

**Exhibit No.:**

**Issue(s):**

Automated Meter Read  
(AMR) Meters/  
Fully-Depreciated  
Submersible Pump/  
Update on Treatment of Land/  
Update on Mrs. Toni  
Kallash's Mileage/  
Recordkeeping  
/Record Retention

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

Addo/Surrebuttal  
Public Counsel  
SR-2013-0321 and  
WR-2013-0322

**SURREBUTTAL 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**

October 23, 2013

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

In the Matter of the Application of Lincoln County Sewer and Water, LLC For Approval of a Rate Increase.	) ) )	Case No. SR-2013-0321
	)	consolidated with
In the Matter of the Application of Lincoln County Sewer and Water, LLC For Approval of a Rate Increase.	) ) )	Case No. WR-2013-0322

**AFFIDAVIT OF WILLIAM ADDO**

STATE OF MISSOURI    )  
                                  ) **ss**  
COUNTY OF COLE     )

William Addo, of lawful age and being first duly sworn, deposes and states:

1. My name is William Addo. 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.

*William Addo*  
\_\_\_\_\_  
William Addo  
Public Utility Accountant I

Subscribed and sworn to me this 23<sup>rd</sup> day of October 2013.

*Jerene A. Buckman*  
\_\_\_\_\_  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2017.

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**SURREBUTTAL TESTIMONY  
OF  
WILLIAM ADDO**

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

12  
13

**I. INTRODUCTION**

14  
15

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

16  
17

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

18  
19  
20

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

21  
22

A. Yes.

23  
24

**II. PURPOSE OF TESTIMONY**

25

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of this Surrebuttal Testimony is to respond to the Rebuttal Testimony of the Missouri Public Service Commission (MPSC) Staff witness, Ms. Lisa Ferguson, regarding the Automated Meter Read (AMR) meters that Lincoln County Sewer and Water Company, LLC. (“LCSW” or “Company”) has installed. My testimony will further address the MPSC Staff’s ratemaking treatment of a fully-depreciated submersible pump at Bennington water system. This testimony will also provide updates on Mrs. Toni Kallash’s annualized mileage, and parcels of land located at Bennington and Rockport subdivisions that LCSW has proposed to include in its rate base as equity

1 investment by Mr. Dennis Kallash. Finally, this testimony will respond to the Rebuttal  
2 Testimony of Company witness, Mr. Dennis Kallash, regarding recordkeeping.  
3

4 **III. AUTOMATED METER READ (AMR) METERS**

5 Q. THE MPSC STAFF’S REVISED ACCOUNTING SCHEDULES FOR BENNINGTON  
6 AND ROCKPORT WATER SYSTEMS, FILED CONCURRENTLY WITH ITS  
7 REBUTTAL TESTIMONY, SHOW THAT THE MPSC STAFF HAS INCLUDED  
8 AMR COSTS IN ITS REVENUE REQUIREMENT RECOMMENDATION. DOES  
9 PUBLIC COUNSEL AGREE WITH THE MPSC STAFF?

10 A. No. Public Counsel still maintains the position that the excessive costs associated with  
11 the AMR system is unnecessary for the provision of safe and adequate water service, and  
12 an extravagant investment that customers of such a small utility system should not be  
13 asked to bear in rates. MPSC Staff witness, Ms. Lisa Ferguson, asserts in her Rebuttal  
14 Testimony, page 3, lines 16 through 18, that “due to the overall negative revenue  
15 requirement recommendation of Staff for LCSW at this time, Staff is not proposing a  
16 disallowance of the AMR costs incurred by LCSW in this proceeding.” Public Counsel  
17 does not agree that the presence of an overall negative revenue requirement justifies the  
18 inclusion of such an excessive, unnecessary, and extravagant cost.  
19

1 Q. WHAT IS THE TOTAL AMOUNT OF AMR COSTS THAT THE MPSC STAFF HAS  
2 INCLUDED IN ITS REVISED ACCOUNTING SCHEDULES FILED  
3 CONCURRENTLY WITH ITS REBUTTAL TESTIMONY?

4 A. The MPSC Staff has included an amount of \$46,141 and \$25,515 for the Bennington and  
5 Rockport water systems, respectively.

6  
7 Q. WHAT WAS THE TOTAL AMOUNT OF METERS AND METER INSTALLATIONS  
8 COSTS THAT THE MPSC STAFF HAD INCLUDED IN ITS ACCOUNTING  
9 SCHEDULES FILED CONCURRENTLY WITH ITS DIRECT TESTIMONY?

10 A. The MPSC Staff had included an amount of \$25,000 and \$10,800 for the Bennington and  
11 Rockport water systems, respectively, in its Direct Testimony.

