

1 recommend something that is not needed.

2 The last item for \$144,500 would provide the means for Intercounty to serve its  
3 stranded customers located within the boundaries of the old city limits. But there are a few  
4 discrepancies with this estimate. First of all, Mr. Ledbetter proposes constructing this line  
5 with 477 ACSR conductor. As I stated earlier, RMU is willing to reimburse Intercounty for  
6 reasonable costs to re-integrate their system based on similar construction, however, RMU  
7 is not willing to pay for upgrades to Intercounty's system. The correct estimate for  
8 construction for a 1/0 Aluminum line is <sup>48,510</sup>~~\$67,540~~ per mile according to Schedule RB-6. A  
9 simple calculation of 0.75 miles times <sup>48,510</sup>~~\$67,540~~ per mile yields a cost of <sup>36,382.50</sup>~~\$50,655~~ instead.

10 Q. How did Mr. Ledbetter address the situation of stranded customers?

11 A. The plan Mr. Ledbetter proposed to route Intercounty's lines around the city has created  
12 additional stranded customers. Mr. Letbetter did not address these customers in his  
13 testimony.

14 Q. Do you have any suggestions or recommendations on how to handle these stranded  
15 customers?

16 A. New or previously mentioned stranded customers include the Rolla Elks Lodge located at  
17 the intersection of Bishop Avenue and Lions Club Drive, the Faulkner property at 1202 S.  
18 Bishop Avenue, the Buenger residence at 551 Kent Lane, the Harley Moore property at the  
19 intersection of State Route 72 and Dewing Lane, and the Elliott residence at the 1006  
20 Southview Drive.

21 I discuss the subject of stranded customers in greater detail in my revised feasibility  
22 study. But briefly, I believe the first three properties (Elks Lodge, Faulkner property, and  
23 the Buenger residence) could continue to be served from Intercounty by allowing Intercounty

1 to maintain lines to these locations within the Area. The Moore property has been acquired  
2 by the Missouri Highway and Transportation Department and will be torn down to allow  
3 construction of State Route 72.

4 The Elliott Property is located in such a position that serving the property from the  
5 reconfigured Intercounty lines is not very practical; however it can be accomplished by  
6 Intercounty installing 0.25 miles new line from Rolla Street at a estimated cost of \$8,145.  
7 See Schedule RB-6F for an appropriate cost/mile estimate for this new line. Another  
8 possibility is for these Intercounty members to file applications with the Commission  
9 requesting a change of electric supplier from Intercounty to RMU that would be contingent  
10 on the outcome of this case. That would involve the least expenditure of funds.

#### 11 INTERCOUNTY OFFICE FACILITIES

12 Q. What is your response to Mr. Ledbetter's discussion of the Intercounty office building  
13 facilities?

14 A. Mr. Watkins will discuss the rationale as to why RMU does not think that we should be  
15 required to obtain these facilities.

#### 16 CONCLUSION

17 Q. Have you recalculated the "fair and reasonable compensation" to be paid to Intercounty for  
18 the facilities located within the Area based on responses to data requests, Intercounty's  
19 rebuttal testimony and further discussions?

20 A. Yes, I have.

21 Q. Could you summarize that cost?

1,285,210.83

22 A. I estimate that cost at approximately ~~\$1,299,473.33~~. A complete summary of this cost is

days. On the assumption that the Commission issues its order in early March, 2001 in this case, Intercounty should therefore complete its engineering and right of way acquisition for the reintegration of its facilities by no later than June 30, 2001. Intercounty should complete the right of way clearing for those purposes no later than July 31, 2001.

Actual line construction for Intercounty should take no more than one year. Therefore, Intercounty should complete the necessary line construction by no later than July 31, 2002. Since RMU will be working on constructing its own facilities during this period, the actual isolation of the IECA system and the transfer of the facilities serving the 286 customers within the annexed area should take no more than 60 days. Therefore, it should be completed no later than September 30, 2002.

## 7. TRANSFER OF CUSTOMERS

As sections of the new RMU lines are energized, RMU envisions that an IECA and RMU crew will work in tandem to implement a process of disconnecting branch feeders or primary transformer feeds from the IECA lines and relocating these taps to the newly constructed RMU lines. At this time, the end electrical user would become a customer of RMU. The meters would be read at this time in order for IECA to prepare a final bill for its member. RMU would also read the meter to begin the billing cycle for the new RMU customer.

