

Exhibit No.:
Issues: Corporate Payroll;
Audit Costs & Tax
Preparation Fees
Witness: Paul R. Harrison
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No.: WR-2016-0064
Date Testimony Prepared: April 15, 2016

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

PAUL R. HARRISON

Hillcrest Utility Operating Company, Inc.

CASE NO. WR-2016-0064

Jefferson City, Missouri
April 2016

Staff Exhibit No. 8
Date 5/19/16 Reporter JMB
File No. WR-2016-0064

TABLE OF CONTENTS

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PAUL R. HARRISON

HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2016-0064

1
2
3
4
5
6
7
8
9
10
11
12

BACKGROUND OF WITNESS..... 1

PURPOSE OF TESTIMONY..... 2

TEST YEAR AND UPDATE PERIOD 3

Revenue Requirement..... 4

Corporate Payroll compensation..... 4

CSWR and Hillcrest audit costs and tax preparation fees 8

1 responsibility. I retired from active duty on May 1, 1994 as Superintendent of the 321st
2 Strategic Missile Wing (SMW) Missile Mechanical Flight. In that capacity, I supervised 95
3 missile maintenance technicians and managed assets valued in excess of \$50 million.

4 Q. Please describe your duties while employed by the Commission.

5 A. My duties at the Commission include being assigned lead auditor on formal
6 and informal rate cases and performing audits of the books and records of regulated public
7 utilities under the jurisdiction of the PSC, in conjunction with other Commission Staff
8 ("Staff") members. In that capacity, I am required to prepare testimony and serve as a Staff
9 expert witness on cases involving the accounting and auditing issues that I am assigned.

10 Q. Have you previously filed testimony before this Commission?

11 A. Yes, Schedule PRH – d 1 provides a more detailed description of my education
12 and work background, lists the cases in which I participated and lists the formal and informal
13 case issues that I have completed during my tenure here at the Commission.

14 **PURPOSE OF TESTIMONY**

15 Q. Did you make an examination and analysis of the books and records of
16 Hillcrest Utility Operating Company, Inc. ("Hillcrest" or "Company") in regard to the issues
17 raised in this case?

18 A. Yes, in conjunction with other members of the Staff. We specifically examined
19 information provided by the Company in response to Staff's data requests, as well as the
20 Company's general ledger, vendor operating contracts and bids, Company workpapers,
21 Hillcrest's current effective tariffs and Hillcrest's annual reports. In addition, we conducted
22 several meetings with the Company and completed a tour of the Hillcrest water and sewer
23 facilities in order to obtain a better understanding of the operations of the Company.

1 Q. What is your primary responsibility in Case No. WR-2016-0064?

2 A. My primary areas of responsibility for this case, in conjunction with other Staff
3 members, was to develop a cost of service in order to determine Hillcrest's revenue
4 requirement so that new proposed rates could be established for Hillcrest water and sewer
5 customers. Additionally, I was assigned as Lead Auditor in this case.

6 Q. What is the purpose of your testimony for this case?

7 A. The purpose of my testimony in this case is to sponsor the Staff's proposed
8 revenue requirement and to sponsor some of the issues that the Staff and Company could not
9 reach an agreement on for this case. These issues are corporate payroll compensation, audit
10 costs and tax preparation fees.

11 **TEST YEAR AND UPDATE PERIOD**

12 Q. What is the test year and update period for this case?

13 A. Staff used a test year effectively consisting of the four months ending July 31,
14 2015, with an update period through October 31, 2015, to develop its revenue requirement
15 recommendation in this case. Central States Water Resources (CSWR), the parent company
16 of Hillcrest, acquired the water and sewer system from Brandco Investments LLC in March
17 2015. Since CSWR has not operated both systems for a full 12-month period, Staff
18 annualized the available Hillcrest revenue and expense information based on the seven
19 months (April 1 to October 31, 2015) of data that was available from CSWR. Additionally,
20 since Staff developed its cost of service based on less than 12-months of data, Staff is
21 recommending to the Commission that either Staff will perform a rate review 12-18 months
22 after the effective date of rates in this matter or the Company should file a rate case in the

1 same time frame. This course of action is advisable because Staff did not have a full year of
2 data to annualize and normalize revenues and expense data as it normally would in this case.

3 **REVENUE REQUIREMENT**

4 Q. What is Staff's proposed revenue requirement in this case?

5 A. Based upon Staff's examination of Hillcrest's books and records and
6 discussions with the Company's employees, Staff's recommended revenue requirement
7 calculation for Hillcrest through October 31, 2015, using a return on equity (ROE) of 13.88%,
8 is \$144,778 for water and \$167,411 for sewer. Staff concludes that this revenue requirement
9 amount requires an increase in Hillcrest's water and sewer current rates. An increase in rates
10 by this amount would represent an approximate 446.49% increase for water and 403.71% for
11 sewer increase from current rates.

12 Q. Why may the rates increase so dramatically for this case?

13 A. CSWR has spent \$589,744 on water projects and \$607,806 on sewer projects
14 to improve both the water and sewer systems of Hillcrest. These improvements were needed
15 in order to correct and resolve multiple Department of Natural Recourse (DNR) violations and
16 to insure that the customers are provided safe and adequate water and sewer services. In
17 addition, this system has not had a rate increase since April 9, 1989 and its cost of service has
18 increased dramatically since that time.

19 **CORPORATE PAYROLL COMPENSATION**

20 Q. Please provide a brief discussion of Hillcrest's corporate payroll.

21 A. Currently, CSWR has three employees. The President of the Company (CEO)
22 is Mr. Josiah Cox, Mr. Jack Chalfant is the Chief Financial Officer (CFO), and Ms. Brenda

1 Eaves is the office manager. CSWR provides the management, accounting and administration
2 duties for Hillcrest and another regulated affiliate, Raccoon Creek Utility Operating
3 Company, Inc. ("Raccoon Creek"). These two systems were recently acquired by CSWR and
4 the Company has spent approximately 2.6 million dollars improving both of these systems
5 and resolving DNR violations.

