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Revenue Requirement,
Payroll & Overtime
Witness: Bret G. Prenger
Sponsoring Party: MoPSC Staff
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MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

DIRECT TESTIMONY
OF
BRET G. PRENGER

TIMBER CREEK SEWER COMPANY

FILE NO. SR-2010-0320

Jefferson City, Missouri
November, 2010

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1 Q. With reference to Case with File No. SR-2010-0320, have you examined and
2 studied the books and records of Timber Creek Sewer Company (Timber Creek or Company)
3 regarding its waste water sewer operations?

4 A. Yes, with the assistance other members of the Missouri Public Service
5 Commission Staff (Staff).

6 Q. What knowledge, skill, experience, training and education do you have with
7 regard to Timber Creek's rate increase tariff filing that is the subject of Case with File
8 No. SR-2010-0320?

9 A. In addition to my educational background, I have acquired knowledge of the
10 ratemaking and regulatory process through my employment with the Commission. I have
11 participated in several rate cases and filed testimony on a variety of topics. I have also
12 acquired knowledge of these topics through review of Staff work papers from prior rate cases
13 filed before this Commission relating to Timber Creek and its sewer operations.

14 **OVERVIEW OF TIMBER CREEK SEWER COMPANY FILING**

15 Q. What is the purpose of your direct testimony?

16 A. I am presenting an overview of the results of Staff's audit into the requested
17 rate increase made by Timber Creek on May 7, 2010. I will provide the results of the Staff's
18 revenue requirement calculation. I will also provide a brief summary of the Staff's work on
19 each component making up Staff's revenue requirement calculation for Timber Creek.
20 Several members of Commission Staff had specific assignments in this rate case and were
21 responsible for other areas of Staff's review. Some of these Staff members provide
22 information used to develop the overall revenue requirement contained in the Accounting
23 Schedules (the Staff's revenue requirement model is referred to Exhibit Model System or

1 EMS run) being filed as part of Staff's direct case. The revenue requirement is derived from
2 the work product of the Utility Services Division, Auditing Department, and the results are
3 found in Accounting Schedules being separately filed as an exhibit in this case. My direct
4 testimony and the Accounting Schedules, represent the revenue requirement calculation.
5 These documents should be reviewed in total in support of Staff's recommendations in this
6 case. Finally, I will also briefly discuss the need of time reporting/recordkeeping by Timber
7 Creek Sewer Company.

8 Q. Why did Staff audit Timber Creek in this case?

9 A. On May 7, 2010, Timber Creek filed a rate increase case for its
10 sewer operations in the state of Missouri. The Commission assigned the filing
11 File No. SR-2010-0320.

12 Timber Creek filed a small informal rate case pursuant to 4 CSR 240-3.330, the
13 Commission's rule pertaining to rate increase requests made by small sewer utilities.
14 Timber Creek requested an increase in its sewer rates corresponding to a revenue increase of
15 \$63,500. Based upon current customer rates and customer numbers, this increase represents
16 a change of approximately 9% in the Company's annual sewer system operating revenues.
17 At the time of the filing, the Company did not request any changes to other fees or charges.

18 The Auditing Staff began the audit of the Timber Creek Sewer Company's books
19 and records in late September 2010 for the filed rate increase request in Case with File No.
20 SR-2010-0320. Prior to the filing, Staff had gone through a process of updating Company
21 records, such as profit and loss statements. The Company understood that the design of its
22 customer rates, its service charges, its customer service practices, its general business
23 practices and its general tariff provisions would also be reviewed during the Commission

1 Staffs review of the rate increase request; thus subject to Staff recommendations at the
2 conclusion of the rate increase process.

3 In its letter filed with the Commission, Timber Creek stated the reason for the rate
4 increase request was “to offset the 202% increase in Commission's annual utility assessments
5 (increase of \$49,733 annually) and a 28% increase in electric utility rates (increase of
6 \$13,700 annually).”

7 Q. Did Staff start the review of Timber Creek’s rates prior to its May 7th request?

8 A. Yes. Prior to the filing of Case with File No. SR-2010-0320, Staff began its
9 review of the Company’s rates during the certificate case, Case No. SA-2010-0063 in
10 summer of 2009. Company provided its Profit and Loss statements for the calendar year
11 2009 which was the basis for Staff’s updating the revenue requirement in this rate case.

