

Exhibit No.:
Issue: Depreciation
Witness: Rosella L. Schad, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: WO-2005-0206
Date Testimony Prepared: June 10, 2005

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

ROSELLA L. SCHAD, PE

SILVERLEAF RESORTS, INC.

AND

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC

CASE NO. WO-2005-0206

Jefferson City, Missouri
June 2005

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of Silverleaf)
Resorts, Inc., and Algonquin Water Resources of)
Missouri, LLC, for Authority for Silverleaf Resorts,) Case No. WO-2005-0206
Inc., to Sell Certain Assets to Algonquin Water)
Resources of Missouri, LLC, and, in Connection)
Therewith, Certain Other Related Transactions.)

AFFIDAVIT OF ROSELLA L. SCHAD, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Rosella L. Schad, PE, being of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the following Rebuttal 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, P.E.

Rosella L. Schad, PE

Subscribed and sworn to before me this 9th day of June 2005.



Suzie Mankin

Notary

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**REBUTTAL TESTIMONY OF
ROSELLA L. SCHAD, PE
SILVERLEAF RESORTS, INC.**

AND

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC

CASE NO. WO-2005-0206

Q. Please state your name and business address.

A. My name is Rosella L. Schad, P.O. Box 360, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as an Engineer in the Engineering and Management Services Department.

Q. Please describe your educational training and professional background.

A. I received a Bachelor of Science degree (1978) in Mechanical Engineering from the University of Missouri-Columbia. I received a Masters of Public Administration degree with an emphasis in Public Management in 2004 from the University of Missouri-Columbia. I am a Licensed Professional Engineer in the State of Missouri. I am a member of the National Society of Professional Engineers and the Society of Depreciation Professionals. I was employed by Union Electric (now AmerenUE) as an Engineer Intern during the summer of 1977. I was employed as a Mechanical Engineer by Union Electric in its Nuclear Construction Department from 1978 to 1980. I have been with the Missouri Public Service Commission's Staff since 1999. In my current position I have completed training in depreciation concepts, attended numerous industry seminars for electric, natural gas, telecommunications, water, and wastewater and made on-site tours of many of the

Rebuttal Testimony

Rosella L. Schad

1 electric, natural gas, telecommunications, water, and wastewater utilities operating in the
2 State of Missouri.

3 Q. Please describe your duties while employed by the Commission.

4 A. I am responsible for engineering analyses and depreciation rate determinations
5 of companies regulated by the Commission.

6 Q. Have you previously filed testimony before this Commission?

7 A. Yes. As shown in Schedule 1, attached to my testimony, is a list in which I
8 have previously filed testimony and the issues that I addressed.

9 **DEPRECIATION**

10 Q. Please state the purpose of your testimony in this case.

11 A. The purpose of my testimony is to make recommendations for Alongquin
12 Water Resources of Missouri, LLC (Company) concerning the depreciation rates that will
13 allow the Company to collect the original cost of its investment over the life of these assets.

14 Q. Please describe Staff's position in this case?

15 A. The assets of Silverleaf Resorts, Inc. are being purchased by Alongquin Water
16 Resources of Missouri, LLC. Staff has determined the appropriate depreciation rates for the
17 Company to use. These depreciation rates, shown in Schedule 2, reflect the current
18 Commission's policy on cost of removal and salvage.

19 Q. Are these the depreciation rates currently ordered for Silverleaf Resorts, Inc.?

20 A. No. Staff recommends changes to the existing rates.

21 Q. What is Staff's recommendation for depreciation rates for Alongquin Water
22 Resources of Missouri, LLC?

23 A. Staff recommends the Commission order the depreciation rates and average
24 service lives shown in Schedule 2.

Rebuttal Testimony
Rosella L. Schad

1 Q. Does this conclude your rebuttal testimony?

2 A. Yes, it does.

CASE PROCEEDING PARTICIPATION

ROSELLA L. SCHAD

COMPANY	CASE NO./ FILING	ISSUES
Laclede Gas Company	GR-99-315 Supplemental Rebuttal	Depreciation, Cost of Removal, and Net Salvage
Laclede Gas Company	GR-99-315 Supplemental Direct	Depreciation, Cost of Removal, and Net Salvage
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS – L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Surrebuttal	Production Plant Retirement Dates; Accumulated Depreciation; Cost of Removal and Depreciation
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P	GR-2004-0072 Rebuttal	Depreciation; Accumulated Depreciation; Cost of Removal and Production Plant Retirement Dates
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS – L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Rebuttal	Production Plant Retirement Dates; Accumulated Depreciation Reserve Balances; Cost of Removal and Depreciation
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS AND AQUILA NETWORKS-L&P	GR-2004-0072 Direct	Depreciation and Accumulated Depreciation Reserve
AQUILA, INC. d/b/a AQUILA NETWORKS-MPS (Electric) AND AQUILA NETWORKS – L&P (Electric and Steam)	ER-2004-0034 and HR-2004-0024 (Consolidated) Direct	Depreciation and Accumulated Depreciation Reserve
Laclede Gas Company	GR-2002-356 Rebuttal	Decommissioning
Laclede Gas Company	GR-2002-356 Direct	Depreciation
Union Electric Company d/b/a AmerenUE	EC-2002-1 Surrebuttal	Depreciation; Steam Production Plant Retirement Dates; Decommissioning Costs; Callaway Interim Additions
Laclede Gas Company	GR-2001-629 Direct	Depreciation
Ozark Telephone Company	TC-2001-402 Direct	Depreciation Rates
Northeast Missouri Rural Telephone Company	TR-2001-344 Direct, Surrebuttal	Depreciation Rates

COMPANY	CASE NO./ FILING	ISSUES
Oregon Farmers Mutual Telephone Company	TT-2001-328 Rebuttal	Depreciation Rates
KLM Telephone Company	TT-2001-120 Rebuttal	Depreciation Rates
Holway Telephone Company	TT-2001-119 Rebuttal	Depreciation Rates
Peace Valley Telephone Company	TT-2001-118 Rebuttal	Depreciation Rates
Iamo Telephone Company	TT-2001-116 Rebuttal	Depreciation Rates
Osage Water Company	WR-2000-557 Direct	Depreciation
Osage Water Company	SR-2000-556 Direct	Depreciation

ALGONQUIN WATER RESOURCES OF MISSOURI, LLC
DEPRECIATION RATES

(SEWER)

WO-2005-0206

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
351	Structures & Improvements	2.5%	40
352.1	Collection Sewers (Force)	2.0%	50
352.2	Collection Sewers (Gravity)	2.0%	50
353	Services	2.0%	50
354	Flow Measurement Devices	3.3%	30
362	Receiving Wells	4.0%	25
363	Electric Pumping Equipment	10.0%	10
372	Treatment & Disposal Facilities	5.0%	20
373	Plant Sewers	2.5%	40
374	Outfall Sewer Lines	2.0%	50
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
397	Communication Equipment	6.7%	15

**ALGONQUIN WATER RESOURCES OF MISSOURI, LLC
DEPRECIATION RATES**

(WATER)

WO-2005-0206

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
314	Wells & Springs	2.0%	50
316	Supply Mains	2.0%	50
321	Structures & Improvements	2.5%	40
325	Electric Pumping Equipment	10.0%	10
325.2	High Service or Booster Pumping Equipment	6.7%	15
332	Water Treatment Equipment	2.9%	35
341	Structures & Improvements	2.5%	40
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Meters	3.3%	30
348	Hydrants	2.0%	50
390	Structures & Improvements	2.5%	40
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
397	Communication Equipment	6.7%	15