

*Exhibit No.:*  
*Issue:* Depreciation  
*Witness:* Arthur W. Rice  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* SR-2013-0016  
*Date Testimony Prepared:* April 29, 2013

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION  
UTILITY SERVICES**

**SURREBUTTAL TESTIMONY**

**OF**

**ARTHUR W. RICE, PE**

**EMERALD POINTE UTILITY COMPANY**

**CASE NO. SR-2013-0016**

**Jefferson City, Missouri  
April 2013**

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**ARTHUR W. RICE, PE**  
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1           A.     Yes. I have a correction related to the assigned Plant Account Numbers. Account  
2 372 in APPENDIX I should be changed to Account 373 to be consistent with the Staff  
3 Accounting Schedules and other testimony submitted in this rate case.

4 **PURPOSE AND SUMMARY**

5           Q.     What is the purpose of this testimony?

6           A.     The purpose of this testimony is to address the Rebuttal Testimony of  
7 Ted Robertson with respect to the treatment of Contributions in Aid of Construction (CIAC) for  
8 Account 373 – Treatment and Disposal Equipment.

9 **ISSUE**

10          Q.     What is the contested issue with the Office of the Public Counsel?

11          A.     Mr. Robertson disagrees with the Staff’s recommendation to transfer a negative  
12 accumulated CIAC reserve from Account 373 to the CIAC reserves in Account 352.2 –  
13 Collection Sewers.

14          Q.     Do you agree with Mr. Robertson’s recommendation on page 12 of his  
15 Rebuttal Testimony to offset the negative accumulated depreciation reserves for Account 373  
16 with the negative CIAC reserves for this same account?

17          A.     Yes.

18          Q.     What concern does Mr. Robertson’s recommendation address?

19          A.     Mr. Robertson’s recommendation addresses a concern that Staff’s  
20 recommendation created a mismatch between accounts in that plant reserves for Account 373  
21 were being transferred to Account 363 – Pumping Plant – while the CIAC reserves from the  
22 same Account 373 were being transferred to a third Account 352.2.

1 Q. How does Staff propose to address Mr. Robertson's concern?

2 A. Staff agrees with Mr. Robertson that the negative CIAC reserves of approximately  
3 \$30,000 for Account 373 should be used to offset the plant reserve transfer from Account 373 to  
4 Account 363, leaving a zero balance for Account 373 CIAC reserves, and that there should be no  
5 transfer of CIAC reserves to Account 352.2.

6 Q. How would such a change in accounting treatment effect rate base or depreciation  
7 expense for this rate case?

8 A. Staff agrees with Mr. Robertson that changing the accounting treatment for  
9 Account 373 reserves from Staff's recommendation to that of Mr. Robertson's recommendation  
10 will not result in a change in rate base or depreciation expense for this rate case.

11 **CONCLUSION**

12 Q. What is Staff's recommendation?

13 A. Staff recommends adopting Mr. Robertson's recommended accounting treatment  
14 of the negative CIAC reserves for Plant Account 373 –Treatment and Disposal Equipment.

15 Q. Does this end your testimony?

16 A. Yes.