6 Q. Please explain how the Staff developed the corporate payroll compensation for
7 this case.

8 A. Staff used the Missouri Economic Research and Information Center (MERIC)
9 website (which provides occupational compensation study information) for the St. Louis
10 region to compare comparable regional CEO, CFO and office manager base salaries to the
11 base salary amounts sought in this case by Hillcrest for the three CSWR employees.

12 Q. What is MERIC?

13 A. MERIC is the research division for the Missouri Department of Economic
14 Development. It provides innovative analysis and assistance to policymakers and the public,
15 including studies of the state's targeted industries and economic development initiative. Other
16 MERIC research includes Economic Conditions Reports, Economic Impact Assessments, and
17 Labor Market information produced in cooperation with the U.S. Department of Labor.

18 Q. What are the levels of compensation recognized by the MERIC system?

19 A. MERIC Occupational Employment and wage estimates develop three levels
20 for each occupation. Those levels are "entry level", "mean level" and "experienced level".

21 Q. Please provide a description of each one of these levels.

22 A. The entry level is the beginning level of each occupational study and is at the
23 lowest pay level. The mean level is the mid-range of the pay scale and is an estimate of the

1 hourly rate, which is calculated using the varying hourly rates of a group of workers in a
2 specific occupation. Additionally, mean level of pay represents that an equal number of
3 employees are receiving less than the mean level of pay and an equal level of employees are
4 receiving more than the mean level of pay. And finally, the experienced level is at the top end
5 of the scale, which are the highest paid employees in each occupation.

6 Q. Which level of the MERIC occupational study did Staff use to determine the
7 annual amount of payroll for the CSWR employees?

8 A. Staff used the mean level of the MERIC occupational study to annualize
9 CSWR's payroll.

10 Q. Please explain why Staff selected the mean level of the MERIC occupational
11 study to annualize CSWR's payroll.

12 A. Staff selected the mean level because, at the time we developed our cost of
13 service for Hillcrest, all of the employees had a year or less operating and running a regulated
14 utility and the Company was just beginning to establish itself as a regulated utility. In
15 addition, Hillcrest is a relatively small Company with only 241 water customers and 240
16 sewer customers. If CSWR acquires more systems, gains more experience and becomes a
17 larger utility company, it may be appropriate at that time to re-evaluate the level of
18 compensation for the CSWR employees.

19 Q. Which level of the MERIC occupational study did the Company use to
20 determine the annual amount of pay for the CSWR employees?

21 A. The Company used the experienced level of the MERIC occupational study to
22 annualize CSWR's payroll.

1 Q. Should all of CSWR's corporate payroll compensation be considered for
2 inclusion in Hillcrest's rates in this case?

3 A. No. Staff and the Company only allocated 14% of the total corporate payroll
4 compensation into Hillcrest's cost of service for this case. In addition, Staff made an
5 adjustment to remove the capitalized portion of payroll from Hillcrest annualized amount of
6 payroll.

7 Q. Why is it reasonable for both the Company and Staff to recommend a 14%
8 allocation factor of corporate costs in this case?

9 A. The 14% is based upon the number of water and sewer customers in Hillcrest
10 as compared to the total number of customers that CSWR expects to have once it continues to
11 acquire other properties.

12 Q. How was the capitalized adjustment amount for payroll determined for
13 this case?

14 A. To account for the amount of labor that is associated with construction
15 activities and should be capitalized instead of included as an expense, Staff applied an
16 estimated Operation and Maintenance expense ratio (O&M expense ratio) to the CSWR
17 employees' payroll expense. Staff requested data pertaining to the actual amount of time each
18 employee spent on construction and operations related activity from the Company, but has not
19 received this data for Hillcrest. Therefore, Staff developed an estimated O&M expense ratio
20 of 85% expense ratio for the President and a 92% O&M expense ratio for the CFO and Office
21 Manager. These O&M ratios are comparable to other small utilities that Staff has audited and
22 is a conservative number when taking into consideration all of the plant improvements that
23 have occurred at Hillcrest over the past several months. If the Company provides Staff with a

1 more accurate analysis of the amount of labor that should be capitalized for Hillcrest at a later
2 date, Staff will update the O&M ratio at that time.

3 **CSWR AND HILLCREST AUDIT COSTS AND TAX PREPARATION FEES**

4 Q. What amount of audit costs and tax preparation fees (accounting costs) has
5 Staff included in Hillcrest's cost of service?

6 A. Staff included the actual amount of accounting costs paid by CSWR and
7 Hillcrest of \$336 split 50/50 between water and sewer as of October 31, 2015, the update
8 period for this case.

9 Q. What amount of accounting costs has Hillcrest requested to be included in its
10 cost of service?

11 A. The Company has asked to include accounting fees of \$19,430. On January 8,
12 2016, CSWR and Hillcrest received a fee estimate from Rubin Brown LLP, Certified Public
13 Accountants (CPA) for services to perform an annual audit of the books and records of
14 Hillcrest Utility Holding Company and Subsidiary and First Round CSWR, LLC and
15 Subsidiary. In addition, they received a fee estimate for performing tax preparation for
16 Hillcrest, First Round CSWR, LLC and CSWR.

17 Q. Should all of CSWR's accounting fees be assigned to Hillcrest in this case?

18 A. No. Both Staff and the Company both only allocated 14% of the total corporate
19 accounting costs into Hillcrest's cost of service for the water and sewer customers in this case.

