

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

In the Matter of Hickory Hills Water & Sewer)	
Company, Inc. Request for a Small Company)	Case Nos. WR-2006-0250 and
Rate Increase)	SR-2006-0249
		(consolidated)

**BRIEF IN SUPPORT OF HICKORY HILLS WATER & SEWER
COMPANY, INC.'S REQUEST FOR A SMALL COMPANY RATE INCREASE**

Comes now Hickory Hills Water & Sewer Company, Inc., by its attorney, and does respectfully request the Public Service Commission to grant its request for a small company rate increase. After the conclusion of the presentation of evidence at the PSC hearing on April 19, 2006, Regulatory Law Judge Steven C. Reed requested the following issues be briefed:

1. The hourly wage that is appropriate for Randy Clifford;
2. Whether retirement benefits are appropriate for a part-time job; and
3. The appropriate mileage for Randy Clifford.

For purposes of establishing rates, Randy Clifford, as owner and operator of Hickory Hills Water & Sewer Company, Inc., is entitled to an hourly wage. Randy Clifford has sixteen years of experience and unique qualifications to manage and operate the Hickory Hills Water & Sewer Company, Inc. water and sewer facilities. What is the appropriate hourly wage for Randy Clifford?

The hourly wage set for Randy Clifford in previous rate cases was \$22.50. (Tr. 105, L. 10; Tr. 142, L. 6-8) The staff of the Missouri Public Service Commission (hereinafter referred to as Staff) is recommending a wage of \$19.00 an hour. (Exhibit No. 3, P. 7, L. 13-14; Tr. 99, L. 16-18) while the Office of the Public Counsel (hereinafter referred to Public Counsel) is recommending a reduction to \$13.00 per hour (Exhibit No. 9, P. 24, L. 3) Hickory Hills Water & Sewer Company, Inc. (hereinafter referred to Company) contends the hourly wage for Randy Clifford should be \$19.00 per hour. The hourly wage for the operator of the City of Tipton Water and Waste Water

Systems is \$18.62 excluding benefits. (Exhibit No. 3, P. 7, L. 8-9; Tr. 104, L. 8-10) Adding benefits to the operator's hourly wage increases his wages to \$32.02 per hour. (Exhibit No. 3, P. 7, L. 11; Tr. 104, L. 11-14) The City of Tipton is eleven miles from the water and sewer facilities of Hickory Hills Water & Sewer Company, Inc.'s facilities (Tr. 104, L. 17; Tr. 141, L. 16) so that it is in the same geographical area.

In setting the hourly wage for Randy Clifford, it is important to know what he does for the Company and his special skills. Randy Clifford is the owner/operator of the Hickory Hills Water & Sewer Company, Inc. (Tr. 62, L. 2-12) He holds a DS III Water System Operator Certificate. (Exhibit No. 1, P. 1, L. 19-20; Tr. 72, L. 7-8) He is required to be "on-call" at all times to respond to customers' problems. (Exhibit No. 3, P. 5, L. 20-21) He performs chlorine testing on the water system on a daily basis. (Exhibit No. 3, P. 5, L. 17-18; Tr. 84, L. 10-25 and Tr. 85, L. 1-2) He is the primary decision maker for the Company requiring him to be involved in the financial, legal and technical aspect of the Company. (Exhibit No. 3, P. 5, L. 21-22; P. 6, L. 1) He mixes a solution of bleach and water for the system (Tr. 87, L. 16-22) every three to four days or five to six days depending on the water usage. (Tr. 88, L. 2-4) He reviews and prepares reports for the business such as the annual report for the Public Service Commission, monthly sewer discharge reports, water testing, monthly bacterial water testing reports, yearly consumer confidential reports and a variety of other reports required by the Department of Natural Resources. (Tr. 63, L. 14-21) Randy Clifford is a Type C Certified maintenance electrician in Jefferson City, Missouri. (Tr. 101, L. 2-5) Randy Clifford has replaced electrical circuit breaker boxes and switches in the well house. (Tr. 100, L. 23-25; Tr. 70, L. 4-5 and 9) He has welding skills (Tr. 101, L. 7-11) and performs welding operations to repair equipment as well as metal fabrication. (Tr. 71, L. 13-15, 16-18) He has vast experience in electric pump repairs (Tr. 100, L. 25; Tr. 101, L. 1) He does masonry work to repair manholes. (Tr.

