

**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**

**THE OFFICE OF THE PUBLIC COUNSEL'S POSITION STATEMENT**

COMES NOW the Office of the Public Counsel (Public Counsel) and states its position on the issues in this case as follows:

- 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?**

Salaries

It is Public Counsel's position that the Commission should base its authorization of compensation on information provided in the MERIC Occupations Wages - Kansas City Region 2009 along with verifiable additional support. Utilizing the MERIC data, it is Public Counsel's position that the Commission should authorize total annual salaries (excluding payroll taxes) of:

<b>Position</b>	<b>Annual Salary</b>
General and Operations Manager (G Mgr.)	\$52,768
Office & Admin. Support (Office Mgr.)	\$32,650
1st line Supr./Mgrs. of Prod. (Op. Mgr.)	\$59,258
W&L Waste Treat. Plt. & Sys. Op. (P&C Sys. Op.)	\$45,867
Total	\$190,543

### Overtime

It is Public Counsel's position that the Commission should not authorize the inclusion of any alleged (or estimated) overtime costs in the determination of the utility's annualized payroll cost due to the fact that during the test year no overtime costs were incurred by the utility.

### Time Sheets

Yes. It is Public Counsel's position that the Commission should require the utility to develop and implement a time reporting system for its employees.

## **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 Public Counsel's position that the Commission should authorize all rate case expense associated with the current case, except those attorney costs billed by the firm Finnegan, Conrad and Peterson, L.C., normalized over 3 years. Further, it is Public Counsel's position that the Commission should authorize only fifty percent (50%) of the Finnegan, Conrad and Peterson, L.C. costs (excluding certain mileage charges) to be recovered from ratepayers and that that 50% also be normalized over 3 years. It is Public Counsel's position that this 50% disallowance is just and reasonable for the ratepayers as the Company has presented issues to the Commission for decision relating to plant that does not exist and costs that are not known and measureable (i.e., costs for which recovery is prohibited by law), in addition to requesting changes in Commission policy that are more appropriately discussed in a setting outside of a contested rate hearing.

It is also Public Counsel's position that the Commission should disallow the Case No. SW-2011-0103 costs as these costs were not incurred to process the instant case and were not incurred during the test year or update period.

**3. Should Timber Creek be allowed to recover costs for an exploratory alternative energy source?**

No. It is Public Counsel's position that the Commission should disallow the recovery of the costs incurred associated with the drilling of the speculative natural gas well because the plant is not in-service and is not used and useful in the provision of service to 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?**

Appropriate Assessment Level

It is Public Counsel's position that the costs of the current Assessment period should be included in the revenue requirement for this case. It is also Public Counsel's position that the Commission should not allow future recovery of past Assessment period costs.

Public Counsel states no position on the Company's recommendation that the PSC assessment for sewer companies become more equitable to other utility industries with a percentage allocation of less than 2%, as this is an internal matter of the Commission associated with how it bills the various industries for the oversight and services it provides.

Assessment Pass-Through

No. It is Public Counsel's position that the Commission should not authorize Timber Creek to create a pass-through on its customer's bills to reflect the annual fluctuation in the Assessment as this would constitute "single-issue ratemaking" which is prohibited in the State of Missouri.

**5. Should the Commission authorize Timber Creek to establish a Contingency/Emergency Repair Fund?**

No. The Commission should not authorize Timber Creek to establish a Contingency/Emergency Repair Fund. Public Counsel generally opposes any scheme that would force ratepayers to pay more than the cost of service determined under the traditional regulatory ratemaking process. It is Public Counsel's position that the owners of the regulated utility bear the responsibility for funding the capital investments associated with the operation of their company - not ratepayers. Mitigation of the owner's risk by forcing ratepayers to pay rates that exceed the actual cost of service is inappropriate and unreasonable.

**WHEREFORE**, Public Counsel respectfully submits its Position Statement on the issues in this case.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

**/s/ Christina L. Baker**

By:\_\_\_\_\_

Christina L. Baker (#58303)

Senior Public Counsel

P O Box 2230

Jefferson City, MO 65102

(573) 751-5565

(573) 751-5562 FAX

christina.baker@ded.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 30<sup>th</sup> day of December 2010:

General Counsel Office  
Missouri Public Service Commission  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
GenCounsel@psc.mo.gov

Jaime Ott  
General Counsel Office  
Missouri Public Service Commission  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
jaime.ott@psc.mo.gov

Jeremiah D. Finnegan  
David L. Woodsmall  
1209 Penntower Office Center  
3100 Broadway  
Kansas City, MO 64111  
(816) 753-1122 (Telephone)  
(816) 756-0373 (Fax)  
jfinnegan@fcplaw.com  
dwoodsmall@fcplaw.com

**/s/ Christina L. Baker**

---