

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

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

**STATEMENT OF POSITION OF TIMBER CREEK SEWER**

COMES NOW Timber Creek Sewer Company ("Timber Creek"), by its attorney, Jeremiah D. Finnegan, and pursuant to the Commission's Order Establishing a Procedural Schedule dated October 25, 2010 does hereby provide the following Statement of Position on the issues contained in the List of Issues filed by the parties on December 29, 2010:

**1. 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?**

It is Timber Creek's position is that the current salaries are below market. It is Timber Creek's position that the appropriate level for salaries is \$265,742: 1. General Manager/President \$94,529; 2. Plant and Collection System Manager \$49,290; 3. Operations Manager \$78,660; and 4. Office Manager \$43,263.

It is Timber Creek's position that overtime should be added in the amount of \$7,234.83 for the Plant and Collection System Manager and \$2,604.45 for the Office Manager plus \$194.07 for increased workman's compensation and general liability insurance for the two positions. The total sought is \$10,033.35.

It is Timber Creek's position that time sheets should not be required unless overtime is authorized for the two positions since it is probable that the keeping of time records would likely result in irrefutable proof that the employee is working more than 40 hours a week and could bring an action to rebut the Company's classification of the employees as exempt under the FLSA.

**2. WHAT IS THE APPROPRIATE LEVEL OF RATE CASE EXPENSE TO BE INCLUDED IN TIMBER CREEK'S REVENUE REQUIREMENT FOR SETTING TIMBER CREEK'S RATES?**

It is Timber Creek's position that the appropriate level of rate case expense is \$58,173 normalized over 3 years or \$19,391 per year. The total amount includes the recovery over the 3 year period of \$18,175 for the work performed in the last rate case by Derek Sherry, who was not an employee at that time, that was not included in the rate case expense authorized in that case as well as expenses currently being incurred in this case.

**3. SHOULD TIMBER CREEK BE ALLOWED TO RECOVER COSTS FOR AN EXPLORATORY ALTERNATIVE ENERGY SOURCE?**

It is Timber Creek's position that it should be allowed to recover \$10,849 normalized over 3 years at \$3,616.33 per year for it to continue to explore alternative energy options to the constantly increasing electricity costs that it has been experiencing and will continue to experience. The amount was determined by the fact that \$10,849 was the amount that Timber Creek expended in drilling a natural gas well in an effort to locate natural gas as an

alternative fuel that would offset the constantly increasing electric costs that are being passed on to its ratepayers.

**4. 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?**

It is Timber Creek's position that the Company paid an additional \$45,902 over the time since Timber Creek's last rate case in PSC Assessments due to the inequitable and overly financially burdensome increases in the PSC Assessment for sewer utilities which was authorized at 6.94% but which increased to 8.47% in FY2009, 11.22% in FY2010 and for FY2011 is 9.34%. During this period, no other utility industry in Missouri had an assessment above 1%. It is seeking to recover the \$45,902 normalized over 3 years at \$19,391 per year.

Further, until the assessment for sewer utilities becomes more equitable, Timber Creek is asking that the Commission allow Timber Creek to segregate the annual PSC Assessment from its operating costs and instead allow Timber Creek to pass it on directly to its customers as a separately stated surcharge on the customers' monthly bills identified as "PSC Assessment Charge" in the same manner as gross receipts tax and franchise fees are treated. Like gross receipts taxes and franchise fees, which are calculated as a percentage of

a utility's revenue, so is the PSC Assessment and is equally suitable as a pass-thru item on the utility bill as are gross receipts taxes and franchise fees.

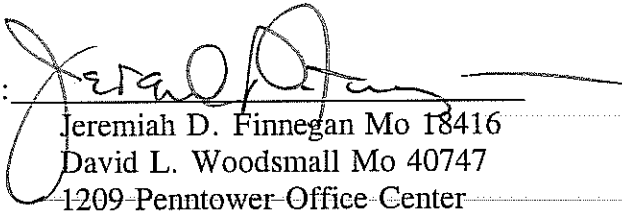
**5. SHOULD THE COMMISSION AUTHORIZE TIMBER CREEK TO ESTABLISH A CONTINGENCY/EMERGENCY REPAIR FUND?**

Yes. It is Timber Creek's position that while its current rate structure supports routine operations and maintenance type items, it does not support emergency, unplanned events that would substantially impact utility operations and would adversely impact Timber Creek's ability to provide uninterrupted, dependable utility service that is environmentally responsible. To support uninterrupted service and implement a financially prudent business practice, the Company is seeking to establish and maintain a contingency fund for emergency and extraordinary unplanned events. The amount sought to be funded is based on the estimated cost of potential unplanned events that would have significant financial and operational impact and which have been assigned a probability for occurrence of each event. The Company proposes the establishment of a cash reserve fund cap based on such calculations subject to needed consumer protections to ensure that the Fund would be used appropriately.

The Company has estimated the total cost at \$173,964 which is to be normalized over 19 years at \$9,156 per year. The Company proposes that this amount be collected as a surcharge of \$0.50 per month on each of the customers' monthly bills during such period.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.,

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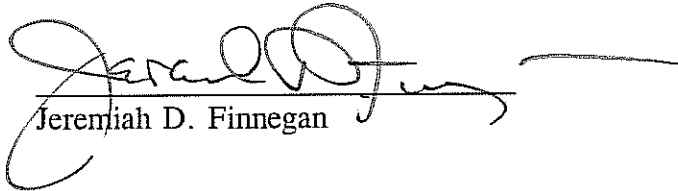
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ATTORNEYS FOR TIMBER CREEK  
SEWER COMPANY

December 30, 2010

**Certificate of Service**

I hereby certify that on this date I electronically filed the foregoing document with the Commission and further caused a copy of the same to be sent to Staff Counsel Jaime N. Ott at [jaime.ott@psc.mo.gov](mailto:jaime.ott@psc.mo.gov) and Christina L. Baker of the Office of Public Counsel at [christina.baker@ded.mo.gov](mailto:christina.baker@ded.mo.gov) by electronic transmission.

  
Jeremiah D. Finnegan