

Exhibit No.:
Issues: Tank Painting Tracker Adjustment,
St. Louis County Fire Hydrant Lead
Based Paint Abatement and Repainting
Project
Witness: Frank L. Kartmann
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri-American Water Company
Case No.: WR-2008-0311
SR-2008-0312
Date: September 30, 2008

MISSOURI PUBLIC SERVICE COMMISSION

**CASE NO. WR-2008-0311
CASE NO. SR-2008-0312**

SURREBUTTAL TESTIMONY

OF

FRANK L. KARTMANN

ON BEHALF OF

MISSOURI-AMERICAN WATER COMPANY

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

IN THE MATTER OF MISSOURI-AMERICAN)	
WATER COMPANY FOR AUTHORITY TO)	
FILE TARIFFS REFLECTING INCREASED)	CASE NO. WR-2008-0311
RATES FOR WATER AND SEWER)	CASE NO. SR-2008-0312
SERVICE)	

AFFIDAVIT OF FRANK L. KARTMANN

Frank L. Kartmann, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Surrebuttal Testimony of Frank L. Kartmann"; that said testimony was prepared by him and/or under his direction and supervision; that if inquires were made as to the facts in said testimony, he would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of his knowledge.


Frank L. Kartmann

State of Missouri
County of St. Louis
SUBSCRIBED and sworn to
Before me this 15th day of October 2008.



Notary Public

My commission expires:

Staci A. Olsen
Notary Public - Notary Seal
State of Missouri
St. Charles County
Commission # 05519210
My Commission Expires: March 20, 2009

**SURREBUTTAL TESTIMONY
FRANK L. KARTMANN
MISSOURI-AMERICAN WATER COMPANY
CASE NO.WR-2008-0311
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1 **SURREBUTTAL TESTIMONY**

2

3 **FRANK KARTMANN**

4

5 **I. WITNESS INTRODUCTION**

6

7 **Q. STATE YOUR NAME AND BUSINESS ADDRESS?**

8 A. Frank Kartmann, 727 Craig Road, St. Louis, Missouri 63141.

9

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am Vice President of Operations for Missouri-American Water Company
12 ("MAWC" or the "Company").

13

14 **Q. ARE YOU THE SAME FRANK KARTMANN THAT PREVIOUSLY**
15 **PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?**

16 A. Yes.

17

18 **II. TANK PAINTING TRACKER ADJUSTMENT**

19

20 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON THIS**
21 **ISSUE?**

22 A. My surrebuttal testimony will address the rebuttal testimony of Staff witness
23 Kimberly K. Bolin on the issue of tank painting expense.

24

25 **Q. ON PAGE 6 (LINE 3) OF HER REBUTTAL TESTIMONY, STAFF WITNESS**
26 **BOLIN SUGGESTS THAT THE EXISTING TANK PAINTING TRACKER HAS**
27 **NOT BEEN IN EFFECT LONG ENOUGH TO JUDGE THE EFFECTIVENESS**
28 **OF THE TRACKER MECHANISM. DO YOU AGREE WITH THIS**
29 **SUGGESTION?**

1 A. No. The Company does not agree. Staff witness Bolin makes her claim on only a
2 partial review of what has transpired since the implementation of the tank
3 painting tracker. On page 20 of the Staff Report – Cost of service, the Staff
4 states, “As of March 31, 2008, the tracker has produced a regulatory liability of
5 \$401,737.” As of the submission date of Staff witness Bolin’s rebuttal testimony,
6 the existing tracker had been in effect for the eleven months ending September
7 30, 2008, which is also the Company’s proposed true-up date in this rate case.
8 As of September 30, 2008, the existing tank painting tracker has produced a
9 regulatory asset in the amount of \$166,336. Since the tracker has been initiated,
10 the Company has spent \$1,064,073, related to tank painting. This additional
11 information is relevant when considering the effectiveness of the tracker
12 mechanism.

13
14 **Q. WHAT IS SIGNIFICANT ABOUT WHAT HAS HAPPENED SINCE THE END OF**
15 **MARCH?**

16 A. The information available for evaluation by Staff at the end of the first eleven
17 months of the tracker mechanism’s existence is quite different than that at the
18 end of the first five months of its existence.

