

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

\_\_\_\_\_  
Rate Base  
Robinett/Surrebuttal  
Public Counsel  
WR-2017-0259

**SURREBUTTAL TESTIMONY**

**OF**

**JOHN A. ROBINETT**

Submitted on Behalf of the Office of the Public Counsel

**INDIAN HILLS UTILITY  
OPERATING COMPANY, INC.**

CASE NO. WR-2017-0259

November 13, 2017

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

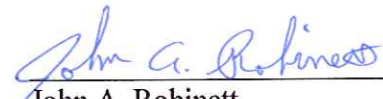
In the Matter of the Application     )  
Of a Rate Increase                    )  
For Indian Hills Utility                )  
Operating Company, Inc.                )     Case No. WR-2017-0259

**AFFIDAVIT OF JOHN A. ROBINETT**

STATE OF MISSOURI    )  
                                  )    ss  
COUNTY OF COLE     )

John A. Robinett, of lawful age and being first duly sworn, deposes and states:


1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal 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.

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist

Subscribed and sworn to me this 13<sup>th</sup> day of November 2017.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

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

My Commission expires August 23, 2021.

**SURREBUTTAL TESTIMONY  
OF  
JOHN A. ROBINETT  
Indian Hills Utility Operating Company, Inc.**

**CASE NO. WR-2017-0259**

1 **Q. Please state your name and business address.**

2 A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Utility Engineering  
5 Specialist.

6 **Q. Are you the same John A. Robinett that filed direct and rebuttal testimony on behalf of  
7 the OPC in this proceeding?**

8 A. Yes.

9 **Q. What is the purpose of your surrebuttal testimony?**

10 A. The purpose of this testimony is to address booking treatment for the extension of electric  
11 service line.

12 **Q. Do you have a recommendation for the Commission?**

13 A. Yes. OPC recommends the Commission order Indian Hills Utility Operating Company,  
14 Inc. (“Indian Hills” or the “Company”) to recover its expense by amortizing the expense  
15 of the electric service line extension over five years; OPC recommends return of the  
16 investment but not return on the investment since the electric service lines are owned by  
17 Crawford Electrical Cooperative Inc. (“Co-Op”).

18 **Extension of Electric Line Service**  
19

20 **Q. What do Staff and the Company state is the correct treatment of the extension of electric  
21 service?**

22 A. Staff Witness Grisham doesn’t necessarily oppose a five year amortization that I proposed.  
23 However, Staff continues to prefer capitalization of plant not owned or operated by Indian

1 Hills. As I discussed in my rebuttal testimony, the bylaws of Crawford Electric Cooperative,  
2 Inc. clearly define the payment received as a contribution in aid of construction (CIAC).

3 **Q. Does OPC agree with Staff witness Grisham's claim that OPC wants to treat the**  
4 **extension of electric service as a recurring expense?**

5 A. No. As previously indicated, OPC is recommending to amortize the one-time fee over 5 years.  
6 Nowhere has OPC indicated that the line extension is a recurring expense.

7 **Q. Does Company witness Macias address the treatment of the extension of electric service?**

8 A. Yes. Mr. Macias agrees with the direct testimony of Staff witness Grisham to capitalize the  
9 extension of electric service fee to National Association of Regulatory Utility Commissioners  
10 ("NARUC") Uniform System of Accounts ("USoA") account 325 Electrical Pumping  
11 Equipment.

12 **Q. Is that the appropriate treatment?**

13 A. No. As was discussed in my rebuttal testimony and mistakenly confirmed by Company  
14 witness Thomas in his rebuttal testimony, Mr. Thomas points out at page 16 lines 8 through  
15 11 the following:

16 *"The Consumer shall remit to the Seller a non-refundable payment in the sum of*  
17 *\$23,000 on account of the cost of facilities required to make service available to the Consumer*  
18 *on or before commencement of construction of such facilities."* (Emphasis added)  
19

20 **Q. Does the NARUC USoA support plant in service treatment as Staff witness Grisham**  
21 **prefers and Company witnesses' Macias and Thomas recommended?**

22 A. No. Utility plant account 101 Utility Plant in Service, clearly defines what costs are allowable:

23 **101. Utility Plant in Service.**

24 *A. This account shall include the original cost of utility plant, included in the plant*  
25 *accounts prescribed herein and in similar accounts for other utility departments,*  
26 *owned and used by the utility in its utility operations, and having an expectation of*

