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** 

1	TABLE OF CONTENTS
2	OF THE
3	SURREBUTTAL TESTIMONY OF
4	ARTHUR W. RICE, PE
5	EMERALD POINTE UTILITY COMPANY
6	CASE NO. SR-2013-0016
7	CORRECTIONS TO APPENDIX I OF THE NOTICE OF COMPANY/STAFF PARTIAL AGREEMENT1
8	PURPOSE AND SUMMARY2
9	ISSUE2
10	CONCLUSION3
11	

1	SURREBUTTAL TESTIMONY			
2	OF			
3	ARTHUR W. RICE, PE			
4	EMERALD POINTE UTILITY COMPANY			
5	CASE NO. SR-2013-0016			
6	Q. Please state your name and business address.			
7	A. My name is Arthur W. Rice, and my business address is Missouri Public Service			
8	Commission, P.O. Box 360, Jefferson City, MO 65102.			
9	Q. What is your position with the Staff ("Staff") of the Missouri Public Service			
10	Commission ("Commission")?			
11	A. I am a Utility Regulatory Engineer I in the Engineering and Management Service			
12	Unit of the Utility Services Department.			
13	Q. Are you the same Arthur W. Rice that previously filed testimony in			
14	this proceeding?			
15	A. Yes, I am. I filed Attachment I on March 14, 2013, contributing to Staff's Notice			
16	of Company/Staff Partial Agreement Regarding Disposition of Revenue Increase Request and			
17	Request for Hearing, and Direct Testimony on March 28, 2013, for this rate Case No			
18	SR-2013-0016.			
19 20	CORRECTIONS TO APPENDIX I OF THE NOTICE OF COMPANY/STAFF PARTIAL AGREEMENT			
21	Q. Do you have corrections or omissions to APPENDIX I of the Notice of			
22	Company/Staff Partial Agreement?			

1	A. Yes. I have a correction related to the assigned Plant Account Numbers. Accoun	
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	<u>ISSUE</u>	
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 A	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	CONCLUSIO	<u>ON</u>		
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.		

# **BEFORE THE PUBLIC SERVICE COMMISSION**

# OF THE STATE OF MISSOURI

In the Matter of the Request for an Increase in Sewer Operating Revenues of Emerald Pointe Utility Company	) Case No. SR-2013-0016 )				
AFFIDAVIT OF ARTHUR W. RICE, PE					
STATE OF MISSOURI ) ) ss. COUNTY OF COLE )					
Arthur W. Rice, PE, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.					
	ARTHUR W. RICE, PE				
Subscribed and sworn to before me this	day of April, 2013.				
D. SUZIE MANKIN  Notary Public - Notary Seal  State of Missouri  Commissioned for Cole County  My Commission Expires: December 12, 2016  Commission Number: 12412070	<u>Musullankin</u> Notary Public				