

Exhibit No.:

Issue(s):

24

Timber Creek Staff

Compensation and Overtime

Rate Case Expenses

Contingency/Emergency Repair Fund

Witness:

Ted Robertson

Type of Exhibit:

Surrebuttal

Sponsoring Party:

Public Counsel

Case Numbers:

SR-2010-0320

Date Testimony Prepared:

Dec. 28, 2010

SURREBUTTAL TESTIMONY

OF

TED ROBERTSON

Submitted on Behalf of
the Office of the Public Counsel

TIMBER CREEK SEWER COMPANY

Case Nos. SR-2010-0320

December 28, 2010

Exhibit No.

24

Date 1-5-11 Reporter Tm

File No. SR-2010-0320

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

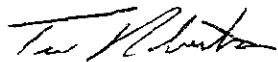
In the Matter of the Small Company Rate)
Increase of Timber Creek Sewer Company.) **Case No. SR-2010-0320**

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 surrebuttal 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 28th day of December 2010.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2013
Cole County
Commission #09754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2013.

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**SURREBUTTAL TESTIMONY
OF
TED ROBERTSON**

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**TIMBER CREEK SEWER COMPANY
CASE NO. SR-2010-0320**

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. ARE YOU THE SAME TED ROBERTSON THAT HAS PREVIOUSLY FILED
DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. I will provide the OPC surrebuttal to the Rebuttal Testimony of Company witness,
Mr. Derek Sherry, on the issues: 1) Timber Creek Staff Compensation and
Overtime, 2) Rate Case Expenses, and 3) Contingency/Emergency Repair Fund.

III. TIMBER CREEK STAFF COMPENSATION AND OVERTIME

Q. WHAT IS THE COMPENSATION ISSUE?

A. Company has modified its annual compensation request for the Collection System
Operator and Office Manager positions from that stated in Mr. Sherry's Direct

1 Testimony. On page 3, lines 14 - 21, of Mr. Sherry's Rebuttal Testimony, he
2 identifies that the Company's annual compensation request (excluding payroll taxes)
3 for the Collection System Operator is now \$56,290 (i.e., \$49,290 plus \$7,000
4 overtime pay). Further, on page 4, lines 18 - 24, of the same testimony, Mr. Sherry
5 has identified that the Company's annual compensation request (excluding payroll
6 taxes) for the Office Manager is now \$44,559 (i.e., \$41,559 plus \$3,000 overtime
7 pay).

8
9 Q. HOW DID THE COMPANY DEVELOP ITS NEW COMPENSATION PROPOSALS
10 FOR THESE TWO POSITIONS?

11 A. For the Collection System Operator position, Mr. Sherry simply added an additional
12 \$7,000 overtime pay to the annual compensation he recommended in his Direct
13 Testimony. While, for the Office Manager position, he moved off his position, as
14 stated in his Direct Testimony, and adopted the MPSC Staff's annual compensation
15 recommendation to which he then added an additional \$3,000 overtime pay.

16
17
18 Q. WHAT IS PUBLIC COUNSEL'S POSITION ON THE COMPENSATION ISSUE?

19 A. As I stated in my Rebuttal Testimony, Public Counsel's recommended total annual
20 compensation for the two positions is as follows:
21

OPC Recommendation

Office & Admin. Support (Office Mgr.) \$32,650

W&L Waste Treat. Plt. & Sys. Op. (P&C Sys. Op.) \$45,867

Q. HAS THE PUBLIC COUNSEL'S CHANGED ITS POSITION ON THE OVERTIME
ISSUE?

A. No. The alleged overtime costs were not incurred or paid during the test year,
are not known and measureable and they should not be included in the
determination of the cost of service for this case.

IV. RATE CASE EXPENSES

Q. WHAT IS THE ISSUE?

A. Company has provided Public Counsel with two additional invoices from the firm
Finnegan, Conrad and Peterson, L.C. After reviewing the invoices, Public Counsel
has updated its recommended normalized annual rate case expense.

Q. WHAT IS THE NORMALIZED ANNUAL RATE CASE EXPENSE THAT PUBLIC
COUNSEL RECOMMENDS?

A. Public Counsel's updated recommendation results in a normalized annual rate case
expense of \$2,897 per year (see attached Schedule TJR-1). The updated
recommendation is based on the two new invoices provided by the Company, one

1 was for matters related to Case No. SW-2011-0103 before the Commission and the
2 other was related to services provided for the instant case. Public Counsel
3 recommends a total disallowance of the Case No. SW-2011-0103 costs because
4 they were not incurred to process the instant case and were not incurred during the
5 test year or update period. Further, OPC recommends a 50% disallowance of the
6 services related to the instant case cost invoice (excluding mileage charges shown
7 on the invoice) in keeping with Public Counsel's recommendation described in my
8 Rebuttal Testimony.

9
10 Q. WILL PUBLIC COUNSEL CONTINUE TO MONITOR AND AUDIT THE
11 COMPANY'S RATE CASE EXPENSES FOR POSSIBLE INCLUSION IN THE
12 RECOMMENDED NORMALIZED ANNUAL AMOUNT?

13 A. Yes. I will present in future testimony any additional information as required.
14

15 **V. CONTINGENCY/EMERGENCY REPAIR FUND**

16 Q. HAS THE COMPANY PROVIDED ANY ADDITIONAL INFORMATION
17 REGARDING THE STRUCTURE AND IMPLEMENTATION OF ITS PROPOSED
18 CONTINGENCY/EMERGENCY REPAIR FUND?