12  
13 Q. WHAT WOULD BE THE ECONOMIC IMPACT ON RATEPAYERS SHOULD THE  
14 COMMISSION ALLOW THE AMR COSTS IN RATES?

15 A. By Public Counsel's calculations, LCSW ratepayers would be unjustifiably asked to pay  
16 an additional amount of \$35,856 in rates (\$71,656 total AMR costs minus \$35,800 total  
17 standard meter costs).

18  
19  
20

1 Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION?

2 A. Public Counsel recommends that LCSW's meters and meter installation costs should be  
3 based on the estimated amounts in LCSW's last cases, Case Nos. WA-2012-0018 and  
4 SA-2012-0019, for standard meters, installations, and expenses related to hiring a meter  
5 reader to read the meters once a month. By Public Counsel's calculations, this would  
6 amount to \$25,000 and \$10,800 for the Bennington and Rockport water systems,  
7 respectively, matching the amount included in Staff's Direct Testimony.

8

9 **IV. FULLY-DEPRECIATED SUBMERSIBLE PUMP**

10 Q. HAS THE MPSC STAFF CHANGED ITS POSITION REGARDING THE  
11 BENNINGTON WATER SYSTEM FULLY-DEPRECIATED SUBMERSIBLE PUMP  
12 IN ITS REVISED ACCOUNTING SCHEDULES FILED CONCURRENTLY WITH  
13 ITS REBUTTAL TESTIMONY?

14 A. No. My review of the MPSC Staff's Revised Accounting Schedule for the Bennington  
15 water system shows that the MPSC Staff continues to include an amount of \$3,936  
16 depreciation expense for a fully-depreciated submersible pump in rates. The MPSC Staff  
17 has also subtracted an amount of \$50,548 depreciation reserve balance of the submersible  
18 pump from total plant-in-service in the determination of its net plant-in-service  
19 recommendation for the Bennington water system.

20

1 Q. WHAT IS PUBLIC COUNSEL'S RECOMMENDATION?

2 A. Public Counsel continues to recommend that the depreciation rate for the Bennington  
3 submersible pump account should be set at zero, and that the accumulated depreciation  
4 reserve balance of the submersible pump should be set at an amount of \$39,356.

5  
6 **V. UPDATE ON TREATMENT OF LAND**

7 Q. WHAT WAS PUBLIC COUNSEL'S POSITION IN ITS REBUTTAL TESTIMONY?

8 A. At the time of filing Rebuttal Testimony, Public Counsel was unable to verify the  
9 ownership and the monetary value of parcels of land located at Bennington and Rockport  
10 subdivisions that LCSW proposes to include in its rate base as equity investment by Mr.  
11 Dennis Kallash. Public Counsel, as a result, stated that it will address this issue in  
12 subsequent testimony.

13  
14 Q. HAS PUBLIC COUNSEL BEEN ABLE TO ASCERTAIN ANY INFORMATION  
15 REGARDING THE OWNERSHIP AND THE MONETARY VALUE OF THESE  
16 PARCELS OF LAND AT THIS TIME?

17 A. Yes. LCSW in response to the MPSC Staff's Data Request No. 015 provided two  
18 separate Quit Claim Deeds (attached to this testimony as Schedules WA-1 and WA-2)  
19 that effectuate the transfer of these parcels of land from Rockport and Bennington



1 Homeowners Association to LCSW. The Quit Claim Deeds also show the monetary  
2 value of each of the parcels of land to be \$10 and other good and valuable consideration.  
3

4 **VI. UPDATE ON MRS. TONI KALLASH'S MILEAGE**

5 Q. WHAT WAS PUBLIC COUNSEL'S POSITION IN ITS REBUTTAL TESTIMONY?

6 A. Public Counsel in its Rebuttal Testimony stated that it was still investigating Mrs.  
7 Kallash's annualized mileage and would address this issue in subsequent testimony.  
8

9 Q. WHAT IS THE POSITION OF PUBLIC COUNSEL AFTER COMPLETING ITS  
10 INVESTIGATION?

11 A. Research on Google Maps (a Web-based mapping service technology) revealed that the  
12 travel distance between 202 Sun Swept Drive, Troy, Missouri (the Company's current  
13 office location) and 430 E Wood Street, Troy, Missouri (the location of the Company's  
14 bank), is approximately 6.4 miles per round trip. By Public Counsel's calculations, Mrs.  
15 Kallash's annualized mileage would amount to approximately 921.6 miles (144  
16 annualized trips to the bank multiplied by 6.4 miles per trip).  
17  
18  
19  
20

1 **VII. RECORDKEEPING/RECORD RETENTION**

2 Q. DID YOU REVIEW THE REBUTTAL TESTIMONY OF COMPANY WITNESS, MR.  
3 DENNIS KALLASH, REGARDING RECORDKEEPING AND/OR RECORD  
4 RETENTION?