12 Q. How did Staff conduct the audit of Timber Creek?

13 A. The Auditing Department Staff conducted an audit using a 12-month test year
14 ending December 31, 2009, with an update period ending June 30, 2010. Staff requested and
15 reviewed information provided by the Company, including books and records, invoices, and
16 vouchers, etc. Also, Staff conducted on-site visits, tours of facilities, interviewed workers,
17 and used outside sources deemed necessary to complete necessary such as information from
18 the Bureau of Labor Statistics and the MERIC (Missouri Economic Research and
19 Information Center).

20 Staff interviewed Timber Creek personnel. Staff reviewed Timber Creek’s responses
21 to requests for information issued in this and other previous cases. Staff relied on the books
22 and records of the Company including: the general ledger, plant ledgers and various other

1 documents including the Annual Reports for the last several years. Staff toured plant
2 facilities, including the areas planned for expansion in Platte County.

3 Q. What Staff experts were assigned to this case?

4 A. Several Staff experts from the Commission's Utility Services Division were
5 assigned to this case. Their names follow with a brief description of their contribution to the
6 Staff's Direct filing

7 **Financial Analysis Department--**

8 Shana Atkinson-- Rate of Return and Capital Structure.

9 **Engineering and Management Services Department--**

10 Nila Hagemeyer-- Quality of Service.

11 Arthur Rice-- Depreciation Rates.

12 **Auditing Department--**

13 William Harris-- over sight and rate case expense.

14 Bret Prenger-- revenue requirement calculation including payroll, payroll
15 related benefit taxes and overtime.

16 **Water and Sewer Department--**

17 Martin Hummel-- Alternative Gas Energy/ Well.

18 **BACKGROUND OF TIMBER CREEK SEWER COMPANY**

19 Q. Please provide a brief back ground of Timber Creek's operations.

20 A. Timber Creek is a company which provides sewer services in three areas
21 in and around Platte County, Missouri. The Commission recently approved an expansion
22 to Timber Creek's sewer operations certificated area in Platte County in Case
23 No. SA-2010-0063. As of June 30, 2010, Timber Creek Sewer Company was serving
24 approximately 1,526 residential customers. At the time of the Company's prior rate case

1 filing, Case. No. SR-2008-0080, Timber Creek was responsible for serving 1,192 customers.
2 The Company filed its original certificate case, Case No. SA-95-110, when it was serving
3 only 47 customers. The Company has experienced substantial growth over the years,
4 including recently, and has been responsible for making capital expenditures and investments
5 to better the infrastructure of Timber Creek's system. These capital expenses are also part of
6 the reason for the filing of this rate case. However, Timber Creek's approach to investing in
7 its infrastructure is to primarily have customers pay service connection charges to cover the
8 costs of capital improvements.

9 **REVENUE REQUIREMENT**

10 Q. What were the results of the Staff's revenue requirement calculation?

11 A. Staff's revenue requirement calculation will be identified on Schedule 1 of the
12 Staff's Accounting Schedules.

13 Q. How did Staff reach a conclusion for the amount to be included in the
14 Revenue Requirement for Timber Creek?

15 A. In order for Staff to determine a revenue requirement, many components must
16 first be calculated and taken into consideration. The first component is the rate base schedule.
17 As of June 30, 2010, the Staff determined the Company's total net plant in service to be
18 \$2,277,514 and the contributions-in-aid of construction (CIAC) to be \$2,090,620. CIAC is
19 not financed by the Company's investors; therefore ratepayers should not pay a return to
20 the Company for the contributed plant. The CIAC reduces Timber Creek's total rate base
21 to \$186,894.

1 The next calculation considered is the Company's Capital Structure. Staff member
2 Shanna Atkinson is responsible for this amount, and the overall rate of return was found to
3 be 7.67%.

4 Staff member Arthur Rice, of the Engineering and Management Services Department,
5 provided the recommended depreciation rates to be submitted for approval by the
6 Commission and to be used to determine depreciation expense.