19 A. Yes. Beginning on page 5, line 19, of Mr. Sherry's Rebuttal Testimony, he states:
20

1 The Company would create a separate account for the fund
2 that would be managed similar to a real estate escrow
3 account where agreed upon guidelines between the
4 Company and PSC would establish acceptable uses fro the
5 funds, periodic management reporting, auditing practices,
6 and general oversight practices. The account would be
7 subject to review by the PSC to ensure appropriate use and
8 application of funds. It is intended that the funds be used to
9 repair existing infrastructure that is part of the core utility
10 processes. Timber Creek would notify the PSC anytime the
11 funds were used, the amount, description of the repair and
12 other pertinent information. When applicable, the Company
13 would notify the PSC ahead of time for use of the funds if
14 service interruption is not prolonged due to approval
15 processes.
16

17 Q. HOW WOULD A CONTINGENCY/REPAIR FUND BE
18 FUNDED?

19 A. Funds would be accumulated over time by charging the
20 ratepayer per month per customer. The Company proposes
21 to charge an additional \$0.50 per month per customer. At
22 this rate it would take over 19 years before the proposed
23 fund ceiling would be reached if no funds were ever used
24 during this timeframe.
25

26 Q. IS THE COMPANY FLEXIBLE ON ITS PROPOSAL?

27 A. Yes. We would work with Staff to establish how the
28 parameters of the fund would work to come up with a
29 satisfactory mechanism to assure that the consumers are
30 protected with the proper safeguards and restrictions.
31
32

33 Q. IS THE COMPANY'S PROPOSAL STILL UNACCEPTABLE TO THE PUBLIC
34 COUNSEL?

35 A. Yes. As I stated in my Direct and Rebuttal Testimony, Public Counsel believes that
36 the regulatory ratemaking process adequately compensates the owners of the utility

1 for the risks that they undertake. Public Counsel sees no reason that that risk
2 should be shifted from the owners to ratepayers.

3
4 In addition, Mr. Sherry's proposal appears to be in the "infancy" of its possible
5 development stage. That is, the development of the parameters and/or rules for the
6 implementation and monitoring of the proposal, if OPC were to agree to its
7 authorization, which we do not, has not been discussed by all of the parties to any
8 great degree. Therefore, I believe it unlikely that a final plan for the proposal could
9 be determined to the satisfaction of all interested parties (including OPC and
10 ratepayers which his proposal somehow excludes) given the timeframe for finalizing
11 the current rate case.

12
13 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

14 A. Yes, it does.

Timber Creek Sewer Company
Case No. SR-2010-0320
Rate Case Expense

T. Robertson

Source: OPC DR Nos. 1 and 2

Inv./Receipt Date	Description	Vendor	Invoice	Ck #	GL Acct.	Amount	Allow	Disallow	Reason For Disallow
5/10/2010	70 color copies @ \$0.39 each rate increase presentation to HOA meetings	Goin Postal	36443	7025	6250-024	\$27.30	\$27.30		
5/3/2010	3,000 #10 window envelopes @ \$0.06817 per plus tax for customer mailings	Platte County Citizen	51231	7022	6250-024	220.82	220.82		
6/3/2010	Mail processing for 1st customer notification 2,838 B&W copies \$0.08 each plus 14 service charges @ \$10 each	Goin Postal	37285	7066	6250-024	367.04	367.04		
6/4/2010	Postage presort (1,275 @ \$0.335 per) and single piece (119 @ \$0.382 per) total 1,304 pieces for 1st customer notification 7,722 B&W copies @ \$0.08 per plus 7,722 tear-down, unstaple, collate, staple & organize @ \$0.04 per of company files for PSC auditors	USPS	Confirm # 2010155	7067	6250-06	472.59	472.59		
6/11/2010	Paper - 2 boxes	Goin Postal	37546	7080	6250-024	926.64	926.64		
5/24/2010	Legal opinion - FLSA and Overtime 3.65 hr @ \$200 per	Staples	Ref 2393	7099	6550	98.41	98.41		
10/15/2010	Travel expenses for company meeting w/PSC staff and OPC - Willis Sherry mileage \$158 (316 miles @ \$0.50 mile) and Derek Sherry \$28 (Bennigans' Columbia MO)	Jason Davey	1165	7366	6280	730.00	730.00		
9/15/2010	Postage presort (1,291 @ \$0.414 per) and single piece (137 @ \$0.44 per) total 1,428 pieces for evidentiary hearing	Willis & Derek Sherry	Receipt	7244 & 7254	6292 & 6370	184.00	184.00		
11/2/2010	Mail processing 1,438 B&W copies \$0.08 each plus 14 service charges @ \$10 per evidentiary hearing letters	USPS	Confirm # 2010306	7309 & 7325	6250-06	594.75	594.75		
11/1/2010		Goin Postal	Receipt	7316	6250-024	255.04	255.04		
11/30/2010	Prof. Serv. Informal Rate Case 15.5hrs. @ \$200 per	Finnegan, Conrad & Peterson	230556	7374		3,100.00	1,550.00	1,550.00	Remove 50% based on issues @ hearing
12/17/2010	Prof. Serv. Case SW-2011-0103 .80hrs. @ \$200 per	Finnegan, Conrad & Peterson	230623	7398		160.00		160.00	Non-rate case related
12/17/2010	Prof. Serv. Informal Rate Case 32.30hrs. @ \$200 per + mileage	Finnegan, Conrad & Peterson	230624	7398		6,495.00	3,265.00	3,230.00	Remove 50% of non-mileage costs based on issues @ hearing
Total						<u>\$13,631.59</u>	<u>\$8,691.59</u>	<u>\$4,940.00</u>	
Normalization Period (years)							<u>3</u>		
Annual Amount							<u>\$2,897.20</u>		