Exhibit No.: Issues: Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

Investigation of Water Systems and Sewer Systems David C. Roos MoPSC Staff Surrebuttal Testimony WA-2019-0299 September 23, 2019

# **MISSOURI PUBLIC SERVICE COMMISSION**

### **COMMISSION STAFF DIVISION**

## WATER and SEWER DEPARTMENT

### SURREBUTTAL TESTIMONY

OF

## **DAVID C. ROOS**

## CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WA-2019-0299

Jefferson City, Missouri September 2019

\*\* Denotes Confidential Information \*\*

1	SURREBUTTAL TESTIMONY		
2	OF		
3	DAVID C. ROOS		
4	CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.		
5	CASE NO. WA-2019-0299		
6	Q. Please state your name and business address.		
7	A. My name is David C. Roos and my business address is Missouri Public Service		
8	Commission, P.O. Box 360, Jefferson City, MO 65102.		
9	Q. What is your position at the Missouri Public Service Commission		
10	("Commission")?		
11	A. I am a Utility Engineering Specialist III in the Commission Staff Division,		
12	Water and Sewer Department.		
13	Q. Are you the same David C. Roos that contributed to <i>Staff's Recommendation</i>		
14	filed as the attachment Confidential Schedule ND-d2 to Natelle Dietrich Direct Testimony in		
15	this case?		
16	A. Yes. I contributed to the section of <i>Staff's Investigation of Water Systems and</i>		
17	Sewer Systems starting on page 2 and ending on page 4 in Staff's Recommendation filed in		
18	this case.		
19	Q. What is the purpose of your testimony?		
20	A. The purpose of my testimony is to respond to Lake Perry Lot Owners		
21	Association's ("LPOA") witness Glen Justis' rebuttal testimony critiquing Confluence Rivers'		
22	(Confluence Rivers Utility Operating Company, Inc.) engineering reports and cost estimates		
23	relating to Lake Perry's water and wastewater systems.		

Q. Are you aware of the inconsistencies found in the Confluence Rivers'
engineering reports that Mr. Justis summarized on pages 15 through 17 of his rebuttal
testimony?

4	A. Yes. I have reviewed both Mr. Justis' rebuttal testimony on this issue, and the				
5	Confluence Rivers' engineering reports as attached as Confidential Schedules GJ-04 through				
6	GJ-06 of Mr. Justis' rebuttal testimony. These inconsistencies are a concern; however, it is				
7	my understanding that the cost estimates and scopes of work found in Confidential Schedule				
8	GJ-05 are the correct cost estimates and scopes of work that Confluence Rivers has provided				
9	in this case.				
10	Q. What repairs and upgrades to Port Perry's water and wastewater systems has				
11	Confluence Rivers proposed in this case?				
12	A. Confluence Rivers has proposed the following repairs and upgrades:				
13	Port Perry Water System				
14	• Install disinfection equipment and remote monitoring,				
15	• Improve access roads and fencing,				
16	• Rehab interior and exterior of well house,				
17	• Overhaul the backup wellhead, and				
18	• Install remote operations monitoring.				
19	Estimated costs for these repairs and upgrades, including a contingency is ** **.				
20	Staff notes that these costs do not include **				
21	**. At this time, the costs				

## Surrebuttal Testimony David C. Roos

1	for these items are indeterminate and it is my understanding it will require the operator to		
2	further investigate the system before the need for these items can be assessed.		
3	Port Perry Wastewater Treatment System		
4	Replace some sprinkler heads		
5	Replace sprinkler control system		
6	• Fencing for lagoon area		
7	Brush removal		
8	Estimated costs for these repairs and maintenance, including a contingency is ** **.		
9	Q. What is Staff's opinion of Confluence Rivers' proposed repairs and upgrades?		
10	A. Staff reviewed Confluence Rivers' proposed repairs and upgrades and the costs		
11	for those repairs and upgrades. Staff considers the proposed repairs and upgrades as general		
12	maintenance, or repair/replacement of outdated and worn out equipment with new, more		
13	advanced technology. In Staff's opinion, the scope and costs of these proposed repairs and		
14	upgrades are not unreasonable.		
15	Q. Is the Commission required to make the determination of what repairs and		
16	upgrades should be made to Port Perry's potable water and waste water treatment systems in		
17	this case?		
18	A. No. The determination as to what are the appropriate repairs and upgrades for		
19	the water and wastewater system are made by the owner(s) of the utility. Whether or not the		
20	utility may recover the costs of those improvements is a decision that would be made by the		
21	Commission in a subsequent rate case. As Staff noted on page 4 of Staff's Recommendation		
22	"Staff has reviewed CRU's capital improvement plan, but does not take a position and makes		

### Surrebuttal Testimony David C. Roos

no recommendation at this time regarding the prudency and costs of any specific
improvement. This will be addressed in a future rate case, after CRU has completed some or
all of its planned improvements."

4 5 Q. How does Staff evaluate the prudency of system repairs and upgrades in a rate case?

6 A. A multi-disciplinary team of Staff engineers, economists, and accountants will 7 be assigned to review the actual repair that was made and the actual cost of the repair. 8 In evaluating prudence, Staff reviews whether a reasonable person making the same decision 9 at that time would find both the information the decision-maker relied on and the process the 10 decision-maker employed were reasonable based on the circumstances at the time the decision 11 was made; *i.e.*, without the benefit of hindsight. The decision actually made is disregarded 12 and the review is instead an evaluation of the reasonableness of the information the 13 decision-maker relied on and the decision-making process the decision-maker employed. 14 If either the information relied upon or the decision-making process employed was imprudent, 15 then Staff examines whether the imprudent decision caused any harm to ratepayers. Only if 16 an imprudent decision resulted in harm to ratepayers, will Staff recommend a partial 17 adjustment or a total disallowance of the cost.

18

19

- Q. Does this conclude your Surrebuttal testimony?
- A. Yes.

#### BEFORE THE PUBLIC SERVICE COMMISSION

#### **OF THE STATE OF MISSOURI**

)

)

)

)

In the Matter of the Application of Confluence Rivers Utility Operating Company, Inc. to Acquire Certain Water and Sewer Assets and for a Certificate of Convenience and Necessity

Case No. WA-2019-0299

#### **AFFIDAVIT OF DAVID C. ROOS**

STATE OF MISSOURI	)	
	)	SS.
COUNTY OF COLE	)	

**COMES NOW DAVID C. ROOS** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

DAVID C. ROOS

#### JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this  $23^{\text{md}}$  day of September, 2019.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2020 Commission Number: 12412070

Notary Public