

Exhibit No.:
Issue: CCN Application
Witness: Charles W. Reineke
Sponsoring Party: Platte County Regional
Sewer District
Type of Exhibit: Direct/Rebuttal Testimony
Case No.: SA-2010-0063
Date Testimony February 9, 2010
Prepared

PLATTE COUNTY REGIONAL SEWER DISTRICT

DIRECT / REBUTTAL TESTIMONY


OF

CHARLES W. REINEKE

CASE NO. SA-2010-0063

In the Matter of the Application of)
Timber Creek Sewer Company for a) **File No. SA-2010-0063**
Certificate of Convenience and Necessity)

STATE OF MISSOURI)
)
COUNTY OF PLATTE) SS


Charles W. Reineke

Brenda L. Hewton
Notary Public

BRENDA L. HEUTON
NOTARY PUBLIC – NOTARY SEAL
STATE OF MISSOURI
Platte County
My Commission expires 3/7/2010
Commission # 06843790

**DIRECT / REBUTTAL TESTIMONY OF
CHARLES W. REINEKE**

Q. Please state your name and business address.

A. My name is Charles W. Reineke. My business address is 414 State Route 273,
Tracy, Missouri 64079.

Q. On whose behalf are you testifying in this proceeding?

A. Platte County Regional Sewer District, which I may refer to as the "Sewer
District" or "District" in portions of my testimony.

Q. Are you employed by the Sewer District?

A. Yes, I am the Executive Director of the Platte County Regional Sewer District.

Q. How long have you held that position?

A. I have served as Executive Director of the Sewer District since January, 1995.

Q. What are your duties as Executive Director of the Sewer District?

A. I am responsible for all of the operations of the Sewer District, including
supervision of the operation and maintenance of the District's sanitary sewage
treatment facilities and supervision of all financial affairs of the District. I am
also custodian of all of the records of the District.

**Q. Please briefly describe the formation of the Platte County Regional Sewer
District.**

A. The Platte County Regional Sewer District was formed and incorporated under
the provisions of Chapter 204 of the Revised Statutes of Missouri. The Circuit
Court of Platte County entered its Decree incorporating the Platte County

1 Regional Sewer District as a common sewer district on April 15, 1992 after the
2 voters residing in the unincorporated portion of Platte County voted to approve
3 the incorporation of the District by a vote of 1,620 votes in favor and 954 votes
4 against. A certified copy of the original Petition, the Court's Order Appointing
5 Commissioners, the Report of Commissioners, the Court's Order accepting the
6 Report of Commissioners, the County Clerk's Certification of the vote and the
7 Court's Order incorporating the District is attached hereto as Schedule CWR-1.
8 The District is also informally recognized by the Missouri Department of Natural
9 Resources as the continuing authority for sewer treatment services throughout the
10 unincorporated portion of Platte County.

11 **Q. How is the Platte County Regional Sewer District governed?**

12 A. The District is governed by a five member Board of Trustees appointed by the
13 Platte County Commission. The Board of Trustees has ultimate responsibility for
14 the operation and control of the District.

15 **Q. Please describe the current operations of the Platte County Regional Sewer**
16 **District.**

17 A. The District presently provides sanitary sewage collection and treatment services
18 to approximately 4,243 households. Since its incorporation, the District has
19 constructed several miles of sewer pipe and has constructed a one million gallon
20 per day treatment plant which began operation in July, 1998. This plant was later
21 expanded to two million gallons per day in 2008. The District currently operates
22 four other treatment facilities. Since its date of incorporation, the District has
23 connected over 2,500 residences to sanitary sewage treatment systems. The

District continues to work with developers to provide sanitary sewage treatment services in newly developing areas.

Q. How does the District determine whether to construct facilities and provide services in an unserved area?

A. Typically, the District is approached by residents or the Health Department when an existing neighborhood needs assistance in constructing sanitary sewage treatment facilities. In a newly developed area, the District is typically approached by a developer to review the plans for development of the area and to obtain the District's approval in constructing the sanitary sewage service facilities and to provide sanitary sewage service to properties in the newly developed area.