19
20 **Q. WHY IS THIS?**

21 A. The first five months the tracker was in place covered a period of time when
22 tanks in the Midwest are not normally painted. The colder ambient temperatures
23 that are typically experienced during November through March (the first five
24 months of the tracker’s existence) are not conducive to the application and curing
25 of the paint used to coat steel tanks. By contrast the six months of the year
26 following March normally produce ambient temperatures most appropriate for
27 tank painting activities. It was within this latter six month period that the
28 Company’s tank painting for 2008 occurred. This latter six months is the time

1 period over which one would expect most tank painting activity to occur in the
2 Midwest.

3
4 **Q. HOW DOES THIS ADDRESS THE EFFECTIVENESS OF THE TANK**
5 **PAINTING TRACKER MECHANISM?**

6 A. If Staff witness Bolin had included the additional six months time in her
7 consideration of the effectiveness of the tracker mechanism, she would have
8 recognized that the Company met the annual tracker target of \$1,000,000. In
9 fact, the Company has exceeded it.

10
11 **Q. WHAT DOES THE REVIEW OF THIS INFORMATION INDICATE IN TERMS OF**
12 **THE TRACKER'S EFFECTIVENESS?**

13 A. The nearly one year of the tracker's existence indicates the tracker is effective at
14 encouraging tank painting at an annual expense level approximately equal to the
15 tracker level.

16
17 **Q. BEGINNING ON LINE 11 OF PAGE 6 OF STAFF WITNESS BOLIN'S**
18 **REBUTTAL TESTIMONY SHE CLAIMS THAT IF THE COMPANY SHOULD**
19 **HAPPEN TO SPEND MORE THAN \$1,000,000 ANNUALLY ON TANK**
20 **PAINTING THAT IT WILL RECOVER THE INCREMENTAL AMOUNT**
21 **THROUGH THE TRACKER IN FUTURE RATE CASES. DOES THE**
22 **COMPANY AGREE WITH STAFF WITNESS BOLIN'S CLAIM?**

23 A. That is the Company's interpretation of the tracker's functionality. However,
24 there is no language appearing in the nonunanimous stipulation from Case No.
25 WR-2007-0216 that clearly articulates the treatment of any incremental amount
26 of tank painting expenditure in future rate cases. Even if it did, it would be in the
27 ratepayers' best interest to set the tracker for tank painting at a level to coincide
28 with the expected cash payments to be made to paint the tanks.

1 **Q. WHY IS THIS LACK OF CERTAINTY OF THE TREATMENT OF**
2 **INCREMENTAL TANK PAINTING EXPENSE IMPORTANT TO RECOGNIZE?**

3 A. The combination of this expense recovery uncertainty and the Company's pro
4 forma tank painting expense analysis indicates there currently exists a real risk
5 the Company will not receive full recovery of its tank painting expense. In the
6 Company's view if it were to increase its annual tank painting expense level to
7 \$1,600,000 (in 2007 dollars) without a commensurate change in the level of the
8 tracker it would be placing at risk of recovery in future rate cases an annual
9 amount of \$600,000. This is significant exposure for just one year of tank
10 painting activity that would only escalate over time.

11
12 **Q. WHAT DOES THIS CAUSE THE COMPANY TO DO WITH RESPECT TO**
13 **TANK PAINTING?**

14 A. The uncertainty discourages the Company from annual tank painting
15 expenditures in excess of the level of the tracker.

16
17 **Q. HOW DOES THE COMPANY RECONCILE LIMITING ITS GOING FORWARD**
18 **LEVEL OF TANK PAINTING EXPENSE EQUAL TO THAT OF THE EXISTING**
19 **LEVEL OF THE TRACKER WHEN ITS ANALYSIS INDICATES A MORE**
20 **APPROPRIATE ANNUAL LEVEL OF EXPENSE OF \$1,600,000 (IN 2007**
21 **DOLLARS)?**

22 A. The Company can continue to paint only that quantity of tank surface area that
23 \$1,000,000 will fund. What will occur, however, is a backlog of tanks in need of
24 repainting such that at some point the annual expense to repaint tanks will grow
25 to a value much greater than the currently proposed \$1,600,000 (in 2007 dollars).
26 The purpose of the Company's tank painting analysis was to determine, as a
27 function of expected coating life, what is required to levelize tank painting
28 expense over time and avoid volatility in this piece of the Company's and
29 customer's cost of service. It is logical to set the value of the tank painting

1 tracker such that it approximates what the actual expense of tank painting is
2 expected to be under levelized conditions.

