Exhibit No.:

Issue: Depreciation

Witness: Rosella L. Schad, PE, CPA

Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal To

of Exhibit: Surrebuttal Testimony
Case Nos.: WR-2006-0425 and SR-2006-0426

(Consolidated)

Date Testimony Prepared: January 12, 2007

MISSOURI PUBLIC SERVICE COMMISSION UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

ROSELLA L. SCHAD, PE, CPA

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC

CASE NOS. WR-2006-0425 AND SR-2006-0426 (Consolidated)

Jefferson City, Missouri January 2007

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing Algonquin Water)	
Resources of Missouri, LLC to Implement a)	Case No. WR-2006-0425
General Rate Increase for Water and Sewer Service)	
Provided to Customers in Its Missouri Service)	
Areas.	

AFFIDAVIT OF ROSELLA L. SCHAD, PE, CPA

STATE OF MISSOURI)	
)	SS.
COUNTY OF COLE)	

Rosella L. Schad, PE, CPA, of lawful age, on her oath states: that she 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 her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Rosella L. Schad PE, CPA
Rosella L. Schad, PE, CPA

Subscribed and sworn to before me this May of June day of

TONI M. CHARLTON Notary Public - State of Missouri My Commission Expires December 28, 2008 Cole County



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1	SURREBUTTAL TESTIMONY
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4	ALGONQUIN WATER RESOURCES OF MISSOURI, LLC
5	CASE NOS. WR-2006-0425 AND SR-2006-0426
6	(CONSOLIDATED)
7	Q. Please state your name and business address.
8	A. Rosella L. Schad, P.O. Box 360, Jefferson City, MO 65102.
9	Q. By whom are you employed and in what capacity?
10	A. I am employed by the Missouri Public Service Commission (Commission) as
11	an Engineer in the Engineering & Management Services Department.
12	Q. Are you the same Rosella L. Schad that previously filed Direct Testimony on
13	behalf of the Staff of the Missouri Public Service Commission (Staff) in this proceeding?
14	A. Yes I am.
15	EXECUTIVE SUMMARY
16	Q. Please provide a summary of your Surrebuttal Testimony.
17	A. I will respond to the Rebuttal Testimony of Larry W. Loos of Algonquin
18	Water Resources of Missouri, LLC (Company) and will address the parameters underlying
19	depreciation rates.
20	<u>DEPRECIATION</u>
21	Q. Do you believe that Mr. Loos' concern with high reserve ratios as noted on
22	page 22 of his Rebuttal Testimony should be addressed by prorating the depreciation rates as
23	he recommends?

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No. Staff believes that the depreciation rates should reflect the average A. service life and net cost of removal that water and sewer plant assets in the respective functions experience. In depreciation rate recommendations Staff identifies both the average service life and the net cost of removal percentage that are appropriate for each plant account. Thus, the depreciation rates ordered will reflect those specific underlying parameters and does not include any adjustment to the accumulated depreciation reserve.

- Q. Does this conclude your Surrebuttal Testimony?
- A. Yes it does.