7 Timber Creek has incurred substantial growth since the certification, Case No.
8 SA-95-110. At its inception, Timber Creek was considered a Class D Company and because
9 of customer and revenue growth, is now considered a Class A Company. Because of this
10 growth the Company has switched to a more detailed description of plant-in-service. With
11 the help of Staff, a more in-depth Uniform System of Accounts (USOA) plant schedule has
12 been created.

13 Staff calculated the annualized Revenues as of June 30, 2010, to determine the
14 revenue requirement. The most current customer numbers available were multiplied by the
15 current tariffed rates, to arrive at a monthly revenue amount. That monthly amount was
16 annualized to showcase the current year's revenues.

17 Since revenues were annualized through an update period of June 30, 2010, all
18 expenses were annualized and normalized to this period. These costs include payroll, payroll
19 related taxes, and maintenance costs. Staff examined all invoices and vouchers provided by
20 the Company relating to the rate case to base the costs included in this case. Miscellaneous
21 expenses reviewed in this case include: lab testing, postage, PSC Assessments, insurance,
22 etc. All expenses that would have shown a change in amount for the update period were
23 "updated" if the cost was considered reasonable. The Company accepted the levels of all of

1 Staff's expense levels, except payroll, which will be addressed at a later portion of
2 this testimony.

3 Q. Has a Unanimous Partial Disposition Agreement been reached?

4 A. Yes, a Unanimous Partial Stipulation and Agreement has been reached
5 between members of Staff, the Office of the Public Counsel (Public Counsel) and the
6 Company. There are five outstanding issues that will be litigated via the Commission
7 hearing process. The remaining issues are: Payroll, Rate Case Expense, Time Reporting,
8 Alternative Gas Energy, PSC Assessment, and Contingency Fund.

9 **PAYROLL**

10 Q. Would you please identify how Staff calculated the annualized payroll amount
11 included in this case?

12 A. Staff calculated the annualized payroll to be included in this case, by first
13 obtaining the most current wages paid out to all Timber Creek Sewer employees.
14 Timber Creek's General Manager, Derek Sherry, indicated that the June 30, 2010 salaries
15 were the most current levels of compensation for the four Company employees. Staff
16 reflected these annual salaries in its payroll calculation. The annual payroll amount was
17 increased for a 3% cost-of-living increase level. This increase was to reflect higher cost of
18 living.

19 Q. What is COLA?

20 A. COLA is the Cost of Living Adjustment data provided by the
21 Social Security website.

22 Q. How did Staff arrive at 3% for the amount decided as the COLA increase?

1 A. Staff examined the salaries of the four individual employees over the last
2 several years. In Timber Creek's last rate case (Case No. SR-2008-0080), Staff included
3 a 3.5% payroll increase.

4 The 3% increase in this case is justified because Timber Creek employees have not
5 received a pay increase since 2008.

6 In the last case, while Staff included a pay increase of 3.5% the Company only paid
7 out 3% of that amount. In this case, it is justifiable and sufficient that the employees receive
8 the same amount of increase as they did from the last rate increase. In addition, with the
9 given the level of inflation, Staff believes the 3% is just and reasonable. Also, when the State
10 of Missouri has given pay increases in the past, they generally tend to fall around the
11 3% level.

12 Q. Has there always been a COLA increase?

13 A. No. Because of the general lack of inflation in the economy as measured by
14 the federal government, the COLA percentage has remained the same the last two years.

15 Q. Have there been any changes to the annualized payroll since Staff filed
16 its case?

17 A. Yes, there have been changes to the annualized payroll level that is included
18 in the revenue requirement amount recommended in this case. Following the initial
19 recommendation made to the Company, there were a number of discussions between the
20 parties in this case with payroll being one of the topics.

21 Q. What has Staff done to address the concerns of the Company?

22 A. Part of the concerns identified by the Company related to the payment of
23 overtime for certain employees. The Company feels that its assistant plant operator will have

1 to be compensated for overtime pay based on job responsibilities. The General Manager
2 provided Staff with a calculation of the overtime pay worked by the assistant operator for the
3 calendar year 2009.