71, L. 19-22) He prepared and drafted computer aided design maps of the Company's sewer and water lines. (Tr. 71, L. 23, 25; Tr. 86, L. 11-25)

Ted Robertson, rebuttal witness for Public Counsel, arrived at an hourly wage for Randy Clifford by reviewing the following:

1. *Jefferson City News Tribune* advertisement for Wastewater Treatment Plant Operator I for an hourly wage of \$11.82 to \$16.05;
2. City of Lebanon website advertisement for Wastewater Treatment Operator for an hourly wage of \$10.00 to \$15.00, based on experience;
3. City of Republic website advertisement for Wastewater Operator I for \$10.40 per hour;
4. *Jefferson City News Tribune* advertisement for Water/Wastewater Plant Operator for a minimum annual salary of \$31,875.00 (hourly wages of \$15.33 based on 2,080 hour year) based on education and experience;
5. U. S. Department of Labor Bureau of Labor Statistics website stated in 2004 that Springfield, Missouri water and liquid waste treatment plant and system operator mean hourly wage was \$15.65;
6. U. S. Department of Labor Bureau of Labor Statistics website stated in 2004 the hourly mean wage for water, sewage and other system operators was \$16.44.

(See Exhibit No. 9, P. 18, L. 22-24; P. 19, L. 1-30) Ted Robertson determined the hourly rate of \$13.00 for Randy Clifford by adding a \$10.00 hourly wage to a \$16.05 hourly wage and dividing by 2 (Exhibit No. 9, P. 24, L. 5; Tr. 145, L. 16-17) However, Ted Robertson did not know if anyone was hired at the wages in the above advertisements. (Tr. 142, L. 14-25; Tr. 143, L. 1-24) Public Counsel did not adduce any evidence of a water and waste water operator that was employed at a hourly wage of \$13.00 per hour. In fact, the information from the U.S. Department of Labor Bureau Statistics website in 2004 indicated the hourly mean wage for water, sewage and other systems operators was \$16.44. The determination of an hourly wage of \$13.00 for Randy Clifford is not supported by credible evidence.

The special skills possessed by Randy Clifford and previously described that he furnishes the Company distinguish him from the foregoing advertisements for water and waste water operators. Aqua Resources of Jefferson City does the chlorine testing of the water when Randy Clifford is unavailable. (Tr. 85, L. 16-18) Aqua Resources charge \$39.50 for each daily chlorine test during weekdays and \$59.25 for each daily chlorine test during weekends. (Tr. 85, L. 19-25) A reasonable hourly wage for Randy Clifford's services is \$19.00 per hour based upon his experience and special skills he furnishes the Company.

For purposes of establishing rates, the Company is entitled to include in its costs the retirement benefits paid to its employees. The Company pays retirement benefits for its part time employees. Are the retirement benefits paid to the part-time employees of the Company appropriate? Staff included a retirement benefit equal to 9% of the employees' total salaries. (Exhibit No. 3, P. 7, L. 22-23) Ted Robertson in his rebuttal testimony eliminated the retirement benefit because the employees are part-time. (Exhibit No. 3, P. 26, L. 9-12) Public Counsel does not believe that it is a widespread business practice to provide part-time workers with additional employment benefits (i.e. pension retirement) that exceed those directly related to their hourly wage. (Exhibit No. 3, P. 26, L. 9-13) Retirement benefits are paid to employees to keep them from leaving and to encourage loyalty to the employer. According to the Employee Benefits Survey at the website of the U.S. Department of Labor, Bureau of Labor Statistics, (www.bls.gov) nineteen percent (19%) of part-time workers participated in all retirement plans in private industry for the year 2005. For the year 2004, the same survey showed that twenty percent (20%) of part-time workers participated in all retirement plans in private industry. Twenty-seven percent (27%) of part-time workers have access to retirement benefit plans according to Table 1 of the National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2005. (U.S. Department of Labor, U.S. Bureau of Labor Statistics, August 2005, Summary 05-01)

Therefore, it is a recognized business practice to provide retirement benefit plans for part-time workers.

For purposes of establishing rates, the Company is entitled to include in its costs expenses relating to the mileage for its employees. The Company has paid Randy Clifford for mileage of 22 miles for a round trip from his home in Tipton, Missouri, to the water and sewer facilities. Should the Company be allowed to pay Randy Clifford mileage of 22 miles on the days he works in Jefferson City, Missouri? Public Counsel is recommending no mileage should be allowed on the days he works in Jefferson City, Missouri and stops by the facilities on his way to or from work. Randy Clifford should be allowed mileage from his home in Tipton, Missouri to the water and sewer system because he carries his tools and outerwear with him to be able to respond to any problem at the water or sewer systems at any time. (Tr. 90, L. 14-15) If he was not required to stop at the water and sewer systems on his way to or from Jefferson City, then he could car pool or enter in ride share agreements with other Tipton residents. (Tr. 90, L. 15-19)

Wherefore, the Company submits that the hourly wage of Randy Clifford should be set at \$19.00 per hour, that part-time employees of the Company are entitled to retirement benefits, and that Randy Clifford should be allowed mileage of 22 miles for each day he goes to the water and sewer facilities.

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CERTIFICATE OF MAILING

The undersigned hereby certifies that the Brief in Support of Hickory Hills Water & Sewer Company, Inc.'s Request for a Small Company Rate Increase was mailed, first-class postage prepaid, this 31st day of May, 2006, to:

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