

Exhibit No.:

Issue(s):

Sludge Hauling Expense/
Payroll-Life Insurance Expense/
Rate Case Expense/
Misc. Expense-Service Charges and
Charitable Contributions/
Legal Fees/
Public Water Supply District #4
(PWSD) Labor Expense/
Equipment Rental/
Office Supplies/
Travel and Entertainment/
Transportation Expense

Witness/Type of Exhibit:

Roth/Rebuttal

Sponsoring Party:

Public Counsel

Case No.:

WR-2013-0461

REBUTTAL TESTIMONY

OF

KERI ROTH

Submitted on Behalf of the Office of the Public Counsel

LAKE REGION WATER & SEWER COMPANY

CASE NO. WR-2013-0461

January 10, 2014

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

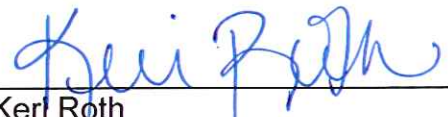
In the Matter of Lake Region Water &)
Sewer Company's Application to)
Implement a General Rate Increase) File No. WR-2013-0461
in Water and Sewer Service)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:


1. My name is Keri Roth. I am a Public Utility Accountant I 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.


Keri Roth
Public Utility Accountant I

Subscribed and sworn to me this 10th day of January 2014.



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


Jerene A. Buckman
Notary Public

My Commission expires August, 2013.

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KERI ROTH

LAKE REGION WATER & SEWER COMPANY

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**REBUTTAL TESTIMONY
OF
KERI ROTH**

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**LAKE REGION WATER & SEWER COMPANY
CASE NO. WR-2013-0461**

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Keri Roth, PO Box 2230, Jefferson City, Missouri 65102-2230.

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

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

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

A. My duties include performing audits and examinations of the books and records of
public utilities operating within the state of Missouri under the supervision of the Chief
Public Utility Accountant, Mr. Ted Robertson.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER
QUALIFICATIONS.

1 A. I graduated in May 2011, from Lincoln University, in Jefferson City, Missouri, with a
2 Bachelor of Science Degree in Accounting. I have also attended NARUC Utility Rate
3 School held by Michigan State University.
4

5 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI
6 PUBLIC SERVICE COMMISSION (COMMISSION OR MPSC)?

7 A. Yes. Please refer to Schedule KNR-1, attached to this testimony, for a listing of cases in
8 which I have submitted testimony.
9

10 **II. PURPOSE OF TESTIMONY**

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

12 A. The purpose of this rebuttal testimony is to respond to the MPSC Staff positions
13 regarding sludge hauling expense, payroll-life insurance expense, rate case expense,
14 miscellaneous expense-service charges and charitable contributions, legal fees, Public
15 Water Supply District #4 (PWSD) labor expense, equipment rental, office supplies,
16 travel and entertainment, and transportation expense.
17

18 **III. SLUDGE HAULING EXPENSE**

1 Q. WHAT IS THE ANNUALIZED AMOUNT OF SLUDGE HAULING EXPENSE STAFF
2 IS PROPOSING THAT THE COMPANY RECEIVE?

3 A. The amount of sludge hauling expense Staff is proposing is \$23,190 for Horseshoe Bend
4 Sewer and \$3,530 for Shawnee Bend Sewer.

5
6 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL? IF NOT, PLEASE
7 EXPLAIN.

8 A. No. Public Counsel proposes \$22,420 for Horseshoe Bend Sewer and \$4,000 for Shawnee
9 Bend Sewer. Public Counsel used the tickets written for each sludge haul occurrence,
10 which make up the invoice each month, as opposed to Staff which used the monthly
11 invoices. Public Counsel did not use monthly invoices, because when comparing the
12 tickets to the invoices, it appears the Lake Region Water & Sewer Company (LRWS or
13 Company) did not record every sludge haul correctly to the general ledger. Also, there
14 were tickets for sludge hauling that occurred at Cornett Cove, which is not part of LRWS;
15 therefore, tickets for Cornett Cove should be disallowed.

16
17 **IV. PAYROLL – LIFE INSURANCE EXPENSE**

18 Q. WHAT IS THE ISSUE?

19 A. The Direct Testimony and related workpapers indicates MPSC Staff has not built in an
20 annualized level of expense of employee life insurance for employees of PWSD.

1
2 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF?

3 A. No. Public Counsel believes this cost should be included and allocated amongst PWSD,
4 Ozark Shores Water Company (OSWC), and LRWS.
5

6 **V. RATE CASE EXPENSE**

7 Q. WHAT IS THE NORMALIZED AMOUNT OF RATE CASE EXPENSE STAFF IS
8 PROPOSING THAT THE COMPANY RECEIVE?

9 A. The Direct Testimony and related workpapers indicates the MPSC Staff is proposing \$710,
10 for each of the water and sewer systems, based on a three-year normalization.
11

12 Q. WILL RATE CASE EXPENSE BE UPDATED THROUGH THE TRUE-UP PERIOD?

13 A. Yes.
14

15 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S CURRENT PROPOSAL?

