

Exhibit No.  
Issue: Refunds  
Witness: Larry Pittman  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Emerald Pointe  
Case No. SR-2013-0016

**Missouri Public Service Commission**

**Rebuttal Testimony**

**of**

**Larry Pittman**

**On Behalf of**

**Emerald Pointe Utility Company**

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STATE OF MISSOURI     )  
                                  )  
COUNTY OF TANEY     )     ss

I, Larry Pittman, state that I am the Controller of Emerald Pointe Utility Company and, that the answers to the questions posed in the attached Rebuttal Testimony are true to the best of my knowledge, information and belief.

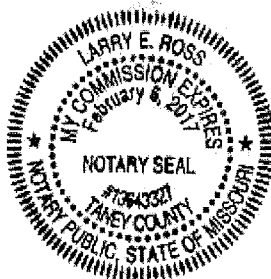
*Larry Pittman*

Subscribed and sworn to before me this 11<sup>th</sup> day of April, 2013.

*Larry E. Ross*  
Notary Public

My Commission Expires:

02/06/2017  
(SEAL)



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REBUTTAL TESTIMONY  
OF  
LARRY PITTMAN  
EMERALD POINTE UTILITY COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION

WITNESS INTRODUCTION

1

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Larry Pittman. My business address is 118 State Drive, Hollister,  
4 MO 65672.

5

6 Q. WHAT IS YOUR POSITION WITH EMERALD POINTE UTILITY COMPANY  
7 (EMERALD POINTE)?

8 A. I hold the office of Controller of Emerald Pointe.

9

10 Q. HOW LONG HAVE YOU BEEN ASSOCIATED WITH EMERALD POINTE?

11 A. I have been a part of Emerald Pointe since June of 2002.

12

13 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

14 A. I received my Bachelors degree in Business Administration and Economics from  
15 Drury College in 1981.

16

17 Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.

1 A. I have held the position of Office Manager or Controller for various locally owned  
2 businesses for over 25 years..

3 **PURPOSE**

4 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

5 A. I will respond to the Direct Testimony of Missouri Public Service Commission  
6 (Commission) Staff witness James A. Busch, as it relates to Staff's proposed  
7 customer refunds.

8  
9 **REFUNDS**

10 **Q. AMONG OTHER THINGS, STAFF WITNESS JIM BUSCH ALLEGES**  
11 **THAT EMERALD POINTE HAS CHARGED AMOUNTS THAT ARE**  
12 **INCONSISTENT WITH ITS TARIFFS IN REGARD TO SEWER**  
13 **COMMODITY/USAGE CHARGES. WHEN DID EMERALD POINTE**  
14 **START TO CHARGE ITS CURRENT SEWER COMMODITY/USAGE**  
15 **CHARGE?**

16 A. In May of 2000, at the conclusion of Emerald Pointe's last rate case, we  
17 changed our billing to remove the \$5.83 per thousand gallons sewer  
18 commodity/usage charge that had been in place prior to that case, and  
19 implemented a \$3.50 per thousand gallons sewer commodity/usage  
20 charge.

21  
22 **Q. DID EMERALD POINTE HAVE ANY SIGNIFICANT CONTACT WITH**  
23 **THE COMMISSION BETWEEN MAY 2000 AND MAY 2012?**

1 A. Yes.

2

3 **Q. WHAT WAS THE NATURE OF THAT CONTACT?**

4 A. Around 2004, Staff visited the Company and worked with me to correct  
5 issues associated with Emerald Pointe's annual report filings for years  
6 1996 through 2003.

7 Further, on May 11, 2004, Emerald Pointe filed an application asking for  
8 approval of a certificate of convenience and necessity for a new water and  
9 sewer service area in Taney County (Cases Nos. WA-2004-0581 and SA-  
10 2004-0582). The Commission granted the requested certificate on  
11 December 2, 2004.

12 Shortly thereafter, on March 16, 2005, Emerald Pointe filed another  
13 application asking for approval of an additional certificate of convenience  
14 and necessity for a new water and sewer service area in Taney County  
15 (Cases Nos. WA-2005-0306 and SA-2005-0307). That certificate was  
16 granted by the Commission on May 5, 2005.

17

18 **Q. DO YOU HAVE RESPONSIBILITY FOR FILING EMERALD POINTE'S**  
19 **ANNUAL REPORTS?**

20 A. Yes.

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22 **Q. WHEN DID YOU FIRST HAVE THIS RESPONSIBILITY?**

23 A. Beginning in 2002.

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**Q. WHAT WAS THE NATURE OF THE ANNUAL REPORT ISSUES YOU REFERENCED ABOVE?**

A. There were issues discovered concerning the balance sheet in the amortization and contributions and aid of construction and depreciation reserves for the sewer and water. These were errors that were made in the first filings made by the Company around 1996. They were then carried forward on a consistent basis up to and including the 2003 Annual Report.

**Q. WHEN DID YOU DISCOVER THESE ERRORS?**

A. I was not aware there were errors until I received a notice as to an Annual Report deficiency in 2004 (concerning the 2003 Annual Report). At first, I thought it was a one year problem. However, later in working with Staff, we discovered the origin of the problem in the first annual report.

**Q. HOW DID YOU GO ABOUT CORRECTING THESE ISSUES?**

A. Bill Nichols of the Commission Staff visited Emerald Pointe in October of 2004. We went over the formulation of the annual reports, the issues that had arisen and how they came about. I then went back, starting with the initial report in 1996, and revised both the sewer and water reports as to the aid in contribution section, the balance sheet and the asset and liability sections for years 1996 through 2002. Those revised reports were filed later in the fall of 2004.

1 Q. WAS THE STAFF SATISFIED WITH THE RESULT OF THESE  
2 REVISIONS?

3 A. I believe so. In a Supplemental Recommendation filed in Case No. WA-  
4 2004-0581, on November 24, 2004, the Staff stated as follows: "Having  
5 worked with the Company regarding its books and records, and the  
6 preparation of its revised Annual Report, the Staff is satisfied that the  
7 Company's records are reasonably correct, and the Annual Report  
8 accurately reflects the Company's revenues and expenses."  
9

10 Q. AT THE CONCLUSION OF THE 2004 CERTIFICATE CASE (CASE NO.  
11 WA-2004-0581, ET AL.), DID THE COMMISSION ISSUE ANY ORDERS  
12 CONCERNING EMERALD POINTE'S RATES?

13 A. Yes. The Commission, among other things, ordered that "the Staff of the  
14 Commission shall conduct a rate review of Emerald Pointe Utility  
15 Company within two years of the effective date of this order."  
16

17 Q. WAS THIS RATE REVIEW EVER CONDUCTED?

18 A. Not to my knowledge.  
19

20 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

21 A. Yes, it does.