | plant depreciation reserve is calculated.

7 |
8 | Q. WHAT IS THE COMPANY'S POSITION?

9 | A. The Company believes the plant held for future use should have been removed
10 | from plant in service before plant depreciation is calculated.

11 |
12 | Q. WHAT IS PUBLIC COUNSEL'S POSITION?

13 | A. The Company did not provide any support regarding how it believes this cost
14 | should be treated. In fact, I believe Company's position is a non-issue because
15 | the Staff recommendation, and OPC recommendation, only includes allowed
16 | plant and its associated costs. OPC, supports the Staff's position regarding this
17 | issue because the recommendation only includes plant not disallowed and
18 | depreciation expense and depreciation reserve associated with the allowed plant.

1 **XVI. RATE CASE EXPENSE (LEGAL FEES, CONSULTING FEES, AND OFFICE**
2 **PERSONNEL)**

3 Q. WHAT IS PUBLIC COUNSEL'S POSITION REGARDING THIS ISSUE?

4 A. Invoices made available to Public Counsel show that as of the time of filing this
5 testimony, the total amount of rate case expense that should be allowed for
6 recovery in rates is \$2,039 (\$6,116 amortized over a 3-year period). This cost is
7 an ongoing cost; hence, Public Counsel will update its position as these cases
8 progress.

9
10 **XVII. MISCELLANEOUS REVENUES (LATE FEES)**

11 Q. WHAT IS THE ISSUE?

12 A. Company witness Mr. Johansen on page 16, lines 7 through 9, of his direct
13 testimony states:

14
15 Based on recent and upcoming customer changes, the Company believes
16 the Staff's miscellaneous revenues related to late fees is overstated for
17 both systems and both services (by 11 accounts for Rockport and 3 by
18 accounts for Bennington).

19
20
21 Q. DO YOU AGREE WITH MR. JOHANSEN?

22 A. No. Rates are set based on known and measurable events not on unsupported
23 allegations. Mr. Johansen failed to provide support to show how he arrived at his

1 recommendation. For example, he stated in his Workpaper, Case
2 Reconciliation-09.10.13, Tab: Sheet 1, "not sure how to reconcile this with
3 available Staff information".
4

5 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

6 A. Though differences exist between OPC and the Staff's calculations regarding
7 miscellaneous revenues, the differences are too immaterial to warrant any
8 dispute. OPC, thus, supports the Staff's position.
9

10 **XVIII. VEHICLE EXPENSE (MILEAGE – MANAGER AND OFFICE PERSONNEL)**

11 Q. WHAT IS THE ISSUE?

12 A. This issue concerns the amount of mileage expenses to be included in the
13 calculation of Company's cost of service.
14

15 Q. WHAT IS THE COMPANY'S POSITION?

16 A. The Company is proposing to include in rates, the costs of an additional 2,016
17 miles and 748.8 miles above what Staff has recommended for Mr. and Mrs.
18 Kallash, respectively.
19

20 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

1 A. Contrary to the agreement reached in the stipulation and agreement in the
2 Company's last cases, LCSW failed to keep adequate vehicle logs to determine
3 the number of miles used in the performance of Company activities. Based on
4 information available to Public Counsel, I believe the Staff's calculation regarding
5 Mr. Kallash's mileage is just and reasonable. Public Counsel is still investigating
6 Mrs. Kallash's annualized mileage and will address this in subsequent testimony.
7

8 **XIX. WATER TESTING EXPENSE**

9 Q. WHAT IS THE ISSUE?

10 A. This issue relates to the Company's proposal to include an additional \$1,504 to
11 what the MPSC Staff recommended.
12

13 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

14 A. Company provided no support for this additional cost. Public Counsel, therefore,
15 supports the Staff's position.
16

17 **XXI. ELECTRICITY (UE RATE CHANGE)**

18 Q. WHAT IS THE ISSUE?

19 A. This issue concerns the methodology used in calculating the Rockport Sewer and
20 Water systems' electricity expenses.
21

1 Q. WHAT IS STAFF'S POSITION?

2 A. Staff annualized this cost based on actual monthly billed amounts for the 12
3 month period ending December 31, 2012.

4
5 Q. WHAT IS THE COMPANY'S RECOMMENDATION?

6 A. The Company's position is that the Rockport Sewer and Water systems'
7 electricity expenses should be based on an annualized kilowatt hours and the
8 current rate being charged by its electricity provider.

9
10 Q. DO YOU AGREE?