20 Q. What dollar amount of corporate accounting costs were allocated into
21 Hillcrest's cost of service by Staff and by CSWR?

22 A. Staff's used the actual CSWR accounting costs paid for calendar year 2015
23 (\$2,330) and then allocated 14% of that amount into Hillcrest cost of service. This equates to

1 approximately \$326, which was then split evenly between water and sewer operations. CSWR
2 determined its accounting costs by using the fee estimate provided by Rubin Brown's CPA
3 firm of \$17,350 and then allocating 14% of that amount into Hillcrest's cost of service. This
4 equates to approximately \$2,429.

5 Q. Why did the Staff only include the actual amount paid for CSWR and Hillcrest
6 accounting costs as of December 31, 2015?

7 A. The fee estimate that CSWR received for the accounting services is only a
8 guess as to what the expected cost will be as of December 31, 2016 to audit the Company's
9 books and records and perform the tax preparation for federal and state income taxes.
10 Therefore, this amount is not known and measurable at this time.

11 Q. Please explain what is meant by the term "known and measurable".

12 A. For ratemaking purposes the term "known and measurable" means that the
13 event giving rise to a change in a utility's cost of service must have occurred and the costs
14 associated with the event can be measured with a high degree of accuracy before the costs can
15 be included in rates.

16 Q. Is there another reason why inclusion of these estimated cost for the
17 accounting services should not be included in this case?

18 A. Yes. All of Hillcrest's rate base items, revenues and expenses were updated
19 and matched as of October 31, 2015, the update period in this case, and to only update one or
20 two issues beyond that point would be a violation of the test year and update period concept
21 as well as a violation of the matching concept for ratemaking purposes. In addition, only
22 updating a couple of items in a rate case without considering concurrent changes to all the

1 other items included in a cost of service (rate base, revenues and all other expenses) would be
2 inappropriate and possibly could lead to distorted and inaccurate customer rates.

3 Q. Could you explain how not matching CSWR's and Hillcrest's accounting costs
4 during a specific time period (October 31, 2015) with Hillcrest's rate base, revenues and other
5 expenses would impact Hillcrest's cost of service outcome?

6 A. Yes. It is Staff's belief that it would be a matching principle violation by
7 including projected increases to the accounting costs for CSWR and Hillcrest in this case,
8 while at a minimum not updating depreciation reserve (which would decrease the cost of
9 service) and considering all other cost changes at the same time.

10 Q. Are there other significantly known and measurable changes that should be
11 considered for inclusion in any updates in this case if projected accounting costs through
12 year-end 2016 are included in Hillcrest's cost of service?

13 A. Yes. Various elements of rate base, revenues and expenses are constantly in
14 fluctuation on an ongoing basis. Therefore, until the Company actually records its actual
15 financial results for calendar year 2016, it is unknown what impact all of these changes would
16 have on Hillcrest's cost of service. At this point in time, neither Staff nor the Company would
17 know what other items would need to be updated in order to appropriately and consistently
18 match the revenue, rate base and expense items for Hillcrest to December 31, 2016.

19 Q. Are there other costs in this case that the Company wants to extend beyond the
20 test year and update period in this case?

21 A. Yes. The Company wants to also include amounts for property taxes in this
22 case that will not be known, measurable and paid until December 2016, approximately

1 14-months after the end of the update period in this case. Staff witness Ashley R. Sarver will
2 be addressing this issue in more detail in her direct testimony.

3 Q. If Staff does not include these costs in its cost of service and the Company
4 incurs these costs in December 2016, how can the Company obtain rate relief for these
5 cost increases?

6 A. As previously mentioned in this testimony, Staff is proposing to the
7 Commission that either Staff perform a rate review 12-18 months after the effective date of
8 rates in this matter or the Company should file a rate case in the same time frame. The actual
9 costs incurred for the accounting fees and property taxes can be addressed at that time when
10 they are known and measurable, along with all other concurrent changes in the Company's
11 cost of service.

12 Q. Does this conclude your direct testimony?

13 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of the Water Rate Increase)
Request of Hillcrest Utility Operating)
Company, Inc.) Case No. WR-2016-0064

AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Paul R. Harrison and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Direct Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

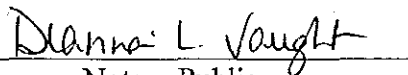


Paul R. Harrison

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of April, 2016.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377



Notary Public

Education, Background and Case Participation

Paul R. Harrison

I am a Utility Regulatory Auditor with the Missouri Public Service Commission (MoPSC or Commission). I have performed duties as a Utility Regulatory Auditor within the Auditing Department at the Commission since January 18, 2000. As a result of being assigned lead auditor in a significant number of rate cases, I have been responsible for the supervision of other Auditing Department employees in rate cases and other regulatory proceedings before the Commission.

I graduated from Park College, Kansas City, Missouri, where I earned Bachelor of Science degrees in both Accounting and Management with Magna Cum Laude honors in July 1995. I earned an Associate degree in Missile Technology from the Community College of the Air Force in June 1990. I attended and graduated with honors from; the Senior Non-Commission Officer (NCO) Academy, NCO Academy and Air Force Leadership School while on active duty in the USAF. I attended and received a certificate of completion of an H&R Block income tax training course in July 1996 and begin my own tax practice during that same year.

Prior to coming to work at the Commission, I was the manager for Tool Warehouse Inc. for four and one-half years. As the manager, I trained, supervised; and coordinated the daily activities of personnel assigned to the Tool Warehouse. I was responsible for the daily sales volume, performed break-even sales analysis and maintained corporate budgets. I created and; performed monthly inventory, generated inventory reports and, ordered all merchandise, (\$2.5 million), for the tool warehouse in accordance with Tool Warehouse policy and procedures.

