Exhibit No.: Issue: Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

True-Up Revenue Requirement Kimberly K. Bolin. MoPSC Staff True-Up Direct Testimony WR-2013-0461 March 6, 2014

# MISSOURI PUBLIC SERVICE COMMISSION

# **REGULATORY REVIEW DIVISION** UTILITY SERVICES - AUDITING

## TRUE-UP DIRECT TESTIMONY

### OF

## **KIMBERLY K. BOLIN**

## LAKE REGION WATER & SEWER COMPANY

## CASE NO. WR-2013-0461

Jefferson City, Missouri March 2014

1		TRUE-UP DIRECT TESTIMONY	
2		OF	
3		KIMBERLY K. BOLIN	
4		LAKE REGION WATER & SEWER COMPANY	
5		CASE NO. WR-2013-0461	
6	Q.	Please state your name and business address.	
7	А.	Kimberly K. Bolin, 200 Madison Street, Suite 440, Jefferson City, MO 65102.	
8	Q.	By whom are you employed and in what capacity?	
9	A.	I am employed by the Missouri Public Service Commission ("Commission")	
10	as a Utility Regulatory Auditor V.		
11	Q.	Are you the same Kimberly K. Bolin who has filed direct testimony,	
12	portions of th	e Commission Staff's ("Staff") Cost of Service Report and surrebuttal testimony	
13	in this case?		
14	А.	Yes.	
15	Q.	What is the purpose of your true-up direct testimony?	
16	А.	The purpose of this true-up direct testimony is to provide an update to the	
17	revenue requirement calculations of Lake Region Water & Sewer Company's ("Lake Region"		
18	or "Company	") service areas.	
19	<u>TRUE – UP A</u>	AUDIT	
20	Q.	What items did Staff update in its true-up audit of Lake Region?	
21	А.	Staff has updated its case to reflect known and measureable events affecting	
22	significant el	ements of Lake Region's revenue requirement for the period June 30, 2013,	

True-Up Direct Testimony of Kimberly K. Bolin

through December 31, 2013. The revenue requirement areas updated by Staff are
 the following:

<u>Rate Base</u>: Plant in Service, Accumulated Depreciation Reserve, Materials and
Supplies, Customer Advances, Contributions in Aid of Construction ("CIAC"), and
Accumulated Deferred Income Taxes.

6 <u>Income Statement</u>: Revenues from Customer Growth, Payroll – Employee Levels,
7 Current Wage Rates, and Related Benefits and Payroll Taxes, Insurance, Rate Case Expense,
8 Property Taxes, Depreciation and Amortization Expense, and Related Income Tax Impacts.

9

Q. How did Staff conduct its true-up audit?

A. With the exception of rate case expense, which is addressed in Staff witness Erin M. Carle's True-Up Direct filing in this proceeding, Staff updated its analyses in the areas listed above using the same methods and approaches it used in its cost of service calculation and in the accounting schedules attached to the Unanimous Partial Stipulation and Agreement in this case. To the extent a method was changed from Staff's direct case in its rebuttal or surrebuttal filings or in the Unanimous Partial Stipulation and Agreement, then those methods were consistently used in the true-up process.

Q. Is Staff filing true-up accounting schedules along with its true-up directtestimony?

A. Yes. As with its initial direct filing, the filed accounting schedules support the
Staff's true-up revenue requirement.

21

Q.

What are the major items that impacted the true-up revenue requirements?

A. The major items that impacted the true-up revenue requirement for eachoperating system are as follows:

# True-Up Direct Testimony of Kimberly K. Bolin

1		Horseshoe Bend Sewer
2	•	Increased costs for rate case expense increasing the revenue requirement.
3	•	Payroll increases as of December 30, 2013, increasing the revenue requirement.
4 5	•	Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
6 7	•	Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
8 9	•	Inclusion of the newly constructed Lodge UV system increasing the revenue requirement.
10 11	•	Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.
12		Shawnee Bend Sewer
13	•	Increased costs for rate case expense increasing the revenue requirement.
14	•	Payroll increases as of December 30, 2013, increasing the revenue requirement.
15 16	•	Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
17 18	•	Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
19 20	•	Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.
21		Shawnee Bend Water
22	•	Increased costs for rate case expense increasing the revenue requirement.
23	•	Payroll increases as of December 30, 2013, increasing the revenue requirement.
24 25	•	Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
26 27	•	Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
28 29	•	Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.

## True-Up Direct Testimony of Kimberly K. Bolin

## Q. What are the results of Staff's true-up audit?

A. The following table identifies the results of Staff's true-up audit:

1

2

Lake Region	Annual	Rate Base at	
Operating Entity	Revenue Requirement Staff ROE 13.89%	December 31, 2013	
Horseshoe Bend Sewer	\$40,625	\$1,306,799	
Shawnee Bend Sewer	\$(174,308)	\$121,642	
Shawnee Bend Water	\$(74,622)	\$1,060,534	

4 5

6

Q. Does this conclude your true-up direct testimony?

A. Yes.

<sup>3</sup> 

#### 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 in Water & Sewer ) Service )

Case No. WR-2013-0461

#### AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI	)		
	)	、 ,	SS.
COUNTY OF COLE	)		

Kimberly K. Bolin, of lawful age, on her oath states: that she has participated in the preparation of the foregoing True-Up Direct Testimony in question and answer form, consisting of  $\underline{\mathscr{H}}$  pages to be presented in the above case; that the answers in the foregoing True-Up Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

6 th

Jolin Kimberly K. Bolin

Subscribed and sworn to before me this

day of March, 2014.

Notary Public

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070