11 A. Yes. However, I believe that the data provided by the Company to support this
12 cost is not a representative measure to accurately determine a reasonable
13 normalized kilowatt hour usage going forward. Kilowatt hour usages may
14 fluctuate from one year to another, thus, rendering one year's information
15 inadequate to make projections of future kilowatt hour usages. I discovered
16 during the course of my audit that the Company had disposed of much of its
17 historical records related to the utility operations and, as a consequence, could
18 not provide information prior a to certain date. Under such circumstance, I
19 believe the best methodology to use is to annualize the Systems' monthly billed
20 amounts.

21

1 **XXII. OFFICE SUPPLIES AND NON-BILLING POSTAGE (MAILING OF ANNUAL**
2 **CONSUMER CONFIDENCE REPORT)**

3 Q. WHAT IS THE ISSUE?

4 A. This issue relates to office supplies and postage costs associated with mailing
5 the Company's annual water system consumer confidence report to its
6 customers.

7
8 Q. PLEASE STATE THE COMPANY'S POSITION.

9 A. The Company seeks to recover a total of \$217 (\$56 for supplies and \$161 for
10 postage)

11
12 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

13 A. The Company did not provide any support regarding how it determined the cost
14 of supplies and postage nor did it provide any invoices supporting the incurrence
15 of these costs. Even though differences exist between OPC and Staff's
16 calculations regarding these costs, the differences are too immaterial to warrant
17 any dispute. OPC supports Staff's position.

1 **XXIII. TELEPHONE/INTERNET EXPENSES**

2 Q. WHAT IS THE ISSUE?

3 A. The Company believes the annualized cost of its telephone/internet landline
4 "bundle", \$1,335, should be included in rates instead of Staff's \$899.

5
6 Q. WHAT IS PUBLIC COUNSEL'S POSITION?

7 A. The Company did not provide any support as to how it determined the \$95
8 monthly cost it used to calculate the annualized telephone/internet cost. OPC
9 believes Staff's calculation is just and reasonable.

10
11 **XXIII. DEPRECIATION RATE FOR BENNINGTON OVER-DEPRECIATED PUMP**

12 Q. WHAT IS THE ISSUE?

13 A. Public Counsel's review of Staff's workpapers identified that the Staff continues to
14 include depreciation expense for a fully depreciated submersible pump for the
15 Bennington water system in the development of its plant recommendation.

16
17 Q. WHAT IS THE AMOUNT OF DEPRECIATION EXPENSE STAFF CALCULATED
18 ON THE FULLY DEPRECIATED SUBMERSIBLE PUMP?

19 A. Staff's Workpaper, WP-Staff-5.31.13b, Tab: Plant-BW, identifies an annual
20 depreciation expense for the fully-depreciated pump of \$3,935.60.

1 Q. WHAT IS DEPRECIATION?

2 A. The Uniform System of Accounting (USOA) defines depreciation as:

3

4 "The loss in service value not restored by current maintenance, incurred
5 in connection with the consumption or prospective retirement of utility
6 plant in the course of providing service from causes which are known to
7 be in current operation and against which the utility is not protected by
8 insurance. Among the causes to be given consideration are wear and
9 tear, decay, action of the elements, inadequacy, obsolescence, changes
10 in the art, changes in demand, and requirements of public".
11
12

13 Q. WHAT IS THE PURPOSE OF DEPRECIATION?

14 A. The purpose of depreciation is to allocate a portion of the cost of a depreciable
15 asset to expense over the asset's expected useful life. For rate making
16 purposes, depreciation allows a utility investor to recoup the cost of his
17 investment in utility asset over the asset's useful life. Once the asset is fully-
18 depreciated no further depreciation of the asset is required.
19

20 Q. WHEN DOES DEPRECIATION BEGIN AND END?

21 A. Depreciation begins during the month or year that a utility starts using plant asset
22 productively to generate revenue. The utility, as a result, cannot record
23 depreciation expense in its regulatory books for an asset that has been
24 purchased but not yet in use. The date on which the utility begins using a plant

1 asset is known as the "placed-in-service" date. Depreciation ends when: 1) the
2 utility fully recovers the cost of an asset; 2) when the utility disposes off the asset;
3 or 3) when the utility stops using the asset, and a rate change is authorized.
4

5 Q. DOES PUBLIC COUNSEL HAVE CONCERNS WITH STAFF'S INCLUSION OF
6 DEPRECIATION EXPENSE FOR THE FULLY-DEPRECIATED SUBMERSIBLE
7 PUMP IN LCSW'S COST OF SERVICE?