Prior to being the manager of the Tool Warehouse Inc., I was in the United States Air Force (USAF) for twenty-three years. During my career in the USAF, I held many different duty positions with various levels of responsibility. I retired from active duty as the Superintendent of the 321st Strategic Missile Wing Mechanical Flight. In that capacity, I supervised 95 missile maintenance technicians and managed assets valued in excess of \$50 million.

My duties at the Commission include performing audits of the books and records of regulated public utilities under the jurisdiction of the MoPSC, in conjunction with other Commission Staff (Staff) members. In this capacity, I am required to prepare testimony and serve as a Staff expert witness on rate cases concerning the ratemaking philosophy and methodology of issues that I am assigned.

I acquired my knowledge of the ratemaking philosophy and methodology of these topics through hands on experience and through on-the-job training working prior rate cases before this Commission. I acquired general knowledge of these topics through review of Staff work papers from prior rate cases brought before this Commission, through review of prior Commission decisions and Company's testimony with regard to these areas. In addition, I have reviewed the Commission's Annual Reports and the Company's Security and Exchange Commission (SEC) Annual Reports, Tariffs, work papers and responses to Staff's data requests addressing these topics in this case.

I have participated in approximately thirty formal and thirty-five informal rate case proceedings before the Commission. I was assigned as lead auditor on over fifty percent of these cases.

Additionally, my college coursework included accounting and auditing classes. Since commencing employment with the Commission, I have attended various in house training seminars and National Association of Regulatory Utility Commission (NARUC) training conferences.

The Schedule below lists the formal and informal rate cases along with the issues that I filed testimony and participated in before the Commission.

CASE PROCEEDING/PARTICIPATION

PAUL R. HARRISON

COMPANY	CASE NO.	TESTIMONY/ISSUES
SUMMARY OF FORMAL CASES		
The Empire District Electric Company	ER-2016-0023	In Progress Cost of Service Report-Pension & OPEBs; Riverton 12 Conversion / Construction Audit.
The Empire District Electric Company	ER-2014-0351	May 2015 Cost of Service Report-Pension & OPEBs; Jurisdictional Allocations; Fuel & Purchased Power; OFF-System Sales Revenue & Expense; Entergy Purchased Power Contract; Fly Ash Offset; Software Maintenance & CWC, Rate Base calculation of Fuel Coal, Fuel-Purchased Power; Fuel-Purchased Oil & Fuel-Purchased Gas. Lead Auditor
The Empire District Electric Company	ER-2012-0345	February 2013 Cost of Service Report-Pension & OPEBs; COR & State Flow-Through Income Taxes; Income Tax Current & Deferred Expense; ADIT; and Infrastructure & Tree Trimming Expense. Lead Auditor
Missouri American Water Company	WR-2011-0337 SR-2011-0338	February 2012 Sur-rebuttal Testimony-Unamortized Balance of the Security AAO; Roark Sewer Plant Operating Expenses and MAWC's Acquisitions. Lead Auditor
Missouri American Water Company	WR-2011-0337 SR-2011-0338	January 2012 Rebuttal Testimony-Pension Tracker Mechanism and Acquisitions of Loma Linda, Aqua Missouri and Roark Water & Sewer. Lead Auditor
Missouri American Water Company	WR-2011-0337 SR-2011-0338	November 2011 Cost of Service Report- Pensions & OPEBS; Amortization of Regulatory Assets; Acquisitions; Plant in Service; Depreciation Reserve, Depreciation Expense, CIAC Amortization; Other Rate Base Items; Net Negative Salvage; Current & Deferred Income Taxes; ADIT; and Accounting Schedules. Lead Auditor

COMPANY	CASE NO.	TESTIMONY/ISSUES
Missouri American Water Company	WR-2011-0336	<p style="text-align: center;">August 2011</p> Memorandum-- Infrastructure System Replacement Surcharge (ISRS)-2011
The Empire District Electric Company	ER-2011-0004	<p style="text-align: center;">February 2011</p> Sur-rebuttal Testimony-Infrastructure Remediation Costs; FAS 123 Accumulated Deferred Income Taxes
The Empire District Electric Company	ER-2011-0004	<p style="text-align: center;">February 2011</p> Cost of Service Report-Current & Deferred Income Taxes; ADIT; and Infrastructure & Tree Trimming Expense
KCPL-GMO MPS & L&P Electric	ER-2010-0356	<p style="text-align: center;">January 2011</p> Sur-Rebuttal Testimony- Advanced Coal Credits ITC; KC Earnings Tax True-Up - Pensions & OPEBS; Current Income & Deferred Taxes Litigated- Advanced Coal Credit ITC
Kansas City Power & Light (KCPL)	ER-2010-0355	<p style="text-align: center;">January 2011</p> Sur-rebuttal Testimony- Advanced Coal Credits ITC; KC Earnings True-Up - Pensions & OPEBS; Current Income & Deferred Taxes Litigated- Advanced Coal Credit ITC
Kansas City Power & Light (KCPL)	ER-2010-0355	<p style="text-align: center;">December 2010</p> Rebuttal Testimony- Regulatory Plan Amortization Impact on Income Taxes
KCPL-GMO MPS & L&P Electric	ER-2010-0356	<p style="text-align: center;">November 2010</p> Cost of Service Report- Pensions & OPEBS; Current & Deferred Income Taxes; Advanced Coal Credits ITC; KC Earnings Tax and Regulatory Plan Amortization Impact on Income Taxes
Kansas City Power & Light (KCPL)	ER-2010-0355	<p style="text-align: center;">November 2010</p> Cost of Service Report- Pensions & OPEBS; Current & Deferred Income Taxes; Advanced Coal Credits ITC; KC Earnings Tax and Regulatory Plan Amortization Impact on Income Taxes