5 A. Yes.

6  
7 Q. DO YOU AGREE WITH MR. DENNIS KALLASH'S ASSERTIONS?

8 A. No. In LCSW's prior cases, Case Nos. WA-2012-0018 and SA-2012-0019, the Company  
9 agreed to certain recordkeeping requirements as part of the stipulation and agreement  
10 authorized by the Commission. The requirements, among other things, enjoined LCSW  
11 to maintain its books and records in accordance with the Uniform System of Accounts  
12 (USOA) guidelines, and to keep adequate timesheets and mileage logs. Contrary to the  
13 Commission approved stipulation and agreement, LCSW has produced no documentation  
14 that it has kept adequate vehicle logs that show the number of miles used in the  
15 performance of Company activities. The Company also has produced no documentation  
16 of adequate timesheets that show hours worked, activities performed, duration of tasks  
17 performed, etc. Mr. Dennis Kallash's claim in his Rebuttal Testimony, page 10, lines 5  
18 through 7, that "LCSW does not believe there is an issue as to whether it is keeping  
19 vehicle and time information, but rather some issue as to the format of such information,"  
20 amounts to over simplification of the issue at hand. Public Counsel believes that there is

1           certainly an issue. For example, the timesheet documentation provided by LCSW shows  
2           that the Company is utilizing a calendar template to record both Mrs. Toni Kallash's  
3           personal to-do list and, in some instances, to simply state the hours she spends on LCSW  
4           activities. It is Public Counsel's belief that merely stating hours spent on LCSW  
5           activities without reference to any activity undertaken and/or without detailed breakdown  
6           of tasks accomplished, does not amount to adequate recordkeeping as required by the  
7           Commission approved stipulation and agreement.

8  
9   Q.    WHAT IS PUBLIC COUNSEL'S RECOMMENDATION?

10   A.   Public Counsel recommends that the Commission compel LCSW to: 1) keep appropriate  
11       detailed vehicle logs; 2) keep appropriate detailed timesheets; and 3) keep its books and  
12       records in accordance with the USOA guidelines.

13  
14   Q.    DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

15   A.    Yes, it does.

DR No. 15  
(2 pages)



2012003248  
Book 2241 Page 750

State of Missouri, County of Lincoln  
Recorded in Book 2241 Page(s): 750 - 751  
04/10/2012 9:02AM Fees \$27.00  
DOTTIE D. CRENSHAW, RECORDER OF DEEDS

*Judy Ryan*  
Deputy

**QUIT CLAIM DEED**

THIS INDENTURE, made on the 15<sup>th</sup> day of February, 2012, by and between

**Rockport Homeowners Association, a/k/a Rockport**

of the County of Lincoln in the State of Missouri, Grantor, and

**Lincoln County Sewer & Water, L.L.C**

of the County of Lincoln in the State of Missouri, Grantee, whose address is:  
103A Community Bank Plaza  
Troy, MO 63379

**WITNESSETH;** that the said Grantor, in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION to them paid by the said Grantee, the receipt of which is hereby acknowledged, does by these presents Release, Remise and Forever Quit Claim unto said Grantee, their heirs, successors and assigns, the following described Lots, Tracts, or Parcels of land, lying, being and situate in the County of Lincoln and State of Missouri, to-wit:

The Sewer Treatment Plant and Lot, all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of Rockport Plat 1 as Recorded in Plat Book 14, Page 129, also all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of the First Addition to Rockport Plat 1 as Recorded in Plat Book 14, Page 216, and all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of the Second Addition to Rockport Plat 1 as Recorded in Plat Book 14, Page 240, Lincoln County Records.

**TO HAVE AND TO HOLD** the same, with all rights, immunities, privileges and appurtenances thereto belonging, unto the said Grantees and their successors, heirs and assigns **FOREVER**, so that neither the said Grantor nor their heirs, or any other person or persons from or in their name or behalf, shall or will hereafter claim or demand any right of title to the aforesaid premises, or any part thereof, but they and every one of them shall, by these presents, be excluded and forever barred.