4 Staff agreed to include overtime for the assistant operator based on the level of
5 overtime worked in 2009. The overtime was included in the payroll amount and reflected in
6 the revenue requirement calculation. The assistant operator's job description is identified as
7 an Assistant System's Operator with the following duties:

- 8 • Ensure effective plant operations, collection system operations
- 9 • Maintenance of sewer system by meeting Missouri Department of Natural
10 Resources (DNR) rules and regulations and company guidelines for operating
11 sanitary sewer facilities including pump stations, collections systems, and
12 solids processing and disposal.
- 13 • Perform plant operations duties for effective utilization of resources while
14 meeting or exceeding water quality permit standards for treatment plant
15 effluent.
- 16 • Take and transport routine, scheduled samples for lab testing and analysis in
17 accordance with prescribed timelines, parameters, and guidelines.
- 18 • Monitor and record daily flows and other plant parameters to ensure effective
19 water treatment is operating within design thresholds.
- 20 • Appropriately respond and take necessary steps and actions to correct any
21 anomalies discovered during plant operations in accordance with company
22 guidelines and as directed by the operations manager.
- 23 • Perform solids management by monitoring sludge levels, reporting, complete
24 dewatering, transporting, and applying solids in accordance with state
25 regulations and company direction.
- 26 • Perform routine lift station inspections and record necessary monitoring data
27 and observations to ensure lift stations are operating within design parameters.
- 28 • Take necessary actions to correct deficiencies as outlined by company
29 direction.
- 30 • Perform routine manhole and sewer line inspections and record necessary
31 observations to ensure infrastructure is sound and operating within guidelines.

1 • Ensure buildings, grounds, and related equipment are presentable and
2 professionally maintained and in good working order.

3 • Complete routine maintenance as scheduled and as needed.

4 Based on these duties, the MERIC labor survey and Bureau of Labor Statistics research,
5 Staff believes the Company's assistant plant operator's salary is sufficient including the
6 payment of overtime.

7 Q. What is MERIC?

8 A. MERIC is the Missouri Economic Research and Information Center. It is a
9 database for all Missouri Employment data, including salaries and wages for specific jobs
10 and classifications.

11 Q. Will the Office Manager receive overtime pay?

12 A. No. Staff views the Office Manager as a salaried employee, not an hourly
13 employee. After multiple on-site visits and discussions with Company personnel and review
14 of the Office Manager's job description, Staff concluded this position's job duties to be
15 beyond that of clerical support. The Office Manager's job duties are:

- 16 • Manage the Company's general office administration by completing accounts
17 payable, payroll, office surroundings, and office supplies.
- 18 • Manage the Company's account receivables, credits, and collections activities.
- 19 • Provide exceptional customer service.
- 20 • Ensure accurate, timely, and complete customer billing.
- 21 • Assist in effective plant operations and maintenance by providing support
22 functions.
- 23 • Bookkeeping of the Company's accounting records.

24 Based on these duties, Staff is supporting the annualized salary it has included in the current
25 case as sufficient for the Office Manager.

1 Q. What other job positions does Timber Creek have on its payroll?

2 A. The Company also has two additional employees-- a General Manager
3 position and a Plant Manager position. The position duties for the General Manager are:
4 (Source: Company Job Descriptions provided by Derek Sherry):

5 1. Direct all Company administrative activities including, but not limited
6 to:

7 a. Financial

8 i. Develop and provide oversight to annual revenue and
9 expense budget and ensure process for monthly actuals
10 in accordance with generally accepted accounting
11 practices.

12 ii. Develop and execute annual capital improvement plan
13 as agreed upon by TCSC Board.

14 iii. Secure necessary funding to execute capital and
15 operations plan.

16 b. Billing, Credit, and Collections

17 i. Ensure accurate, timely, and complete billing for sewer
18 customers, developers, builders, wholesale customers,
19 etc. in accordance with establish PSC tariff.

20 ii. Establish guidelines and policies for credit accounts and
21 payment methods and implement.

22 iii. Establish guidelines and policies for past due accounts
23 and ensure enforcement.

24 c. Personnel

25 i. Develop and enforce human resource policies and
26 practices.

27 ii. Develop staffing strategies and models to support the
28 needs of the business.