COMPANY	CASE NO.	TESTIMONY/ISSUES
The Empire District Electric Company	ER-2010-0130	<p style="text-align: center;">April 2010</p> <p>Sur-rebuttal Testimony – Bad Debt Expense; Infrastructure Rule Expense; State Income Tax Flow Through Prior to 1994 – Tax Timing Differences</p> <p>Lead Auditor</p>
The Empire District Electric Company	ER-2010-0130	<p style="text-align: center;">April 2010</p> <p>Rebuttal Testimony – State Income Tax Flow-Through Prior to 1994 – Tax Timing Differences</p> <p>Lead Auditor</p>
The Empire District Electric Company	ER-2010-0130	<p style="text-align: center;">February 2010</p> <p>Cost of Service Report- Allocations; Pensions & OPEBS; DSM Program; Amortization Rate Base & Expense; Revenues; Bad Debt; Banking Fees; Infrastructure & Tree Trimming Expense; Employee Benefits; Lease Expense; O&M Expenses New Plant; Carrying Cost New Plant; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
The Empire District Gas Company	GR-2009-0434	<p style="text-align: center;">October 2009</p> <p>Cost of Service Report- Allocations/Rents; Right-of-Way Clearing; AAO-MGP Costs; Franchise Fees; Reconciliation; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Kansas City Power & Light (KCPL)	ER-2009-0089	<p style="text-align: center;">April 2009</p> <p>Sur-rebuttal- Non-Talent Assessment Severance Costs</p> <p>True-Up - Pensions & OPEBS; Current & Deferred Income Taxes</p>
KCPL-GMO MPS & L&P Electric	ER-2009-0090	<p style="text-align: center;">April 2009</p> <p>Sur-rebuttal-Cost of Removal-Income Taxes, Regulatory Asset Amortization.</p> <p>True-Up - Pensions & OPEBS; Income & Deferred Taxes</p> <p>Lead Auditor</p>
Kansas City Power & Light (KCPL)	ER-2009-0089	<p style="text-align: center;">March 2009</p> <p>Cost of Service Report- Pensions & OPEBS; Non-Talent Assessment Severance Costs; Officer Expenses; Meals & Entertainment Expense; Employee Relocation Expense; Lobbying Expense; Lease Expenses; Non-Operating Cost Adjustment; Current & Deferred Income Taxes</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
KCPL-GMO MPS & L&P Electric	ER-2009-0090	<p align="center">March 2009</p> <p>Cost of Service Report- Pensions & OPEBS; Miscellaneous Adjustments; SJLP Merger Transition Costs; Employee Relocation Expense; Lease Expenses; Current & Deferred Income Taxes</p> <p>Lead Auditor</p>
KCPL-GMO L&P Steam	HR-2009-0092	<p align="center">March 2009</p> <p>Cost of Service Report- Pensions & OPEBS; Miscellaneous Adjustments; Current & Deferred Income Taxes</p> <p>Lead Auditor</p>
Missouri American Water Company	WR-2008-0311	<p align="center">October 2008</p> <p>Sur-rebuttal- Belleville Lab Allocations; Compensation for Services MAWC Provided to AWR</p> <p>Litigated- Corporate Allocations</p> <p>True-Up - Corporate Allocations; Income & Deferred Taxes</p> <p>Lead Auditor</p>
Missouri American Water Company	WR-2008-0311	<p align="center">August 2008</p> <p>Cost of Service Report- Case Reconciliation; Corporate Allocations & Expenses; Belleville Lab Allocations; Compensation for Services MAWC Provided to AWR; Current & Deferred Income Taxes</p> <p>Lead Auditor</p>
Laclede Gas Company		<p align="center">Separate Docket</p> <p>Investigation of Affiliated Transactions, Corporate Allocations & Appropriate Time Charges Between Laclede's Regulated & Unregulated Subsidiaries</p>
Missouri Gas Utility	GR-2008-0060	<p align="center">February 2008</p> <p>Cost of Service Report- Revenue Requirement Run (EMS) Merger & Acquisition Costs (Start-Up Costs); Corporate Allocations; Current & Deferred Income Taxes</p> <p>Lead Auditor</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Missouri Gas Energy	GU-2007-0480	<p style="text-align: center;">July 2008</p> <p>Rebuttal- AAO Manufactured Gas Plant</p> <p>Litigated- Manufactured Gas Plant</p> <p>Lead Auditor</p>
Missouri Gas Energy	GU-2007-0480	<p style="text-align: center;">September 2007</p> <p>Memorandum – AAO Manufactured Gas Plant</p> <p>Lead Auditor</p>
Laclede Gas Company	GR-2007-0208	<p style="text-align: center;">May 2007</p> <p>Direct – Affiliated Operations; HVAC & Home Sale Inspection; Injuries & Damages; Insurance; 401 (k) Expenses; Pensions & OPEBS; Non-Qualified Pension Plan Expenses; Current & Deferred Income Taxes</p> <p>True-Up – Current & Deferred Income Taxes</p>
Missouri Gas Energy	GR-2006-0422	<p style="text-align: center;">November 2006</p> <p>Rebuttal- Environmental Response Fund, Manufactured Gas Plant</p> <p>Litigated- Manufactured Gas Plant</p>
Missouri Gas Energy	GR-2006-0422	<p style="text-align: center;">October 2006</p> <p>Direct-- Revenues; Purchased Gas Adjustments; Bad Debt Expense; ECWR AAO Bad Debt: Rent; Pensions & OPEBS; Income Taxes; Franchise Taxes; Manufactured Gas Plant, and Case Reconciliation</p> <p>Litigated- Emergency Cold Weather Rule</p> <p>True-Up - Revenues; Bad Debt Expense; Pensions & OPEBS; Income Taxes</p>
The Empire Electric Company	ER-2006-0315	<p style="text-align: center;">July 2006</p> <p>Rebuttal - Storm Damage Tracker</p>
The Empire Electric Company	ER-2006-0315	<p style="text-align: center;">June 2006</p> <p>Direct- Tree Trimming Expense and Construction Over-Run Costs</p>
Missouri Pipeline & Missouri Gas Company LLC	GC-2006-0378	<p style="text-align: center;">November 2006</p> <p>Memorandum-- Plant in Service, Depreciation Reserve, Depreciation Expense, Transactions & Acquisition Costs and Current & Deferred Income Taxes</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
New Florence Telephone	TC-2006-0184	<p align="center">October 2006</p> <p>Memorandum-- Plant in Service; Depreciation Reserve; Depreciation Expense; Plant Overage; and Materials & Supplies</p>
Cass County Telephone	TC-2005-0357	<p align="center">July 2006</p> <p>Memorandum-- Plant in Service; Depreciation Reserve; Depreciation Expense; Plant Overage; Plant Held for Future Use and Missouri Universal Service Fund</p>