**IN WITNESS WHEREOF**, the said Grantor has hereunto set their hands the day and year first above written.

SCHEDULE WA-1

Rockport Homeowners Association,  
a/k/a Rockport

[Signature]  
Dennis Kallash, President

Attest: [Signature]  
Toni Kallash, Secretary

[Signature] TRUSTEE  
Dennis Kallash, Trustee

[Signature] trustee  
Toni Kallash, Trustee

STATE OF MISSOURI )  
                          ) SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash**, to me personally known, who being by me duly sworn, did say that he is **President** of the Grantor corporation in the foregoing deed, and that said corporation has no corporate sea, and that the within deed was signed in behalf of said corporation by authority of its Board of Directors, and said **Dennis Kallash** acknowledged said deed to be the free act and deed of said corporation, and that he executed the same for the purposed therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

[Signature]  
Notary Public

STATE OF MISSOURI )  
                          ) SS  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash and Toni Kallash**, to me personally known, who being by me duly sworn, did say that they are **Trustees** of the Rockport Homeowners Association in the foregoing deed, and that said Dennis Kallash and Toni Kallash signed the within deed on behalf of said Association by authority of its Trustees of the Association, and said **Dennis Kallash and Toni Kallash** acknowledged said deed to be the free act and deed of said association, and that they executed the same for the purposed therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10428928

[Signature]  
Notary Public

SCHEDULE WA-1

DR No. 15  
(2 pages)

2012003247  
Book 2241 Page 748

State of Missouri, County of Lincoln  
Recorded in Book 2241 Page(s): 748 - 749  
04/10/2012 9:00AM Fees \$27.00  
DOTTIE D. GRENSHAW, RECORDER OF DEEDS

  


**QUIT CLAIM DEED**

THIS INDENTURE, made on the 15<sup>th</sup> day of February, 2012, by and between

**Bennington Homeowners Association, a/k/a Bennington, Inc.**

of the County of Lincoln in the State of Missouri, Grantor, and

**Lincoln County Sewer & Water, LLC**

of the County of Lincoln in the State of Missouri, Grantee, whose address is:  
103A Community Bank Plaza  
Troy, MO 63379

WITNESSETH; that the said Grantor, in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION to them paid by the said Grantee, the receipt of which is hereby acknowledged, does by these presents Release, Remise and Forever Quit Claim unto said Grantee, their heirs, successors and assigns, the following described Lots, Tracts, or Parcels of land, lying, being and situate in the County of Lincoln and State of Missouri, to-wit:

The Sewage Treatment Plant and Lot, all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of Bennington Plat 1 as Recorded in Plat Book 13, Page 31, also all lines, pipes, and apparatus of the Sewer System, and Sewage Easements of Bennington Plat 2 as Recorded in Plat Book 13, Page 195 Lincoln County Records.

TO HAVE AND TO HOLD the same, with all rights, immunities, privileges and appurtenances thereto belonging, unto the said Grantees and their successors, heirs and assigns FOREVER, so that neither the said Grantor nor their heirs, or any other person or persons from or in their name or behalf, shall or will hereafter claim or demand any right of title to the aforesaid premises, or any part thereof, but they and every one of them shall, by these presents, be excluded and forever barred.

IN WITNESS WHEREOF, the said Grantor has hereunto set their hands the day and year first above written.

SCHEDULE WA-2

Bennington Homeowners Association,  
a/k/a Bennington, Inc.

[Signature]  
Dennis Kallash, President

ATTEST: [Signature]  
Toni Kallash, Secretary

[Signature]  
Dennis Kallash, Trustee

[Signature]  
Toni Kallash, Trustee

STATE OF MISSOURI )  
  )Ss  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash**, to me personally known, who, being by me duly sworn, did say that he is **President** of the Grantor corporation in the foregoing deed, and that said corporation has no corporate seal, and that the within deed was signed in behalf of said corporation by authority of its Board of Directors, and said **Dennis Kallash** acknowledged said deed to be the free act and deed of said corporation, and that he executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

(N.P. Seal)



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10429926

[Signature]  
Notary Public

STATE OF MISSOURI )  
  )Ss  
COUNTY OF LINCOLN )

On this 15<sup>th</sup> day of February, 2012, before me appeared **Dennis Kallash and Toni Kallash** to me personally known, who, being by me duly sworn, did say that they are **Trustees** of the Bennington Homeowners Association in the foregoing deed, and that said Dennis Kallash and Toni Kallash signed the within deed on behalf of said Association by authority of its Trustees of the Association, and said **Dennis Kallash and Toni Kallash** acknowledged said deed to be the free act and deed of said association, and that they executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

(N.P. Seal)



J. LANCE JEANS  
My Commission Expires  
August 10, 2014  
Lincoln County  
Commission #10429926

[Signature]  
Notary Public

SCHEDULE WA-2