3
4 **Q. WHY DOES STAFF BELIEVE A \$1,600,000 (IN 2007 DOLLARS) LEVEL OF**
5 **ANNUAL TANK PAINTING EXPENSE IS NOT A REASONABLE AMOUNT TO**
6 **BE INCLUDED IN THE COMPANY'S COST OF SERVICE?**

7 A. Staff witness Bolin states beginning on line 15 of page 6 of her rebuttal testimony
8 that "The Company's proposed \$1,600,000 (in 2007 dollars) for annual tank
9 painting expense is calculated on "many estimates, such as the total estimated
10 cost to paint all tank exterior and interior surfaces and the life expectancies per
11 paint coating. However, a review by the Staff of the Company's signed contracts
12 for tank painting for the year 2008 shows a total expenditure of approximately
13 \$1,000,000." From this statement it appears that Staff believes the Company's
14 estimates of tank painting expense that enabled it to arrive at a proposed annual
15 level of \$1,600,000 must be erroneous since the actual 2008 tank painting
16 expense level for which it contracted was approximately \$1,000,000.

17
18 **Q. HOW IS STAFF'S LOGIC, AS EXPRESSED IN THE ABOVE QUOTE FROM**
19 **WITNESS BOLIN'S REBUTTAL TESTIMONY, FLAWED?**

20 A. The Company's proposal of \$1,600,000 (in 2007 dollars) for the annual level of
21 the tank painting tracker is a function of the Company's analysis of the expected
22 longevity of each of its tank's coatings. The Company's 2008 signed contracts
23 totaling approximately \$1,000,000 is a function of the regulatory limitation of the
24 level of the tank painting tracker and affords a lesser number of tanks to be
25 painted per year on average compared to that associated with the Company's
26 proposed annual tracker level of \$1,600,000. In other words, the \$1,600,000
27 annual level is driven by the expected life cycles of the Company's tanks'
28 coatings while the \$1,000,000 annual level is driven by the current level of the
29 tracker.

1
2 **Q. WHAT HAS THE COMPANY DONE TO DEMONSTRATE ITS COMMITMENT**
3 **TO AN INCREASE IN THE LEVEL OF THE TANK PAINTING TRACKER?**

4 A. In my rebuttal testimony, I included as Schedules FLK-4a through 4f the six fully
5 executed tank painting contracts for 2009, which have a total expense value of
6 \$1,673,245.67, not including taxes.

7
8 **Q. WHAT IS THE COMPANY PROPOSING SHOULD BE THE LEVEL OF THE**
9 **TRACKER IN THIS RATE CASE?**

10 A. As described beginning on line 24 of page 5 and extending through line 6 of page
11 6 of my rebuttal testimony, owing to the price inflation that has occurred since the
12 Company developed its analysis resulting in an annual expense level of
13 \$1,600,000 in 2007 dollars, the Company proposes the annual level of the tank
14 painting tracker be increased to \$1,700,000.

15
16 **III. ST. LOUIS COUNTY FIRE HYDRANT LEAD BASED PAINT**
17 **ABATEMENT AND REPAINTING PROJECT**
18

19 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY ON THIS**
20 **ISSUE?**

21 A. My surrebuttal testimony will address the hydrant painting expense rebuttal
22 testimony of Staff witness Kimberly K. Bolin and Office of the Public Council
23 witness Ted Robertson.