Q. What financing does the Sewer District have available for constructing additional facilities?

A. On November 7, 1995, the voters of Platte County Regional Sewer District approved a revenue bond issue in the sum of \$43,481,500 for the purpose of constructing and equipping sewer systems throughout the District. At the present time, the District still has over \$16,500,000 of that bonding capacity unused and available for additional construction.

Q. Does the District obtain favorable interest rates in selling its bonds?

A. Yes. The District normally sells its bonds through the State Revolving Loan Fund Program ("SRF"). This Program provides subsidized interest rates for political subdivisions in constructing sewer projects. Subsidized rates for all SRF projects done by the Sewer District have averaged less than 2 %.

1 **Q. Does the District have plans for providing sanitary sewage treatment services**
2 **in areas of the unincorporated portion of Platte County which are not**
3 **presently served?**

4 A. Yes. In 1995, before the passage of the revenue bond issue, the District retained
5 Burns & McDonnell engineering firm to prepare a Sewer Master Plan for the
6 provision of sanitary sewage treatment services throughout the entire
7 unincorporated portion of Platte County. This Plan was updated in 2009, with
8 adoption and Board approval in 2010. Service to the proposed area covered in
9 Timber Creek Sewer Company's application is included in the 2009 Master Plan
10 Update ("Updated Plan"). The Executive Summary and specific portions of the
11 Updated Plan are attached hereto as Schedule CWR-2, and this information
12 constitutes business records of the District for which I am the custodian. Platte
13 County Regional Sewer District is also sponsoring the testimony of Mr. Michael
14 P. Kalis, who will address the District's Updated Plan in more detail.

15 **Q. Does that Updated Plan include any proposal to provide sanitary sewage**
16 **treatment services in the West Clear Branch Planning Basin, the area**
17 **proposed for expansion by Timber Creek in this proceeding?**

18 A. Yes. There are several options for service to this area. Some of the options
19 include cooperation with the City of Platte City and the City of Kansas City,
20 Missouri to utilize excess capacity at their current wastewater facilities through
21 cooperative agreements that are in place with both entities.

22 **Q. Have you had an opportunity to review the Application filed in this matter**
23 **and the prefled direct testimony of Mr. Derek Sherry?**

1 A. Yes. I have reviewed both the Application and Mr. Sherry's direct testimony
2 along with the attached Schedules.

3 **Q. Is the Platte County Regional Sewer District opposed to the Application of**
4 **Timber Creek Sewer Company initiating this proceeding, and if so, why?**

5 A. Yes. The Platte County Regional Sewer District was organized, incorporated and
6 specifically authorized by the voters of the unincorporated portion of Platte
7 County to provide sanitary sewer collection and treatment services to the entire
8 unincorporated area of Platte County, Missouri. As previously discussed, the
9 District has a Master Sewer Service Plan and Updated Plan in place and has
10 revenue bond financing in place to fulfill these responsibilities.

11 The Platte County Regional Sewer District is not in the business of making profit.
12 The District has no interest in profits, only in good management of sewage
13 collection and treatment for existing and future residents. The Platte County
14 Regional Sewer District is required by the Missouri Department of Natural
15 Resources to maintain sufficient income and reserve balances to assure that the
16 public services provided have sufficient provisions for future repair and
17 replacement. Rates are set annually to meet our obligation.

18 The Platte County Regional Sewer District feels that the best interest of the public
19 in unincorporated Platte County is best served by having sewage collection and
20 treatment services provided by the public body empowered by a vote of its
21 citizens. The Sewer District's economies of scale have proven to be
22 advantageous to District patrons in keeping rates stable without drastic
23 fluctuations in average rates. A larger customer base will only stabilize rate

1 structures further and will serve to benefit all residents, current and future, who
2 will benefit from centralized sewage collection and treatment.