I have attempted to estimate outage times for customers affected by the transfer. RMU would like to have a coordination meeting prior to the transfer process beginning that would outline a more comprehensive plan. The goal of this meeting would be to ensure the safety of the workers completing the transfers and to attempt to reduce the outage times experienced by affected customers.

## 8. EXPENDITURES AND REVENUES

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This section will discuss in detail the estimated expenditures and revenues projected over the next three years for the annexation area.

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The expenses and revenues discussed in this section will deal primarily with the Annexation Area.

### 8.A. FIRST YEAR ESTIMATED EXPENSES AND REVENUE

During the first year RMU estimates the following expenses related to the Area:

Intercounty Engineering and R/W acquisition	<del>\$33,660.00</del>	33,495.00
Intercounty R/W clearing	\$20,691.00	
RMU Upgrades	<u>\$103,388.50</u>	
Total First Year Expenses	<del>\$157,739.50</del>	157,544.50

RMU does not anticipate any transfer of IECA customers to the RMU system during the first year. Therefore, the revenue stream for the first year will be based on the addition of an estimated 20 new RMU customers in the Area with an average usage of 1000 kWh per new customer per month.

$$1^{st} \text{ year revenue} = 20 \text{ customers} \times 1000 \text{ kWh} \times 12 \text{ Months} = \$14,400/\text{year}$$

#### 8.B. SECOND YEAR EXPENSES AND REVENUE

During the second year RMU estimates the following expenses related to the Area:

Intercounty Line Construction	<del>\$387,516.50</del>	373,419
Transfer of Customers to RMU	<u>\$857,605.83</u>	
Total Second Year Expenses	<del>\$1,245,122.33</del>	1,231,024.83

During the second year RMU estimates the following revenues related to the Area:

286 Former IECA Customers for 8 months	\$137,280.00
Estimated 50 new RMU Customers	<u>\$36,000.00</u>
Total Second Year Revenues	\$173,280.00

#### 8.C. THIRD YEAR EXPENSES AND REVENUE

Since all estimated expenses associated with the switchover of the IECA members will have been paid prior to the third year, RMU has assumed no expenses related to the Annexation Area:

During the third year RMU estimates the following revenues related to the Area:

286 Former IECA Customers	\$205,920.00
Estimated 80 new RMU Customers	<u>\$57,600.00</u>
Total third Year Revenues	\$263,520.00

#### 9. FINANCING REQUIREMENTS

*Please refer to the Direct Testimony of Mr. Dan Watkins, General Manager of Rolla Municipal Utilities, for detailed information regarding any financing required for completion of this project.*

#### 10. RATE CHANGES AND FEES

*Please refer to the Direct Testimony of Mr. Dan Watkins, General Manager of Rolla Municipal Utilities, for detailed information regarding any rate changes or fees required for completion of this project.*

CALCULATED FAIR & REASONABLE COMPENSATION

1. Intercounty facilities in annexed area  
(Mr. Bourne's surrebuttal testimony)

Facility cost (from RMU DR #3, Exhibit 3)	\$547,131.01
Engineering, inc. staking & R/W acquisition (Exhibit JEL-2)	165,000.00
R/W clearing (Exhibit JEL-2)	<u>30,000.00</u>
Subtotal	\$742,131.01
<u>Depreciation</u>	
(70% fully depreciated)	(\$519,491.71)
(30% depreciated 25 years)	<u>(155,847.51)</u>
Depreciated Subtotal	(\$675,339.22)

Facility Cost \$ 66,791.79

2. Cost to re-integrate Intercounty system (Schedule RB-6) 383,077.50
3. 4 times normalized revenue 1,166,814.04\*  
(\$1,481,853.80 from Mr. Bourne's direct testimony)
4. Cost to re-integrate stranded customers 44,527.50  
(Mr. Bourne's surrebuttal testimony) ~~58,790.00~~
5. Transfer of service (Mr. Strickland's rebuttal testimony) 24,000.00
6. Lack of recorded easements (Mr. Bourne's direct testimony) (400,000.00)
- TOTAL ~~\$ 1,299,473.33~~  
1,285,210.83

\* As revised from Mr. Bourne's direct testimony in Mr. Watkins' surrebuttal testimony.