24
25 **Q. IS STAFF WITNESS BOLIN ACCURATE IN HER STATEMENT BEGINNING**
26 **ON LINE 3 OF PAGE 7 OF HER REBUTTAL TESTIMONY WHERE SHE**
27 **INDICATES THAT THE COMPANY HAS NOT SAND BLASTED THE LEAD**
28 **BASED PAINT OFF OF THE FIRE HYDRANTS, INSTEAD THE COMPANY**
29 **HAS SIMPLY REPAINTED THE HYDRANTS?**

1 A. Not entirely. In most cases the Company has not repainted these hydrants
2 because of the combination of the failing coating issue and the fact that the
3 failing coating is lead based. In the cases where hydrants with lead based paint
4 coatings have been repainted, there has been no preparation of the existing lead
5 based paint coating prior to application of the overcoat. Under a traditional
6 approach to hydrant painting, surface preparation consists of wire brushing
7 and/or scraping to remove any loose and/or peeling chips of paint. Preparation
8 in this traditional fashion would result in the deposition of lead based paint on the
9 ground and into the environment generally. This would be in violation of EPA
10 and MDNR regulations regulating the abatement of lead based paint. These
11 regulations primarily focus on the containment and disposal of lead based paint.
12 For this reason, in the instances where the Company has repainted these
13 hydrants, it has done so without removing loose and peeling chips of paint.

14
15 **Q. WHY IS THIS CLARIFICATION OF STAFF WITNESS BOLIN'S REBUTTAL**
16 **TESTIMONY SIGNIFICANT?**

17 A. While initially there is a marginal improvement in the appearance of the hydrant
18 as a result of repainting, within about one year the overcoat is already failing, as
19 evidenced by peeling and flaking of the overcoat and the appearance of rust
20 streaks surfacing from the oxidation of the underlying iron of the hydrant itself.
21 Attached as Schedule FLK – 7a of my rebuttal testimony is a photograph of such
22 a fire hydrant. As a result of the marginal and short lived improvement offered by
23 such a repainting approach in combination with the Company's observance of
24 these environmental regulations, most of these fire hydrants continue to not be
25 repainted.

26
27 **Q. IS THERE A MORE EFFECTIVE APPROACH TO FIRE HYDRANT COATING**
28 **MAINTENANCE?**

29 A. Yes.

1
2 **Q. WHAT IS THAT MORE EFFECTIVE APPROACH TO THE MAINTENANCE OF**
3 **THE COATINGS OF THESE FIRE HYDRANTS?**

4 A. As mentioned beginning on line 1 of page 7 of Staff witness Bolin's rebuttal
5 testimony and described further in my direct and rebuttal testimony, sand blasting
6 these fire hydrants down to bare metal in a way that allows for the containment
7 and proper disposal of the spent lead based paint, repriming and repainting them
8 is a much more effective manner in which to approach the coating maintenance
9 of these hydrants.
10

11 **Q. IN STAFF WITNESS BOLIN'S REBUTTAL TESTIMONY BEGINNING ON LINE**
12 **11 OF PAGE 7, SHE REFERS TO THE COMPANY REQUESTING MONEY**
13 **FOR THIS PROJECT TO BE INCLUDED IN THE COST OF SERVICE BEFORE**
14 **THE COMPANY WILL INCUR THE EXPENSE. WHY IS THE COMPANY**
15 **MAKING SUCH A REQUEST?**

16 A. The Company is making this request because this is a nonrecurring project of
17 substantial cost compared to the traditional approach to fire hydrant coating
18 maintenance. The sandblasting of these hydrants is a one-time occurrence that
19 once completed will enable these hydrants' coatings to be maintained in the
20 traditional fashion described above. Since this is a one-time occurrence per
21 hydrant with a lead based paint coating, it is possible this expense, if incurred
22 before it is included in the Company's cost of service, will never be included in
23 the Company's cost of service. Therefore, the Company could find itself in a
24 position of not recovering this expense.
25

26 **Q. IS THERE ANY OTHER REASON THE COMPANY IS MAKING THIS**
27 **REQUEST?**

28 A. Yes, this is a project involving a high volume of a single and uncomplicated
29 repetitive activity that therefore lends itself well to the determination of its

1 expense. Completing this work or some volume of it prior to receiving
2 consideration for recovery of it in the Company's cost of service is unwarranted.

3
4 **Q. HOW IS IT THAT THE EXPENSE ASSOCIATED WITH THIS WORK IS ABLE**
5 **TO BE DETERMINED PRIOR TO ITS COMPLETION?**

6 A. As discussed in my direct and rebuttal testimony in this case the following facts
7 make this possible:

8
9 1. The number of fire hydrants qualifying for this level of coating
10 maintenance is approximately 17,000. Review of the Company's hydrant
11 asset records to determine the date of installation and comparison of
12 those dates to the time at which lead based paint use was discontinued
13 affords an accurate approximation of the number of hydrants requiring this
14 coating maintenance. A lead presence/absence field test of those fire
15 hydrants installed at or about the time at which lead based paint use was
16 discontinued would remove what little approximation of the number of
17 impacted hydrants that existed as a result of the asset records review
18 described above.