29 iii. Hire, reward, discipline, and terminate employees in
30 accordance with generally accepted human resource
31 practices.

32 iv. Supervise and train employees as required by position
33 descriptions and State regulations.

34 v. Provide safe and productive work environment for
35 TCSC employees.

36 d. Legal

37 i. Represent the Company on all legal matters.

38 ii. Secure necessary professional representation as needed.

39 e. Office Systems

40 i. Acquire, develop, and support necessary automation to
41 support efficient office operations including computers,
42 software, printers, faxes, network connectivity, etc.

2. Provide and set acceptable levels of customer service including, but not limited to:
 - a. Ensure policies and practices are in place for customer complaints including timely response, follow through, complete and concise documentation of issue and resolution.
 - b. Ensure policies and practices are in place for generally accepted methods for customer inquiries regarding new service, disconnection of service, builder permits, engineering plan reviews, service area questions, etc.
 - c. Establish and maintain published office hours and contact information for customer contact.
 - d. Establish and maintain emergency contact phone number and information.
3. Promote company growth by actively exploring business development opportunities including, but not limit to:
 - a. Explore new service area possibilities by developing contacts within the development community for expansion possibilities including economic councils, city/county planning and zoning staff, DNR, developers, builders, financial institutions, etc.
 - b. Meet with interested parties to investigate potential service options, provide high level timelines, costs, etc. for consideration.
 - c. Explore and research potential revenue generation ideas, in alignment with TCSC Board direction.
4. Ensure effective plant operations and maintenance including, but not limited to:
 - a. Water quality discharge limits are met in accordance with DNR permits.
 - b. DNR rules and regulations are met for operating sanitary sewer facilities including pump stations, collections systems, and solids processing and disposal.
 - c. Approved environmental and lab testing is completed timely and accurately in compliance with rules and regulation.
 - d. Scheduled routine maintenance is performed on all necessary plant equipment.
 - e. All buildings, grounds, and related equipment is maintained and in good working order.
5. Assure sound engineering and construction principles and practices including, but not limited to:
 - a. Development of standard engineering specifications for treatment plant, pump stations, and collection systems design and construction that meet or exceed state regulations.
 - b. Review all submitted engineering plans and as-builts for compliance with company specifications.
 - c. Enforce compliance to specifications through permitting process and on-site inspections.

- d. Create strategic infrastructure plans for development build out scenarios for existing and potential service areas.
6. Keep company in good standing with regulatory entities including, but not limited to:
 - a. Maintain compliance with Department of Natural Resources specifications for building, maintaining, reporting, filing, inspections, and related rules regarding NPDES permitted facilities.
 - b. Maintain compliance with Public Service Commission specifications for operation of small company sanitary sewer company by providing specified annual reports, and periodic requests for information regarding company operations, customer service, financial information, inspections as needed to respond to appropriate inquiries.

Q. Does Staff have a copy of the job duties for the Company Plant Manager?

A. Yes, Staff does have the duties for the Plant Manager, and they are:

1. Ensure effective plant operations, collection system operations, and maintenance by meeting DNR rules and regulations and company direction for operating sanitary sewer facilities including pump stations, collections systems, and solids processing and disposal including, but not limited to:
 - a. Water quality discharge limits are met in accordance with DNR permits.
 - i. Ensure adequate testing at treatment plant and related facilities.
 - ii. Comply with all required regulatory reporting.
 - b. Develop solids management plan and execution is in accordance with state regulations and company direction.
 - c. Develop and schedule routine maintenance of all plant, pump, and collection systems including inspections, cleaning, repair, replacement, etc.
 - d. Ensure buildings, grounds, and related equipment is presentable and professionally maintained and in good working order.
 - e. Plant Automation Systems
 - i. Utilize necessary automation to support efficient plant operations including computers, software, printers, faxes, network connectivity, etc.
2. Assure sound construction principles and practices including, but not limited to:
 - a. Enforcement of company standard engineering and construction specifications for treatment plant, pump stations, and collection systems design and construction.