Cass County Telephone & New Florence Telephone Fraud Investigation Case	TO-2005-0237	<p align="center">May 2006</p> <p>Memorandum-- Fraud Investigation case involving Cass County Telephone and New Florence Telephone</p>
Missouri Gas Energy	GR-2004-0209	<p align="center">June 2004</p> <p>Sur-rebuttal - Revenues and Bad Debt Expense</p> <p>True-Up - Revenues; Bad Debt Expense; Current & Deferred Income Taxes</p>
Missouri Gas Energy	GR-2004-0209	<p align="center">May 2004</p> <p>Rebuttal - Revenues; Bad Debt Expense; and Manufactured Gas Plant</p> <p>Litigated- Manufactured Gas Plant</p>
Missouri Gas Energy	GR-2004-0209	<p align="center">April 2004</p> <p>Direct – Revenues; Purchased Gas Adjustments; Bad Debt Expense; Medical Expense; Rents; Incentive Compensation and Current & Deferred Income Taxes</p>
Union Electric Company d/b/a AmerenUE (Gas)	GR-2003-0517	<p align="center">October 2003</p> <p>Direct – Corporate Allocations; UEC Missouri Gas Allocations; CILCORP Allocations; Rent Expense; Maintenance of General Plant Expense; Lease Agreements; and Employee Relocation Expense</p>
Union Electric Company d/b/a AmerenUE (Electric)	EC-2002-1	<p align="center">June 2002</p> <p>Sur-rebuttal - Coal Inventory; Venice Power Plant Fire; Tree Trimming Expense; and Automated Meter Reading Service</p>
Laclede Gas Company	GR-2002-356	<p align="center">June 2002</p> <p>Direct - Payroll; Payroll Taxes; 401k Pension Plan; Health Care Expenses; Pension Plan Trustee Fees; Incentive Compensation and Clearing Account;</p> <p>True- Up – Payroll; Payroll Taxes; and Clearing Accounts</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Union Electric Company d/b/a AmerenUE (2 nd period, 3 rd EARP) (Electric)	EC-2002-1025	<p style="text-align: center;">April 2002</p> <p>Direct - Revenue Requirement Run; Plant in Service; Depreciation Reserve; Other Rate Base items; Venice Power Plant Fire expenditures; Tree Trimming Expense; and Coal Inventory</p>
<p>2nd Complaint Case, Union Electric Company d/b/a AmerenUE (Electric)</p> <p>New Test Year ordered by The Commission.</p>	EC-2002-1	<p style="text-align: center;">March 2002</p> <p>Direct - Materials and Supplies; Prepayments; Fuel Inventory; Customer Advances for Construction; Customer Deposits; Plant in Service; Depreciation Reserve; Venice Power Plant Fire Expenditures; Tree-Trimming Expense; Automated Meter Reading Expense; Customer Deposit Interest Expense; Year 2000 Computer Modification Expense; Regulatory Advisor's Consulting Fees; and Property Taxes</p> <p>Deposition – April 11, 2002</p>
1 st Complaint Case, Union Electric Company d/b/a AmerenUE (Electric)	EC-2002-1	<p style="text-align: center;">July 2001</p> <p>Direct - Materials and Supplies; Prepayments; Fuel Inventory; Customer Advances for Construction; Customer Deposits; Plant in Service; Depreciation Reserve; Power Plant Maintenance Expense; Tree-Trimming Expense; Automated Meter Reading Expense; Customer Deposit Interest Expense; Year 2000 Computer Modification Expense; Computer Software Expense; Regulatory Advisor's Consulting Fees; Board of Directors Advisor's Fees and Property Taxes.</p> <p>Deposition – November 27, 2001</p>
Union Electric Company d/b/a AmerenUE (2 nd period, 2 nd EARP) (Electric)	EC-2001-431	<p style="text-align: center;">February 2001</p> <p>Coal Inventory</p>
Union Electric Company d/b/a AmerenUE (Gas)	GR-2000-512	<p style="text-align: center;">August 2000</p> <p>Direct - Cash Working Capital; Advertising Expense; Missouri PSC Assessment; Dues and Donations; Automated Meter Reading Expenses; Computer System Software Expenses (CSS); Computer System Software Expenses (Y2K); Computer System Software Expenses (EMPRV); Generation Strategy Project Expenses; Regulatory Advisor's Consulting fees and Board of Directors Advisor's fees.</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
SUMMARY OF INFORMAL CASES		
Raccoon Creek Sewer	SR-2016-0202	<p style="text-align: center;">In Progress</p> <p>Memorandum-- Cost of Service; Affiliated Transactions; Outside Services; Revenues & Expenses; Payroll & Benefits; Purchased Water; Rent; Current & Deferred Income Taxes.</p>
Rogue Creek Water & Sewer Receiver Investigation	WO-2016-0139	<p style="text-align: center;">In Progress</p> <p>Investigatory Docket-- concerning the conduct of the court-appointed receiver for MPB & PCB Sewer</p>
MPB & PCB Receiver Investigation	WO-2016-0139	<p style="text-align: center;">In Progress</p> <p>Investigatory Docket-- concerning the conduct of the court-appointed receiver for MPB & PCB Sewer</p>
Hillcrest Water & Sewer	WR-2016-0064	<p style="text-align: center;">In Progress</p> <p>Memorandum-- Cost of Service; Affiliated Transactions; Outside Services; Rate Base; Revenues & Expenses; Purchased Water; Rent; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Missouri American Water Company Acquisition of Hickory Hills Water & Sewer	WA-2016-0019	<p style="text-align: center;">November 2015</p> <p>Memorandum - Hickory Hills Acquisition by MAWC, Development of Rate Base; Revenues & Expenses; Determination of Regulatory Asset in order for Receiver to recover Court Ordered Receiver Fees.</p> <p>Lead Auditor</p>
Raytown Water Company	WR-2015-0246	<p style="text-align: center;">November 2015</p> <p>Memorandum-- Cost of Service; Incentive Compensation; Affiliated Transactions; Tank Painting & Maintenance; City Permit Fees; EIARA Insurance Costs; Outside Services; Transportation & Communication Expense; Board of Directors Fees; City ROW-City of Raytown Permit/Degradation Fees; CIAC; Meter Change-out Program; PSC Assessment-Rate Case Expense; Uniform Expense; Tower Tenant Revenues; Purchased Water; Rent; Current & Deferred Income Taxes .</p> <p>Lead Auditor</p>