8 A. Yes. The Staff inclusion of depreciation expense on the fully depreciated
9 submersible pump, in LCSW's cost of service calculation for Bennington water
10 system even though the pump is fully-depreciated, amounts to increasing cash
11 flow to the utility without an associated cost basis. The primary objective for
12 calculating depreciation, and its subsequent inclusion in expense (cost of
13 service), is to allow a utility to recover the cost of its investment in utility the asset
14 over the asset's useful life. OPC's review of LCSW's books and records show
15 that LCSW has fully recovered the cost of the submersible pump as of May 30,
16 2010. This means that the ratepayers have already reimbursed the utility for the
17 full cost of the pump and hence should not be required to provide additional
18 funding for an asset whose cost has been fully recovered.
19

20 It is not just and reasonable for LCSW customers to be forced to continue to bear
21 the burden of providing their hard earned money to fund LCSW's operations

1 without deriving any commensurate value for their money. Staff's inclusion of
2 depreciation expense on the fully depreciated submersible pump is synonymous
3 to creating a "slush fund" for the Company without any safeguards or regulations
4 as to how the fund should be utilized. Staff, as a result, is proposing to give
5 Company "free" money supply that is not supported by an actual cost incurred by
6 the Company.

7
8 Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION REGARDING
9 DEPRECIATION EXPENSE FOR THE BENNINGTON WATER SYSTEM OVER-
10 DEPRECIATED PUMP?

11 A. It is Public Counsel's recommendation that the depreciation rate for the
12 Bennington submersible pump account should be set at zero.

13
14 **XXIV. BENNINGTON OVER-DEPRECIATED PUMP DEPRECIATION RESERVE**

15 Q. WHAT IS THE ISSUE?

16 A. This issue is whether LCSW should continue to accumulate depreciation expense
17 on the Bennington water system submersible pump even though the
18 accumulation should have ceased at the end of the pump's useful life.

19
20 Q. WHAT IS ACCUMULATED DEPRECIATION RESERVE?

1 A. Accumulated depreciation reserve represents the aggregation of all annual
2 depreciation expense. This is viewed as recovery of the portion of a utility's plant
3 investment that is no longer considered as invested capital.

4
5 Q. WHAT IS THE AMOUNT OF ACCUMULATED DEPRECIATION RESERVE
6 STAFF CALCULATED ON THE FULLY-DEPRECIATED SUBMERSIBLE
7 PUMP?

8 A. Staff's Workpaper, WP-Staff-5.31.13b, Tab: Plant-BW, contained calculations for
9 accumulated depreciation reserve for the fully-depreciated Bennington water
10 system submersible pump that amounted to \$50,548.20. Staff consequently
11 subtracted this amount from total plant in service in the determination of its net
12 plant in service for the Bennington water system.

13
14 Q. DOES PUBLIC COUNSEL HAVE CONCERNS WITH STAFF'S ACCUMULATED
15 DEPRECIATION RESERVE CALCULATION?

16 A. Yes. Public Counsel's primary issue with Staff's calculation is that, Staff updated
17 accumulated depreciation reserve balance through March 31, 2013, even though
18 the cost of the pump was fully-depreciated as of May 30, 2010. Public Counsel
19 believes that Staff's continuous accumulation of depreciation expense through
20 March 31, 2013, is inappropriate.

1 Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION REGARDING THE
2 BENNINGTON OVER-DEPRECIATED PUMP DEPRECIATION RESERVE?

3 A. Public Counsel recommends that the accumulated depreciation reserve balance
4 of the submersible pump should be set at the balance occurring on May 30,
5 2010. Public Counsel recommends an accumulated depreciation reserve
6 balance of \$39,356 instead of the \$50,548 recommended by Staff.

7

8 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

9 A. Yes, it does.

LIST OF ISSUES FOR REBUTTAL TESTIMONY

1. Office Rent
2. Office Utilities
3. Meters/Meter installations
4. Meter Reading Device/Meter Reading Expenses
5. Billing & Collections (billing Program/billing Expenses)
6. Certificate Case Expense
7. Property & Liability Insurance
8. Treatment of Land
9. Administration & General Salary (annualized hours & pay rate)
10. Management Salary (Dennis Kallash - annualized hours & pay rate)
11. Sludge Hauling
12. Capacity Adjustments (Rockport water & sewer facilities)
13. Rate Base (Beginning balances)
14. Plant Held for Future Use / Depreciation Reserves (Rockport water & sewer facilities)
15. Rate Case Expense (legal fees, consulting fees, office personnel)
16. Miscellaneous Revenues (late fees)
17. Vehicle Expense (mileage – manager & office personnel)
18. Water Testing Expense
19. Electric Expense (Rockport – Ameren Missouri rate change)
20. Office Supplies and Non-Billing Postage (mailing of annual Consumer Confidence Report)

21. Telephone/Internet Expenses

22. Depreciation Rate for Bennington Over-Depreciated Pump

23. Bennington Over-Depreciation Pump Depreciation Reserve