19
20 2. The Company conducted two pilot hydrant coating maintenance projects
21 with two different painting contractors to allow them to fully understand,
22 process, and quantify in real-time the cost drivers of this work so they
23 could incorporate that specific and thorough knowledge in their
24 determination of their quoted price per hydrant to perform this work.

25
26 3. The Company has selected the painting contractor that provided the
27 lowest quote among three contractors that provided price quotes to
28 perform this work. Copies of these quotes and the fully executed contract

1 for this work have been included with my rebuttal testimony as Schedules
2 FLK – 5a-5c and FLK - 6, respectively.

3
4 These three factors make the expense of this work both determinable and known
5 and measureable. That in combination with this work's "one-time" nature make it
6 an appropriate expense for recovery in the Company's cost of service at the time
7 the expense is being incurred.

8
9 **Q. STAFF WITNESS BOLIN STATES BEGINNING ON LINE 21 OF PAGE 7 OF**
10 **HER REBUTTAL TESTIMONY THAT THE COMPANY'S EXPENSE LEVEL OF**
11 **\$1,417,000 IS BASED ON SEVERAL ESTIMATES. IS THIS TRUE?**

12 A. No. There remains only one estimate in the quantification of this expense. The
13 first is the exact number of hydrants that require this maintenance treatment and
14 I have already explained above, the Company has accurately approximated this
15 number leaving little variance between that approximation and the actual
16 number.

17
18 **Q. WHAT IS THE COMPANY'S RESPONSE TO STAFF WITNESS BOLIN'S**
19 **CLAIM THAT THE TIME REQUIRED TO PERFORM THIS WORK IS AN**
20 **ESTIMATE?**

21 A. The time required to perform this work is not an estimate. The time required
22 amounts to nothing more than making the determination to process a particular
23 number of these hydrants per year. Once that determination is made, then
24 contractor resources are applied to the project as necessary to process the
25 workload timely. The Company's determination to process these hydrants in
26 equal quantities per year over a three year period was not limited by productivity
27 considerations, but rather what the Company believed to be a reasonable annual
28 level of expense to include in its pro forma cost of service revenue requirement.

1 **Q. SPEAKING HYPOTHETICALLY, IF FOR SOME REASON THIS PROJECT**
2 **FELL BEHIND WHAT COULD THE COMPANY DO TO KEEP IT ON**
3 **SCHEDULE?**

4 A. While the Company believes the time line selected is quite achievable, if the
5 hypothetical you suggest occurred or were to become expected to occur then
6 additional contractors could be contracted with to support timely completion of
7 this project and/or the original contractor could add additional resources.

8
9 **Q. DO YOU BELIEVE CONCERN REGARDING THE PROJECT DURATION**
10 **DECISION IS JUSTIFIED FROM THE PERSPECTIVE OF ACHIEVABILITY?**

11 A. No. It is important to place this work in the proper context. As I indicated earlier
12 in this surrebuttal testimony, this is not complex work. Rather it is a single and
13 uncomplicated repetitive activity that therefore lends itself well to the
14 determination of its duration. By contrast, if we were considering the design and
15 construction of a new treatment plant then project duration would carry with it
16 uncertainty. As examples, material and equipment deliveries could be delayed
17 and/or interference of the project's construction with existing operations could
18 cause delays. Sand blasting, repriming, and repainting fire hydrants, by
19 comparison, is straight forward in its execution and simple in its logistical
20 requirements.