- b. Review submitted engineering plans and as-builts for compliance with company specifications.
 - c. Perform on-site inspections and diligently record and document issues or concerns and communicate with accountable party for timely resolution.
 - d. Repair
 3. Provide professional customer service including, but not limited to:
 - a. Meet with company customers regarding concerns/complaints related to sanitary sewer service. Investigate and timely resolve issues where applicable and appropriate within company guidelines.
 - b. Manage 24x7 emergency contact operations and schedule for customer contact.
 - c. Educate and assist developers, engineers, plumbers, etc. regarding policies and practices for new service, disconnection of service, builder permits, and engineering plan reviews.
 4. Assist in keeping the company in good standing with regulatory entities including, but not limited to:
 - a. Maintain compliance with Department of Natural Resources specifications for maintaining, reporting, filing, inspections, and related rules regarding NPDES permitted facilities.
 - b. Assist with maintaining compliance with the Public Service Commission specifications for operation of small company sanitary sewer company by providing information as requested regarding plant operations and maintenance.
 5. Assist in company administration by providing budgetary and personnel oversight including, but not limited to:
 - a. Budget
 - i. Assist in managing company expenses by understanding applicable budgets to plant operations and maintenance to ensure effective use of funds.
 - ii. Provide timely forecast of expenses or future items require expenditure of company funds.
 - b. Personnel
 - i. Coach and guide employees in accordance with generally accepted human resource practices.
 - ii. Supervise and train employees as required by position descriptions and State regulations.
 - iii. Provide safe and productive work environment for TCSC employees.

Q. Were there any other changes made to original payroll expense amount?

A. Yes, there were additional changes to the General Manager's salary.

In addition to the 3% increase included in Staff's original recommendation, an

1 additional 3% increase to the General Manager's salary has been reflected in the payroll
2 annualization. Staff is proposing a total increase for the General Manager's salary of 6%, or
3 an additional 3% over the amount initially disclosed to the parties. Staff and Company held
4 many meetings and discussions regarding the General Manager's compensation. At these
5 meetings, Staff was provided charts, tables, and articles supporting a salary for the
6 General Manager higher than initially disclosed to parties by Staff. Based on the additional
7 information Staff supported the additional 3% to this salary.

8 Q. Does the Payroll adjustment include payroll taxes?

9 A. Yes. Payroll taxes were calculated as part of the payroll adjustment. Staff
10 accepted the amount of payroll taxes paid in test year. Using this amount, Staff computed a
11 payroll tax percentage by dividing the amount of taxes paid by the proposed annual payroll
12 level. Staff then applied this percentage to the final proposed salaries for all employees to
13 arrive at the tax level for their compensation.

14 Q. What sources did Staff use to calculate Payroll Expense?

15 A. Staff used a variety of different sources to justify the amount of payroll
16 included in this case. Surveys and Websites like MERIC and *The Market* survey for the
17 Bureau of Labor Statistics were used. Staff also used discussions and information provided
18 by the Company to aid, as well as other material internal to the Staff, such as prior cases and
19 a salary data base maintained by the Auditing Department.

20 **TIME REPORTING**

21 Q. Does the Staff have any recommendations regarding Time Reporting?

22 A. Yes. While working in connection with the Commission's Engineering and
23 Management Services Department, Staff recommends the Company implement time

1 reporting immediately. The Staff recommends that each of Timber Creek's employees
2 record their daily time noting appropriate descriptions of work activity. This time
3 reporting should be in sufficient detail to identify work activities of Company employees
4 detailing time spent on utility operations. This detail should be sufficient to distinguish
5 between;

6 1. regulated (sewer operations) and non-regulated utility operations work
7 activities (any task or job performed on regulated utility operations time that is of no
8 benefit to ratepayers, in particular assistance to other non-Timber Creek companies
9 which could be thought of as consulting services);

10 2. utility operations (regulated sewer) and personal activities (such as doing
11 personal business during utility work time) and;

12 3. regulated (sewer operations) and other business ventures (real estate
13 development and construction activities). Regulated activities should further be
14 broken down between operation and maintenance (O&M) work and construction
15 work activities.

