

EXHIBIT

FILED
May 17, 2010
Missouri Public
Service Commission

Exhibit No.:	
Issue(s):	Rate Case Expense
Witness:	Ted Robertson
Type of Exhibit:	True-Up Direct
Sponsoring Party:	Public Counsel
Case Numbers:	SR-2010-0110 & WR-2010-0111
Date Testimony Prepared:	April 16, 2010

TRUE-UP DIRECT TESTIMONY OF TED ROBERTSON

Submitted on Behalf of
the Office of the Public Counsel

LAKE REGION WATER & SEWER COMPANY
Case Nos. SR-2010-0110 & WR-2010-0111

April 16, 2010

OPC Exhibit No. 5
Date 4-26-10 Reporter EF
File No. SR-2010-0110 &
WR-2010-0111

My Commission expires August 23, 2013.

TRUE-UP DIRECT TESTIMONY
OF
TED ROBERTSON

LAKE REGION WATER AND SEWER CO.
CASE NO. SR-2010-0110
CASE NO. WR-2010-0111

I. INTRODUCTION

Q. ARE YOU THE SAME TED ROBERTSON THAT HAS PREVIOUSLY FILED
TESTIMONY IN THIS CASE?

A. Yes.

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

A. The purpose of this True-Up Direct Testimony is to address the Public Counsel's
position regarding the determination of an appropriate level of costs associated with
Rate Case Expense.

II. RATE CASE EXPENSE

Q. WHAT IS THE ISSUE?

A. The issue concerns the determination of an appropriate amount of rate case
expense to include in the Company's cost of service on a normalized basis.
Company has provided information to OPC that, as of the date I am preparing this
testimony, shows it has incurred approximately \$19,438 to process the instant
case.

1 Q. WHAT IS PUBLIC COUNSEL'S POSITION ON THIS ISSUE?

2 A. Public Counsel has reviewed the cost data provided by the Company and
3 recommends that, after adjustment for costs that should be disallowed for recovery
4 in the cost of service, Company be allowed to recover approximately \$15,585 of its
5 expenditures over a normalized basis of 5 years. The annual normalized expense
6 OPC recommends is \$3,117 (i.e., \$15,585 divided by 5).

7
8 Q. WHAT IS THE AMOUNT OF COSTS COMPANY INCURRED THAT PUBLIC
9 COUNSEL RECOMMENDS SHOULD BE DISALLOWED?

10 A. Public Counsel's review of the Company provided cost support identified
11 approximately \$3,853 that pertains to unnecessary meal expenditures, legal service
12 objections and failure of the Company to provide both Staff and OPC information
13 relating to Availability Fees and Availability Fee related testimony reviews and
14 filings. It is Public Counsel's belief that these costs should not be recovered from
15 the ratepayers of the Company.

16
17 Q. WHY DOES PUBLIC COUNSEL BELIEVE THAT COSTS COMPANY INCURRED
18 RELATED TO THE AVAILABILITY FEES ISSUE SHOULD BE DISALLOWED?

19 A. It is the Public Counsel's belief that the costs incurred by Company to support its
20 position regarding this issue were not incurred in the interests of the utility or its
21 ratepayers. The costs were incurred solely to support the owners of the utility
22 continued recovery of the "free" cash flow they currently enjoy and as such
23 ratepayers should not be required to reimburse the utility or its owners for the costs.

1 Those same owners, via the utility, have during the processing of the general rate
2 increase case consistently attempted to block the dissemination of information
3 regarding this issue that would have provided the Commission, the MPSC Staff and
4 OPC with a much clearer view of number of persons paying the fees and the
5 amounts collected. It is the Public Counsel's position that ratepayers should not be
6 required to fund the costs incurred for private interests. Further, it is my opinion
7 that had the Availability Fees not been an issue in this case, it is likely that the case
8 could have been processed via the small rate case procedure and that would have
9 led to a much lower level of rate case costs actually being incurred by the utility.
10

11 Q. DOES PUBLIC COUNSEL EXPECT THAT THE TOTAL COSTS INCURRED BY
12 THE COMPANY WILL BE FURTHER UPDATED?

13 A. Yes. Company has stated to OPC that it has not yet received all expected legal
14 invoices and that some of the costs it has identified as incurred, related to Mr.
15 Vernon Stump's participation in the case, were estimated. After the Company
16 provides the additional cost information to Public Counsel, I will update my
17 recommendation, where necessary, and present it to the Commission.
18

19 Q. WHAT INFORMATION DID PUBLIC COUNSEL RELY ON TO SUPPORT ITS
20 NORMALIZATION PERIOD RECOMMENDATION?

21 A. Public Counsel recommends a 5 year normalization of the authorized rate case
22 expenditures due to the fact that this utility has not been in for a rate case for
23 approximately 11 or 12 years. Further, the 5 year period is approximately how

1 long the current owners of the utility have owned the utility. Given that the current
2 owners waited approximately 5 years after their purchase of the utility to request a
3 rate change, I believe that a 5 year normalization period is reasonable.
4

5 Q. DOES THIS CONCLUDE YOUR TRUE-UP DIRECT TESTIMONY?

6 A. Yes, it does.