

*Exhibit No.:*  
*Issues:* *Investigation of Water Systems  
and Sewer Systems*  
*Witness:* *David C. Roos*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case No.:* *WA-2019-0299*  
*Date Testimony Prepared:* *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 Q. Are you aware of the inconsistencies found in the Confluence Rivers'  
2 engineering reports that Mr. Justis summarized on pages 15 through 17 of his rebuttal  
3 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

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

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

4 Q. How does Staff evaluate the prudence of system repairs and upgrades in a  
5 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 Q. Does this conclude your Surrebuttal testimony?

19 A. Yes.

