

Exhibit No.:	_____
Issues:	1) Evaluation Criteria 2) Overview of Staff Testimony 3) Summary of Staff's Position
Witness Name:	Dale W. Johansen
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	MoPSC Staff
Case No.:	WA-2002-65
Date Testimony Prepared:	November 21, 2001

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**WATER & SEWER DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**DALE W. JOHANSEN**

**CASE NO. WA-2002-65**

**ENVIRONMENTAL UTILITIES, LLC**

**Jefferson City, Missouri  
November 2001**

**TABLE OF CONTENTS FOR THE REBUTTAL  
TESTIMONY OF DALE W. JOHANSEN**

**Case No. WA-2002-65  
Environmental Utilities, LLC**

Introduction . . . . .	Page 1
Involvement in Case . . . . .	Page 2
Purpose of Testimony . . . . .	Page 2
Evaluation Criteria . . . . .	Page 2
Other Staff Testimony . . . . .	Page 6
Summary of Staff's Position . . . . .	Page 6
Conclusion . . . . .	Page 7

**REBUTTAL TESTIMONY**  
**OF**  
**DALE W. JOHANSEN**  
  
**CASE No. WA-2002-65**  
**ENVIRONMENTAL UTILITIES, LLC**

**Introduction**

Q. Please state your name and business mailing address.

A. Dale W. Johansen, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) and am the Manager of the Water & Sewer Department (W/S Dept) in the Commission's Utility Operations Division.

A. Please briefly describe your job responsibilities.

Q. My responsibilities include general administrative and supervisory duties for the overall operation of the W/S Dept, and direct participation in water and sewer utility cases before the Commission regarding both technical and policy matters.

Q. What are your educational and work experience backgrounds?

A. Please refer to Schedule DWJ-1 attached to this testimony for a summary of my education and work experience backgrounds.

Q. Have you previously testified before this Commission?

A. Yes, on numerous occasions.

1       **Involvement in This Case**

2               Q.     What has been the nature of your involvement in this case?

3               A.     I am the Staff's case coordinator for this case and have thus been  
4 involved in the Staff's overall review of the Application filed by Environmental  
5 Utilities, LLC (Company) and in the development of the Staff's position regarding  
6 the Application. As case coordinator, I have also been involved in reviewing the  
7 testimony being filed by the other Staff witnesses.

8       **Purpose of Testimony**

9               Q.     What is the purpose of the pre-filed rebuttal testimony you are  
10 presenting in this case?

11              A.     In this testimony I will be advising the Commission of the criteria the  
12 Staff is utilizing in evaluating the Company's Application, will be presenting  
13 general information regarding the testimony being filed by other Staff witnesses  
14 and will be presenting a summary of the Staff's position regarding the Company's  
15 Application.

16       **Evaluation Criteria**

17              Q.     What criteria is the Staff utilizing to evaluate the Company's  
18 Application?

19              A.     As in past service area certificate cases, the Staff is utilizing what is  
20 generally referred to as the "Intercon" criteria (See In re Intercon Gas, Inc., 30 Mo  
21 P.S.C. (N.S.) 554, 561 (1991)), with, however, some modifications specifically

1 applicable to new water system service area certificate applications. Those  
2 modifications are necessitated by and consistent with construction application  
3 review standards recently established by the Missouri Department of Natural  
4 Resources (MDNR) and with a recently approved inter-agency Memorandum of  
5 Understanding (M.O.U.) between the Commission and the MDNR.

6 Q. Please summarize the Intercon criteria.

7 A. The Intercon criteria can be summarized as follows: (1) there must  
8 be a need for the proposed service; (2) the applicant must be qualified to provide  
9 the proposed service; (3) the applicant must have the financial ability to provide  
10 the proposed service; (4) the applicant's proposal must be economically feasible;  
11 and (5) the service must promote the public interest.

12 Q. With regard to the above criteria, how does the Staff determine  
13 whether an applicant has met the "public interest" criteria?

14 A. Historically, the Staff has taken the position that an applicant  
15 satisfying the first four criteria also satisfies the public interest criteria.

16 Q. Please describe the MDNR standards to which you referred above.

17 A. These standards, which were recently implemented by the MDNR,  
18 pertain to its review and approval of construction applications for new water  
19 systems and are known as the "Technical, Managerial and Financial Capacity"  
20 (T-M-F Capacity) standards. In many ways, these standards overlap three of the  
21 Intercon criteria historically used here at the Commission in evaluating service  
22 area certificate applications. I should note, however, that the construction

1 application for the system that the Company would eventually own and operate in  
2 its requested service area was not subjected to a T-M-F Capacity review at the  
3 MDNR, as that application was submitted prior to the MDNR's implementation of  
4 such reviews.

5 Q. How does the above-referenced inter-agency M.O.U. affect the  
6 Staff's evaluation of new water system service area certificate applications?

7 A. The main effect the M.O.U. has on the Staff's evaluation of such  
8 applications is that the terms of the M.O.U. essentially break down the Intercon  
9 "need" criteria into two parts. Rather than only evaluating whether there is a  
10 general need for the proposed service, we now also evaluate whether there is a  
11 need for the applicant to provide the proposed service. This entails determining  
12 whether there are other options available whereby the proposed service could be  
13 provided and, if so, whether such options would be preferable to the applicant  
14 providing the service.

15 Q. Please explain the relationship between the Intercon criteria, the  
16 MDNR T-M-F Capacity standards and the new need criteria necessitated by  
17 terms of the inter-agency M.O.U. between the Commission and the MDNR.

