

Exhibit No.: _____
Issue(s): Capital Structure, Equity Return
and Debt Costs
Witness/Type of Exhibit: Robertson/Rebuttal
Sponsoring Party: Public Counsel
Case No.: SR-2013-0321 and
WR-2013-0322

REBUTTAL TESTIMONY
OF
TED ROBERTSON

Submitted on Behalf of the Office of the Public Counsel

LINCOLN COUNTY SEWER & WATER, LLC

CASE NO. SR-2013-0321 & WR-2013-0322

September 25, 2013

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

In the Matter of the Application of)
Lincoln County Sewer and Water, LLC)
For Approval of a Rate Increase.) Case No. SR-2013-0321

In the Matter of the Application of)
Lincoln County Sewer and Water, LLC)
For Approval of a Rate Increase.) Case No. WR-2013-0322

AFFIDAVIT OF TED ROBERTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ted Robertson, of lawful age and being first duly sworn, deposes and states:

1. My name is Ted Robertson. I am the Chief Public Utility Accountant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Ted Robertson, C.P.A.
Chief Public Utility Accountant

Subscribed and sworn to me this 25th day of September, 2013.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.

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**REBUTTAL TESTIMONY
OF
TED ROBERTSON**

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**LINCOLN COUNTY SEWER & WATER, LLC
CASE NOS. SR-2013-0321 AND WR-2013-0322**

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I. INTRODUCTION

14 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

15 A. Ted Robertson, PO Box 2230, Jefferson City, Missouri 65102-2230.

16 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

17 A. I am employed by the Missouri Office of the Public Counsel (OPC or Public
18 Counsel) as the Chief Public Utility Accountant.

19 Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES AT THE OPC?

20 A. My duties include all activities associated with the supervision and operation of
21 the regulatory accounting section of the OPC. I am also responsible for
22 performing audits and examinations of the books and records of public utilities
23 operating within the state of Missouri.

24 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER
25 QUALIFICATIONS.

26 A. I graduated in May, 1988, from Missouri State University in Springfield, Missouri,
with a Bachelor of Science Degree in Accounting. In November of 1988, I

1 passed the Uniform Certified Public Accountant Examination, and I obtained
2 Certified Public Accountant (CPA) certification from the state of Missouri in 1989.
3 My CPA license number is 2004012798.
4

5 Q. HAVE YOU RECEIVED SPECIALIZED TRAINING RELATED TO PUBLIC
6 UTILITY ACCOUNTING?

7 A. Yes. In addition to being employed by the Missouri Office of the Public Counsel
8 since July 1990, I have attended the NARUC Annual Regulatory Studies
9 Program at Michigan State University, and I have also participated in numerous
10 training seminars relating to this specific area of accounting study.
11

12 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC
13 SERVICE COMMISSION (MPSC OR COMMISSION)?

14 A. Yes, I have testified on numerous issues before the Commission. Please refer
15 to Schedule TJR-1, attached to this testimony, for a listing of cases in which I
16 have submitted testimony.
17

18 II. PURPOSE OF TESTIMONY

19 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

1 A. The purpose of this Rebuttal Testimony is to address the Public Counsel's
2 position regarding the MPSC Staff's recommendations for the Lincoln County
3 Sewer and Water, LLC (Company) capital structure, equity return and debt costs.

4
5 Q. DOES PUBLIC COUNSEL OPPOSE THE MPSC STAFF'S
6 RECOMMENDATIONS ON COMPANY'S CAPITAL STRUCTURE, EQUITY
7 RETURN AND DEBT COSTS?

8 A. Public Counsel does not oppose the MPSC Staff's recommendations for the
9 aforementioned costs it utilized to develop the Company's overall cost of service;
10 however, Public Counsel does not support the methodology utilized by the
11 MPSC Staff's financial department to achieve those recommendations. It is
12 Public Counsel's position that the actual cost structure associated with the utility
13 should have been utilized to develop the capital structure, equity return and debt
14 costs, but because of the Company's refusal to maintain its financial records
15 according to Commission rules and regulations and/or unwillingness to provide
16 appropriate records, the end result of the MPSC Staff's analysis is that it is likely
17 the most credible evidence available to determine those costs.

18
19 Q. DID PUBLIC COUNSEL UNDERTAKE AN INDEPENDENT ANALYSIS OF THE
20 COMPANY'S FINANCIAL STRUCTURE AND COSTS?

1 A. Yes, I did. My review of the limited financial information available from the
2 Company indicated that the owners of the utilities are intermingling financial
3 activities that are of a personal nature with those of the regulated utilities. The
4 Company has not been able to provide documentation that would allow Public
5 Counsel to discern with a reasonable level of certainty which are personal from
6 those that should be booked as regulated. However, the financial documents
7 that were provided indicate, in my opinion, that the MPSC Staff's
8 recommendations are at least in the "ballpark" of what the utilities financial costs
9 would be if accurate information had been maintained and was actually
10 available. Therefore, even though Public Counsel doesn't support the MPSC
11 Staff's methodology for determining its financial recommendations, I do believe
12 that they are likely the most reasonable upon which to base the rate base return
13 portion of the cost of service for the utilities.

