

**Exhibit No.:**

**Issue(s):**

\_\_\_\_\_  
Plant-in-Service/  
Depreciation Reserve/  
CIAC/

CIAC Amortization Expense

**Witness/Type of Exhibit:**

Addo/True-Up Rebuttal

**Sponsoring Party:**

Public Counsel

**Case No.:**

WR-2013-0461

**TRUE-UP REBUTTAL TESTIMONY**

**OF**

**WILLIAM ADDO**

Submitted on Behalf of the Office of the Public Counsel

**LAKE REGION WATER & SEWER COMPANY**

**CASE NO. WR-2013-0461**

March 11, 2014

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

In the Matter of Lake Region Water &     )  
Sewer Company's Application to         )  
Implement a General Rate Increase     )  
in Water and Sewer Service            )

File No. WR-2013-0461

**AFFIDAVIT OF WILLIAM ADDO**

STATE OF MISSOURI     )  
                                      )     ss  
COUNTY OF COLE        )

William Addo, of lawful age and being first duly sworn, deposes and states:

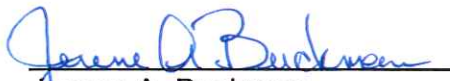
1. My name is William Addo. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my true-up rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
William Addo  
Public Utility Accountant I

Subscribed and sworn to me this 11<sup>th</sup> day of March 2014.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2017  
Cole County  
Commission #13754037

  
\_\_\_\_\_  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2017.

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1                                   **TRUE-UP REBUTTAL TESTIMONY**  
2   **OF**  
3   **WILLIAM ADDO**

4  
5                                   **LAKE REGION WATER AND SEWER COMPANY**

6  
7                                   **CASE NO. WR-2013-0461**  
8

9   **I.     INTRODUCTION.**

10   Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

11   A.    William Addo, P.O. Box 2230, Jefferson City, Missouri 65102-2230.  
12

13   Q.    ARE YOU THE SAME WILLIAM ADDO THAT HAS PREVIOUSLY FILED  
14           REBUTTAL TESTIMONY IN THIS CASE?

15   A.    Yes.  
16

17   **II.    PURPOSE OF TESTIMONY.**

18   Q.    WHAT IS THE PURPOSE OF YOUR TRUE-UP REBUTTAL TESTIMONY?

19   A.    The purpose of this True-Up Rebuttal Testimony is to respond to the True-Up Direct  
20           Testimony of the Missouri Public Service Commission ("MPSC") Staff witness Ms.  
21           Kimberly K. Bolin regarding Plant-in-Service, Accumulated Depreciation Reserve,  
22           Contributions in Aid of Construction ("CIAC"), and CIAC Amortization Expense.  
23  
24  
25  
26

**III. PLANT-IN-SERVICE.**

Q. DOES PUBLIC COUNSEL AGREE WITH THE MPSC STAFF’S TRUE-UP PERIOD  
PLANT BALANCE REFLECTED IN THE UNIFORM SYSTEM OF ACCOUNTS  
 (“USOA”), ACCOUNT 346 (METERS), FOR THE SHAWNEE BEND WATER  
 OPERATIONS?

A. No. My review of the MPSC Staff’s Workpaper, Rice-LRWS After True-Up Work  
 Paper-Rice 2-26-2014, Tab: Water, shows that the MPSC Staff has made an adjustment  
 to include an amount of \$252 in USOA account 346 that has already been included in the  
 test year. Public Counsel believes this adjustment is duplicative and should be removed  
 from plant.

**IV. ACCUMULATED DEPRECIATION RESERVE.**

Q. DOES PUBLIC COUNSEL AGREE WITH THE ACCUMULATED DEPRECIATION  
 RESERVE BALANCE REFLECTED BY THE MPSC STAFF AT THE END OF THE  
 TRUE-UP PERIOD FOR THE SHAWNEE BEND WATER OPERATIONS?

A. No.

1 Q. PLEASE EXPLAIN.

2 A. Public Counsel believes that the accumulated depreciation reserve balance included in the  
3 Lake Region Water and Sewer Company (“LRWS” or “Company”) cost of service is  
4 reflective of the overstated plant balance resulting from the duplicative plant entry  
5 referenced above. The accumulated depreciation reserve balance should therefore be  
6 recalculated based on the corrected plant balance at the end of the true-up period.  
7

8 **V. CONTRIBUTIONS IN AID OF CONSTRUCTION.**

9 Q. DOES PUBLIC COUNSEL AGREE WITH THE CONTRIBUTIONS IN AID OF  
10 CONSTRUCTION BALANCE REFLECTED BY THE MPSC STAFF AT THE END  
11 OF THE TRUE-UP PERIOD FOR THE SHAWNEE BEND WATER AND SEWER  
12 OPERATIONS?  
13

14 A. No. My review of the Company’s general ledger shows that four new water  
15 customers and four new sewer customers have been connected with water and sewer  
16 services in the true-up period. The MPSC Staff, however, did not include the CIAC  
17 associated with these new connections in its true-up calculations.  
18  
19  
20

1 Q. WHAT IS THE TOTAL AMOUNT OF CIAC RELATING TO THESE NEW  
2 CONNECTIONS?

3  
4 A. By Public Counsel's calculations, the CIAC relating to these new connections  
5 would amount to \$2,440 for the Shawnee Bend water operations and \$1,120 for  
6 the Shawnee Bend sewer operations.

7  
8 **VI. CIAC AMORTIZATION EXPENSE.**

9 Q. DOES PUBLIC COUNSEL AGREE WITH THE CIAC AMORTIZATION  
10 EXPENSE BALANCE REFLECTED BY THE MPSC STAFF AT THE END OF  
11 THE TRUE-UP PERIOD FOR THE SHAWNEE BEND WATER AND SEWER  
12 OPERATIONS?

13  
14 A. No. Public Counsel believes that the CIAC amortization expense included in the  
15 Company's cost of service is reflective of the overstated plant balance and the  
16 understated CIAC balance referenced above. The CIAC amortization expense  
17 balance should therefore be recalculated based on the corrected plant and CIAC  
18 balances at the end of the true-up period.

1 Q. DID YOU DISCUSS PUBLIC COUNSEL'S CONCERNS REGARDING THESE  
2 ERRORS WITH THE MPSC STAFF?

3 A. Yes, I did. My understanding is that the MPSC Staff agrees with Public Counsel  
4 that these corrections need to be incorporated into their recommendations to  
5 address Public Counsel's concerns.

6  
7 Q. DOES THIS CONCLUDE YOUR TRUE-UP REBUTTAL TESTIMONY?

8 A. Yes, it does.