18 A. As I noted earlier, the T-M-F Capacity standards overlap three of  
19 the Intercon criteria and the new need criteria from the M.O.U. expands the  
20 Intercon need criteria to two parts rather than one.

21 Q. Which of the three Intercon criteria do the T-M-F Capacity  
22 standards overlap?

1           A.     The T-M-F Capacity standards overlap the Intercon criteria  
2 regarding the applicant's qualifications to provide the proposed service, the  
3 applicant's financial ability to provide the proposed service and the economic  
4 feasibility of the applicant's proposal.

5           Q.     In your view, do the T-M-F Capacity standards or the M.O.U. need  
6 criteria conflict with the Intercon criteria in any way?

7           A.     No, they do not.

8           Q.     Are you aware of any service area certificate applications that have  
9 been evaluated utilizing the T-M-F Capacity standards and the new need criteria  
10 from the M.O.U. in addition to the Intercon criteria?

11          A.     No, I am not. Because of the timing of when the MDNR  
12 implemented the use of the T-M-F Capacity standards and of when the  
13 Commission and the MDNR entered into the inter-agency M.O.U., I believe the  
14 Company's Application in this case is the first one where the Staff has specifically  
15 utilized all of these criteria in its evaluation. However, since the T-M-F Capacity  
16 standards existed prior to the existence of the M.O.U., the Staff has utilized and  
17 referred to those standards in prior cases. Additionally, because of the above-  
18 noted overlap of these criteria, I also believe there is not a great deal of  
19 difference in the Staff's evaluation of previous service area certificate  
20 applications and the evaluation being done in this case.

1       **Other Staff Testimony**

2           Q.     What other Staff members are presenting pre-filed rebuttal  
3 testimony in this case and what areas are they covering in that testimony?

4           A.     Jim Russo of the Accounting Department is presenting testimony  
5 that covers certain portions of the financial aspects of the Company's Application;  
6 Jim Merciel of the W/S Dept is presenting testimony that covers the need for the  
7 proposed service and the T-M-F Capacity standards; and Martin Hummel of the  
8 W/S Dept is presenting testimony that covers certain aspects of the operation of  
9 the Company's proposed centralized water supply and distribution system.

10       **Summary of Staff's Position**

11          Q.     Is the Staff specifically recommending either approval or denial of  
12 the Company's Application?

13          A.     No, it is not.

14          Q.     Please elaborate.

15          A.     As discussed in the testimony presented by the other Staff  
16 witnesses, the Staff has certain concerns regarding the Company's proposed  
17 service and thus is not at this time recommending either approval or denial of the  
18 Application. However, as is also noted in that testimony, if the Company  
19 adequately addresses the Staff's concerns, the Staff could then be in a position  
20 to recommend approval of the Application.



1           Q.     Did the Staff consider the option of recommending "conditional"  
2 approval of the Company's Application?

3           A.     Yes, we did, but that option was rejected as being premature. The  
4 Staff believes it needs to review the other parties' rebuttal testimony and the  
5 Company's surrebuttal testimony before serious consideration can be given to  
6 making such a recommendation. After having reviewed that testimony, the Staff  
7 will most certainly consider that option further and will be prepared to discuss that  
8 subject at the time of the evidentiary hearing for this case. To the extent the  
9 Company or another party to the case suggests such an option as a possible  
10 approach to settling the case, the Staff will also be willing to entertain such a  
11 settlement proposal.

12           **Conclusion**

13           Q.     Does this conclude your pre-filed rebuttal testimony?

14           A.     Yes, it does.

## **EDUCATION & WORK EXPERIENCE SUMMARY**

### **DALE W. JOHANSEN**

#### **COLLEGE EDUCATION**

Associate of Arts in Pre-Engineering Studies  
State Fair Community College - Sedalia, Missouri

Bachelor of Science in Agricultural Engineering  
School of Engineering - University of Missouri @ Columbia

#### **REGULATORY/UTILITY WORK EXPERIENCE**

##### **Missouri Public Service Commission**

Manager - Water & Sewer Department  
Utility Operations Division  
June 1995 to Present

##### **Johansen Consulting Services**

Utility & Regulatory Consultant  
February 1994 to June 1995

##### **Missouri One Call System, Inc.**

Executive Director  
January 1992 to February 1994

##### **Missouri Public Service Commission**

(service prior to current position)

Director - Utility Services Division  
November 1990 to January 1992

Case Coordinator - Utility Division  
November 1987 to November 1990

Assistant Manager - Engineering  
Gas Department - Utility Division  
October 1980 to November 1987

Gas Safety Engineer  
Gas Department - Utility Division  
May 1979 to October 1980

In the Matter of the application of  
Environmental Utilities, LLC for  
permission, approval, and a certificate of  
convenience and necessity authorizing it  
to construct, install, own, operate, control,  
manage and maintain a water system for  
the public located in unincorporated  
portions of Camden County, Missouri  
(Golden Glade Subdivision).

Case No. WA-2002-65

**AFFIDAVIT OF DALE W. JOHANSEN**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

Dale W. Johansen, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written testimony in question and answer form, consisting of seven (7) pages and one (1) schedule, to be presented in this case; that the answers in the testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

Dale W. Johansen  
Dale W. Johansen

Subscribed and sworn to before me this 21st day of November 2001.

Sharon J. Wales  
Notary Public

SHARON S WILES  
NOTARY PUBLIC STATE OF MISSOURI  
COLE COUNTY  
MY COMMISSION EXP. AUG. 23, 2002

**My Commission Expires:**