21
22 **Q. BEGINNING ON LINE 16 OF STAFF WITNESS BOLIN'S REBUTTAL**
23 **TESTIMONY SHE CLAIMS THAT BY THE COMPANY REQUESTING**
24 **"UPFRONT RATE RECOVERY BEFORE A UTILITY MAKES CERTAIN**
25 **EXPENDITURES ... THE COMMISSION WOULD BE IN EFFECT ULTIMATELY**
26 **MAKING THE DECISION TO INCUR THE EXPENSE OR NOT, INSTEAD OF**
27 **THE COMPANY'S OFFICERS."** DOES THE COMPANY AGREE WITH THIS
28 **CHARACTERIZATION?**

1 A. No. Regardless of whether or not the Company had performed a portion of this
2 work in the test year, the Commission would be faced with the decision of
3 whether to allow recovery of the expense going forward from this rate case and
4 the Company would still be faced with the decision to continue to perform or
5 begin performing this work going forward from this rate case. The Commission
6 and the Company are in their same positions with respect to the recovery of
7 expense associated with and the performance of this work going forward from
8 this case regardless of what has or has not occurred with respect to the
9 performance of this work in the test year for this case.

10
11 **Q. WHAT ACTIONS HAS THE COMPANY UNDERTAKEN TO ACCOMPLISH**
12 **THIS WORK?**

13 A. As mentioned earlier in this testimony, the Company has researched its asset
14 records to determine the number of hydrants requiring this work, conducted two
15 pilot hydrant coating maintenance projects with two different painting contractors,
16 received price quotes to do this work from three different painting contractors and
17 entered into a contract with one of these painting contractors to perform this work
18 beginning in 2009.

19
20 **Q. IS THERE AN ACCOUNTING MECHANISM THAT WOULD PLACE THE**
21 **DECISION TO INCUR OR NOT INCUR THE EXPENSE SQUARELY ON THE**
22 **SHOULDERS OF THE COMPANY?**

23 A. Yes, as addressed in my rebuttal testimony in this case, a hydrant painting
24 tracker could be created or the existing tank painting tracker could be revised as
25 simply a painting tracker to include the fire hydrant project expense along with
26 tank painting expense and its annual expense level could be increased to
27 accommodate the additional expense of the fire hydrant project.

1 **Q. HOW DOES THIS PLACE THE DECISION TO INCUR THE EXPENSE ON THE**
2 **COMPANY AND NOT ON THE COMMISSION?**

3 A. The Company still has to make the decision to do the hydrant project and incur
4 the cost. If the Company does not perform the project or performs it at an
5 expense level less than the tracker, a regulatory liability will develop that will flow
6 back to customers over time. With this accounting treatment, it is the Company's
7 decision to both perform the work and incur the expense.

8
9 **Q. WAS THERE ANY TESTIMONY IN OPC WITNESS ROBERTSON'S**
10 **REBUTTAL TESTIMONY UNIQUE FROM THAT OF STAFF WITNESS**
11 **BOLIN'S THAT YOU WOULD LIKE TO ADDRESS?**

12 A. Yes. Beginning on line 1 of page 5 of OPC witness Robertson's rebuttal
13 testimony he implies that the work proposed under this fire hydrant project is
14 normal maintenance expense and as such no special ratemaking treatment is
15 required to facilitate the needs expressed by the utility.

16
17 **Q. WHY DO YOU TAKE ISSUE WITH WHAT IS IMPLIED BY THIS PORTION OF**
18 **OPC WITNESS ROBERTSON'S REBUTTAL TESTIMONY?**

19 A. This is not a normal maintenance expense or activity. It is not normal for a water
20 utility to sand blast, much less sand blast in a setting involving containment, and
21 then, reprime, and repaint 17,000 of its fire hydrants. Furthermore, water utilities
22 do not normally concern themselves with the disposal of spent fire hydrant paint.
23 An expense of \$198 per fire hydrant for surface preparation and painting is far
24 greater than that normally expected by a water utility. Under normal conditions, a
25 fire hydrant coating maintenance process is performed on all hydrants, without
26 significant modification, several times throughout each hydrant's life. By
27 contrast, the hydrant coating maintenance process I have described in the
28 testimony I have provided in this case is a one-time maintenance activity that
29 each of only the fire hydrants in this subset of total fire hydrants in the St. Louis

1 County district will experience in its lifetime. Therefore, the abnormality of this
2 process, its significant cost, the known and measureable nature of that cost and
3 the fact that it is not an ongoing maintenance activity do qualify it for special
4 ratemaking treatment.

5
6 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

7 **A. Yes.**