

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

In the Matter of Small Company Rate Increase of)
Timber Creek Sewer Company) File No. SR-2010-0320

STAFF'S POSITION STATEMENTS

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and states its position on the issues filed in *List of Issues* as follows:

1. Salaries/Overtime/Time Sheets

- a. Issue: What is the appropriate level of salaries and overtime to be included in Timber Creek's revenue requirement for setting Timber Creek's rates? Should Timber Creek be required to document its employees' hours worked through time sheets?
- b. Position: An appropriate level of salaries for Timber Creek's employees is \$245,441. (1) General Manager \$76,862; (2) Plant Operator \$81,020; (3) Office Manger \$41,559; and (4) Assistant Operator \$46,000.
- c. Further, the Commission should require Timber Creek to document the employees' work hours.

2. Rate Case Expense

- a. Issue: What is the appropriate level of rate case expense to be included in Timber Creek's revenue requirement for setting Timber Creek's rates?
- b. Position: An appropriate level of rate case expense is \$23,073 normalized over 3 years or \$7,691 per year for reasonable and prudently incurred expenses related to Timber Creek's sewer rate increase case, File No. SR-2010-0320.
- c. Timber Creek requests cost recovery of past rate case costs from a prior rate case. These costs relate to work that the General Manager claims to have worked on Company's last rate case in the amount of \$18,175. Staff is opposed to permitting recovery of this cost as it relates to cost from a prior rate case which occurred three (3) years ago. Including certain specific costs from a prior period in determining the rates to be established in this case on a going-forward basis constitutes single-issue and retroactive ratemaking and is in violation of the matching principle accounting standard.

3. Alternative Energy/Natural Gas Well

- a. Issue: Should Timber Creek be allowed to recover costs for an exploratory alternative energy source?
- b. Position: Timber Creek should not be allowed to recover any costs related to its decision to drill for natural gas. This project was highly speculative and it is not just and reasonable for rate payers to bear the expense.

4. Public Service Commission Assessment

- a. Issue: What is the appropriate level of the Public Service Commission Assessment to be included in Timber Creek's revenue requirement for setting Timber Creek's rates? Should the Commission authorize Timber Creek to create a pass-through on its customer's bill to reflect the annual fluctuation in the Public Service Commission Assessment?
- b. Position: An appropriate level of PSC Assessment is \$62,590, the amount Timber Creek has been assessed for the upcoming 2011 year. Timber Creek should not be allowed recovery of the \$45,902 from previous years' assessments. The Commission should not allow Timber Creek to create a pass-through for PSC Assessments on its customers' bills because it would be in violation of Section 386.370, RSMo 2000. Potential changes to the PSC Assessment are currently being addressed in File No. WW-2009-0386. File No. WW-2009-0386 is the appropriate forum to address any proposed changes in the PSC Assessment to ensure that all utilities and ratepayers will be protected and to ensure that any unintended consequences to the changes can be discussed amongst the various stakeholders in this process.

5. Contingency/Emergency Repair Fund

- a. Issue: Should the Commission authorize Timber Creek to establish a Contingency/Emergency Repair Fund?
- b. Position: The Commission should not grant Timber Creek the authority to establish a Contingency/Emergency Repair Fund. Timber Creek has offered almost no details regarding a Contingency /Emergency Repair Fund that would establish needed consumer protections to ensure that the Fund would be used appropriately. Furthermore, this issue is currently being addressed in File No. WW-2009-0386 where all parties will have the appropriate time to discuss the various issues needed to be set in place to create a Fund that provides the utility with meaningful assistance and also protects the consumers from a utility misusing the funds collected.

Respectfully submitted,

/s/ Jaime N. Ott

Jaime N. Ott (#60949)
Assistant General Counsel
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8700 (Telephone)
(573) 751-9285 (Fax)
jaime.ott@psc.mo.gov

Attorney for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 30th day of December, 2010.

/s/ Jaime N. Ott