<u>COMPANY</u>	<u>CASE NO.</u>	<u>TESTIMONY/ISSUES</u>
Ridge Creek Water Company	WA-2015-0182	<p style="text-align: center;">October 2015</p> <p>Memorandum – Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues</p> <p>Lead Auditor</p>
Smithview/Kuble H2O Water	WA-2015-0000	<p style="text-align: center;">September 2015</p> <p>Memorandum – Review of Financial Ability to operate the system and or sale of the Assets</p> <p>Lead Auditor</p>
Empire District Electric Company	EO-2015-0172	<p style="text-align: center;">March 2015</p> <p>Memorandum – Sale of 35-Miles of 161kV Transmission Line to Westar Energy</p> <p>Lead Auditor</p>
Missouri American Water Company Acquisition of Anna Meadows	WA-2015-0019	<p style="text-align: center;">January 2015</p> <p>Memorandum - Anna Meadows Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues</p> <p>Lead Auditor</p>
Hickory Hills Water & Sewer Receivership Case	<p>WR-2014-0167</p> <p>SR-2014-0166</p>	<p style="text-align: center;">November 2014</p> <p>Memorandum - Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes.</p> <p>Lead Auditor</p>
Missouri American Water Company Acquisition of Benton County Sewer District No. 1	WA-2014-0065	<p style="text-align: center;">In Progress</p> <p>Memorandum – Benton County Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues.</p> <p>Lead Auditor</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
<p>MPB & PBC Sewer Systems Receivership Case</p>	<p>SR-2014-0067 SR-2014-0068 SO-2014-0052</p>	<p style="text-align: center;">September 2014</p> <p>Memorandum -- Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes</p> <p style="text-align: center;">September 2013</p> <p>Memorandum -- Interim Rates – Special Surcharge; Cost of Service in order to determine if rates are sufficient to cover expenses or if this utility needs an emergency infusion of cash to provide safe and adequate service for the ratepayers.</p> <p>Lead Auditor</p>
<p>Roy-L Water & Sewer Utilities</p>	<p>WR-2013-0543 SR-2013-0544</p>	<p style="text-align: center;">June 2014</p> <p>Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes.</p> <p>Lead Auditor</p>
<p>Rogue Creek Utilities, Inc. Receivership Case</p>	<p>WR-2013-0436 SR-2013-0435</p>	<p style="text-align: center;">February 2014</p> <p>Memorandum - Small Informal rate case -- All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes.</p> <p style="text-align: center;">May 2013</p> <p>Memorandum -- Interim Rates – Special Surcharge; Cost of Service in order to determine if rates are sufficient to cover expenses or if this utility needs an emergency infusion of cash to provide safe and adequate service for the ratepayers.</p> <p>Lead Auditor</p>
<p>Missouri American Water Company & Tri-State Water Acquisition Case</p>	<p>WO-2013-0517</p>	<p style="text-align: center;">September 2013</p> <p>Memorandum – Determination of net rate base to include Plant in Service; Depreciation Reserve; Other Rate Base Items including CIAC and Revenues & Expenses</p> <p>Lead Auditor</p>
<p>Summit Natural Gas of Missouri, Inc.</p>	<p>GA-2013-0404</p>	<p style="text-align: center;">April 2013</p> <p>Memorandum-- Summit Natural Gas of Missouri, Inc. Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Revenues; Expenses & Revenues.</p> <p>Lead Auditor</p>