16 Time reporting is not intended to be burdensome, but rather to be a useful managerial and
17 regulatory tool.

18 Q. Why does Staff believe time reporting is necessary?

19 A. To ensure that all Timber Creek employees are working on regulated utility
20 operation activities and not charging time to the regulated utility while working on
21 non-Timber Creek regulated activities and not working on improper activities. Time
22 reporting is to ensure a proper allocation between expense and construction activities. It is

1 also important to ensure that all full time employees are working actual full time hours on
2 Timber Creek.

3 Q. What is the purpose of time reporting?

4 A. Time records serve the following specific functions:

- 5 • Track time spent on all projects and activities ensuring that all employees are
6 working the necessary hours as required by the Company's payroll system,
7 i.e., employees are working the necessary hours in relation to pay and in
8 relation to full time or part time status;
- 9 • Create a historical record of the work and projects that have been
10 accomplished;
- 11 • Demonstrate that expected and defined job duties are being completed, which
12 support performance evaluations;
- 13 • Assist in projecting and managing required staffing levels. Time reporting
14 alerts management to the number of hours being worked, including overtime
15 hours, and provides justification for adding needed staff, reducing staff, and/or
16 combining or segregating job activities;
- 17 • Link the data in time records to accounting records to provide necessary
18 support for financial reporting and allocation of costs;
- 19 • Support the pay and benefits that regulated utilities will receive from customer
20 rates. Time records of regulated utilities serve as documentation to the
21 Company and the Staff for the utility staffing that customers are paying for in
22 their rates. In effect, employee time records are the 'invoices' for services
23 performed by regulated utilities on behalf of the customers they serve within a
24 certificated service territory;
- 25 • Ensure that all employees are working on regulated utility operation activities
26 and not charging time to the regulated utility while working on non-Timber
27 Creek regulated activities and not working on improper activities.

28 Q. Does this conclude your Direct Testimony?

29 A. Yes.

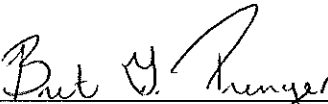
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of)
Timber Creek Sewer Company Request for a) File No. SR-2010-0320
Rate Increase.)
)

AFFIDAVIT OF BRET G. PRENGER

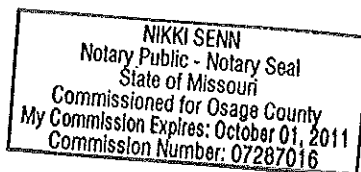
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Bret G. Prenger, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 18 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



Bret G. Prenger

Subscribed and sworn to before me this 23rd day of November, 2010.





Notary Public

Bret G. Prenger

Education and Employment Background and Credentials

I am currently employed as a Utility Regulatory Auditor III for the Missouri Public Service Commission (Commission). I began my employment with the Commission on June 2, 2008. I earned a Bachelor of Science in Accounting from Missouri State University, in Springfield, MO in May 2008. In earning this degree I completed numerous core Accounting and business classes. I look forward to earning my Masters in Business Administration in the near future.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings as ordered by the Public Service Commission. In addition, I review all exhibits and testimony on my assigned issues, develop adjustments and issue positions which I then support by work papers and written testimony. For those cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Other cases I have been assigned to or participated are:

Case Number	Company Name - Issue
ER-2010-0356	KCP&L-Greater Missouri Operations Company-(GMO)
ER-2010-0355	Kansas City Power and Light Company-Electric
SR-2010-0320	Timber Creek Sewer Company
WR-2010-0202	Stockton Hills Water Company
WR-2010-0111	Lake Region Water and Sewer Company (LRWS)
SR-2010-0110	Lake Region Water and Sewer Company (LRWS)
GR-2009-0355	Missouri Gas Energy (MGE), a Division of Southern Union (Electric)
HR-2009-0092	KCP&L Greater Missouri Operations Company (GMO) - L&P (Steam)

Case Number	Company Name - Issue
ER-2009-0090	KCP&L Greater Missouri Operations Company (GMO) - MPS and L&P (Electric)
ER-2009-0089	Kansas City Power & Light Company – Direct Report- Material and Supplies, Prepayments, Advertising and Rate Case Expenses
GO-2009-0009	Missouri Gas Energy (MGE) – Infrastructure Service Replacement Surcharge (ISRS)
SR-2008-0389	West 16 th Sewer Company
SR-2008-0388	WPC Sewer Company