3 **Q. At Page 5 of his direct testimony, Mr. Sherry suggests that because Timber**
4 **Creek serves two areas contiguous to and abutting the Proposed Service**
5 **Area, Timber Creek is already uniquely situated to serve the Proposed**
6 **Service Area and, as a result, "it can do so more economically and efficiently**
7 **than an entity that would be required to do so as a stand-alone facility."**
8 **Could you please comment on these statements?**

9 **A.** Yes. In fact, the Platte County Regional Sewer District is uniquely situated to
10 serve the proposed service area. The proposed service area is located within the
11 existing corporation boundaries of the Sewer District. The Sewer District has
12 cooperative agreements with the City of Platte City and the City of Kansas City
13 which would allow the Sewer District to transport sewage to those entities for
14 treatment. This is a far more economical process than that proposed by Timber
15 Creek, as it would not only provide for sewage collection and treatment without
16 the need to construct additional treatment facilities, but it would also take
17 advantage of existing capacity at the Platte City and Kansas City treatment
18 facilities. Furthermore, the District can serve the area more economically than
19 Timber Creek as the District is able to obtain loan financing at a more favorable
20 rate than a private entity such as Timber Creek and as the District's rate structure
21 does not need to include an increment for profit.

22 **Q. You mention rate stability without drastic fluctuations in average rates.**
23 **Could you please elaborate?**

1 A. Yes. Rates are reviewed and adjusted annually to reflect the need for
2 maintenance and operation of the District's sanitary sewer systems. The District's
3 Board of Trustees and staff have made every possible effort to minimize rate
4 increases since the inception of the District. This is evidenced in the fact that
5 during the period from 2000 to present, average customer rates (for customers
6 whose sewage is treated by the District at one of its treatment facilities) were
7 reduced in 2001, 2009 and 2010. Percentage increases in six of the ten years were
8 less than 4%, with the overall average rate increase over this ten-year period being
9 less than 4.2% per year.

10 In areas where sewage is transported by the District to KCMO facilities for
11 treatment, increased fees charged by KCMO have been 3% to 9% per year, with
12 the 10-year average increase being 6.9% per year. Still, since 2000, overall
13 average rate increases by the District to these customers has been 5.5% per year.
14 At every possible juncture, efforts are made by the District to minimize costs of
15 operation without jeopardizing quality treatment.

16 **Q. Have you reviewed Schedules DS-4 through DS-7 attached to Mr. Sherry's**
17 **Direct Testimony, and do you have any comments regarding these schedules?**

18 A. Yes, I have. While Mr. Sherry suggests that these individuals are property owners
19 and developers planning to build residential homes and other establishments in
20 the Proposed Service Area, there is nothing in the Schedules that would confirm
21 any steps have been taken towards development. In fact, Mr. Kerwin is the only
22 one of the individuals who has obtained approval for development from the Platte
23 County Planning and Zoning authorities. To my knowledge, neither Mr. Mann,

1 nor Mr. Lauderout nor Ms. Amos and Ms. Roberts have pending applications for
2 approval of a development with the Platte County Planning and Zoning
3 authorities. Furthermore, Mr. Kerwin approached the Sewer District the week of
4 February 1, 2010, to explore connection of his development to the Sewer District
5 facilities located adjacent to his property.

6 **Q. Do you believe that the granting of the expansion of service area requested**
7 **by Timber Creek Sewer Company in this proceeding will benefit the public**
8 **necessity or convenience?**

9 A. No. As stated above, the District was organized, incorporated and specifically
10 authorized by the voters of the unincorporated portion of Platte County to provide
11 sanitary sewer collection and treatment services to the entire unincorporated area
12 of Platte County, Missouri, and the District has a master sewer service plan in
13 place, as well as revenue bond financing in place, to fulfill these responsibilities.

14 **Q. Does this conclude your testimony at this time?**

15 A. Yes, it does.