<u>COMPANY</u>	<u>CASE NO.</u>	<u>TESTIMONY/ISSUES</u>
Raytown Water Company	WR-2012-0405	<p style="text-align: center;">July - 2012</p> <p>Memorandum-- Cost of Service; Payroll & Benefits; Incentive Compensation; Plant-In-Service, Depreciation Reserve & Other Rate Base Items; Affiliated Transactions; Tank Painting; City Permit Fees; EIERA Insurance Costs; PSC Assessment & Rate Case Expense; Outside Services; Transportation & Communication Expense; Dues & Donations, Lobbying Expense; Advertising Expense; Board of Directors Fees; DNR Fees; Education Expense; Software & IT Expenses; Office Expense & Lease Equipment; Franchise Taxes; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Summit Natural Gas of Missouri, Inc.	GA-2010-0012	<p style="text-align: center;">June-2012</p> <p>Memorandum-- Summit Natural Gas of Missouri, Inc. Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues.</p> <p>Lead Auditor</p>
Rogue Creek Water & Sewer	WR-2012-0000 SR-2012-0000	<p style="text-align: center;">April 2012</p> <p>Earnings Investigation - To Determine if the Utility was Earning Sufficient Revenues to Recover its Cost of Providing Service To Ratepayers.</p>
Missouri American Water Company & Saddlebrooke Acquisition	WA-2012-0066	<p style="text-align: center;">April-2012</p> <p>Memorandum-- Saddlebrooke Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues.</p> <p>Lead Auditor</p>
Missouri American Water Company & Roark Water Acquisition Case	WO-2011-0213 SO-2011-0214	<p style="text-align: center;">March 2011</p> <p>Memorandum-- Determination of net rate base to include Plant in Service; Depreciation Reserve; Other Rate Base Items including CIAC and Revenues & Expenses</p> <p>Lead Auditor</p>
Tri-State Water Company	WR-2011-0037	<p style="text-align: center;">March 2011</p> <p>Memorandum-- Cost of Service; Rate Case Expense; Medical; Insurance; Communications Expense; Transportation Expense; Office Expense; Miscellaneous maintenance expenses; Rate Base and Current & Deferred Income Taxes</p> <p>Lead Auditor</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Raytown Water Company	WR-2010-0304	<p align="center">February 2011</p> <p>Memorandum-- Cost of Service; Affiliated Transactions; Tank Painting; Hydrant Maintenance; City Permit Fees; EIARA Insurance Costs; I&D & Workers Comp; CIAC; Board of Directors Fees; DNR Fees; Education Expense; Software & IT Expenses; Office Expense & Lease Equipment; Franchise Taxes; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Noel Water Company	WR-2009-0395	<p align="center">August 2009</p> <p>Memorandum-- Cost of Service; All Revenues & Expenses related to Noel Water Company; Plant in Service; Depreciation Reserve & other Rate Base Items.</p> <p>Lead Auditor</p>
Tri-State Water Company	WR-2009-0058	<p align="center">May 2008</p> <p>Memorandum-- Cost of Service; Payroll; rent expense; miscellaneous maintenance expenses; Rate Base and Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Big Island Water & Sewer	<p>WA-2006-0480</p> <p>SA-2006-0482</p>	<p align="center">January 2007</p> <p>Direct - Certificate of Necessitate Application Case: Cost of Service; All Revenues & Expenses related to Big Island Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items.</p> <p>Lead Auditor</p>
Aqua Missouri Water and Sewer	<p>QS-2005-0008</p> <p>QW-2005-009</p> <p>QS-2005-0010</p> <p>QW-2005-0011</p>	<p align="center">October 2006</p> <p>Memorandum-- Cost of Service - All Revenues & Expenses related to Aqua MO Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items.</p> <p>Lead Auditor</p>
Lake Region Water and Sewer Certificate Case	WA-2005-0463	<p align="center">October 2006</p> <p>Memorandum-- Certificate of Necessitate Application Case</p> <p>Lead Auditor</p>
Tri-State Utility Inc.	WA-2006-0241	<p align="center">May 2006</p> <p>Memorandum-- Certificate of Necessitate Application Case</p> <p>Lead Auditor</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Osage Water Company Environmental Utilities Missouri American Water	WO-2005-0086	<p align="center">February 2005</p> Memorandum-- Rate Base; Cost of Service; Income Statement Items; Pre-Post Sale of OWC, Sale of EU Assets to MAWC
North Suburban Water & Sewer	WF-2005-0164	<p align="center">December 2004</p> Memorandum-- Sale of All Stocks of Lake Region Water & Sewer to North Suburban Water & Sewer, Value of Rate Base Assets, Acquisition Premium Lead Auditor
Mill Creek Sewer	SR-2005-0116	<p align="center">December 2004</p> Memorandum-- Cost of Service; All Revenues & Expenses related to Mill Creek Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor
Roark Water and Sewer	WR-2005-0153 SR-2005-0154	<p align="center">September 2004</p> Memorandum-- Cost of Service; All Revenues & Expenses related to Roark Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor
Osage Water Company	WT-2003-0583 SR-2003-0584	<p align="center">December 2003</p> Memorandum-- Cost of Service; All Revenues & Expenses related to Osage Water; Plant in Service; Depreciation Reserve & other Rate Base Items

SUMMARY OF NON-CASE RELATED AUDITS

March 2013 – Hickory Hills Water and Sewer’s investigation concerning value of assets and cost of service in order to determine the possibility of annexing this small utility with the City of California Missouri.

March 2012 – Assisted and trained several small utility companies (RDE Utilities, Rogue Creek Utilities and Smithview H2O Water) in the appropriate manner in which the Commission’s Annual Report should be completed and filed.

COMPANY	CASE NO.	TESTIMONY/ISSUES
January 2006 – Environmental Utilities and Osage Water Company Audit concerning provision of service to Eagle Woods Subdivision and disconnect notice		
November 2004 - Internal Audit of Public Service Commission (PSC) Fixed Assets, physical inventory control process and location of assets		