1 *life in service of more than one year from date of installation, including such*  
2 *property owned by the utility but held by nominees. Separate subaccounts shall be*  
3 *maintained hereunder for each utility department.<sup>1</sup> (Emphasis added).*  
4

5 **Q. Does Indian Hills own the electric service line extension?**

6 A. No. This is clearly not owned or operated by Indian Hills. The Crawford Electrical  
7 Cooperative Inc. Bylaws were attached to my rebuttal testimony as Schedule JAR-R-1, which  
8 is publically available on the Crawford Electrical Cooperative Inc.'s website.<sup>2</sup> Article 1  
9 Membership Section 1. Requirements for Membership (D) & (E) define in OPC's opinion the  
10 extension of service fee that Indian Hills payed to Crawford Electrical Cooperative Inc. as a  
11 contribution in aid of construction.

12 *(d) Payment of a membership fee in the amount determined by the Board of Directors,*  
13 *making a deposit to secure payment of future electric service bills, if required, making a*  
14 *contribution in aid of construction, if required, and payment of charges for additional service*  
15 *connections.*

16 *(e) Granting to the Cooperative a right of way easement on the terms and conditions*  
17 *to be proposed by the Cooperative, to construct the necessary lines and appurtenances to give*  
18 *the applicant electric service, and to enable the Cooperative in the future to extend its facilities*  
19 *on the property of applicant to serve others beyond property of applicant.*

20 *Provided that no such natural person, firm, association, partnership, corporation,*  
21 *body politic, state or federal government or agency thereof may become a member unless and*  
22 *until he, she or it has been accepted for membership by the Board of Directors or by the*  
23 *membership and provided that no member shall hold more than one membership in the*  
24 *Cooperative, and no membership in the Cooperative shall be transferable except as provided*  
25 *in these bylaws.<sup>3</sup>*

26 **Q. Has OPC asked Indian Hills about ownership of the electric service line extension?**

27 A. Yes. OPC issued Data Request No. 30. The Company's response states the contract does not  
28 specify ownership. However, Company stated that electrical equipment is booked to account  
29 325 and a depreciation rate of 10.5% was utilized.

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<sup>1</sup> NARUC USoA Water Utilities Class A and B 1973 Balance Sheet Accounts 1. Utility Plant p.44

<sup>2</sup> <http://www.crawfordelec.com/content/bylaws>

<sup>3</sup> The Crawford Electrical Cooperative Inc. Bylaws Article 1 Membership Section 1. Requirements for Membership (D) & (E)

1 **Q. Has OPC reached out to Crawford Electrical Cooperative, Inc., regarding ownership of**  
2 **the electric service line extension?**

3 A. Yes. Attached to this surrebuttal testimony as Schedule JAR-S-1 is an affidavit signed by the  
4 Manager of Operations for Crawford Electrical Cooperative, Inc. attesting that the poles and  
5 lines needed to deliver power to Indian Hills are the property of the Co-Op.

6 **Q. Does this conclude your surrebuttal testimony?**

7 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Rate Increase Request )  
Of Indian Hills Utility Operating Company, Inc. )

Case No. WR-2017-0259

AFFIDAVIT OF BRETT PALMER

State of Missouri )  
County of Crawford )<sup>ss</sup>

I, Brett Palmer, being duly sworn, on his oath states:

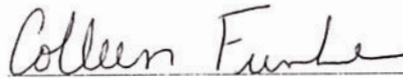
1. My name is Brett Palmer. I am the Manager of Operations with Crawford Electric Cooperative, Inc., ("Crawford Electric") which has its principal place of business at 10301 North Service Road, Bourbon, MO 65441. I am authorized to act as an agent on behalf of Crawford Electric.
2. I have reviewed the Agreement for Purchase of Power between seller Crawford Electric and consumer Indian Hills Utilities, Inc. ("Consumer"), 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074. Crawford Electric's perspective is that the Agreement for Purchase of Power should not be a sealed, confidential record.
3. The Agreement for Purchase of Power requires the Consumer to remit to seller a non-refundable payment to account for cost of facilities required to make electric service available.
4. The line extension belongs to Crawford Electric and is booked as an asset by Crawford Electric. Crawford Electric's books and records reflect a contribution in aid of construction for Consumer's non-refundable payment.
5. Because Crawford Electric owns the line extension, Crawford Electric also maintains and operates the line extension.
6. I hereby swear and affirm that the statements are true and correct and it shows the matters and things that it purports to show.



Brett Palmer

Subscribed and sworn to before me this 15<sup>th</sup> day of November, 2017.

My Commission Expires: 10/25/2018



Notary Public



NOV 09 2017