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EXHIBIT

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Witness/Type of Exhibit:

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Case No.:

OPC-6

Legal Fees/

Shawnee Bend Lagoon Retirement

Roth/Surrebuttal

Public Counsel

WR-2013-0461

SURREBUTTAL TESTIMONY

OF

KERI ROTH

Submitted on Behalf of the Office of the Public Counsel

LAKE REGION WATER & SEWER COMPANY

CASE NO. WR-2013-0461

January 31, 2014

OPC Exhibit No. 6
Date 2-13-14 Reporter PSG
File No. WR-2013-0461

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

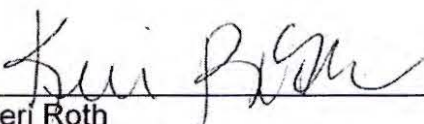
In the Matter of Lake Region Water &)
Sewer Company's Application to)
Implement a General Rate Increase) File No. WR-2013-0461
in Water and Sewer Service)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:

1. My name is Keri Roth. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

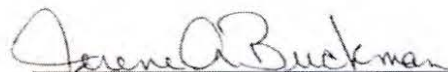


Keri Roth
Public Utility Accountant I

Subscribed and sworn to me this 30th day of January 2014.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August, 2017.

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KERI ROTH

LAKE REGION WATER & SEWER COMPANY

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**SURREBUTTAL TESTIMONY
OF
KERI ROTH**

**LAKE REGION WATER & SEWER COMPANY
CASE NO. WR-2013-0461**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Keri Roth, PO Box 2230, Jefferson City, Missouri 65102-2230.

Q. ARE YOU THE SAME KERI ROTH THAT HAS PREVIOUSLY FILED REBUTTAL
TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimony of Lake
Region Water & Sewer Company (LRWS) witness, Mr. John R. Summers, with regard
to legal fees and to respond to the rebuttal testimony of MPSC Staff witness, Mr. Arthur
W. Rice with regard to the Shawnee Bend lagoon retirement.

1
2 **III. LEGAL FEES**

3 Q. WHAT IS THE ISSUE?

4 A. According to Staff's Accounting Schedules filed with its direct testimony, Staff has
5 proposed to disallow all legal fees associated with a lawsuit filed by Shawnee Bend
6 Development Company.

7
8 Q. DOES LRWS AGREE WITH STAFF'S POSITION?

9 A. No. Company witness, Mr. Summers, states in his rebuttal testimony on page 14, lines 27-
10 28 and on page 15, lines 1-2:

11 Q. Does the Company disagree with the level of legal fees
12 allowed by Staff in the case?

13 A. Yes, Staff has disallowed all the legal fees associated with
14 the Company's defense of a trial judgment in a lawsuit
15 involving a local developer.

16
17 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S POSITION IN ITS DIRECT
18 TESTIMONY?

19 A. Yes. According to public records on the Missouri Courts' Case.Net website, for case
20 09CM-CC00372, a judgment was entered on July 10, 2013 indicating the case was
21 resolved at that time; therefore, Public Counsel believes the legal fees associated with the
22 lawsuit filed by Shawnee Bend Development are a non-recurring expense and should
23 therefore be disallowed.

1
2 Q. WHY DOES PUBLIC COUNSEL BELIEVE THAT THE COSTS ARE NON-
3 RECURRING?

4 A. It is Public Counsel's understanding, based on discussions with Mr. Summers, that the
5 Company is not currently involved in any similar legal actions and does not foresee any
6 occurring in the near future.
7

8 Q. WHY IS IT JUST AND REASONABLE TO NOT INCLUDE NON-RECURRING
9 COSTS IN THE DEVELOPMENT OF RATES?

10 A. Utilization of the test period concept for ratemaking assumes that reasonable and prudent
11 expenses included in the development of rates should be representative of costs which will
12 be incurred each year during the period that the new rates are in effect. Public Counsel
13 recommends the disallowance of the expenses associated with the lawsuit, because they do
14 not have characteristics of an expense that is likely to occur again in the normal course of
15 business in the foreseeable future. The costs were incurred pursuant to a one-time lawsuit
16 and are not expected to be incurred as an ongoing annual expense.
17

18 **IV. SHAWNEE BEND LAGOON RETIREMENT**

19 Q. PLEASE IDENTIFY AND EXPLAIN THIS ISSUE?

20 A. MPSC Staff witness, Mr. Rice, explains in his rebuttal testimony on page 2, lines 15-17:

1 Staff's further investigation concludes that the cost of land placed in
2 utility service in 1998 for the Shawnee Bend waste water treatment
3 lagoon was included in plant in service as depreciable plant.

4 Mr. Rice also explains his proposed adjustments to correct this error in his testimony on
5 page 3, lines 18-24:

- 6 1. Reverse \$101,799 of the retirement entry in the accumulated
7 reserves for Shawnee Bend waste water treatment
8 equipment Account 372, thus increasing reserves by
9 \$101,799.
- 10 2. Enter an adjustment of \$61,830 to reverse the depreciation
11 accrued in Account 372 reserves for land depreciated at a
12 4.5% depreciation rate over a 162 month period from
13 January 1999 through June 2012, thus reducing reserves by
14 \$61,830.
15

16
17 Q. IS LAND DEPRECIABLE?

18 A. No.
19

20 Q. DOES PUBLIC COUNSEL AGREE WITH MR. RICE'S ADJUSTMENT TO REVERSE
21 \$101,799 OF THE RETIREMENT ENTRY IN THE ACCUMULATED RESERVES
22 FOR SHAWNEE BEND WASTE WATER TREATMENT EQUIPMENT ACCOUNT
23 372?

24 A. Yes.
25

1 Q. DOES PUBLIC COUNSEL AGREE WITH MR. RICE'S ADJUSTMENT OF \$61,830
2 TO REVERSE THE DEPRECIATION ACCRUED IN ACCOUNT 372 RESERVES
3 FOR LAND DEPRECIATED AT A 4.5% DEPRECIATION RATE OVER A 162
4 MONTH PERIOD?

5 A. No.

6
7 Q. PLEASE EXPLAIN.

8 A. Public Counsel believes that by reducing Account 372 reserves by \$61,830, without
9 accounting for the amount already paid by ratepayers due to the previous error, ratepayers
10 are not receiving recognition for plant depreciation that was funded through paying rates.
11 Even though the land was included in plant in service as depreciable plant incorrectly, it
12 was still included as part of rates, and customers paid these rates. Therefore, customers
13 should receive recognition of the money they have paid for this portion of reserves.

14
15 Q. DOES PUBLIC COUNSEL RECOMMEND A DIFFERENT TREATMENT FOR THE
16 \$61,830 RESERVE REDUCTION?

17 A. Public Counsel believes it is correct for Mr. Rice to reduce Account 372 reserves by
18 \$61,830; however, since ratepayers funded this amount, Public Counsel recommends
19 spreading this amount equally amongst all other reserve accounts to ensure ratepayers get
20 recognition of the money they have paid.

1

2 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

3 A. Yes, it does.