14
15 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

16 A. Yes, it does.

**CASE PARTICIPATION
OF
TED ROBERTSON**

<u>Company Name</u>	<u>Case No.</u>
Missouri Public Service Company	GR-90-198
United Telephone Company of Missouri	TR-90-273
Choctaw Telephone Company	TR-91-86
Missouri Cities Water Company	WR-91-172
United Cities Gas Company	GR-91-249
St. Louis County Water Company	WR-91-361
Missouri Cities Water Company	WR-92-207
Imperial Utility Corporation	SR-92-290
Expanded Calling Scopes	TO-92-306
United Cities Gas Company	GR-93-47
Missouri Public Service Company	GR-93-172
Southwestern Bell Telephone Company	TO-93-192
Missouri-American Water Company	WR-93-212
Southwestern Bell Telephone Company	TC-93-224
Imperial Utility Corporation	SR-94-16
St. Joseph Light & Power Company	ER-94-163
Raytown Water Company	WR-94-211
Capital City Water Company	WR-94-297
Raytown Water Company	WR-94-300
St. Louis County Water Company	WR-95-145
United Cities Gas Company	GR-95-160
Missouri-American Water Company	WR-95-205
Laclede Gas Company	GR-96-193
Imperial Utility Corporation	SC-96-427
Missouri Gas Energy	GR-96-285
Union Electric Company	EO-96-14
Union Electric Company	EM-96-149
Missouri-American Water Company	WR-97-237
St. Louis County Water Company	WR-97-382
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
United Water Missouri Inc.	WR-99-326
Laclede Gas Company	GR-99-315
Missouri Gas Energy	GO-99-258
Missouri-American Water Company	WM-2000-222
Atmos Energy Corporation	WM-2000-312
UtiliCorp/St. Joseph Merger	EM-2000-292
UtiliCorp/Empire Merger	EM-2000-369
Union Electric Company	GR-2000-512
St. Louis County Water Company	WR-2000-844
Missouri Gas Energy	GR-2001-292
UtiliCorp United, Inc.	ER-2001-672
Union Electric Company	EC-2002-1
Empire District Electric Company	ER-2002-424

**CASE PARTICIPATION
OF
TED ROBERTSON**

Company Name	Case No.
Missouri Gas Energy	GM-2003-0238
Aquila Inc.	EF-2003-0465
Aquila Inc.	ER-2004-0034
Empire District Electric Company	ER-2004-0570
Aquila Inc.	EO-2005-0156
Aquila, Inc.	ER-2005-0436
Hickory Hills Water & Sewer Company	WR-2006-0250
Empire District Electric Company	ER-2006-0315
Central Jefferson County Utilities	WC-2007-0038
Missouri Gas Energy	GR-2006-0422
Central Jefferson County Utilities	SO-2007-0071
Aquila, Inc.	ER-2007-0004
Laclede Gas Company	GR-2007-0208
Kansas City Power & Light Company	ER-2007-0291
Missouri Gas Utility, Inc.	GR-2008-0060
Empire District Electric Company	ER-2008-0093
Missouri Gas Energy	GU-2007-0480
Stoddard County Sewer Company	SO-2008-0289
Missouri-American Water Company	WR-2008-0311
Union Electric Company	ER-2008-0318
Aquila, Inc., d/b/a KCPL GMOC	ER-2009-0090
Missouri Gas Energy	GR-2009-0355
Empire District Gas Company	GR-2009-0434
Lake Region Water & Sewer Company	SR-2010-0110
Lake Region Water & Sewer Company	WR-2010-0111
Missouri-American Water Company	WR-2010-0131
Kansas City Power & Light Company	ER-2010-0355
Kansas City Power & Light Company	ER-2010-0356
Timber Creek Sewer Company	SR-2010-0320
Empire District Electric Company	ER-2011-0004
Union Electric Company, d/b/a AmerenUE	ER-2011-0028
Missouri-American Water Company	WR-2011-0337
Union Electric Company, d/b/a AmerenMO	EU-2012-0027
Missouri-American Water Company	WA-2012-0066
Union Electric Company, d/b/a AmerenMO	ER-2012-0166
Laclede Gas Company	GO-2012-0363
Kansas City Power & Light Company	ER-2012-0174
Kansas City Power & Light Company GMOC	ER-2012-0175
Empire District Electric Company	ER-2012-0345
Emerald Pointe Utility Company, Inc.	SR-2013-0016
Liberty Utilities	GO-2014-0006
Lincoln County Sewer & Water, LLC	SR-2013-0321
Lincoln County Sewer & Water, LLC	WR-2013-0322