16 A. Based on Public Counsel's review of invoices provided by the Company, Public Counsel
17 believes Staff's proposal is reasonable. Public Counsel will continue to review additional
18 rate case expense documentation as it becomes available.
19

20 **VI. MISCELLANEOUS EXPENSE – CHARITABLE CONTRIBUTIONS**

1 Q. WHAT IS THE ISSUE?

2 A. Public Counsel believes Staff has erroneously allowed a charitable contribution for Ozark
3 Coast Kiwanis for \$50 on April 22, 2013. Public Counsel brought this to Staff's attention,
4 and believes an adjustment will be reflected in Staff's Rebuttal Testimony.
5

6 **VII. MISCELLANEOUS EXPENSE – SERVICES CHARGES**

7 Q. WHAT IS THE ISSUE?

8 A. Public Counsel believes Staff has erroneously disallowed a service charge for \$133 twice.
9 The service charge should only be deducted one time. Public Counsel brought this to
10 Staff's attention, and believes an adjustment will be reflected in Staff's Rebuttal
11 Testimony.
12

13 **VIII. LEGAL FEES**

14 Q. WHAT IS THE ANNUALIZED AMOUNT OF LEGAL FEE EXPENSE STAFF IS
15 PROPOSING THAT THE COMPANY RECEIVE?

16 A. The amount of legal fee expense Staff is proposing is \$685 for Shawnee Bend Water
17 system, \$597 for Shawnee Bend Sewer system, and \$1,544 for Horseshoe Bend Sewer
18 system.
19

20 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

1 A. Based upon Public Counsel's review of invoices received by the company, Public Counsel
2 believes Staff's proposal is reasonable.
3

4 **IX. PUBLIC WATER SUPPLY DISTRICT #4 LABOR EXPENSE**

5 Q. WHAT IS THE ANNUALIZED AMOUNT OF LABOR EXPENSE STAFF
6 IS PROPOSING THAT THE COMPANY RECEIVE?

7 A. The amount of labor expense Staff is proposing is \$50,834 for Shawnee Bend Water
8 system, \$81,867 for Shawnee Bend Sewer system, and \$82,732 for Horseshoe Bend Sewer
9 system.
10

11 Q. WILL LABOR EXPENSE BE UPDATED THROUGH THE TRUE-UP PERIOD?

12 A. Yes.
13

14 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

15 A. Public Counsel does not agree with Staff at this time, because a review of the Direct
16 Testimony and related workpapers indicates Staff has not included employee life insurance
17 in the calculation. If Staff includes employee life insurance in the true-up period, then this
18 issue will be resolved.
19

20 **X. EQUIPMENT RENTAL**

1 Q. WHAT IS THE ANNUALIZED AMOUNT OF EQUIPMENT RENTAL
2 EXPENSE STAFF IS PROPOSING THAT THE COMPANY RECEIVE?

3 A. The amount of equipment rental expense Staff is proposing is \$2,806 for Shawnee Bend
4 Water system, \$4,498 for Shawnee Bend Sewer system, and \$4,511 for Horseshoe Bend
5 Sewer system.

6
7 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

8 A. Based upon Public Counsel's review of the contract provided by the
9 Company and Staff's workpapers, Public Counsel believes Staff's proposal
10 is reasonable.

11
12 **XI. OFFICE SUPPLIES**

13 Q. WHAT IS THE ANNUALIZED AMOUNT OF OFFICE SUPPLIES
14 EXPENSE STAFF IS PROPOSING THAT THE COMPANY RECEIVE?

15 A. The amount of office supplies expense Staff is proposing is \$2,025 for Shawnee Bend
16 Water system, \$1,954 for Shawnee Bend Sewer system, and \$752 for Horseshoe Bend
17 Sewer system.

18
19 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

1 A. Based upon Public Counsel's review of the invoices provided by the
2 Company and Staff's workpapers, Public Counsel believes Staff's proposal
3 is reasonable.
4

5 **XII. TRAVEL & ENTERTAINMENT**

6 Q. WHAT IS THE ANNUALIZED AMOUNT OF TRAVEL AND
7 ENTERTAINMENT EXPENSE STAFF IS PROPOSING THAT THE
8 COMPANY RECEIVE?

9 A. The amount of travel and entertainment expense Staff is proposing is \$66 for Shawnee
10 Bend Water system, \$88 for Shawnee Bend Sewer system, and \$133 for Horseshoe Bend
11 Sewer system.
12

13 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

14 A. Based upon Public Counsel's review of the invoices provided by the
15 Company and Staff's workpapers, Public Counsel believes Staff's proposal
16 is reasonable.
17

18 **XIII. TRANSPORTATION EXPENSE**

19 Q. WHAT IS THE ANNUALIZED AMOUNT OF TRANSPORTATION
20 EXPENSE STAFF IS PROPOSING THAT THE COMPANY RECEIVE?

1 A. The annualized amount of transportation expense Staff is proposing is \$10,416 for
2 Shawnee Bend Water system, \$13,734 for Shawnee Bend Sewer system, and \$20,864 for
3 Horseshoe Bend Sewer system.
4

5 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF'S PROPOSAL?

6 A. Based upon Public Counsel's review of the invoices provided by the
7 Company and Staff's workpapers, Public Counsel believes Staff's proposal
8 is reasonable.
9

10 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

11 A. Yes, it does.

**CASE PARTICIPATION
OF
KERI ROTH**

Company Name	Case No.
Empire District Electric Company	ER-2012-0345
Emerald Pointe Utility Company	SR-2013-0016