

Exhibit No.:
Issue: *Electric Expense*
Witness: *Caroline Newkirk*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *WR-2017-0110*
Date Testimony Prepared: *May 31, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

CAROLINE NEWKIRK

TERRE DU LAC UTILITIES CORPORATION

CASE NO. WR-2017-0110

Jefferson City, Missouri
May, 2017

DIRECT TESTIMONY
OF
CAROLINE NEWKIRK
TERRE DU LAC UTILITIES CORPORATION
CASE NO. WR-2017-0110

Q. Please state your name and business address.

A. Caroline Newkirk, 200 Madison Street, Suite 440, Jefferson City, Missouri
65101.

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

A. I am employed by the Missouri Public Service Commission ("Commission")
as a Utility Regulatory Auditor.

Q. Please describe your educational background and work experience.

A. I graduated from the University of Central Missouri in Warrensburg, Missouri,
with a Bachelor of Science degree in Accounting, in December 2011. I have previously
worked in various jobs in the areas of bookkeeping, tax preparation, and cost accounting. I
began my employment with the Commission in October 2016.

Q. Have you previously filed testimony before this Commission?

A. Yes, in Case No. GO-2016-0332.

Q. What is the purpose of your testimony in this case?

A. The purpose of my direct testimony is to provide Staff's recommendation for
rate treatment of electric expense for Terre Du Lac Utilities ("TDLU" or "Company") to the
Commission.

ELECTRIC EXPENSE

Q. What is Staff's recommended electric expense for TDLU?

A. For Water Operations, Staff determined the following amounts to be appropriate for the on-going level of electricity expense based on normalized usage: (1) Well #3 - \$21,256; (2) Well #2 chlorinator - \$962; (3) Well #2 pump - \$4,386; (4) Maintenance shop and private lighting at the maintenance shop - \$862; (5) TDLU headquarters office - \$806; and (6) Well #4 - \$12,253.

For Sewer Operations, Staff determined the following amounts to be appropriate for the on-going level of electricity expense based on normalized usage: (1) Maintenance shop and private lighting at the maintenance shop - \$946; (2) TDLU headquarters Office - \$885; (3) oxidation ditch - \$4,299; (4) Lift station #1 - \$1,434; (5) Three-cell lagoon - \$2,632; (6) Lift station #2 - \$972; and (7) Lift station #3 - \$1,780.

Q. How did Staff determine the electric expense amounts in this case?

A. With the exception of the new Well #4, Staff reviewed TDLU's Ameren Missouri electric service invoices, general ledgers and check registers to determine a normalized electricity expense for each metered location. For each location, Staff recorded the detailed information included in each bill for the last three years ending October 31, 2016. This date was used instead of September 30 (end of the test year) simply because the first bills collected began in November 2013. Using the recorded data, Staff then used the actual usage data split between winter and summer rates to calculate various average annual usages: current year, two-years and three-years. Based on the historical usages, Staff determined which of the electric usage calculations reflects an appropriate amount to recommend for each

1 location going forward. Upon making a selection for normalized usage, Staff then
2 recalculated the expense using current Ameren Missouri tariff rates.

3 Q. How was the electricity expense calculated for Well #4?

4 A. For Well #4, which has no historical usage, Staff used the contracted amount
5 agreed to between the Company and Ameren Missouri for the first year of service as the
6 normalized electricity expense.

7 Q. How were water losses taken into account in relation to electric expense?

8 A. Staff witness Amanda McMellen determined from a comparison of actual
9 customer usage to the master meter usage that TDLU's water system experienced 23.88%
10 water loss. In the past, Staff has used 15% as an acceptable amount of water loss for certain
11 water systems. After allowing this 15% water loss factor, Staff determined an excess 8.88%
12 water loss percentage to reduce chemicals and electric expense. Therefore, the 8.88% water
13 loss factor was applied to the normalized electricity expense of those meters that supported
14 water functions, to reduce the cost of electricity associated with estimated water loss. For the
15 TDLU Headquarters Office and Maintenance Shop, this water loss factor was applied to only
16 half the computed electric rates since costs are allocated equally between sewer and water
17 systems for these facilities and the water loss factor is not applied to the sewer systems.

18 Q. Does the Company agree with your electricity expense calculation?

19 A. It is my understanding the Company agrees with the electricity expense
20 calculations for all locations except for Well #4.

21 Q. Does this conclude your direct testimony in this proceeding?

22 A. Yes, it does.

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

In the Matter of the Request for Increase in
Annual Water and Sewer System Operating
Revenues for Terre Du Lac Utilities

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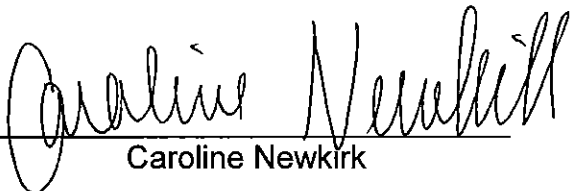
Case No. WR-2017-0110

AFFIDAVIT OF CAROLINE NEWKIRK

State of Missouri)
) ss.
County of Cole)

COMES NOW CAROLINE NEWKIRK and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Direct Testimony; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



Caroline Newkirk

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 31st day of May, 2017.



NOTARY PUBLIC

My commission expires: June 28, 2019

